

UNIVERSITY OF UTRECHT

REGARDING THE UNION'S EXTERNAL POLICY

A Holistic Analysis of EU-GCC Relations



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INTRODUCTION

*'I believe we cannot be satisfied with how our common foreign policy is working at the moment. We need better mechanisms in place to anticipate events early and to swiftly identify common responses. We need to be more effective in bringing together the tools of Europe's external action. Trade policy, development aid, our participation in international financial institutions and our neighbourhood policy must be combined and activated according to one and the same logic.'*¹

*Juncker, J.C.
22 October 2014*

The European Union is a relatively new and different international actor. In effect, the EU has a different role in the international system, as well as in the academic world. The EU is often questioned on its role as an international actor. The Union's economic weight and increasing global presence have not detracted from its peculiarities as an international actor. What is more, the EU's complex nature has raised some important questions in regards to if the EU effectively derives power over third parties from its external policy. The general question raised in this thesis, is whether and to what extent the EU has the capability to influence third parties?

Traditionally, this has been associated with states, military capacity and deliberate behavior.² Military capacity remains important, but it has many limitations. Most recent threats to peace have sources that demand non-military action. They include poverty, terrorism, environmental degradation, natural disasters, international crime, the drug trade, illegal immigration, forced labor, trade disputes, and public health crises. For example, Strange's approach stresses the independent impact of institutions, the importance of leadership, the involvement of transnational NGOs and companies, and the process of cognitive change, such as growing concern about human rights and the environment.³ Following up on that idea, Lukes⁴ suggests that we should go beyond the study of observable behavior and concrete decisions, and look also at latent or covert power, or the way in which an actor can influence, shape or

¹ Juncker, J. C. (2015). *A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change* (Political Guidelines for the next European Commission). Retrieved from (page 10) <http://www.eesc.europa.eu/resources/docs/jean-claude-juncker---political-guidelines.pdf>

² McCormick, J., (2007). *The European Superpower*, New York, 13-17.

³ Strange, S., (1988). *States and Markets*, 29-31.

⁴ McCormick, J., (2007). *The European Superpower*, 16-17.

determine the wants of another actor. In other words, strength, magnetism, wealth and diplomatic skills might provide an actor with power and influence even when it is not deployed. Power by example is especially important in the age of globalization, which involves more than just economics and politics. It has also brought into focus the power of culture in this global environment. Social and cultural factors stand as illustrations of the importance of ‘soft power’ and the unintended consequences of actions. The core goal of economic activity may be to sell products, services and to make products, but it also leads to social influence. The association one has with Coca Cola or Mercedes Benz has become a form of identification with a way of life. Even though Mercedes Benz has remained popular worldwide, despite its Nazi past, Coca Cola for example had to deal with competing home brands in targeting Muslims concerned about American policy in the Middle-East. The same applies to states; states also have to deal with their image. The international system is increasingly driven by values and norms, which generate competing interpretations of the most pressing problems, and generate different recipes for dealing with those problems.⁵

In this context, the GCC is especially an interesting casus for examining the EU’s external policy’s efficacy over a third party, because of the unique position of the GCC as a major hydrocarbon producer with a very different normative outlook compared to the EU. Contrariwise, the EU is a hydrocarbon *demandeur* and much of its external policy in the region is based on guaranteeing a steady flow of energy towards the EU. This creates an asymmetric position wherein the EU is dependent on GCC resources which considerably limits its bargaining power, unlike states that possess little natural resources. A good example is the first real, economic and political conflict between some European Community (EC) Members and the Gulf States, which for the first time created awareness of the Gulf regions power *vis-à-vis* third parties and the negative spill-over from conflict in the region. The conflict started because of the Yom Kippoor War (1973), where the Dutch supported the Israelis because of normative reasons – a policy not widely carried amongst the other EC Member States. During this conflict, the EC Members were utterly divided in their position which resulted in an oil embargo imposed by the OPEC Members towards specific members of the EC – i.e. the Netherlands. The oil embargo was a decision mainly driven by Saudi Arabia, that had an ideologically contradictory opinion on the war and supported the Palestinians, Egyptians and Syrians. Hence, there was no common response from

⁵ *Ibidem*, 137-138.

the EC, because of an internal different economic and ideological outlook. Therefore, the Gulf States managed to influence EC Members in their position on the war, which might have otherwise been more vigorous. The ability of less vulnerable actors to manipulate or escape the pressures of an interdependent relationship at low cost is an important source of power. We may argue that the oil rich Gulf States have a unique geopolitical and ideological position in the globalized world which limits the efficacy of EU influence over a third party. This is reinforced further still when we consider that the EU's general strategy – unlike China's and Russia's – includes strengthened cooperation in areas that are highly sensitive for the GCC's authoritarian regimes.

On the other hand, the EU is considered by many a powerful actor, with a very different approach to international politics. The EU tries to get desired outcomes by making others want what you want. This idea is mostly reflected in Nye's concept of soft power.⁶ Non-coercive power mostly comes in the form of attraction. It works by convincing others to follow or getting them to agree to norms and institutions that produce the desired behavior. Soft power rests on the appeal of the ideas, culture or the ability to set the agenda through standards and institutions. Soft power varies over time and different areas. For example, not all aspects of European culture are attractive for everyone. In the Muslim world many of these aspects are considered "evil" or haram (sin) by conservative groups.

The scope and the motives behind the relation between the EU and the GCC have been an ambiguous combination of political and economic factors. Over the past decade there has been considerably economic growth between the two regions in trade and investment, but for multiple reasons, the political dialogue has had little impact. Currently, the political distance between the EU and the GCC seems to be increasing despite growing interest from the EU in the region. The monarchies of the GCC have been emerging as the economic hub of the Middle East, and have increasingly become assertive in using their military and diplomatic weight to pursue their vested interest in stability and economic cooperation. Furthermore, the Gulf has been gradually reorienting itself towards Asia. After years of neglect, the EU seems to have become aware of the importance of the GCC in the region. Regional stability in the Middle East is one of the key EU concerns in regards to its relation with the GCC, aside from economic interests. Relations between the two sides have become progressively institutionalized and multi-faceted, but

⁶ Keohane, R.O., & Nye, J., (1989). *Power and interdependence*, Boston.

relations are equally hampered by normative differences. It seems that common interests are insufficient as drivers of the relationship. Consequently, this raises questions about the effectiveness of the EU's external policy in the region.

Hence, if EU power is based on the premise of soft power, then how can the EU exert influence through a normative framework if the third party has a completely different set of ideas and normative interpretations? We could question whether this framework for external policy could lead to a collision with the Gulf and actually be counterproductive? Also, with what tools has the EU attempted to influence the GCC and has this been effective? Thus, the EU-Gulf relations have been described by observers as limited and strained. Furthermore, they seem to be entrenched in ideological and economical differences. The EU's push for democracy in the Middle-East and the attention it pays to human rights, make it difficult for the autocratic rulers of the Gulf to build a lasting and economically beneficial relationship between the two regional markets. Furthermore, the premise of an interdependent globalized world comes in question when one understands the unique position of the Gulf States of the Arabian Peninsula. As resource rich states, the economic costs of relational or institutional closure are very low. Domestic policy considerations can therefore remain central, and because of that, normative considerations are more important. This study is an attempt to address these issues. Hence, current research regarding EU power over the GCC has not been proficient in providing an understanding of countervailing factors. Therefore, the central question of this thesis is whether and to what extent has the EU been able to influence the GCC? The key contribution of the thesis is to provide new empirical findings for the literature on EU-GCC relations and consequently creates a better understanding of EU capabilities and power over the GCC.

The following section will provide a short synopsis of recent research regarding EU-GCC relations. In 2006, Nonneman's study analyzed the limitations of the European political system to realize a coherent external policy towards the GCC. According to Nonneman, the root of the problem lies in the EU internal divisions: *'The economic and political interests and foreign policy roles of the member states of both sides, the structural limitations of both organizations when it comes to external relations and the fact that maintaining bilateral relations with the GCC states is not seen as 'costly' for individual EU actors, the nature and the style of the Gulf leaders diplomacy; and the role of the US. This results in the continued prevalence of bilateral over*

multilateral relations'.⁷ His argument is interesting and explains one of the major structural limitations of a coherent EU policy towards the GCC. The problem with his analysis lies in the limitation that like the EU, the GCC also consist of a grouping of countries. If the EU is a "clearing house of different interests rather than a(n) unitary factor"⁸, we could argue the same for the GCC. Thus it is important to take the GCC's internal divisions into the equation.

In the publication in FRIDE, Young and Echagüe (2007) have placed specific emphasis on the EU's geopolitical and strategic indifferences towards the GCC: '*Despite the GCC's importance for energy security and its centrality to post-9/11 counter-terrorism, the EU has attached little priority to the region and has seen its influence gradually marginalised*'.⁹ Echagüe¹⁰ repeats this emphasis in a more recent article (2014), and mostly finds the EU responsible for neglecting the GCC. Nonetheless, she still has not answered the question why there is strategic neglect in the first place. If the GCC is a crucial partner as EU officials have often stressed, then why has it not been capable of translating this into actually improving the relationship. The article mentions wrong prioritization and negligible capacity, but she hardly comments on where this lack of capacity derives from. Like, Ayadi and Gadi¹¹ (2013) her focus is mostly on economic factors, and hence only captures the material level-of-analysis and slightly the overlapping micro-institutional level-of-analysis.

GCC specialist Koch (2014) recognizes that current research and understandings have been limited: '*In order to move forward, the EU and the GCC must better understand the limitations which impact their relationship and must focus on concrete areas of cooperation that can give their mutual ties a functional prerogative*'¹² He goes on to describe how the EU should aim for promoting civil society, human rights and democracy, without elaborating on why the relations on these subjects have been strained. Also, it is worth noting that more structural forms of EU influence have mostly been left out of the discussion. Bianco (2014) also questions the assumption that the EU should promote democracy and human rights for the GCC, but should instead focus on less sensitive subjects like technical exchange, education and tourism. In her words: "*the prolonged instability that resulted from the Arab Spring, and the uncertain outcomes*

⁷ Nonneman, G., (2006). 'EU-GCC Relations: Dynamics, Patterns and Perspectives' *The International Spectator: Italian Journal of International Affairs*, 41:3, 72.

⁸ *Ibidem*, 65.

⁹ Youngs, R., & Echagüe, A. (2007). 'Europe and the Gulf: Strategic Neglect' *Studia Diplomatica*, 60, 41.

¹⁰ Echagüe, A., (2014). "The European Union and the Gulf Cooperation Council", *FRIDE* 39, 1-23.

¹¹ Ayadi, R. & Gadi, S. (2013). 'EU-GCC Trade and Investment Relations: What Prospect of an FTA between the Two Regions', *Sharaka*, 1-49.

¹² Koch, C., (2014). 'Constructing a Viable EU-GCC Partnership' *The London School of Economics and Political Science*, 20-21.

in terms of democratization and civil rights, should bring the EU to re-consider the effectiveness of its democracy-promotion strategy and the value of a gradual change in social-economic structures, especially in the context of the Gulf."¹³

To sum up, most studies on EU external policy towards the GCC have been written as policy-orientated research papers that serve to improve EU-GCC relations, and hence provide limited understanding of EU capabilities *vis-à-vis* the GCC. These papers focus mainly on the institutional level or the material level-of-analysis, resulting in a neglect of crucial ideological levels-of-analysis. Another commonality between the authors is that they treat the relational difficulties as isolated objects while in fact a more holistic approach is required to understand whether the EU is capable of improving the relations with the GCC. These studies have especially disregarded the normative differences as major obstructions for EU relations with the Gulf.

If we are indeed to assume that the EU has notable leverage in its relations with third parties, it is important to examine to what extent this assumption relates to more comprehensive empirical considerations of the EU's engagement with these oil rich Gulf States. Therefore, a reassessment of the political and economic relationship between the Gulf States and the EU is required. The scientifically beneficial results could be twofold; firstly, it will offer a better understanding of the EU-GCC relationship and the efficacy of EU external policy. Secondly, this paper will attempt to make a critical analysis of EU external policy over a third party and consequently provide a better understanding of the influence the EU wields over GCC. A holistic approach seems most beneficial for the complex analysis of EU external relations, because with it, multiple facets of external policy and power over the GCC will be studied. Much of the academic debate on EU external relations is inspired by the experience of the Eastern enlargement and, as a result, "conceives of external influence in terms of the EU's ability to induce third countries' adaptation to predetermined EU norms and regulations". Several variables such as: resource power conditions, the status of autocracies and the role of religion, will be brought into the research to test EU efficacy.

Because this paper analyses the EU's external policy, it is important to explain what the thesis exactly understands by the EU. Moreover, how we define the EU also has implications for the outlines of the empirical analysis. The unique character of the EU has proved a major

¹³ Bianco, C., (2014). 'EU-GCC Cooperation in an Era of Socio-Economic Challenges' *Sharaka*, 11. This paper was published in Sharaka, an EU funded research center and foundation that aims to promote better relations and understanding between the two regions.

challenge to International Relations academics. In essence, the thesis views the EU as an international organization *sui generis* with some state-like properties, which operates through a hybrid system of supranationalism and intergovernmentalism.¹⁴ Among other things, such an understanding of the EU implies that EU Member States bilateral relations with third countries are mostly left out of the picture. Hence, EU Member State engagement with third countries (*e.g.* the GCC States) will only be considered when it directly relates to or is conducted within the framework of the EU's external policies and relations, most notably within the framework provided by the European External Action Service. Namely, the Common Foreign Security Policy (CFSP).

The EU attempts to disseminate its regionalist model by designing its policies and strategies for regional groupings of countries rather than individual states. Hence, EU-GCC relations will be examined. Within the GCC, the Kingdom of Saudi Arabia will receive distinctive attention, because of its hegemonic position within the GCC as the most powerful and assertive actor in the region. Its structural – population, military, political, economic – and even ideational power – heart of Islam; Mekka and Medina – make the Kingdom a key player in EU-GCC relations. The post-9/11 world changed and affected the world in many ways. With good judgment, we may state that this occurrence is a demarcation point in history. Especially the role of Saudi citizens in the 9/11 attacks alternated the perception and dealings with this nation and for this reason the papers will generally focus on the period after. Moreover, in the aftermath of 9/11, more attempts have been made to inject greater momentum in EU relations with the region.¹⁵ Furthermore, Saudi Arabia and the United Arab Emirates (UAE) are the only countries where the EU has a permanent representation in the region which shows their relative importance for the EU.

The thesis then differentiates between several transnational relations in regards to EU influence over a third party. Firstly, through domestic empowerment (through NGO's, education institutions or business associations); secondly, through direct engagement of European societal actors through investment, trade and democratic assistance; and lastly, through unintentional and/or passive sources of EU impact ('presence' or 'interdependence' with the EU system of regional governance and the single market).

¹⁴ Bretherton, C. and Vogel, J., (2006). *The European Union as a Global Actor*. New York, 35-36.

¹⁵ Echague, A., (2007). "The European Union and the Gulf Cooperation Council", *FRIDE* 39, 3.

In defining the chapters, three broad categories of levels-of-analysis can be identified: the material level (social-economic, financial and security), the institutional level (political and legal/contractual), and ideational/normative level (values, norms, beliefs, identity and culture).¹⁶ Thus, the first three paragraphs explore to what extent the EU's power over the GCC is effectively derived from a combination of material (Chapter 1), institutional (Chapter 2) and ideational (chapter 3) levels of influence and power over the GCC.

