



SHARAKA
ENHANCING UNDERSTANDING
AND COOPERATION IN EU-GCC RELATIONS



شراكة
تعزيز التفاهم والتعاون في علاقات الاتحاد
الاوروبي ودول مجلس التعاون الخليجي

SHARAKA FINAL CONFERENCE

EU-GCC Relations: Learning from the Past, Looking at the Future

12 November 2013

Crowne Plaza Hotel, Muscat

CONFERENCE REPORT

by Cinzia Bianco¹

INTRODUCTION

The Final Conference of the Sharaka project took place at the Crowne Plaza Hotel in Muscat on 12 November 2013. The conference was the closing event of the two-year project “Sharaka – Enhancing Understanding and Cooperation in EU-GCC Relations”, a project stemming from the commitment of the European Commission to promote its many and mutual interests in the Gulf and reinforce mutual understanding and partnership with the Gulf Cooperation Council. The project was implemented by a consortium made up of 5 think tanks: the Istituto Affari Internazionali (Italy), the Konrad-Adenauer-Stiftung (Germany), the Observatoire Méditerranéen de l'Energie (France), the Centre for European Policy Studies (Belgium) and Tawasul (Oman). The aim of the conference, as implied in the title “Learning from the Past, Looking at the Future”, was to take stock of the progress achieved in EU-GCC relations over the past 30 years and to assess the challenges and opportunities that lie ahead.

In particular, it was the occasion to discuss all areas explored in the Sharaka project. The conference was structured in 3 sessions on Energy & Environment and Maritime Security; Media & Communication, Higher Education and Scientific Research; Finance, Investments & Trade. Each session had the Sharaka researchers presenting their papers and a discussant engaging them in debating their findings. The conference was then closed by a Roundtable Discussion on the implications of the research on policy-making, followed by a Q&A session open to the varied audience, made up of economic stakeholders, academics, civil society, media representatives and officials from both regions.

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In the first session, on Energy, Environment and Climate Change, Dr. Emanuela Menichetti presented her research, starting off by defining energy as one of the key drivers of EU-GCC relations since their inception, and in the foreseeable future. Of particular interest in this light is how the EU can contribute to managing the challenges of rising local energy consumption, which is among the highest in the world, and which could impact on the energy security of the European countries in the future as well. To address these challenges, the GCC countries have resorted to power trading and emergency support through the region-wide grid, and are also looking at diversifying their energy mix. In particular, there are plans to develop nuclear energy and renewable energy sources (RES) with different targets for each country. RES, and in particular solar energy, offers the greatest potential for increasing EU-GCC cooperation: the EU can provide significant expertise on policy design, technological development, resources assessment, and the development of appropriate business models. The other key priority would be improving energy efficiency: no concrete measures have been taken to date and energy is still heavily subsidized in the GCC. Finally, Dr. Menichetti suggested setting up an EU-GCC association (similar to MEDREG, METSO-e or MEDENER in the Euro-Med region) to facilitate the exchange of knowledge and the construction of infrastructure for a more interconnected energy system.

Dr. Ahmed Jaafar Mehdi started his remarks by underlining how the availability of fossil fuels has led to the marginalization of other key issues, such as the environment, in the GCC region. In the case of Oman, this is also likely to have an economic impact, as it affects the possibility of exploiting its biggest natural resource potential, i.e., the sea. Dr. Mehdi underlined how the revenues from oil and gas could be used more effectively to enhance economic sustainability, by tackling poverty rather than spending 20 billion USD to realize futuristic plans that are in themselves quite energy intensive. In the Q&A session, a participant asked what impact the United States' shale revolution could have on the GCC energy market. The speaker responded that the rising demand from Asia largely limits the impact, and that the shale technology could indeed be interesting for the GCC countries themselves.