Chapter 1 explores the EU material power over the GCC. Firstly, this chapter will provide the reader with contextual background on EU-GCC relations. Secondly, since much of the EU's external power is based on is the possession of material resources; this chapter will examine the link between material power and bargaining leverage – as stemming from the existence of asymmetries among participants in processes of institutional bargaining. For example, this chapter examines the EU's foremost material resource, the single market. The EU uses this as bargaining chip to change domestic policies. EU market opening strategies and impositions of a range of conditionalities are the best example of this. Other forms include the “strong” currency, the fact that the EU is an economic giant, trade and investment capabilities, supporting civil society actors (NGO's), development initiatives (domestic empowerment) and the Union geostrategic and security-related capabilities.

Chapter 2 explores to what degree the EU derives power over the GCC through institutions. This encompasses two subcomponents: micro and macro-levels. The micro-level analysis assumes that power is exerted through the density of institutional relationship between the EU and a third party. The higher the density, the more influence there will be over the third country. It covers formal contractual (including treaty-based, high politics) formats of institutionalization and less formal and integrated formats of institutionalization (bureaucratic or technocratic level). The macro-level analysis concerns the influence an actor might have over another actor based on the former dominant position within an international regime/institution (WTO, IMF, World Bank). The EU has a major role in shaping these institutions and global governance. This part will focus only on the role of the Union in the WTO and within OPEC, to demonstrate how the EU tries to influence these regimes from different power positions.

Chapter 3, the last level of analysis centers on the ideational level. It examines how an actor can exert influence through ideational/normative means (values, norms, identity and

¹⁶ Bossuyt, F., (2010). 'The EU's 'transnational power over', 29-32.

legitimacy). It takes ideas, normative interpretations and mental constructs seriously and regards them causally important. In this account, it is worth noting that the EU attempts to disseminate its regionalist model, by designing its policies and strategies for regional groupings of countries rather than for individual states. Therefore, especially in the case of the GCC, there might be different perceptions and reactions to its overall regional policy. This chapter will pay special attention to the EU's relationship with Islam, human rights, the EU as an example, and ideological conflicts which also includes the EU's role in the Arab Spring. Lastly, Chapter 4 will sum up the empirical insights in regard to EU external policy efficacy and influence over the GCC and what this means for the understanding of EU external policy.

CHAPTER 1: THE EU'S MATERIAL ENGAGEMENT WITH THE GCC

The EU draws much of its global power from its position as the largest economy in the world – the EU accounted for 22,9% share of the world's GDP in 2012.¹⁷ Although growth is projected to be slow, the EU is expected to remain in its dominant position with a GDP per head of €27 300 for its 505 million consumers.¹⁸ Besides the EU's status as the largest economy in the world, the EU is also the world's largest trading block. This chapter will highlight the EU's ability to utilize and influence third parties through material resources. In regards to material structure, the thesis assumes the neorealist notions of self-interest and the asymmetric relation between the EU and third party's dependence. Furthermore, this part of the thesis will examine to what extent the EU derives power over the GCC from its position as an economic giant. After a description of EU relations with the GCC and the development of the GCC; the following forms of material engagement with the GCC will come under closer observation: foreign investment strength, trade, the single market, developmental and financial aid to the countries under observation, and finally the EU's security and geostrategic capabilities in and with the region.

1.1 EUROPEAN RELATIONS WITH THE GULF

The Gulf region has attracted special attention of EU (EC) policy makers since the 1970s as a result of geopolitical and commercial interest. Initially, relations were conducted on a bilateral basis by individual European countries involved in military sales, infrastructure projects and trade. The 1973 oil crisis followed the Arab-Israeli War causing significant economic difficulties for many EC Members. In response, France pushed for the launch the Euro-Arab Dialogue in 1974, which sought to establish a permanent dialogue between European countries and Members of the Arab League. The Arab countries withdrew from the dialogue after their signature of the Camp David Accords in 1979, and despite French attempts to revive it, the Gulf War and inter-Arab divisions *de facto* ended the Euro-Arab Dialogue in 1989 without any significant achievements.

¹⁷ Eurostat. (2014). *The EU in the World* (A Statistical Report). Retrieved from (page 75)

<http://ec.europa.eu/eurostat/documents/3217494/5786625/KS-EX-14-001-EN.PDF>

¹⁸ \$34,500 = €27,225 Data from the CIA World Fact Book. The European Union. Consulted on 15 October, 2014 via <https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html>

Collective EU relations have only emerged recently. In that time, the EU has acquired only limited political leverage over the GCC in general. This problem is rooted in the fact that the EU's main tools have never been adjusted to the region. For example, there is no EU accession prospect, the Gulf does not require any financial aid, and in the economic realm it often operates eye-to-eye with European players. This differs greatly from both Eastern Europe and the Southern Mediterranean. On the other hand, the EU has a lot to offer in helping the Gulf countries face the challenges of reform. Compared to other global actors, it has the richest experience with managing and assisting regulatory reform in a variety of political systems. Amongst them are bureaucracy-building and harmonizing regulations across borders.

Likewise, the EU has an extensive record in assisting political and judicial reform. However, none of these experiences can be transposed on the GCC, and they certainly cannot be imposed. Yet the EU enjoys comparative advantages in certain sectors that no other power bloc can offer. Europe has a wide toolkit for transformational assistance that can be deployed flexibly to build trust and gain influence on Gulf reforms in a non-confrontational way. While US and EU policies towards Gulf reform do not have to diverge, in the current international climate the EU is much less distrusted than the US, meaning that the Union has the capabilities to take the lead on certain forms of cooperation. Despite the fact that the EU has substantial leverage and a comparative advantage compared to the US or China – notably on regulatory and institutional reform – expectations towards Brussels are sometimes incongruent with the EU's policy mandate and capacity. Additionally, the multi-level governance of the EU is often misunderstood within the GCC. For a better understanding of EU-GCC relations, we must examine the multilateral organization that is the GCC.

1.2 DEEPER INTEGRATION OF THE GCC

The GCC is a regional grouping bringing together Bahrain, Qatar, The Kingdom of Saudi Arabia, United Arab Emirates (UAE), The Sultanate of Oman and Kuwait. Since its establishment, the GCC has emerged as an organization that has contributed to the welfare of its people and promoted peace and security in the region. In the last decade, the GCC has emerged as a global economic hub that controls most of the world's proven oil reserves and a large share of the natural gas reserves. Saudi Arabia has proven to be the most powerful member within the GCC, due to the imbalance between them in regards of geo-demography and sheer economic size. This

difference in power has at times led to mistrust between its members, but they all share a common interest in political and financial stability.

The GCC came into being on the 26 May 1981. Economic and security motives were the primary driving force in establishing this collaboration, but after the first Gulf War – in which GCC Member Kuwait was invaded by neighboring Iraq – the GCC decided to initiate a move towards deeper regional integration too. In the GCC charter, we can derive GCC's basic objectives from article four which states: *“between its members, the GCC primarily hopes to achieve deeper coordination, integration and inter-connection in all fields in order to achieve unity between them.”*¹⁹ In effect this includes similar regulations in various fields including economic and financial affairs, but also commerce, customs, communications, education, security and culture.

The GCC countries rely heavily on hydrocarbons exports. Particularly, Kuwait, Qatar and the UAE have become some of the richest countries in the world due to their oil exports with a GDP per capita of between €34.000 and €54.000. Saudi Arabia, Bahrain and Oman are in comparison less wealthy with a GDP per capita ranging from €12.000 to €13.000.²⁰ With 16% of the world's proven oil reserves, Saudi Arabia has some of the largest proven oil reserves. Kuwait and the UAE each account for 6%, of the proven oil reserves, while Qatar accounted for 13,4% of the natural gas reserves.²¹ A key economic challenge for the GCC countries is the regions hydrocarbons dependence. For example, Kuwait has the least diversified economy in the GCC, with 93% of its export earnings coming from oil revenues.²² Most of the GCC States have made substantial improvements on diversifying their economies – with the exemption of Kuwait – but far-reaching innovations could be made.

On January 1, 2008, a GCC common market was launched – perhaps inspired by the EU paradigm. The aim of the common market is to remove all barriers to cross country investments and services trade by granting national treatment to all GCC firms and citizens in any other GCC country. In 2003, GCC declared a customs union. Practical implementation has lagged behind because of the disagreements on the distribution of tax revenue and barriers facing local exporters at border customs points in the region. Nonetheless, despite internal differences, the GCC is

¹⁹ The Cooperation Council for the Arab States of the Gulf. The Charter (1981). Retrieved from <http://www.gcc-sg.org/eng/indexfc7a.html?action=Sec-Show&ID=1>

²⁰ Ayadi, R. & Gadi, S. (2013). 'EU-GCC Trade and Investment Relations: What Prospect of an FTA between the Two Regions', *Sharaka*, 1.

²¹ Fantini, A.M. ed., (2014). *OPEC Annual Statistical Bulletin 2014*. Vienna, 22.

²² The Economist Intelligence Unit. (2014). Country Report: Kuwait (A report by The Economist Intelligence Unit). Retrieved from (page 8) http://www.itfc-idb.org/sites/default/files/kuwait_-_eiu_country_report.pdf

evidently moving towards deeper integration. Furthermore, the six members of the GCC agreed in 2001 to create a shared currency which would help them to integrate their economies and pursue a monetary policy independent of the US. However, Oman announced in December 2006 it would not be able to meet the target date of 2010. Following the announcement that the central bank for the monetary union would be located in Riyadh and not in the UAE, the UAE announced their withdrawal from the monetary union project in May 2009. The project continued nonetheless. On 15 December 2009, Bahrain, Kuwait, Qatar and Saudi Arabia announced the creation of a Monetary Council, a step towards establishing a shared currency. Kuwaiti foreign minister Mohammad Sabah Al-Sabah said on 8 December 2009 that a single currency may take up to ten years to establish.²³ Thus, there is no single currency in the GCC, and it could require EU know-how on how to proceed from here on. The EU has learned a great deal by trial and error and still finds itself in a troublesome situation with its single currency. Important issues in regard to this monetary union involve the differences in monetary systems between the GCC states, in particular Saudi Arabia and UAE. Despite not having achieved all of its integration goals, the GCC is moving towards a more cooperative Gulf region. According to the constructivist logic, power can be derived from unilateral emulation. The GCC has made some clear steps towards an EU-like institutional form of cooperation. Hence, the EU could be providing the GCC with an indirect form of structural power vis-à-vis GCC. To further deepen its influence though, the EU needs to provide more assistance in governance, monetary policy and technical assistance.

1.3 SINGLE MARKET

The single market is all about bringing down barriers and simplifying existing rules to enable everyone in the EU – individuals, consumers and businesses – to make the most of the opportunities offered to them by having direct access to 28 countries and 503 million people.²⁴ In regards to institutional bargaining and international negotiations, a state may attempt to translate the possession of material resources into bargaining leverage cast in terms appropriate to the issues at stake in specific instances of institutional bargaining. Trade preferences have been a

²³ Bloomberg, (8 December, 2009). Kuwait Sees GCC Currency Union Take Up to 10 Years. Consulted on 20 October, 2014 via <http://www.arabianbusiness.com/kuwait-sees-gcc-currency-union-taking-up-10-years-10219.html>

²⁴ European Commission. The EU Single Market: A General Policy Framework. Consulted on 4 May 2015 via http://ec.europa.eu/internal_market/top_layer/index_en.htm

major power tool of EU foreign economic policy since its inception, with varying levels of impact. The preferential trade regimes that the EU applies to developing countries have two principal pillars. One is the unilateral Generalized System of Preferences (GSP), an autonomous trade arrangement through which the EU offers certain foreign goods non-reciprocal preferential access to the EU market in the form of reduced or zero tariffs. The second pillar is composed of the EU's economic partnership agreements.²⁵ This includes agreements in place or under negotiation with the GCC, but also includes the European Economic Area (EEA) and Switzerland, Turkey, the countries of the western Balkans, the African, Caribbean and Pacific (ACP) group of countries, neighboring East European and Mediterranean countries, Mercosur, with Mexico and Chile, and with the Least Developed Countries. These existing agreements and negotiations, the EEA and Switzerland apart, have largely been restricted to trade in goods.

A new phase of EU trade policy emerged in 2006 with the publication of *Global Europe*²⁶ which set out as a market access strategy aimed at the emerging trade powers and energy producers, using preferential trading agreements as the main tools. It explicitly included services, investment and regulatory integration (collectively known as deep integration) as well as the more traditional border barriers on goods. Among the target markets for this new policy was the GCC. Negotiations have long been under way with no signs of a breakthrough in concluding a Free Trade Agreement (FTA).²⁷ For the GCC, the pivotal reorientation towards Asia is evident in these FTA's, which places question marks on the capabilities to translate their own FTA into a reality. If anything, the FTA's with Asian nation-states seem more likely than an FTA with the EU.

Since the completion of the customs union in 2000, the GCC has been active in bilateral agreements of potential trade agreements. Likewise, the GCC is in negotiations on bilateral agreements with the United States, Australia, New Zealand, China, India, Korea, Singapore and Jordan. An interesting aspect of this, is that the agreements on both goods and services under negotiation with the EU are with individual GCC Member States and not with the GCC as an entity. This casts doubt on the status of the GCC as a customs union. Members of a customs union have a common external tariff and free movement of goods inside the customs territory.

²⁵ Bierbrauer, E., (2014, April 1). Trade Regimes Applicable to Developing Countries. Consulted on 2 May 2015 via http://www.europarl.europa.eu/aboutparliament/en/displayFtu.html?ftuid=FTU_6.2.3.html

²⁶ European Commission. (2006). *Global Europe: Competing in the World* (A Contribution to the EU's Growth and Jobs Strategy). Retrieved from http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf

²⁷ See chapter two.

This means that when goods enter the territory of one member they have, in principle, entered the territory of all. Thus one member dismantling its tariff barriers with a third country means, that all members have removed their barriers with that third country. This is how the EU works, and explains the reason why there is a central trade policy executive (i.e. the European Commission) that has sole right of negotiation of trade policy with third countries. The fact that this is not true for the GCC suggests – despite the move towards a single market and a monetary union – that the ambitions have not been achieved, which opens up difficulties and equally possibilities for the EU. For example, UAE has proven to be a more progressive and accessible GCC Member for the EU, as compared to Saudi Arabia. Investing in bilateral relations could therefore prove more fruitful.

Another example of an EU preferential trade scheme is the previously mentioned GSP. The main aim of GSP is to help developing countries by making it easier for them to export to the EU. The system was revised in October 2012, which altered the GCC's status from 1 January 2014.²⁸ One of the most important objectives of this reform has been to focus trade preferences on those countries most in need. Under the revised scheme, current trade preferences will be lifted for the GCC States because all have been classified for a long time as high-income economies by the World Bank.²⁹ Kuwait and Qatar for example, have a pro capita income which is higher than any of the EU Member States. Normal customs duties have applied to all products from GCC Members since 2014, and therefore its members no longer benefit from preferential access to the EU market. The actual impact of this deferral of preferences has been limited: the actual duties on products that the EU imports from GCC countries (minerals, oil and plastics) are low or non-existent.³⁰ The EU is a major energy *demandeur*, and consequently very dependent on the GCC for its energy imports. Since imports from the GCC generally consist of hydrocarbons, its resource capabilities – as described by Keohane and Nye³¹ – translate into effective bargaining power *vis-à-vis* the EU instead of *vice versa* bargaining power through market accessibility schemes.

²⁸ European Commission. EU and the Gulf Cooperation Council (GCC): Limited Impact of Revised Trade Scheme. Consulted on 27 October, 2014 via <http://trade.ec.europa.eu/doclib/press/index.cfm?id=954>

²⁹ European Commission. The EU and the Gulf Cooperation Council (GCC): Limited impact of revised trade scheme. Consulted on 27 October, 2014 via <http://trade.ec.europa.eu/doclib/press/index.cfm?id=954>

³⁰ On those mineral products covered by GSP, the duties range from 0% to 4.7%. Overall, GCC countries will pay average duties of 1%-1.5% instead of 0%.

³¹ Keohane, R.O., & Nye, J., (1989). *Power and interdependence*, Boston, 8.

As this chapter has demonstrated, the limited efficacy of the GSP provided the EU with very little bargaining power *vice versa* the GCC. Therefore, access to the single market cannot be considered a major tool in relations to the GCC. Hence, it is save to argue that the sheer size of the single market is in this particular case not a viable policy tool due to the EU's hydrocarbon dependency. This subject will be examined more thoroughly in chapter two, due to the overlap between the single market and the FTA. In the FTA subsection, an elaborate description of the market accessibility negotiations on the EU-GCC FTA will provide the reader with essential insights for the efficacy of EU mechanisms in these negotiations.

1.4 TRADE AND INVESTMENT

The EU's principal strength comes from its sheer size and therefore it's trade policy must be seen in the context of the EU as a major world player within a changing international environment. The single market provides an attractive platform for investment and trade, which dictates its gravitational pull on third countries. The monetary union with its single currency plays an important role in this respect. Additionally, the EU is a global leader in both inbound and outbound international investments. The EU's trade policy is part of its wider 2020 strategy to boost employment and create a modern, viable, and sustainable economy which requires the Union to be increasingly competitive abroad.³²

Due to ever increasing cooperation between the GCC and the EU, several investment and trade cooperation projects have been launched in the last decade. The GCC is currently the EU's fifth largest export market, making it an important partner. Furthermore, the EU is still the first trading partner for the Gulf. EU-GCC total trade in goods in 2013 amounted to around €152 billion (i.e. a very significant increase from €100.6 billion in 2010). The GCC accounts for 4.4% of total EU trade and is a significant market for EU exports (5.5%).³³ In the last decade, the GCC has proven to be a stable partner for the EU. GCC Members are increasingly diverse in terms of external market integration and investment friendliness.³⁴ The status quo in terms of political power was more or less maintained in the GCC, despite the political turmoil in the region following in the wake of the Arab Spring. Europe's controversial position – in the eyes of most

³² de Gucht, K., (2014). 'Trade' in *The European Union Explained*, Brussels, 5.

³³ European Commission. Trade. Consulted on 27 January, 2015 via <http://ec.europa.eu/trade/policy/countries-and-regions/regions/gulf-region/>

³⁴ The Economist Intelligence Unit. (2014). *GCC Trade and Investment Flows* (A report by The Economist Intelligence Unit). Retrieved from (page 3) <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

GCC States – during the Arab Spring will be discussed later in chapter three. EU interests in the region mostly rests on the abundance of oil and gas. In fact, the EU trade with the GCC is heavily dominated by oil. A large number of European companies are active in the supply, petrochemical and processing sectors of the hydrocarbon industry, including companies that provide goods and services that aim at minimizing the harm towards the environment. Exports are dominated by machinery and transport materials, while a large proportion of imports are commodity based. However, many of the GCC states have set-up diversification programs of which Bahrain, Saudi Arabia and UAE are some of its most exemplary participants. For example, the UAE invested heavily in tourism, finance and insurance, construction, wholesale, retail trade, manufacturing, media and transport. The Kingdom has the biggest potential to change investment dynamics in the region. Its mega-pipeline project requires external project finance and further liberalization. The country is aiming to be a regional hub in generic pharmaceuticals, food-processing and also automotive manufacturing subsectors.³⁵ On paper, European companies are most suited to provide technical assistance in Saudi Arabia's future objectives, but obtaining the tenders for these projects has been complicated by domestic dynamics and structures, as well as competition from Asia.

Moreover, the EU economic and financial crisis in 2008 has slowed down the development of EU-GCC trade relations. The new emerging economies of countries like China and India proved to be more resilient to the financial turmoil and outperformed the EU as the Gulf's top suppliers and primary export market in 2009-2010. Nonetheless, the GCC-EU trade patterns remain relatively stable with a structural trade deficit for the GCC. In 2013 total trade flows from Europe accounted for (US\$249 billion) which covers more than half of all Western countries.³⁶ Also, some of the technological know-how cannot be replaced with cheaper low- and medium-technology goods from e.g. China. Hitherto, the European high-tech skills and know-how have not been surpassed by these emerging economies and therefore, remain crucial to the GCC for projects and investments that require these superior technological knowledge. But these patterns are evolving rapidly with growing knowledge and growing exports from China to the GCC, and a simultaneous reorientation of the GCC towards China and India. The high value position of the EU in the GCC might be at risk. According to an estimate by the Economist, China will be the biggest export market for the GCC by 2020. When considering investments, it

³⁵ Ibidem 7.

³⁶ Ibidem, 18.

was conspicuous that Indian investments in the Gulf has been a key driver of growth in the UAE, while.³⁷ Another challenge to the EU has to do with the previously mentioned GCC States fixation on awarding tenders to bidders with the lowest price regardless of quality considerations. For European companies, it has been difficult to compete with Asian counterparts, resulting in a loss of trade power as compared to China and India. In the GCC, state contracts are not usually allocated through open tenders, but rather result from consensual, informal processes; often related to the patronage- based distribution of resources. This is also relevant for trade negotiations like the FTA, because reform on this matter consequently involves domestic societal reform. The added attraction of these countries as business partners is their lack of interference in domestic politics with discussions focusing on economies without reference to politics.

Unlike trade, investment matters have largely been an EU Member State competence until the entry into force of the Treaty of Lisbon, which conferred exclusive competence on foreign direct investment to the EU.³⁸ Until December 2009, investment relations were thus not governed by agreements signed by the EU, but by agreements signed bilaterally between EU Member States and the GCC States. The GCC is becoming a powerful player in the financial and monetary world and is already an important player in foreign direct investment in the world economy. Especially in the field of real estate, the Gulf States have been mayor investors. For example, the royal family of Qatar owns Champs-Elysees in France and the Harrods in London. In 2008, the GCC's biggest oil producers were prospering from a boom in supplies just as centers like London and Paris took a hit from the financial crisis. Many Western capitals were keen to capture investment.³⁹ Qatar's financial gains symbolize how the emirate has gained influence in important EU Member States by spending its resource wealth while most EU Member States were experiencing financial difficulties. Significant funds have been invested in European stocks, real estate and European heavy industry. On the other hand, this also reflects geo-economic shifts away from the US and increased interdependence with Europe.⁴⁰

In 2011 the GCC and the EU launched an invest project to promote understanding of the EU amongst GCC citizens. This was followed by several surveys in which companies could address their investment prospects and risks, which resulted in a report in 2013 that was financed

³⁷ Ibidem, 3-4.

³⁸ (TFEU, Art. 207(1) & Art. 3(1)). Consulted on 11 March 2015 via <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012E/TXT>

³⁹ Laurent, L., (8 September, 2013). Special Report - In France, a tax-free property empire. Consulted on 11 March, 2015 via <http://uk.reuters.com/article/2013/09/08/uk-france-qatar-property-specialreport-idUKBRE98703D20130908>

⁴⁰ Echagüe, A., (2007). "The European Union and the Gulf Cooperation Council", *FRIDE* 39, 8.

by the EU.⁴¹ The report had some interesting findings concerning investment between the GCC and the EU and raised questions in the European Parliament⁴² on how to improve these relations. From the GCC states perspective, the EU was valued for its political stability and good infrastructure. The EU is regarded the largest market, but also a matured market with low potential in terms of growth rates. Nevertheless, the low growth rates of the EU's economy so far have not outweighed factors like stability and ownership which makes the EU an attractive partner for GCC investors. The report also stated that some barriers to strengthen the partnership needed to be broken. Some of these include: ownership requirements (GCC), legal enforcement of contracts (GCC), access to qualified labor (GCC), and the visa regime (Saudi Arabia and the EU) were some of the impediments quoted most by entrepreneurs.⁴³ Lastly, as mentioned in regards to tenders, investment regulations form a major blockade for investments in the GCC. Most of the GCC countries are very protectionist when it comes to investments, with the exception of Bahrain and the UAE. In order to get a foothold in these respective nations for the European companies, the EU needs to push harder on liberalizing investment rules.

1.5 DEVELOPMENTAL, TECHNICAL & FINANCIAL AID

This section examines the extent to which the EU draws power over the region from its provision of technical and financial aid to GCC States. It is important to note that development policy is a shared EU competence. This implies that, next to the EC's development assistance programs and projects, EU Member States run their own bilateral development aid initiatives. This thesis focuses predominantly on the development aid that is organized at the EC level and only marginally considers Member State initiatives.

Apart from being a world leader in trade and investment, the EU is also a major donor of aid and financial support, contributing to more than half of the total world aid. The EU is the most open to developing countries that are more perceptible to EU soft power tools like 'conditionality in assistance' and 'cooperation agreements', or financial aid. In relation to the GCC, the main weaknesses of the translation of conditionality from development cooperation rests on the absence of the final "carrot". While developing countries are more dependent on EU

⁴¹ Bossdorf, M., Engels, C. & Weiler, S., (2013). 'Promotion of Mutual Investment opportunities and creation of a virtual European structure in the GCC' in: *EU-GCC Investment Report 2013*, 1-100.

⁴² European Parliament resolution on EU relations with the Gulf Cooperation Council. (2011, March 24). Retrieved from http://www.europarl.europa.eu/meetdocs/2009_2014/documents/darp/dv/darp20130528_08_/darp20130528_08_en.pdf

⁴³ Eurochambres, EU-GCC Trade relations need a new, modern framework., (2014, April 9). Retrieved from http://www.eurochambres.be/objects/3/Files/EUROCHAMBRES_Press_Release_EU-GCC_Trade_Relations.pdf

aid and accession countries are prized for their efforts with final membership, the EU has much less to offer the GCC countries. EU protectionism against the export of certain goods has limited access to the internal market and complicated and protracted negotiations are often hostage to positions of single EU Member States. These factors have weakened the positive side of conditionality. In addition, EU Member States are often in need of products from the region, specifically energy exports.

Therefore, the EU's usual apparatus of 'conditionality in its assistance' and 'cooperation agreements' with the rest of the developing world hardly applies in the case of the wealthy GCC States. They are not in a disadvantaged economical position that requires developmental assistance. In fact, some of the GCC-states have themselves become some of the chief contributors of aid in the region. States like Saudi Arabia, UAE and Kuwait have become such important and influential donors that their contributions have attracted the UN's attention. Kuwait and the Amir even won a humanitarian award for their financial aid to Syria.⁴⁴ In general, the GCC States seek to contribute to the development of its Arab and Islamic neighbors through funds, such as: the Kuwaiti Arab Development Fund, the Abu Dhabi Fund For Development or the Saudi Fund for Development. They mainly focus their aid towards Islamic countries like Syria, Pakistan, Morocco and Egypt. For example, in 2013 the richest GCC states collaborated on granting Morocco \$ 5 billion to support the country over the next five years.⁴⁵ Just like the EU, the GCC tries to influence its neighbors through large grants for development. Saudi Arabia, Kuwait, the UAE and Oman pledged a combined \$12.5 billion in aid to stimulate the Egyptian economy. In the political context, they⁴⁶ backed the Sisi-led army overthrow of Islamist President Mohamed Mursi in July 2013 following mass unrest against his rule, and since then have kept Egypt's economy afloat with \$23 billion in oil shipments, cash grants and central bank deposits.⁴⁷ This clearly shows how (most) of the GCC States perceive the means to facilitate stability, by putting forward a strong dictatorial leader instead of an EU "favored"⁴⁸ democratically elected leader. They intend to maintain stability in the region and reduce or

⁴⁴ United Nations. (2014, September 9). Kuwait's 'Exemplary Humanitarian Leadership' Has Saved Thousands of Lives, Secretary-General Says at Ceremony Recognizing Amir of Kuwait [Press release]. Retrieved from <http://www.un.org/press/en/2014/sgsm16132.doc.htm>

⁴⁵ Abu Dhabi Fund For Development, (26 June, 2013). \$1.25bn grant to Morocco for up to 5 years. Consulted 9 April, 2015 via <http://www.adfd.ae/Lists/Latest%20News/DispForm.aspx?ID=41&Source=http%3A%2F%2Fwww%2Eadfd%2Eae%2Fpages%2Fdefault%2Easp>

⁴⁶ Qatar took a different position and supported Muslim Brotherhood leader Mursi, creating a rift between the GCC states.

⁴⁷ Al-Arabiya News, (15 March, 2015). Gulf states offer \$12.5 billion aid to Egypt. Consulted 9 April, 2015 via <http://english.alarabiya.net/en/business/economy/2015/03/13/Saudi-announces-4-billion-aid-package-to-Egypt.html>

⁴⁸ In general the EU tends to favor democratic transitions, but when Mursi came to power it became evident that the EU's suspicions towards political Islam in Egypt were not in accord with the EU's principles. Consequently, the EU's position became more vague and it seemed that there was a slight relieve when Sisi's secular forces took control of the country.

eliminate any threat to their regime by handing out large grants or loans. The GCC, with Saudi Arabia and UAE in its midst, have become powerful actors in the region that the EU has to take in consideration when competing in the MENA region for influence.

Other forms of assistance might prove more effective. The EU is the world's largest benefactor of development and technical assistance (€49 billion in 2009) and an active promoter of effective multilateralism as well as crisis and conflict management.⁴⁹ There is also much room for cooperation and exchanges in educational and technical initiatives. For example higher education programs, judicial training and penal reform, training of the military and police in human rights issues and civil-military and community-police relations. Most if not all GCC States greatly appreciate the EU's provision of technical assistance especially in domains that are essential for the country's key goal of economic diversification. Technical assistance' mostly comprises the provision of advice and training to public and private actors in the recipient country. For public actors, this may include the undertaking of feasibility studies for the construction of major infrastructure works, assistance on redrafting legislation, or technical aid to reform a ministry (e.g. advice on how to use specialized software for governmental use) with a special focus on improving the capacity to align with international legal frameworks. Cooperation on these more pragmatic issues covers areas such as trade, investment, economic and monetary affairs, environment, energy, technology transfer, education and scientific research. Arguably, cooperation on pragmatic issues is best suited for socialization between the EU and the GCC. It is less political; consists of areas where the GCC leaders may accept a leading position for the Europeans, and will involve greater number of ordinary (as opposed to very high-ranking) participants.⁵⁰ Initiatives related to political reform and good governance cannot, in the GCC case, be funded from the main EU budget relating to these issues as it is tied to the sort of assistance programs that do not apply to GCC states. Nevertheless a potential element of conditionality in negotiations over trade agreements remains. Material reinforcement mechanisms can also be used indirectly through the transnational channel to mobilize societal actors (e.g. human rights NGOs or corporate actors) in the target state to put pressure on their government to change its policy and adapt to the suggested community norms and rules (domestic empowerment). There are possibilities for initiatives under the European Initiative for

⁴⁹ Koch, C., (2014). 'Constructing a Viable EU-GCC Partnership' *The London School of Economics and Political Science*, 1-27.

⁵⁰ Kostadinova, V., (2013). 'Saudi-EU Relations: Recent Impediments, Current Trends and Future Options', *European Foreign Affairs Review*, 213.