The session about Transport & Maritime Security was opened by Prof. Natalino Ronzitti's presentation of the main results of his technical report. He defined maritime security as covering freedom of navigation, piracy, terrorism, drug trafficking, trafficking in persons and the proliferation of weapons of mass destruction (WMD). The GCC countries seem increasingly aware of being subject to a number of these issues. In this light, Gulf governments are determined to upgrade their naval capability as a means to address these security challenges. Conversely, the attention paid to legal instruments still seems insufficient. The main legal instrument available in international law, ratified by most of the international community and all the GCC states except the UAE, is the 1982 United Nations Convention on the Law of the Sea. As it provides norms on rights of innocent passage through territorial waters and passage through international straits, this would be a useful instrument to protect the Strait of Hormuz in the event of concrete Iranian threats. The United Nations framework would also be ideal for settling through arbitration the controversy the UAE and Iran over Abu Musa and the other islands. However, Iran has refused to take the issue to the UN. In many aspects of maritime security, the EU could be a good partner for the GCC countries: EU legislation, bilateral treaties and multilateral missions (such as Frontex) covering all aspects of maritime transport, as well as EU instruments to tackle drug trafficking and human trafficking, could all provide a useful reference for the GCC countries. The EU could also support the GCC in establishing a Counterpiracy Force by providing expertise, both operational and legal, and the appropriate technology for the protection of merchant vessels. Also, information-sharing could be strengthened, including through the set-up of centres such as the one in Bahrain. Last but not least, the EU could advise on the maritime issues involved in a WMD-Free Zone (WMDFFZ) in the Middle East, such as the passage of nuclear-powered ships and warships carrying nuclear armaments through the Strait of Hormuz and the overflight of the Strait with

aircraft carrying nuclear weapons.

In the session on Higher Education and Scientific Research, the Sharaka researcher Ahmed Al Mukhaini started by presenting statistics showing that only two European countries rank among the top 10 destinations for GCC students (the United Kingdom and France). He identified the main factors influencing the choice of destination to study abroad as the presence/absence of funding opportunities, the language used in education, the perception of the quality of life, as well as the presence/absence of historical links with the country of destination. Joint EU-GCC scientific research projects often suffer from a lack of funding, except for energy-related research initiatives that are often funded by oil companies, as well as the lack of research centres devoted to European studies in the GCC region and centres specialised in the GCC in the EU. The analysis shed light on many different kinds of challenges: structural, logistical (such as the financial constraints or barriers to mobility), philosophical (such as diverging standards of achievement in learning) and, last but by no means least, political. Recommendations to overcome these challenges included removing logistic barriers, appointing a Commissioner for cooperation in this field and finally, in the long-term, pursuing the creation of EU centres in the GCC as well as making European universities more accessible to GCC students. The discussant on this topic, Dr Abdullah Baabood, first underlined how much more could be done, especially since education is supposed to be a soft policy, largely free from politically sensitive constraints. The good news of the Erasmus programme being extended to GCC students comes with the realisation of all the difficulties encountered in these exchanges: first and foremost the incompatibility of the educational systems, as most of the universities in the Gulf employ the American system. A relatively easy but concrete step would be to develop many more translations of academic material from English into Arabic and vice versa. The discussion ended with the consideration that policy-makers and governments can hardly create practical change, but they can facilitate it, including by working on improving mutual perceptions.

This topic was central in the paper authored by Fatma Al Araiimi and Cinzia Bianco, which was presented in the session dedicated to Media and Communication. As the research underscored, there are stereotypes standing in the way of enhanced EU-GCC cooperation. These stereotypes and misperceptions can partly be attributed to underdeveloped coverage of the two regions in their respective media, and in fact, the media could represent effective instruments to correct them. A survey conducted by the researchers among journalists from the EU and the GCC showed a poor level of familiarity with the other region, but an overall good perception and latent interest. The sources used to report about the other region were found to be insufficiently varied: the GCC media members depend mostly wholly on news agencies to report on the EU, while Europeans depend mostly on social media and people-to-people links. Language appears to be a barrier when it comes to consuming the other region's homegrown media channels. Finally, the survey results showed a diverging assessment of how the journalists perceive the portrayal of their own region: in particular the majority of the journalists from the Gulf who took part in the survey perceived the way their region is portrayed as "not balanced, accurate nor objective". Some ideas to foster know-how exchange and mutual understanding could be to intensify interactions through exchange programmes, joint seminars and workshops and to upgrade the technical skills of the media members through language courses and greater exposure to the other region. Discussing the results of the survey, Prof. Ildiko Kaposi stressed the fact that this research challenges the basic idea that we live in an information era, as press members seem only scarcely informed about certain regions and this lack of familiarity is damaging in many ways. In the Q&A session, a participant underlined how sensitive issues such as freedom of speech and the independence of the media need to be discussed further to upgrade the level of information between the two regions.