Democracy and Human Rights (EIDHR), which began in 1994 and aims to work mainly with NGOs and international organizations. Its funding has remained relatively modest (with a world-wide total of €100 million available each year) – and little of this has been destined to the Gulf so far.⁵¹ Earlier attempts to begin EIDHR micro-projects in Bahrain and Saudi Arabia were unsuccessful due to the lack of civil society capacity and the fact that European NGOs found it virtually impossible to work in the region.⁵²

To conclude this section, the fact that none of the states are aid recipients, severely reduces EU leverage *vis-à-vis* the GCC. Nonetheless, it could be argued that the EU's technical assistance is much appreciated for these rich countries, as they are still in the process of development. Socialization processes and unilateral emulation could occur in these specific fields, which could give the EU more leverage. The EU is slowly realizing the importance of the region, and has been more active in its assistance to the GCC. Thus, more pragmatic cooperation could serve as a tool for achieving EU's goals of greater norms exchange. Still, some difficulties considering norm change must be discussed in chapter three to better understand EU capabilities regarding norm change. Additionally, closer EU-GCC cooperation can in time also lead to the deepening of EU-Saudi relations through providing a legal base and institutional framework for a bilateral relationship. Given the EU's experience in developing low-politics cooperation between its member states, the Union has the 'know-how' to make the most of the available opportunities. Despite the relative ineffectiveness of current forms of assistance, the Union is increasing its efforts after years of – as Echagüe would argue – neglect. Thus, possibilities are most promising in the field of technological exchange and assistance, because civil and governance assistance tends to be more sensitive. This demonstrates the difficulties of norms exchange in a region like the Gulf, where domestic politics and cultural values take priority over globalization and socialization dynamics.

1.6 SECURITY & GEOSTRATEGIC CAPABILITIES

In pursuing national security, states rely on their material capabilities, most notably economic and military capabilities. From a realist perspective, this means that the EU is above all concerned with safeguarding the EU's external security and with guaranteeing stability alongside its

⁵¹ European Commission. (2006). EIDHR. Consulted on 9 April, 2015 via http://ec.europa.eu/europeaid/subsites/european-instrument-democracy-and-human-rights-eidhr_en

⁵² Echagüe, A., (2007). "The European Union and the Gulf Cooperation Council", *FRIDE* 39, 18.

borders. As the EU distinguishes itself internationally by favoring non-military means to advance its interests, the EU relies primarily on economic and other civilian instruments to guarantee its security. However, even in the current post-Cold War era the EU is not exempt from the need to recourse to military instruments to reach certain ‘hard security’ objectives. This subsection receives ample attention, due to the perceived importance of security for both regional players.

The EU has a particular interest in security threats that emerge from weak or failed states, like Syria or Iraq where non-state actors like IS pose a serious threat to EU stability. Constant migratory flows coming from the Middle East and North Africa are some of the major concerns that trouble the EU, and hence stability in these regions is crucial to the Unions relation with the Gulf. The GCC shares the same view in regards to stability, but it mostly favors Sunni dominance in the region, as opposed to Iranian lead Shia dominance. The EU has a crucial role to play in the regional turmoil. Irrespective of the fact that the EU does not have common ‘EU army’ and that it cannot participate in NATO military actions under the EU flag, its interests do encompass hard security goals. The EU relies heavily on the US for military action, and for the time being, the US will remain the leading military power. However, for budgetary, political and geo-strategic reasons, it may reduce its global military presence, or at least act more parsimoniously. The Gulf remains a vital region for the US, and the country’s military bases in the region continue to be important due to local (perceived) threats in the form of Iran, Hezbollah, or more recently the Islamic State. Current economic, demographic and military spending trends point to the downsizing of the EU’s relative weight in the international system by 2030.⁵³ However, only the US and perhaps China will have combined resources comparable to those of the EU. Nonetheless, China’s defense spending might overtake that of the US by 2030, but it is unclear whether this will imply a more global reach for the Chinese military, which has constant local security concerns. In the near future, the world may look increasingly tri-polar (China, EU, US) in terms of scientific output and research and development spending. Resource-dependent rising powers, including China and India, are set to continue to increase their commercial, political and perhaps military presence beyond their immediate regions.

Thus, the gap between the demand and the supply of international cooperation may be widening. The EU will face a major challenge in trying to both temper geopolitical tensions and advance a rules-based global order. This is especially difficult in its relations with the GCC,

⁵³ Grevi, G., Keohane, D., Lee, B. & Lewis, P., (unknown). ‘Empowering Europe’s Future: Governance, Power and Options for the EU in a Changing World’, *Chatham house and Fride*.

where hard-power is often perceived as the right course of action (with the exemption of Oman and Kuwait). Outlines of European military spending point to the further reduction of EU capacity to provide for its own security and stabilize critical regions with hard power, especially in Europe's broad neighborhood which also includes the Middle East, and the Gulf – to some degree. Reductions in military power will further limit the effectiveness of autonomous EU action and hamper European ability to work with the US through NATO. Consequently, the Union will not be capable of providing security in the region through military power in spite of the constant threat of powerful non-state actors in the Middle East and North Africa; who have shown to possess enough capabilities to destabilize countries. On the other hand, the case of the US demonstrates that a combination of both normative and military power also creates more tensions. French interventions in Libya and Mali have not given the country a stronger normative position in the region and triggered colonial memories in the minds and hearts of the inhabitants of these respective nations. Therefore, it could be counterproductive in regard to EU-soft power and the mediating and non-threatening role it currently plays in the Middle-East and the Gulf. One only needs to observe the negative reputation of the US in the region to understand that hard-power is often counterproductive.

Hence, the EU cannot play a leading role on hard security issues and it cannot function as a geo-strategic counterweight to the US.⁵⁴ Therefore, the EU's most effective tool remains multilateral approaches to crisis and conflict management. For example, a new mandate was agreed to negotiate a counterterrorism-agreement with the GCC. A workshop was convened on terrorism, and the notion of supporting a Gulf regional security forum gained appeal.⁵⁵ Thus, the facilitation of dialogue frameworks are a major tool for the EU. Another security development involves the GCC's own assertiveness in using hard power tools. The GCC States have relied heavily on the US for their security in the past, but new regional security challenges suggest that there will be a continued high spending on building up defense capabilities, a first signal that especially Saudi Arabia and UAE want to take their defense capabilities into their own hands. The Kingdom is now the world's biggest importer of defense equipment, with spending expected to reach US\$9.8 billion in 2015, according to a report from the research firm IHS. That is a rise

⁵⁴ Hertog, S. (2007). 'EU-GCC Relations in the Era of the Second Oil Boom', *Center for Applied Policy Research*, 17.

⁵⁵ Echagüe, A., (2007). "The European Union and the Gulf Cooperation Council", *FRIDE* 39, 14-15.

of 42 per cent compared to the previous year.⁵⁶ Significant quantities of these weapons were purchased bilaterally from countries like France, the UK, Sweden and Germany, contradictory to EU regulations on arms-exports.⁵⁷ The UAE is another major spender on defense capabilities in the Gulf and has even carried out military attacks against IS in Iraq and Syria. The potential role of military assistance is becoming smaller, now that the major actors within the GCC are taking a more independent role. Thus, it is becoming clear that the Saudis and Emiratis in particular, have taken on a bigger role in regard to defense. In 2011, following in the wake of the Arab Spring, massive antigovernment uprisings in Bahrain revealed the pro-active military role the UAE and Saudi Arabia were going to play in the region. Saudi and Emirati forces were sent to the tiny island to stop the mostly Shiite uprising that was threatening the Sunni Khalifa position on the throne. Even Kuwait participated by sending their navy to inspect the shores. The justification of the deployment was founded in the GCC, which claimed to protect the six-member states against external threats. The movement was mostly a pro-democracy movement and thus should have been an entirely internal affair. Mass torture and disappearings have been reported by human rights organizations, but strangely the uprising and its aftermath only received little media attention. The international media was and is to this day systematically shut-out of the country. Repeatedly reporters mention that they are denied entry, or are deported for attempting to report on the pro-democracy movement. Apart from the fact that this repressive act temporarily promoted “stability”, it undeniably goes against the EU’s normative framework that promises to promote democracy and human rights. Hence, the GCC plays an increasingly important role in the Middle East, as well as some of the EU’s neighboring countries to the East. Due to the multiple security risks related to instability in the region, the EU has enhanced its engagement with the GCC and is attempting to increase its influence over the region. According to this logic, any factors that may provoke instability in the region are therefore to be addressed, such as extreme poverty, social unrest and lack of respect by the authorities for human and civil rights.

At the same time this logic is contradictory in the sense that security has more often than not taken prime over human and civil rights, one of the pillars of the EU. The EU shares similar objectives with the GCC, and because of it has often refrained from criticizing the GCC in order to retain stability and preserve its energy supplies. Consequently, by remaining silent, the EU

⁵⁶ Bouyamoun, A., (March 8, 2015). Saudi Arabia becomes biggest defense equipment importer with \$9.8bn budget this year? Consulted 11 March, 2015 via <http://www.thenational.ae/business/economy/saudi-arabia-becomes-biggest-defence-equipment-importer-with-98bn-budget-this-year>

⁵⁷ On this particular issue, the thesis will expand in chapter 4.

hopes to stay relevant in the region. However, double standards similarly undermine EU soft power in the region. Why assist in removing a dictator in Libya, and not in Bahrain? The EU and the Bahraini government are often perceived as key allies due to fears of the growing Iranian influence in the region and have taken a very mild approach in condemning the violent actions of Bahrain and its allies in the light of security and stability. Moreover, the region is home to a host of transnational security threats for the EU, including illegal migration and terrorist attacks or funding by extremist groups. When it comes to human rights, the GCC's position could be described as 'take it or leave it', and has many other less critical partners like China, a powerful nation that sees no problems with the regime's stance on human rights and democracy. Therefore, the GCC can avoid being internationally isolated or forced into a different position on human rights matters. The rules of the game in the Gulf appear to be conditioned by the big players within the GCC itself – respectively Saudi Arabia and UAE. In its dealings with the GCC, the EU has often been very cooperative on the stance that stability is a priority, despite the fact that it contradicts its own ideology and strategy towards the region.⁵⁸ The EU and GCC's goals concur on a number of international security issues, such as the Iranian nuclear program, Middle Eastern regional stability or piracy.⁵⁹ Amongst things, this led to cooperation on negotiating Yemeni power-transition in 2011–2012.⁶⁰ The Western governments in partnership with the Gulf countries, acted persistently as mediators for resolving the conflict. Importantly, given their closer cultural ties and greater political leverage, the Gulf countries, and Saudi Arabia particularly, were the key actors in these negotiations.

Examining these empirical findings, the EU appears at first to have acquired limited leverage over the GCC in the security and (geo)strategic field. Nonetheless, its arbitrating role in regional conflicts has made the Union an important partner. Consequently, the EU derives influence respectively from its security-related capabilities vis-à-vis the GCC, because of its position in the region. Starting with EU3 in 2003, the EU's more belligerent policy towards Iran has played an important role in the recent (2015) conclusions of the nuclear negotiations.⁶¹ In these negotiations, the EU is recognized as a geostrategic player, whom the GCC regimes perceive as being powerful enough to counterbalance the more pro-Iranian stance of Russia and

⁵⁸ More on this in chapter three.

⁵⁹ European Union- Gulf Cooperation Council. (2011). *Joint Communiqué*. Paper presented at 21st EU-GCC Joint Council and Ministerial Meeting, Abu Dhabi, United Arab Emirates. Retrieved from http://eu-un.europa.eu/articles/en/article_10970_en.htm

⁶⁰ Burke, E., (2013). 'EU-GCC Cooperation: Securing the Transition in Yemen' *Gulf Research Center*, 1-25.

⁶¹ Cornwell, S., (2 April, 2015). Kerry Says He Stands by Presentation of Iran Nuclear Deal. Consulted on 13 April, 2015 via <http://www.reuters.com/article/2015/04/12/us-iran-nuclear-kerry-idUSKBN0N30QT20150412>

China, and also as a moderator to the US more aggressive stance (which is relatively often supported by the Saudis who perceives Shia Iran as the biggest threat to its interests). Furthermore, the Union is a member of the ‘Quartet’, alongside the UN, the US and Russia, which is working to push for peace in the Middle East. The resolution of the Arab-Israeli conflict is a strategic priority for Europe. The EU’s objective is a two-state solution with an independent, democratic, viable Palestinian state living side-by-side with Israel and its other neighbors. Interestingly, the EU’s influence in regional security matters is not fully EU-driven and agent-based, but also encompasses some ‘purely structural’ features. Actually, the EU also draws considerable “passive” influence from the fact that the GCC and other big powers perceive the EU as a major international trade power as well as a (geo)strategic actor, powerful enough to counterbalance the dominance of the US, Russia and China.

CHAPTER 2: THE UNIONS INSTITUTIONAL RELATIONSHIP WITH THE GCC

Institutional elements, make up the second parameter in the analysis of EU power vis-à-vis the GCC. It includes formal contractual (including treaty-based, high politics), formats of institutionalization, and less formal and integrated formats of institutionalization (bureaucratic or technocratic). This concerns both the long-term presence and activities of the Commission delegations (i.e. EU delegations from 2004 onwards), the EU Special Representative and embassies of EU Member States, and the occasional presence of such EU actors as the EU Troika (attending formal meetings) and EU Commissioners (e.g. through formal visits). This part explores some of the different forms of institutionalized cooperation and dialogue established between the EU and the GCC. This chapter will also examine the extent to which EU draws influence over the GCC from its predominant position within the WTO, and even its marginal contribution to OPEC policy.

2.1 THE FREE TRADE AGREEMENT

The EU actively pursues a policy of engagement with its partners – in this particular case a regional grouping – to negotiate FTAs that grant privileged access to markets of the countries concerned. These agreements strengthen the EU's rules-based system which goes beyond the WTO by embedding this in the international contractual arrangements so that trade and investment are protected. Individual member states governments are not allowed to contemplate a bilateral trade agreement with a non-EU partner. The EU is responsible for the trade policy of its member states and the European Commission negotiates on their behalf.⁶² The FTAs are carefully tailored to their respective partners interests. Some of the specifics of these agreements can block a conclusion to the negotiations. In contrast, the GCC secretariat has no budget of its own apart from specially dedicated projects individually approved by all governments and no independent supra-state negotiating competence to negotiate EU's external trade agreements. Another problematizing factor is the fact that the lead negotiator of the GCC is always the Saudi Deputy Finance Minister. Despite this being an established convention among the GCC states, it

⁶² de Gucht, K., (2014). 'Trade' in *The European Union Explained*, Brussels, 7.

gives much of the negotiating power to Saudi Arabia, who has proven to be the most difficult partner to negotiate with.⁶³

The FTA between the EU and the GCC has been a long debated deal (since 1988) where the EU has overcome many obstacles. As mentioned earlier, the EU has powerful economic interests in liberalizing investment rules in the Gulf States, so that EU corporations may participate directly in the region's oil, banking, telecoms, port services and other industries. Political issues have been publically blamed for blocking agreement.⁶⁴ These include demands from the EU with regards to fulfilling standards of democracy and human rights, as well as clauses on cooperation against terrorism and weapons of mass destruction.⁶⁵ The main issue according to observers is the GCC's wish for a free hand on export duties and petroleum products. For the EU, this remains a barrier which appears hard to overcome.⁶⁶ Negotiations for a FTA were suspended by the GCC in 2008, but – instead of dismissing it completely – informal contacts between negotiators continue to take place. The EU has made it very clear to its GCC partners that this part of the FTA is not negotiable. The GCC on the other hand is likewise unwilling to give in on this matter, causing the negotiations to have come to a standstill in spite of the GCC's sudden acceleration in the direction of a customs union in 2003 and an EU-Saudi agreement regarding the Kingdom's accession to the WTO in August of the same year, that formally concluded in November 2005. Furthermore, gradual progress on the trade aspects of the relationship continued to be accompanied by some frustration on the part of the GCC over being viewed only as a market and energy supplier, and the associated lack of a political component as demarcated by them. Basically, their definition excludes real debate on human rights –the area the EU is very interested in. Indeed, the perceived insistence of their EU interlocutors on raising questions of good governance and human rights was seen by many on the GCC side in 2004 and 2005 as a diversionary tactic or at least an unnecessary distraction promptly introduced.⁶⁷ Because of these particular circumstances, the GCC has avoided participating in a relationship based on such grounds. The stance of a high-ranking Saudi official in the GCC illustrates this well. The interview was done by researcher and Gulf researcher V. Kostadinova, who drew the following conclusions: *'With reference to the signing of a FTA between the EU and the GCC he*

⁶³ Saudi Arabia's accession negotiations for the WTO started in 1993 and took till 2005 to conclude.

⁶⁴ EU-GCC Bilaterals. (May, 2014). Consulted on 13 April, 2015 via <http://www.bilaterals.org/?-EU-GCC-&lang=en>

⁶⁵ Ibidem.

⁶⁶ The Economist Intelligence Unit, (2014). 'GCC Trade and Investment Flows', *The Economist*, 4.

⁶⁷ Nonneman, G., (2006). 'EU-GCC Relations: Dynamics, Patterns and Perspectives' *The International Spectator: Italian Journal of International Affairs*, 41:3, 63-64.

said the GCC understands EU's legal requirement to include certain texts (immigration or human rights). However, he preceded saying that GCC members will not bend their political systems or subject themselves to EU's demands in order to sign an agreement. He further clarified that this is not so much an objection to the issues (the substance) but more to do with the EU's attempt to impose its will on a non-FTA negotiations-related matter.⁶⁸

The human right feature remains a regular misconception about the EU in the Gulf; although the human rights issue is a formal part of EU agreements with third parties.⁶⁹ In the eyes of the GCC, they cannot be asked to make all the concessions and that therefore a more flexible approach from the EU is required in order to resolve the issue. Furthermore, it seems that the GCC is fully aware of the global dynamics and the EU stagnant position, believing that time is on their side. The increased trade relations with Asia and the negotiations on an FTA with China could possibly sidetrack the EU. In the words of C. Koch: *'With the GCC states coupling their national interest with foreign policy activism, including broadening their set of relations with countries across the world, seeing ties with the EU through the lens of the FTA is no longer a precondition for them.'*⁷⁰

2.2 THE UNIONS PHYSICAL PRESENCE ON THE GROUND

Historically, EU Member States have pursued relations with Gulf Countries along bilateral lines and therefore were opposed or reluctant to the "Europeanization" of relations with GCC. However, with the growing importance of the region, the EU decided to take a more pro-active stance and aims for more visibility, as opposed to its near invisibility in the past. Therefore, it was vital to have an actual physical presence in the GCC. Hence, the Delegation in Riyadh was established in 2004. The Delegation is regionally accredited to: Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. It covers bilateral relations between the EU and the Gulf countries of the GCC as well as relations between the EU and GCC Secretariat. Originally launched as a European Commission Delegation, the role of the Delegation was historically changed with the introduction of a new European Treaty, the Lisbon Treaty, in December 2009. Under the newly appointed High Representative of the Union, the EU has set up a unified diplomatic service called the

⁶⁸ Kostadinova, V., (2013). 'Saudi-EU Relations: Recent Impediments, Current Trends and Future Options', *European Foreign Affairs Review*, 210.

⁶⁹ This misconception is rooted in the ideological differences between the two regions and its consequences shall be further discussed in chapter 3.

⁷⁰ Koch, C., (2014). 'Constructing a Viable EU-GCC Partnership' *The London School of Economics and Political Science*, 11.

European External Action Service (EEAS). Under the EEAS the renamed European Union Delegation now represents the EU as a whole, rather than the European Commission solely, with the Ambassador accredited as the official representative of the European Union.⁷¹ The EU Delegation now has a mandate to speak on the behalf of its member states where there is unanimous agreement in foreign policy areas. In addition the role of the EU Delegation took on increased importance in July 2010 when it assumed the position of the local Presidency which entails representing and acting on behalf of the EU in Saudi Arabia. The changes brought by the Treaty of Lisbon facilitate cooperation between the two regions and has given the EU a stronger voice on global issues, such as the economic and financial crisis, climate change and terrorism as well as a more unified and important voice globally. The strengthened, unified European presence makes the EU an increasingly active, reliable and especially more visible partner for the six GCC states. The EU Delegation in Riyadh, was the EU's only permanent diplomatic representation in the GCC Member States, until 11 June 2013, when the UAE and the EU signed an 'Establishment Agreement' to open the new EU Delegation in Abu Dhabi, further enhancing its presence in the region.⁷² The decision to enhance EU presence in the region facilitates more institutional density between the EU and the individual GCC States, but also provides the EU Member States with the option to "transfer" the file of particular groups of countries to the EU level as they see it as too costly to manage and maintain those relations on a purely bilateral level.⁷³ Thus, relations are still mostly bilateral, but by increasing physical presence the EU will see its capabilities growing likewise. Lastly, since GCC States prefer dealings with states on an individual and a personal basis, increased presence facilitates the process of 'socialization' into 'familiarity'.

1.3 PRESENCE IS MORE THAN JUST BEING THERE

The occasional presence in the region of high-level EU actors, such as the EU Troika (when attending formal meetings) and EU Officials (e.g. through formal visits) further deepens the relation between the Union and the GCC. This is obviously a more *ad-hoc* form of institutionalized cooperation, but it is nevertheless worth highlighting as it contributes to the

⁷¹ European Union External Action. EU Delegations. Consulted on 20 May 2015 via http://eeas.europa.eu/delegations/index_en.htm

⁷² Delegation of the European Union to the United Arab Emirates. (...) Political and Economic relations. Consulted on 20 May 2015 via http://eeas.europa.eu/delegations/uae/eu_uae/political_relations/index_en.htm

⁷³ Nonneman, G., (2006). 'EU-GCC Relations: Dynamics, Patterns and Perspectives' *The International Spectator: Italian Journal of International Affairs*, 41:3, 63-64.

EU's visibility and presence in the region, in particular at the diplomatic level. Next to the framework of the Cooperation Council meetings and EU Troika-GCC meetings, high-level EU actors often travel to the region on official EU visits to the partner countries or on the occasion of national or international high-level meetings organized by the governments. Only a handful of EU officials traveled to the region, but regular dialogues and formal meetings have been taking place since December 1987 when the Supreme Council of the GCC States agreed to initiate formal negotiations with the EU with a view to concluding an initial framework agreement on the cooperation between the two sides. Nearly all aspects of the bilateral cooperation were formally governed under the 'Framework Agreement' between the GCC and the EU.

The GCC's Supreme Council⁷⁴ mandated the Ministerial Council to negotiate with the EU and to conclude formal negotiations leading to a trade agreement in 1987. Later, the Framework Agreement between the GCC States and the EU was signed in 15 June 1988 at its 9th session (December 1988), and came into force in January 1990.⁷⁵ The Implementation of the Framework Cooperation Agreement between the GCC States and the EU provided for forming a joint council composed of the Foreign Ministers from both sides, which would hold annual periodical meetings. Thus, the Ministerial Council has held twenty three meetings, the first of which was in Muscat, Oman, on 17 March 1990, and the last was in Manama on 30 June 2013. The Joint Ministerial Council did not meet in 1995. Instead, a ministerial meeting at the troika level was held wherein the two sides agreed to increase cooperation between them. Furthermore, the two sides hold an annual meeting in New York during the meetings of the UN General Assembly.

The Joint Ministerial Council, at its 2nd meeting in Luxembourg (May 1991), decided to form three working teams for cooperation in the fields of industry, environment and energy. In activation of the Framework Agreement of Economic Cooperation an extensive meeting of experts and senior officials of both sides was held at the headquarters of the Secretariat General on 9th and 10th February 2010. At the meeting the 'Joint Action Program (JAP)' agreed to the implementation of the agreement for the period 2010. The joint GCC-EU Ministerial Council, at its 20th session held in Luxemburg on 14th June 2010, adopted JAP for the period 2010-2013.⁷⁶ Within the framework of execution of the program, a number of joint events have been organized

⁷⁴ The GCC's 'Commission for Settlement of Disputes'.

⁷⁵ Eurochambres, EU-GCC Trade relations need a new, modern framework., (2014, April 9). Retrieved from http://www.eurochambres.be/objects/3/Files/EUROCHAMBRES_Press_Release_EU-GCC_Trade_Relations.pdf

⁷⁶ Ferroukhi. R., Doukas, H., Menichetti, S.A.E., Masini. A., & Khalid. A., (2013). 'EU-GCC Renewable Energy Policy Cooperation: Exploring Opportunities'. *Gulf Research Center*, 5-6.

in the fields of finance, economy, monetary, trade, industry, investment, energy, nuclear safety, electricity, water, transport, environment, combating money laundering, combating funding terrorism, patent, protection of intellectual property, higher education and scientific research⁷⁷ etc. Other forms of exchanges such as: interviews, meetings and workshops are similarly periodically organized.⁷⁸ In the economic field, dialogue is held periodically. The purpose of these dialogues is to gather experts and specialists from both sides to discuss topics of common interest. In addition, periodical meetings were held between the governors of monetary agencies and central banks in in the EU and their counterparts in the GCC States. Workshops on combating money laundering and terror funding have also been held periodically. The JAP was intended to provide a more structured framework for moving relations forward and were partially funded by the EU, including the ones for the EU-GCC public diplomacy. The points of contact have been instrumental in increasing the understanding between the two sides, but it should be noted that such instruments remain dependent on continued funding from an organization like the EU in order to stay in place.⁷⁹ Without EU funding, these forms of interaction would most likely cease to exist.

Other examples of the growing importance of the GCC need to be covered for the perception of EU commitment to the region. High-level EU actors have visited the region more frequently, including European Commissioner for External Relations and Neighborhood Policy⁸⁰ Benita Ferrero-Waldner, who said before her trip to the Gulf in 2008: *"The importance of the Gulf region for the EU is evident in all areas including economic and trade relations and of course also foreign policy and energy. The fields of common interests are growing constantly. It is time for us to be more ambitious about our relations, to the advantage of our countries and citizens"*.⁸¹ Vice versa, it was also clear that the EU is considered important to the GCC. During Ferrero-Waldner's visit to Saudi Arabia, she was received by some of the most important people in the country and the GCC. Regional relations were at the center of the dialogue which also included the Secretary General of the GCC, Abdulrahman Al Attiyah. Ferrero-Waldner also visited Qatar, that was holding the GCC presidency, and Bahrain.

⁷⁷ Most of the recent research papers on EU-GCC relations have come forth out of this agreement (SHARAKA, Gulf Research Center and FRIDE).

⁷⁸ Joint Action Programme., (2010). *Implementation of the GCC-EU Cooperation Agreement of 1988 , for 2010-2013*. Retrieved from http://eeas.europa.eu/gulf_cooperation/docs/joint_action_programme_en.pdf

⁷⁹ Koch, C., (2014). 'Constructing a Viable EU-GCC Partnership' *The London School of Economics and Political Science*, 9-10.

⁸⁰ As a result of the Treaty of Lisbon, on 1 December 2009, merged the positions of Commissioner and High Representative into a composite entity called the High Representative of the Union for Foreign Affairs and Security Policy.

⁸¹ Commissioner Ferrero-Waldner to visit Gulf countries. (2008, April 11). Retrieved from http://europa.eu/rapid/press-release_IP-08-561_en.htm?locale=en

In 2011 Catherine Ashton, the High Representative of the Union for Foreign Affairs and Security Policy, visited Riyadh for the first time. They agreed on the need to intensify dialogue and mutual support on issues of common interest to the EU and Saudi Arabia.⁸² Ashton also met with some influential Saudi women, sending a hitherto rare signal to the Saudis about EU interest in human rights. This was followed by a press release in June 2011, where she stated: *“The EU supports people who stand up for their right to equal treatment, wherever they are. The Saudi women who are taking to the road are exercising their right to demand that equality. They are courageous and have the High Representative's support.”*⁸³ Shortly after her visit to Saudi, she went to Doha for talks with the Qatari authorities, before moving on to Abu Dhabi, where she co-chaired the EU-GCC Ministerial Meeting in Abu Dhabi. Ashton also held her first meeting with new Secretary-General of the GCC, Abdel-Aziz Zayani. Much of these previous visits were focused on economic relations, but since the Arab spring and the following unrest in the region, attention shifted to regional stability. Ashton made two more visits to the region in 2013 and 2014.⁸⁴ What became evident after her recent visits, is that the FTA negotiations were somewhat sidetracked in the light of regional instability in Syria, Egypt, Iraq, Yemen, and most importantly the Iranian nuclear ambitions. Geostrategic and security issues took precedence in the EU's external policy in the region, as opposed to the previous importance of the FTA which has altered the way in which the EU conducts its dialogues with the GCC. The High Representatives statements and the increasing amount of high-level visits since 2011 indicate that geostrategic and security issues capture the EU's attention more than economic considerations had done in the past.

1.4 THE UNIONS “POWER” WITHIN GLOBAL INSTITUTIONS

The Union is facing up to the challenges of managing global international economic and financial issues, for instance in the context of the G-20. It contributes to the ongoing effort to reform international financial institutions, such as the World Bank, IMF, and to re-regulating the international financial sector. An actor can possess structural power in the sense that this actor can indeed *decide* what the rules of the game are (with the other actor having only one option to

⁸² High Representative Catherine Ashton visits the Gulf., (2011, 14 April). Retrieved from http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/121571.pdf

⁸³ Statement by the spokesperson of High Representative Catherine Ashton on the Saudi female drivers' protest., (2011, June 23). Retrieved from [Http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122980.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122980.pdf)

⁸⁴ Statement by EU High Representative Catherine Ashton on the occasion of her visit to Bahrain for the EU-GCC Ministerial meeting. (2013, 4 April). Retrieved from http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/136637.pdf

choose). At the other side of the continuum, an actor can possess only limited structural power in the sense that this actor can only influence to a limited extent the rules of the game that will be used by other actors. In regard to its relation vis-à-vis the GCC, two institutions are worth mentioning whereas the EU uses different tools in order to influence the GCC's domestic and external policies. The first of these institutions is the WTO. The EU has a powerful position within the WTO and hence, the Union utilizes a different set of policy tools, as opposed to the marginal set of tools the EU can utilize within OPEC. Within the WTO, the Union is able to dictate other members to adapt to the liberal market through 'accession negotiations' or 'dispute settlements'. As the EU – or its member states – are not major oil producers or OPEC Members, one would not expect the EU to have any capabilities to contribute to OPEC policy making. However, even in a less dominant position the EU is capable of influencing this respective institutions – or at least attempts to influence – through emulation (agent based, but also structurally based) by opening dialogues and providing technical and environmental assistance.

1.5 THE EU & THE WTO

WTO accession is a key goal of the EU's trade relations with and assistance to third countries or regions. The EU has an influential voice within the WTO. Together with its enormous trade power, it enables the Union to encourage non-member countries to apply for WTO membership and start the preparation process for accession. In this regard, the EU's influence is strongest during the preparation phase of the accession process. Acceding countries are expected to demonstrate their readiness to fulfill the common obligations established by all of the WTO agreements. In addition, they are expected to provide schedules of concessions in the areas of tariffs, agriculture, services, and trade-related investment measures. It is in this part of the process that key members of the Working Party⁸⁵, most notably the EU and the US, can exercise a considerable amount of leverage over the applicant. For example, Saudi Arabia's accession process has been one of the longest in WTO/GATT history. Especially, when compared to its GCC neighbors.⁸⁶ Yet, in 2003 The Kingdom presented detailed information on the legislative plans to achieve full implementation of WTO rules by the date of accession and on the

⁸⁵ Group of WTO members negotiating multilaterally with a country applying to join with the WTO.