The session on Finance & Investment and Economic and Trade Cooperation, based on the research conducted by Dr Rym Ayadi and Willem Pieter de Groen, started by addressing head-on the hot issue of the failed negotiation for the EU-GCC Free Trade Agreement (FTA). Notwithstanding the deadlock in the agreement, the GCC countries are among the top ten export markets for the EU and European countries, increasingly challenged by China, are amongst the top 10 foreign suppliers to the GCC countries. Trade in service instead seems underdeveloped: the GCC is a minor market for EU services exporters, even though it is an important importer, due to very restrictive policies applied by the GCC. The exchange flow has remained stable even through the 2008 global financial crisis that instead affected the flow of bilateral foreign direct investments (FDIs). However, it is likely that, after the crisis, FDIs will rise again: with oil prices at 100 USD/barrel, the surplus in the Gulf Sovereign Wealth Funds will increase; economic diversification will become even more important and there will be more opportunities to invest in Europe. Prior to the crisis, when significant investments were directed to Europe, especially in the financial sector or in knowledge-intensive businesses, these financial movements triggered fears over the political motivations lying behind them. While some of these fears have gone away due to the highly profitable investments made by the GCC countries in the European cash-strapped economies, it would still be helpful to initiate a dialogue on transparency. Other recommendations included jointly supporting economic planning capacities and updating impact assessment studies on the FTA, providing evidence of its impact in the liberalisation of services. The discussant for this session, Sheikh Salah al Mawali, offered his remarks on the relevance of small-and-medium enterprises (SMEs) to the Gulf countries' diversification process: in particular he underlined that these enterprises need technical support on top of financial assistance. During the Q&A session, a participant suggested that the FTA might be reached at the bilateral level – between the EU and individual GCC countries – instead of at the multilateral level in light of the low level of GCC integration.

The final session of the conference was devoted to a roundtable discussion on the perspectives for turning the research results into policy-making suggestions. The first speaker acknowledged that some of the institutional and political features that characterise the EU have from time to time been obstacles in its external relations, including those with the GCC: idealism is embedded into its history; it always tries to strike a balance between integration and national sovereignty; and it is made of a normative set of institutions working with a technocratic approach. At the same time, the GCC has shown a sense of self-sufficiency, possibly linked to a sense of endowment, also fueled by state aid. Another speaker discussed the lack of political understanding that is more broadly evident in the EU's dialogue with the Mediterranean countries. The so-called Arab Spring, he added, showed the failure of Euro-Mediterranean initiatives and indicated that perhaps people from the Gulf were only more straightforward in refusing to have a partnership with the EU based on the EU's terms. He then advocated the need for a new approach, more modest and more effective, especially given the ongoing political developments. The following speaker pointed out, more optimistically, how it is normal to have ups and downs in a relationship and added that points of contact between the two sets of institutions and people in Europe and in the Gulf have been increasing in a systematic way, with a new EU Delegation office in Abu Dhabi inaugurated during the Summer of 2013. Another speaker stressed the two actors' common interests, such as resolution of the Israeli-Palestinian conflict, countering a nuclear Iran, and tackling organised crime, WMD proliferation, and transnational terrorism. The speaker who took the floor next tried to illustrate the gap between the EU and the GCC more effectively: two different animals, unable to understand each other. People in the Gulf are upset with the EU not meeting their expectations, and they feel neglected, always making parallels with Euro-Mediterranean relations. With regard to the Arab Spring, defined as a 20-year-long process, he stated that Europe should be more proactive, as it was with Eastern Europe. Another speaker responded to this point by underlining how the EU is trying to reach out to the Gulf, including by supporting programmes like Sharaka, whereas the GCC countries do not seem willing to actively pursue their interests in having a relation with the EU, maybe

also due to the lack of a clear idea of where their interests lie.

The closing remarks underlined how there is no alternative to positive engagement. Hopefully continuing consultations and business dialogues will lead to a win-win situation regarding the FTA. Only sustained dialogue can create the conditions for increased cooperation in other fields as well, for example encouraging more people-to people contacts, especially youth exchanges. For sure, the outcome of projects such as Sharaka provides a meaningful contribution to reinvigorating and building the future of EU-GCC relations.