⁸⁶ The United Arab Emirates has been a member of WTO since 10 April 1996 and a member of GATT since 8 March 1994. The Kingdom of Bahrain has been a WTO member since 1 January 1995 and a member of GATT since 13 December 1993. The State of Kuwait has been a WTO member since 1 January 1995 and a member of GATT since 3 May 1963. Oman has been a member of WTO since 9 November 2000. Qatar has been a member of WTO since 13 January 1996 and a member of GATT since 7 April 1994.

elimination of specific trade barriers, especially in the food sectors, where previous import bans of European products have been eliminated.⁸⁷ Significant progress was also achieved on the question of double-pricing of energy where the Saudi negotiating team has confirmed the repeal of the relevant decree. This example demonstrates how the EU was able to dictate accession requirements, and therefore was able to influence Saudi Arabia's economic and domestic policy. Basically, by waving a figurative "carrot" around which the Saudis needed to grasp, the EU managed to crack the economic barriers of the Kingdom. As the last country in the GCC to do so, the Saudis officially joined the WTO on 11 December 2005.

The EU also draws benefits from its more liberal economy and the fact that it relies heavily upon trade, and therefore is most likely to benefit from the accession of state-dominated economies that are prevalent in the GCC. The WTO establishes rules and structure for international trade, providing stability for these nations' commerce. Some opponents of the WTO say that negotiations conducted without public scrutiny end up benefiting wealthier nations or trading blocs like the EU. Through the WTO, the EU can infringe on the sovereignty of member states which especially forces developing countries – which often have uncompetitive industries and rely on government support – to be hurt by opening up to global trade as their companies struggle against more efficient foreign rivals. These fears were particularly present in the Gulf states. Nevertheless, the showcase of Dubai and Abu Dhabi demonstrated that these dislocations are only a temporary setbacks that reverse as companies in developing countries adapt to global competition. Therefore, the EU still draws most of its power from the accession.

Lastly, the Union is a key player in the WTO's 'dispute settlement' process. The EU uses 'dispute settlement' primarily to target traditional trade barriers, and it has focused mostly on other advanced developed countries like the US.⁸⁸ The high degree of delegation to the European Commission and the distributive character of the politics involved have enabled the EU to initiate complaints effectively, despite its essentially divided system of governance. The EU has been quite vigorous in seeking to enforce the rulings that it has won. It has sought, threatened or imposed sanctions on several occasions. Hitherto, none of them have included any trade disputes with any of the GCC states. Thus, 'dispute settlement' is a powerful tool, but vis-à-vis the GCC it has been an unexploited tool.

⁸⁷ European Commission. Trade. Consulted on 27 January, 2015 via http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc_114036.pdf

⁸⁸ European Commission. Trade. Consulted on 20 May, 2015 via <http://ec.europa.eu/trade/policy/accessing-markets/dispute-settlement/>

1.6 EU TOOLS FOR GUIDING ENERGY SECURITY: OPEC

The four GCC states – Kuwait, Qatar, Saudi Arabia and the UAE – together produce 16 million barrels a day, accounting for more than half of the total pumped by the OPEC oil exporters' cartel. The other two, Oman and Bahrain, are not members of OPEC. The revenues of the GCC states, mostly from oil, rose from \$366 billion in 2009 to \$729 billion last year, according to figures from Kuwaiti investment firm KAMCO investments and the IMF.⁸⁹ As a result, the four-GCC states have built fiscal reserves worth a massive \$2.45 trillion, accumulated from the oil windfall over the past decade, according to the International Institute of Finance (IIF).⁹⁰ Volatility in financial and energy markets remains extreme as the recent oil price drop that started in the end of 2014 has proven. Oil price shifts have been driving alterations in power structures creating asymmetrical interdependence making the GCC's leverage 'power' unclear and often dependent on the international markets. For example, the sharp rise in oil prices up until mid-2008 contributed to policy changes in Saudi Arabia in the form of resistance against EU demands in regard to good governance initiatives.⁹¹ This was comparable to the rising of oil prices in the 1970s, when oil producers had greater leverage which later on resulted in the Arab oil embargo of 1973.

The Kingdom's position within OPEC must be examined, to get a better understanding of the powerful position of the GCC within this international body. Hence, the thesis argues that OPEC policy is directly linked to GCC policy (particularly Saudi policy) due to the relative weight in this international body. Since its formal creation in 1960 the members of OPEC, and particularly its most significant actor Saudi Arabia⁹² have used excess oil production capacity to influence crude prices. Hitherto, the primary role of OPEC has been to support price stability. There are notable exceptions – like the previously mentioned 1973-1974 oil embargo and a period of excess supply that undermined prices and crippled the Soviet Union in the 1980s.⁹³ Recent events implicate that OPEC's role as the controller of crude oil pricing is coming

⁸⁹ Hasan, O., (26 October, 2014) Gulf Oil Producers Can Afford To Ride Out The Price Plunge. Consulted on 12 March, 2015 via <http://www.businessinsider.com/afp-gulf-oil-producers-seen-riding-out-price-plunge-2014-10?IR=T>

⁹⁰ Ibidem.

⁹¹ Keohane, R.O. (2009). 'The old IPE and the new', *Review of International Political Economy*, 16:1, 41.

⁹² Saudi Arabia's control over the global oil markets is much larger than that 16% of reserves implies. More than 260 billion barrels are among the easiest and cheapest to extract and before enhanced recovery techniques accounted for a much larger share of global reserves.

⁹³ Hinckley ed., (10 January, 2015) Everything Has Changed: Oil, Saudi Arabia, and the End of OPEC. Consulted on 27 February, 2015 via <http://theenergycollective.com/eliashinckley/2181166/oil-prices-saudi-arabia-and-end-of-opec>

to an abrupt end. In acting as global swing producer, OPEC relied heavily on Saudi Arabia's capabilities to influence global prices by increasing or decreasing production to expand or reduce available global supply. Saudi Arabia possesses these capabilities, because it controls an enormous portion of global reserves and production capacity, but does so with crude oil that is stunningly inexpensive to produce compared to the current global market.⁹⁴

The geopolitical events in the Middle East and Ukraine have forcefully reminded the EU that it relies too heavily on fuel and gas imports, placing on top of the EU's foreign policy agenda. Thus, there is a strong need to reform and reorganize Europe's energy policy into a new European Energy Union to unite the Unions negotiating power vis-à-vis third countries. This shows that the EU has become aware of its lack of bargaining power vis-à-vis the GCC and therefore indirectly, OPEC. Since 2005, the Union and OPEC have started a dialogue called the 'EU-OPEC Energy Dialogue'.⁹⁵ It is supported by roundtables, workshops and studies, the Energy Dialogue has resulted in productive joint activities on a wide range of issues, covering the oil industry, the energy sector generally and associated areas, such as sustainable development and environmental matters. Within this context, the EU outlined its 2030 framework for EU climate and energy policies. As expressed clearly by Juncker, this policy serves several purposes and shows the current EU dependency on third parties: *"Firstly, there is a clear need to diversify our energy sources, and reduce the high energy dependency of several of our member states.... However, if the price for energy from the East becomes too expensive, either in commercial or in political terms, Europe should be able to switch very swiftly to other supply channels. We need to be able to reverse energy flows when necessary. And we need to strengthen the share of renewable energies on our continentThis is not only a matter of a responsible climate change policy. It is, at the same time, an industrial policy imperative if we still want to have affordable energy at our disposal in the medium term. I strongly believe in the potential of green growth. I therefore want Europe's Energy Union to become the world number one in renewable energies."*⁹⁶ At the international level, the EU stated that it is confronted with increasing import dependence in some forms of energy in a world with rising global energy demand. Furthermore, the agenda emphasized the need to engage with all stakeholders to address issues related to

⁹⁴ Hinckley ed., (10 January, 2015) Everything Has Changed: Oil, Saudi Arabia, and the End of OPEC. Consulted on 27 February, 2015 via <http://theenergycollective.com/eliashinckley/2181166/oil-prices-saudi-arabia-and-end-of-opec>

⁹⁵ EU-OPEC Energy Dialogue, Ninth Meeting. (2012, 28 June). Retrieved from http://europa.eu/rapid/press-release_MEMO-12-506_en.htm?locale=en

⁹⁶ Juncker, J. C. (2015). *A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change* (Political Guidelines for the next European Commission). Retrieved from (page 5-6) <http://www.eesc.europa.eu/resources/docs/jean-claude-juncker---political-guidelines.pdf>

security of supply and demand, climate change, environmental protection, improving access to sustainable energy for developing countries, and competitiveness. All these issues have trans-border effects and need to be addressed in an international perspective and the joint dialogues between EU-GCC. As previously mentioned, the EU hopes to some extent to influence OPEC through dialogues and technical assistance. Therefore, ‘joint experts’ meetings were planned for technical exchanges and discussions on the most recent oil outlooks and energy scenarios of both OPEC and the EU. Thus, the dialogues have not proven to be efficient in regards to energy policy. This is in part, because of the enormous leverage of international players like Saudi Arabia within OPEC and the GCC in general. The EU has had limited capabilities within OPEC to influence the Saudis on energy policy, but this could be achieved if the EU and the Saudis could find a common cause.

On 27 March 2013, the European Commission adopted a Green Paper on "A 2030 framework for climate and energy policies".⁹⁷ The Green Paper stated that developing such a framework is needed to reduce regulatory risk for investors and to mobilize the funding needed to support progress towards a competitive economy and a secure energy system. The framework will aim to ensure progress towards longer-term energy and climate objectives, but at the same time, takes into account security of supply and competitiveness issues. Through these frameworks, the EU aims for ‘unilateral emulation, where the GCC States will try to follow the EU’s good example in regard to climate policy. The EU’s assistance shapes these frameworks in which OPEC-and GCC Members relate to each other and make decisions, and therefore constitutes a form of power (direct-agent based). The EU shared interest with the GCC on climate policy, could effectively influence decisions on energy output in OPEC. Whether this framework is efficient remains to be seen, because the framework has only recently been adopted.

1.7 INSTITUTIONAL POWER *vis-à-vis* THE GCC OR NOT?

The above outline has sought to highlight to what extent institutional factors need to be taken into account when considering the EU’s institutional capabilities *vis-à-vis* the GCC. Whether at the macro-level of international relations or at the more case-specific institutional micro-level of

⁹⁷ European Commission. (2013). The Green Paper (A 2030 framework for climate and energy policies). Retrieved from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0169:FIN:EN:PDF>

EU bilateral or bi-regional contractual relations with the GCC countries. It is clear that the EU derives a limited, but still significant amount of leverage from institutional factors. With respect to micro-institutional power, this chapter demonstrated that the EU's bilateral and regional relations with the countries have grown to be considerably institutionalized in the last 15 years, and continues to grow in importance. This applies both in terms of formal contractual (including treaty-based) formats of institutionalization and in terms of less formal and less integrated (including *ad-hoc*) formats of institutionalization, which mostly involve the technocratic level or societal level rather than the high political level. The focus on this chapter has been mainly on Saudi Arabia, because the Kingdom is the most dominant and controversial player in the GCC and OPEC. Relations with the UAE might be institutionalized more densely, but given Saudi's role within the GCC as the dominant actor has been more or less surpassed. Thus, the level of institutionalization has been rather moderate. The denser the institutional relationship between the EU and a third party, the larger the EU's power over the country will be. Therefore, we can draw the provisional conclusion that the EU's micro-institutional power has been limited in the past, but a more active policy has increased its power to shape these structures. Macro-institutional power, comprises institutionalized dialogue and cooperation through a web of international organizations and institutions, most notably the WTO and OPEC. This part underlined the extent to which the EU manages to draw influence over the GCC through its influential representation in these very different, yet important international bodies. At the macro-level, the degree of institutionalization differs due to the different position the EU holds in these respective institutions. Clearly, the EU exercises enormous power within the WTO. In OPEC, as could be expected, the Unions influence is rather negligible. Nonetheless, it is important to highlight that the limits encountered have not stopped the EU from taking on an advisory role and has provided OPEC with a framework to work with. In this respect, it is worth mentioning, since the Union gets involved in any way it can to secure global energy supply and creates awareness amongst OPEC Members about shared concerns regarding climate change. Hence, it indirectly promotes EU policy.

CHAPTER 3: NORMATIVE POWER EUROPE

In addition to material and institutional factors, the EU's power is also composed of ideational factors. It is ideational in the sense that it takes ideas, normative interpretations and mental constructs seriously and regards them as causally important in their own right. The international system is increasingly driven by values and norms, which generate competing interpretations of the most pressing problems, and generate different recipes for dealing with those problems. Exploring the Union's magnetic pull in the GCC, encompasses a variety of aspects, ranging from the magnetic pull of EU-style prosperity and stability to the degree of attraction of the EU's culture, norms and standards. While the EU's magnetic attraction stems mostly from the Union's presence, rather than from its intentional agency (purely structural). The section will also highlight the extent to which norms and values are spread through conscious efforts by the EU (agent-based). A final aspect that the section will examine, is the image of the EU in the GCC, and in particular, the symbolic power of its image. In doing so, it will explore, *inter alia*, the Gulf citizens attitudes – both popular and elite attitudes – about Europe.

3.1 THE EU AS AN EXAMPLE REGIONAL MODEL

The EU's magnetic pull stems from its presence, rather than from its intentional agency, and thus largely constitutes a purely structural form of impact. The aspect of magnetic pull is probably best captured in Nye's concept of soft power, which encapsulates the extent to which an international actor, *i.e.* the EU, gets what it wants through attraction, rather than through coercion and payment, arising from the appeal of its culture, political ideals and policies.⁹⁸ In the case of the GCC, this "magnetic pull" of the EU rests on the passive leverage that it draws, *inter alia*, from its attractive single market and its success as a regionally – economically and politically – integrated group of liberal democracies. On the one hand, a considerable amount of the EU's market power over the GCC is based on the "attraction" of the single market, but as we have seen in chapter one, this attraction is limited because of the pivotal change towards Asia and the GCC's resource capabilities. On the other hand, the EU's appeal in the GCC also stems from its success as a regionally – economically and politically – integrated group of liberal democracies.

⁹⁸ Nye, J., (1990). 'Soft Power', *Foreign Policy* 80, 153-171.

This success does not only provide the Union with a certain amount of legitimacy and credit with its GCC partner countries, but it also makes it a model of development. Nonetheless, this does not necessarily mean that it is the preferred model and definitely not a model to be followed in all respects. The question is thus whether, and to what extent the GCC shares the EU's beliefs in regional cooperation and integration, economic liberalization and liberal democracy based on fair societal representation and respect for human rights as universally valid ideas about the good political order.

All six GCC States perceive the EU as a very successful form of regionalism, as well as a very successful model to guarantee economic welfare, modern statehood and democracy. However, they do not perceive it as necessarily the best model for their own states. Indeed, while elites in the GCC find the EU inspirational as a model in a number of governance areas, including sustainable development, higher education and market liberalization, they equally find inspiration with alternative models. Unlike Europe, the region has experienced strong autocratic monarchisms with patrimonial structures, based on patronage networks and tribal politics. Although GCC Member Kuwait could politically be described as an “enlightened autocracy”, the opposite is true for many of the other members of the GCC. Rather than promoting the democracy, the ruling elites in the GCC promote a discourse of “stability”, stemming from their claim that their countries are still at an early stage of state- and nation building. Thus, they contend that economic development is the first anchor of stability, as that democratic reforms halt effective policy making. Often the example of Kuwait is used. Considered the most politically liberal country, it has also been one of the most economically stagnant countries in the region due to an often obstructive and populist parliament. Additionally, these autocratic regimes maintain a different style of diplomacy compared to democracies. As these regimes are mostly run by royal family members, they experience and conceive international relations and diplomacy in a personal way. This considerably hinders EU effectiveness, since the Union's leaders are often subject to elections and changing positions, making the EU an impersonal and hard to perceive partner for the royal families.

3.2 THE ARAB SPRING

It is especially interesting to look at the role both the GCC and the EU have played in the Arab Spring. Since the first demonstrations in Tunisia in December 2010, a wave of popular discontent

has overwhelmed the Arab world order. The following turmoil caught the EU and the GCC by surprise, spreading all over the region and even reaching the Gulf states in Bahrain, Kuwait and Oman. Neighboring countries like Yemen and Iraq experienced some of the worst violence. Also other regional Arab states like Egypt, Syria and Libya saw their leaders toppled from power. This different strategic environment is increasing volatile, challenging past policies and upsetting the old regional “order”.

For the Union’s external policy, tensions developed between the “one size fits all” approaches and the differential treatment of other countries.⁹⁹ In practice, the EU has always treated countries differently, but this has led to accusations of double standards, which in turn can undermine the credibility of the commitments and principles that the EU claims to promote. Dissimilarities derive from the fact that ‘conditionality’ is centered upon universal principles while policies aim to address the concrete conditions of each country. Yet, by the start of the Arab Spring, European leaders were on the defensive, changing their prior positions in Egypt and Libya, while at the same time continuing to turn a blind eye to the violent suppression of protesters in Bahrain and other Gulf States. The Union’s leadership saw this opportunity as a way to retain or gain influence under the fast changing circumstances, while at the same time, continuing to support the autocrats of the Gulf monarchies. The incoherence of these policies has severely diminished the EU’s credibility in the region, which undermined its ideological power *vis-à-vis* the region.

Much of the popular outpouring was aimed against economic discontent and marginalization of groups within Arab society. The Gulf states used this fact in their advantage, by propagating against political change, by promoting support for “stability”, and by equating democracy with social unrest. Democracy promotion was explained as Western propaganda and could only result in more horrible alternatives. In this regard, it is important to note that the Arab Spring increased suspicion among the ruling elites in the region towards the EU agenda of democratization, and triggered a regional backlash in democratization trends, leaving an even narrower space for autonomous political action. Thus, the countries that remain stable and choose not to embark on reforms will remain at pre-Arab Spring levels of relations with the EU. In other words, the EU does not want them to be negatively affected by the changing relations with the

⁹⁹ Balfour, R., (2012). “EU conditionality after the Arab Spring”, *Europe Institute of the Mediterranean*, 23.

other countries.¹⁰⁰ Notwithstanding the EU hesitant role, in terms of normative power; not all is lost. Arguably, the regional environment in the context of the ‘Arab Spring’ has facilitated the possibility of norms-transfer by exercising indirect pressure for change on the GCC governments. This depends among other things on the political will and skill of the EU’s politicians and deeper commitment in general from the EU. Hitherto, this is still a process in the making and it remains to be seen whether the EU manages to grab this opportunity and becomes aware of itself as an important player as such in the region.

3.3 UNIVERSAL HUMAN RIGHTS VS ISLAMIC HUMAN RIGHTS

The EU is often perceived as a ‘force of good’ in the world committed to furthering shared European political values such as democracy, multilateralism and human rights.¹⁰¹ Commitment to an ethical foreign policy may lead EU member states to intervene in some parts of the world where it has considerable leverage (e.g. much of Africa), while in others it tries a more diplomatic and flexible approach (e.g. the GCC). The EU is a strong advocate in ending capital punishment, which in strict sharia based Saudi Arabia is still executed by decapitating the person with a sword or even stoning someone to death. The EU is often relatively silent¹⁰² on these matters when dealing with the GCC which undermines its credibility as a normative power. Discriminating between different external actors, undermines the norms on the inside. Despite not being very vocal on human rights in the Gulf, it has been a determining factor in the negative outcomes on the FTA-negotiations. The Union does not publish extensive reports on human rights for the region nor does it take a firm stance on these issues, chastened as it is by the GCC’s rejection of a FTA in part due to a human rights clause.¹⁰³

On 25 June 2012, the EU adopted its Strategic Framework on Human Rights and Democracy, in which it pledged to: “*place human rights at the center of its relations with all third countries, including its strategic partners*” and “*to throw its full weight behind advocates of liberty, democracy, and human rights throughout the world.*”¹⁰⁴ The EU’s human rights policy has often been instrumental in spreading its own norms and values across the Gulf and the world.

¹⁰⁰ Ibidem.

¹⁰¹ Hyde-Price, A., (2006). ‘Normative’ Power Europe: a realist critique’, *Journal of European Public Policy*, 13:2, 223.

¹⁰² Human Rights Watch. (2013). *Challenging the Red Lines*. Retrieved from <https://www.hrw.org/node/121372/section/2>

¹⁰³ Burke E. and Koch C., (2010) ‘Political Reform and its Implications for EU Policy’ *EU-GCC Al-Jisr Project*, 5.

¹⁰⁴ The European Council. (2012). *EU Strategic Framework and Action Plan on Human Rights and Democracy* (11855/12). Retrieved from https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

For example, the EU tends to fund secular pro-Western NGOs rather than Islamist ones.¹⁰⁵ This policy of excluding Islamic organizations must be measured as indirect “imposing” of European values and is by itself a form of normative power. However, the representation of the others’ norms and values as inferior might generate a backlash against such beliefs, and consequently undermines the EU’s normative power. As Diez rightly argues: “*this form of ‘Orientalism’ styles the other mysterious, but his culture or being is also frowned upon, to the extent that the other is seen as undermining the standards of the self, this strategy approximates the first one.*”¹⁰⁶ This is particularly true in the Islamic world (and thus the Gulf) where the Universal Declaration of Human Rights (UDHR) has not been fully recognized, and moreover has often been challenged in UN by several GCC States. In all the GCC States, any kind of defamation of Islam is not protected by freedom of speech. Human rights law mildly acknowledges that the right to freedom of expression may be limited by considerations of public order and morals. However, a government trying to comply with the international human right to freedom of expression is given no specific guidance.

Within international human rights institutions (e.g. the UN Human Rights Council) there is a drastic lack of consensus between its members. To avoid being compelled by international institutions to recognize rights that they reject, countries like Saudi Arabia give them little power. These multiple institutions lack a common hierarchical superior – unlike most national courts – and thus provide conflicting interpretations of human rights. Therefore, it cannot compel nations to abide by the UDHR. The controversial Cairo Declaration on Human Rights in Islam (CDHRI) was adopted in Cairo on 5 August 1990 by the 19th Islamic Conference of Foreign Ministers, of the 45 member states of the Organization of the Islamic Conference (OIC).¹⁰⁷ The CDHRI establishes the sharia law as “the only source of reference” for the protection of human rights in Islamic countries, thus giving it supremacy over the UDHR.¹⁰⁸ Western countries (particularly the EU) have been able to disregard the Human Rights Council’s endorsement of ‘defamation of religion’, the idea that criticism of Islam and other religions violates the human rights of those

¹⁰⁵ Kostadinova, V., (2013). ‘Saudi-EU Relations: Recent Impediments, Current Trends and Future Options’, *European Foreign Affairs Review*, 209.

¹⁰⁶ Diez, T. (2005). ‘Constructing the Self and Changing Others: Reconsidering ‘Normative Power Europe’, *Millennium- Journal of International Studies*, 628.

¹⁰⁷ Cairo Declaration on Human Rights in Islam. (1990, August 5). Retrieved from <http://www.oic-oci.org/english/article/human.htm>

¹⁰⁸ Ibidem.

who practice those religions.¹⁰⁹ Nonetheless, under the surface the conflict over human rights interpretations hides a deeper problem between secular Europe and the Islamic Gulf.

3.4 EUROPE'S TROUBLED RELATIONSHIP WITH ISLAM

Ever since the terrorist attacks on 9/11, European Muslims have been increasingly affected by an increasingly hostile social climate. Subsequent incidents, such as the murder of the Dutch film director Theo van Gogh, the Madrid and London bombings, or the more recent attack on cartoonist from Charlie Hebdo further exacerbated Europe's troubled relationship with Islam. Actions by the state to ban religious symbols in public (e.g. France and Belgium) are viewed by Muslims as targeted specifically at them and add to the sense of alienation.¹¹⁰ The ban of religious symbols, such as the headscarf in schools is felt by Muslims to be a signal that they cannot be part of society because of their religion. In the Netherlands, Pim Fortuyn (after his murder Geert Wilders) gave a voice to those in Dutch society that felt that Islamic values were undermining the liberal nature of Dutch society. This trend is also more observable in the rest of Europe. In France, Muslims are perceived as “*threatening the secular nature of the French state*”, while in the UK Muslims are seen as a “*threat to multiculturalism*”.¹¹¹ These actions are also felt abroad, in particular in strict Muslim societies like in the Arabian peninsula who perceive these actions and developments as an attack on Muslims and their religion in general.

The prevalent attitudes towards Europe in the region cannot be considered entirely positive when compared to other regions in the world. The “European way of living”¹¹², and so-called “European dream”¹¹³ is hardly appealing to Gulf societies, who often have better economic prospects in their respective countries and view Europe increasingly as an anti-Islamic center. Regardless, European merchandise is very much desired in GCC, where European products enjoy a very good reputation, based on the perception that they are generally of very high quality and standard. Conversely, Chinese merchandise, although more affordable to the low-income societies, on average has a rather poor reputation. Furthermore, European countries are popular holiday destinations for Gulf citizens. Yet, even here we can observe how ideological differences

¹⁰⁹ Ibid.

¹¹⁰ European Monitoring Center on Racism and Xenophobia. (2006). *Perceptions of discrimination and Islamophobia - Voices from members of Muslim communities in the European Union*. Retrieved from (page 29) http://fra.europa.eu/sites/default/files/fra_uploads/182-Perceptions_EN.pdf

¹¹¹ Ibidem, 38.

¹¹² McCormick, J., (2007). *The European Superpower*, 136-160.

¹¹³ Ibidem.

influence international relations. France's 2011 public ban on wearing the *niqab*¹¹⁴ (full face veil) coincided with its fall out of the top three holiday destinations for Arabs the same year.¹¹⁵ Since Gulf tourists are the biggest spenders, some luxury businesses in France were experiencing difficulties, thereby hurting the French economy.

Western dominance in the media also created a response from the Gulf states, who perceived the Western media as biased. Qatar created Al-Jazeera (1996) and in the UAE Al-Arabiya (2003) was created. Local content has become the rallying cry of communities all over the world concerned about the inroads of Western culture and technology and particularly of Western (Especially American) dominated mass media.¹¹⁶ Both Al-Jazeera and Al-Arabiya (the latter mostly Saudi owned) are heavily dominated by their respective states and tend to portray the world to the liking of its rulers. Media that portray different views are systematically blocked, providing little inroads for other media. Especially Al-Jazeera has been controversial, because its news values often deviate from the "Western notion of objectivity". Al-Jazeera explicitly attempts to present information from an Arab or a Muslim perspective that challenges what the news organization views as a dominant Western perspective embodied in news broadcasts from other international news sources such as CNN International or the BBC.¹¹⁷ Conversely, Al-Arabiya positions itself on a more moderate path. Saudi Arabia has moved from outright government ownership of media outlets to using complex financial networks of private ownership to influence media outlets and content. However, the primary goal of this form of media ownership keeps on promoting Saudi national and regional interests which rarely coincides with EU interests.

For European news channels it is difficult to compete. Firstly, news channels like Al-Jazeera are funded by the Qatari government, which provides the channel with considerable leverage as opposed to European news channels. The Deutsche Welle Arabic, BBC Arabic, or Euronews, are some of the regional European competitors, that have recently made attempts to enter the Arabic market. Euronews is often perceived as the media outlet for the EU, but enjoys little popularity in Europe itself, let alone in the Gulf. Despite their presence, they only possess

¹¹⁴ In Saudi Arabia the *niqab* is obligatory for women. In the other GCC States it is not obligated, but it is relatively common to see local women wearing full face veils in public.

¹¹⁵ Webb, A. & Weiss, R., (28 April, 2015). Gulf Tourist Flock to Munich Luxury Life as Paris Fades. Consulted on 29 April, 2015 via <http://www.bloomberg.com/news/articles/2015-04-27/gulf-tourists-flock-to-munich-s-luxury-lifestyle-as-paris-fades>

¹¹⁶ McCormick, J., (2007). *The European Superpower*, New York, 146-147.

¹¹⁷ Nisbet E.C. and Myers T.A., (2011) 'Anti-American Sentiment as a Media Effect?: Arab Media, Political Identity, and Public Opinion in the Middle East' *SAGE publications*, 6-7.

little market share compared to the regional channels, and global giants like Al-Jazeera, especially within the GCC. Therefore, we can conclude that European norms and values hardly reach the Gulf through these forms of media.

3.5 IDEOLOGICAL CONFRONTATIONS

Within the EU there is an inbuilt tilt towards the economic domain. In the last few decades, the GCC's vast energy reserves and strategic position in the Middle East have led Western countries to politely skirt around the issue of Saudi Arabia's draconian¹¹⁸ religious laws and horrible human rights record. Likewise, most of the other GCC Members also seem exempt from heavy criticism. The EU's dubious position towards Bahrain is exemplary which was highlighted when the EU High Representative Catherine Ashton and high-level representatives of Member States visited their counterparts of the GCC. The situation in Bahrain was mildly mentioned as compared to Tunisia prior. The authorities in Bahrain (with GCC support) have been targeting human rights defenders and peaceful opposition activists. The EU has generally avoided to make explicit calls for the immediate and unconditional release of the human rights defenders, Twitter activists, bloggers, and leaders of peaceful protests in the GCC – several of whom who hold EU citizenship – who have been jailed solely for peacefully exercising and promoting human rights.¹¹⁹ Much of this has to do with the member states position within the EU, because they will only allow the EU to act as repository for shared political concerns as long as this does not conflict with their core national interests. The outcomes of EU democracy promotion efforts in the MENA region in the past, have shown that very often the EU finds it difficult to consistently uphold and ensure the implementation of the norms it proclaims to promote. This makes the Union susceptible to accusations of double standards and diminishes its credibility in standing up in practice for the norms declared in its foreign policy documents. In this context, one particular challenge in implementing the strategy¹²⁰, is the unavoidable clash between the EU's interest in enhanced engagement on security and energy issues and its goal of increased cooperation on human rights, rule of law, good governance and democratization, areas that remain politically sensitive in the Gulf.

¹¹⁸ In the authors view.

¹¹⁹ Forest, F., (.....) EU-GCC ministerial meeting in Bahrain: A time for speaking out! Consulted on 14 April, 2015 via <http://www.frontlinedefenders.org/node/23161>

¹²⁰ The European Council. (2012). *EU Strategic Framework and Action Plan on Human Rights and Democracy* (11855/12). Retrieved from https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

On the subject of condemning the human rights violations, the European Parliament has been playing a more active role in recent years, starting with questioning High Representative Catherine Ashton on her mild tone towards the region during her visits in 2011.¹²¹ Later, in a following resolution by the European Parliament, numerous questions were asked on the role and position of the EU and the questionable position of the GCC in regard to Yemen, Syria and Bahrain in 2011.¹²² The parliamentarians called among other things for the European External Action Service (EEAS) to devote more human resources to the region and for new EU diplomatic missions to be opened in the GCC Member States, thereby helping to raise the profile of the EU, to facilitate political dialogue and to make the Union's efforts more effective. They also realized the EU's ineffectiveness because of the member states internal divisions towards the region and different historical relations. Calls were made on those EU Member States with diplomatic representations there to act in line with EU policy.¹²³ Tailored bilateral approaches with GCC member states, intent to engage in closer cooperation with the EU, could only complement and strengthen the multilateral framework. Arguably, through the European Parliament, the EU is becoming more conscious of its capabilities and limitations *vis-à-vis* the GCC.

In recent years, contrasting opinions have elaborated this and have shown how conflicts over the role of religion spill over into international relations. The GCC states – particularly Saudi Arabia – cite the right to religious freedom in order to explain why women must be subordinated, arguing that women must play the role set out for them in Islamic law.¹²⁴ In contrast, countries like France and Belgium have enabled a “burka ban” to uphold secularity in government institutions¹²⁵. This antagonistic path seems to be taken more now than in previous decades. The anti-Islam stickers made by Dutch conservative Geert Wilders had offset the relation between the Saudis and the Netherlands, which is comparable to the sanctions Denmark received when Danish cartoonist Kurt Westergaard depicted the prophet of Mohammed. If the growing ideological differences tell us anything, it's that the spread of traditional values, be they national-cultural, traditional-religious or fundamental religious, has since the 1980s proceeded far more rapidly than the spread of Western “civic cultural” values in the region. These differences

¹²¹ European Parliament resolution on Bahrain. (2013, September 11). Retrieved from

<http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=P7-RC-2013-0410&language=EN>

¹²² European Parliament resolution on EU relations with the Gulf Cooperation Council. (2011, March 24). Retrieved from

http://www.europarl.europa.eu/meetdocs/2009_2014/documents/darp/dv/darp20130528_08_/darp20130528_08_en.pdf

¹²³ *Ibidem*.

¹²⁴ Eric Posner, (4 December, 2014). *The Case Against Human Rights*. Consulted on 19 March, 2015 via

<http://www.theguardian.com/news/2014/dec/04/-sp-case-against-human-rights>

¹²⁵ Banning of religious symbols.

in viewing the role of religion have created policy tensions between the two regions that seem hard to overcome with merely socialization processes, and additionally hinder EU capabilities *vis-à-vis* the GCC. The Union's internal divisions in foreign policy have made it even harder to make a common stance towards the GCC on these matters, but recent developments have altered its historically pragmatic position *vis-à-vis* the GCC. Arguably, inspired by the strategy¹²⁶ and the extremism of IS, some European countries have taken a confrontational stance against the conservative Kingdom, and consequently have been responsible for putting the relation with the region in a challenging state of affairs.

Technically speaking, military cooperation with the Saudis should have been a non-starter for EU Member States since 2008, when all its members approved their common position on arms exports.¹²⁷ The document makes respect for human rights in the country of final destination a precondition of defense cooperation.¹²⁸ However, the common position also states that the behavior of the buyer country in regard to the international community – in particular its attitude towards terrorism – the nature of its alliances, and the countries respect for international law are a factor to take into consideration. This particular part has outweighed the previous concern for a long time. Saudi Arabia had convinced the EU for years to be a reliable ally against terrorist organizations, regardless of the mass funding of these organizations by its citizens.¹²⁹

However, European voters have found it increasingly harder recently to understand why their governments should support an – in their eyes – oppressive and authoritarian region that shares comparable views with IS. Political leaders and EU parliamentarians have taken the popular mood into account, and popular opinion is beginning to turn against arms exports to Saudi Arabia. The European Parliament, in another recent resolution condemned the conviction and flogging of Saudi blogger Raif Badawi, and reminded other EU members that the significant arms deals by EU member states, among others France, Germany, Sweden and the United Kingdom, with Saudi Arabia, run counter to the EU common position on arms exports.¹³⁰ Also, the European Parliament expressed their discontent with the fact that the EU High Representative Frederica Mogherini has avoided from calling publicly for the release of Raif Badawi. Thus, she

¹²⁶ The European Council. (2012). *EU Strategic Framework and Action Plan on Human Rights and Democracy* (11855/12). Retrieved from https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

¹²⁷ Bershidsky, L., (11 March, 2015). Europe Stands Up to Saudi Arabia. Consulted on 30 April, 2015 via <http://www.bloombergvew.com/articles/2015-03-11/europe-stands-up-to-saudi-arabia>

¹²⁸ European Union External Action. Arms Export Control. Retrieved from http://www.eeas.europa.eu/non-proliferation-and-disarmament/arms-export-control/index_en.htm

¹²⁹ In fact, GCC member Kuwait has been the main financial pipeline for terrorist organizations in Syria, Libya and Iraq.

¹³⁰ European Parliament resolution on Saudi Arabia, the case of Mr Raif Badawi. (2015, February 10). Retrieved from <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B8-2015-0143&language=EN>

has only called on the Saudi authorities to suspend his punishment and to put an end to the use of lashing.¹³¹ Shortly after the resolution, Sweden canceled its 10-year-old military cooperation agreement with the Gulf monarchy, which brought Swedish companies more than half a billion dollars from 2011 to 2014.¹³² Europe's leading powerhouse Germany, also cut off arms exports to the Saudis this year, passing up hundreds of millions of dollars a year in revenues for its defense industry. Conversely, the UK, whose defense industry counts Saudi Arabia as its biggest foreign customer, has not confronted the contradiction in regards to EU commitments. Not only does this demonstrate the divisions within the EU, but also tells us how the EU and some of its members are increasingly led by normative considerations, while other members are still driven by a more Hobbesian approach to international relations. Conceivably, this will lead to more conflicts between the two regions in future which would reflect likewise on the EU's institutional and material capabilities *vis-à-vis* the GCC.

¹³¹ *Ibidem*.

¹³² Bershidsky, L., (11 March, 2015). Europe Stands Up to Saudi Arabia. Consulted on 30 April, 2015 via <http://www.bloombergview.com/articles/2015-03-11/europe-stands-up-to-saudi-arabia>

CONCLUSION

This last chapter draws some general conclusions and final considerations. It outlines the principal insights and empirical findings. Furthermore, the thesis concludes with a brief consideration of the main strengths and shortcomings of the thesis. The thesis examined the consensual scholarly expectation of low EU impact in the GCC by arguing in favor of using a holistic approach to the study of the EU's influence and policy efficacy in/over the region. The thesis claimed that current literature perspectives are not sufficient to comprehend 'how' and 'to what extent' the Union is capable of influencing the GCC. Empirical insights demonstrated a complex and multi-faceted process that encompasses, *inter alia*, structural dimensions. In particular, the thesis claimed that the prevailing approaches are either too narrowly focused on neorealist concepts of power, such as the possession of material and military capabilities, or on concepts and issues initially developed to study the EU's influence in Central and Eastern Europe (a different region on numerous levels). When examining the EU's involvement in the GCC, it was observed that on nearly all levels of the empirical analysis crucial normative aspects came into play. Particularly, Europe's relationship with Islam, and the promotion of democracy and human rights. Consequently, the thesis offered a more holistic understanding of the EU's capabilities to influence the GCC. Accordingly, it is clear that this approach enabled us to trace new aspects of EU influence over the GCC, and where efficacy is hindered by countervailing factors.

In chapter one, the thesis focused on the empirical examination of the EU's material capabilities *vis-à-vis* the GCC. The Unions control over 'material resources' *vis-à-vis* the region, was mostly derived from its position in the region as a major trade power. However, it became especially clear that the EU lacks substantial leverage. This lack of leverage has two main causes: Firstly, there is little economic interdependence between the EU and GCC. The EU is highly dependent on oil en gas from the region. This is further troubled by the big differences in oil demands amongst individual EU Member States, which is indirectly responsible for a very incoherent policy towards the region. Secondly, the EU lacks a final "carrot" to offer the GCC. The empirical findings show that access to the single market alone is not guiding for the GCC. In fact, China and India are major non-critical competitors that offer enormous market access to growing economies. This insight could prove useful to other studies, because it reveals more

general global trends. Also, the EU cannot derive any influence through financial or aid assistance due to the extreme wealth in the region itself. In investments matters, the Union has seen a deepening of its relations with the region. The GCC states have been some of the main protractors of high capital input in the EU, when it was most necessary during the crisis. *Vice versa*, European companies are still troubled by the imposed barriers within most states in the GCC and the EU has not had the capabilities to change this so far.

The EU does possess some effective non-normative tools *vis-à-vis* the region, but demonstrated to be unaware or negligent. The toolkit includes several forms of assistance, with in particular technical assistance. All GCC Member States greatly appreciate the EU's provision of technical assistance especially in domains that are essential for their respective country's key goals of economic diversification. Also, the Union could gain much in assisting the GCC in its own integration process, but has done little so far. In the past, this neglect has stemmed mostly from a combination of insufficient political interest and the fact that the GCC was mostly seen as a market for oil en gas. Efforts to maintain economic relations shown to be the lowest common denominator, until the Arab Spring, when it became evident that geostrategic and security-related issues took precedence in the EU's external policy in the region.

Geostrategic and security-related problems have put the GCC on the map as an increasingly important regional power. The Union's capabilities *vis-à-vis* the region are considerable in this field, despite its lack of military force. The EU has played, and continues to play a leading role in multilateral negotiations on conflict resolution in the region. For military decisions, the EU is dependent on the US, NATO, or independent EU Members like the UK, France. By maintaining an arbitrating role in the region, the Union still upholds its position as a peaceful negotiator. In fact, the EU also draws considerable "passive" influence from the fact that the GCC and other big powers perceive the EU as a major international trade power as well as a geostrategic actor. In this role, any factors that may provoke instability in the region are therefore to be addressed, such as extreme poverty, social unrest and lack of respect by the authorities for human and civil rights. The more recent pro-active role of some GCC Members has put the EU in a conflicting position, because security has more often than not taken prime over human and civil rights, one of the pillars of the EU. Examining these empirical findings, the EU appears at first to have acquired limited leverage over the GCC in the security and geostrategic field. Nonetheless, its arbitrating role in regional conflicts has made the Union an important partner. Consequently,

the EU derives influence respectively from its security-related capabilities *vis-à-vis* the GCC, because of its more “neutral” position in the region. Notwithstanding its limited efficacy in the GCC in the economic field, current trends show that the Union increasingly tries to securitize domestic political and economic structures of the GCC countries through assistance and dialogues. In effect, the EU is claiming a right to shape these structures itself.

In chapter two, the thesis attempted to highlight to what extent institutional factors need to be taken into account when considering the EU’s institutional power *vis-à-vis* the GCC. Here the thesis examined the macro-level of international relations and the institutional micro-level of EU bilateral relations with the GCC countries. In conclusion, the EU derived a limited, but still substantial amount of leverage from institutional factors. With respect to micro-institutional power, chapter two demonstrated that the EU’s bilateral and regional relations with the countries have gradually become more institutionalized in the last decade, and continue to grow in importance. This applies both in terms of formal contractual (including treaty-based) formats of institutionalization and in terms of less formal and less integrated (including *ad-hoc*) formats of institutionalization. Hitherto, the level of institutionalization has been rather moderate, because the density of the institutional relationship between the EU and the GCC is hindered by countervailing factors that generally involve ideological misconstructions. Therefore, we can draw the provisional conclusion that the EU’s micro-institutional power is still rather limited, despite the fact that a more active policy has increased its power to shape these structures. Thus, it is not EU neglect which constitutes the main cause of the troubled relation between the EU and the GCC. Indeed, the thesis argues that normative and cultural barriers form the essence of the lack of institutional density and broader engagement with the region, which is strengthened by the exceptional position of the GCC as a resource rich region.

This chapter also examined macro-institutional power, which comprises institutionalized dialogue and cooperation through a web of international organizations and institutions. This subsection had to be limited due to the length of the thesis, so the main focus was on two very different international regimes, namely: the WTO and OPEC. This part underlined the extent to which the EU manages to draw influence over the GCC countries through its influential representation in these very different, yet important international bodies. At the macro-level, the degree of institutionalization differs due to the different position the EU holds in these respective institutions. Clearly, the EU exercises significant power within the WTO. Accordingly, the GCC

states complied with the WTO's rules and norms, because the domestic adaptation costs were smaller than the benefits of the material rewards. In OPEC, as could be expected, the Union's influence is rather moderate. Nonetheless, it is important to highlight that the limits encountered have not stopped the EU from strengthening its engagement with OPEC on energy policies and has provided OPEC (and through OPEC the GCC) with a policy framework. In this respect, it is worth revealing, because the Union tries to impact the agenda and secure global energy supplies, thus creating awareness amongst OPEC Members about climate change, which indirectly promotes EU policy as specified in the 'Green Paper'.

In chapter three, the thesis examined how ideational power can effectively be derived over the GCC. It is ideational in the sense that it takes ideas, normative interpretations and mental constructs seriously and regards them as causally important in their own right. This chapter did not find any evidence of strong ideational attraction to the EU's norms, values and principles related to liberal democracy, including human rights, rule of law and good governance. The results suggested that such ideational factors do not constitute an important determinant of the EU's ideational power, in fact, it is quite the opposite. Truly, this chapter demonstrated how these normative differences have created tensions and have more often than not undermined the possibility of improving relations between the EU and the GCC. The EU is a successful form of regionalism, as well as very successful model to guarantee economic welfare, modern statehood and democracy. However, after examining the sources, the thesis draws the conclusion that the GCC States do not perceive it necessarily the best model for their own states or region. This can be deduced from the persistent conflicts on issues regarding human rights, democracy and civil society. These irregularities became especially evident in the wake of the Arab Spring and the different views regarding human rights (UDHR vs Islamic Human Rights). Furthermore, Europe's domestic and external relations with Islam have been challenging in general, which has reflected in its foreign policy. If anything, the interaction between the two regions can be described as increasingly antagonistic on the ideational front. These normative dissimilarities can be observed in the general diplomatic relations (that remain mostly bilateral), economic relations (conclusion of the FTA), the media, tourism preferences, and the resolutions of the European Parliament. Thus, we can conclude that ideational factors hinder the EU's capabilities *vis-à-vis* the region.

Hence, we can draw the general conclusion that the EU has negligible capacity to affect social, economic or political change in the GCC. The empirical insights have several implications for future research. Firstly, countervailing factors limit or constrain the EU's ability to translate its capabilities into an effective outcomes, i.e. GCC's resource power, the rise of China, EU members differences, lack of EU visibility in the region, and ideological differences. Thus, future studies regarding the EU's external policy efficacy should especially focus on the contradictions that can be found in normative power Europe. It is save to argue that the world is becoming increasingly driven by normative frameworks which, as this study has shown, works as a double edged sword. This has proven especially true for the GCC, who as an economic stronghold due to its resource power, is more than capable of blocking EU influence in the region. Without material rewards, normative change seems very difficult to establish and thus works counterproductive. To sum up, by taking a holistic, analytical approach, this study has observed how normative considerations are capable of hindering the EU on the economic and political field, which in turn opens up possibilities for less ideologically driven powers.

In terms of the key contributions, the thesis generated new perspectives and provided fresh empirical findings to the literature on EU-GCC relations. In particular, it contributed to the development of the EU's external policy efficacy over the region, arguing in favor of using a holistic approach that sees normative considerations as equally important as compared to the more Hobbesian approaches of current literature on the subject. In addition, it is hoped that the thesis will induce new insights into the scholarly understanding of other cases that involve oil rich and normatively conflicting areas that encompass the EU's external relations. At the same time, there are also some shortcomings that need to be acknowledged. There are of course limitations to the detail of argument that a study of this scale can make. The main focus in the thesis on Saudi Arabia is one of those limitations, because the EU has a different set of relations with other GCC Members like Qatar, Oman or UAE. Furthermore, some subsections received extra attention because of the author's perceived importance of these particular topics. Nonetheless, the main contribution of the thesis, remains in the fact that it examined the EU's power over the GCC through a broader lens, identifying, *inter alia*, instances of EU external policy capabilities that may appear less obvious when examined through the predominant models used to study the EU's relations with the GCC.

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