

# The EU's Strategic Partnership with the Gulf: One Year On

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On 18 May 2022, the European External Action Service (EEAS) released a joint communication to the European Parliament and the Council on a strategic partnership with the Gulf. The document lays out a strategy to strengthen the European Union's (EU's) position in the wider Gulf space by deepening relations with the region's rising geopolitical players, i.e. the six monarchies of the Gulf Cooperation Council (GCC): Saudi Arabia, the United Arab Emirates (UAE), Qatar, Bahrain, Kuwait and Oman. A key achievement in this document was that the EU finally spelled out its core interests in the Gulf: trade and investment, climate change and energy security, development and humanitarian aid, peace, stability and de-escalation in the broader Middle East and North Africa.

The Gulf is further identified as a significant connectivity node and "an important gateway between Europe, Asia and Africa". The document, enthusiastically endorsed by the Council of the European Union in June 2022, then proceeds to propose cooperation in six different clusters: trade and investment, green transition and energy security, regional stability and global security, humanitarian and

development issues, reform and human rights, and institutional cooperation.<sup>1</sup> The policy was received with cautious optimism in the Gulf: complaints that this was written unilaterally and concerns that the document was too vague, alternating to an appreciation for the comprehensive scope. Mostly, GCC voices pleaded with their European counterparts to focus on quick operationalisation, to show that the document was not just a list of good intentions and that it was not just the political cover for a temporarily renewed interest in GCC energy resources, given the EU's necessity to substitute Russian fossil fuels. A year later, the record on this need for quick operationalisation is, at best, mixed.

Arguably, the EU understood that it needed greater institutional engagement with the individual monarchies. The document called for opening new EU delegations, and one was opened in Doha in September 2022, alongside existing others in Kuwait, Saudi Arabia and the UAE.<sup>2</sup> The document also indicated that the EU would open a new delegation in Oman by 2023, but this has now been postponed to 2024.<sup>3</sup> Another stated goal of the Joint Communication is the establishment of a European Union chamber of commerce in the GCC to strengthen the European private sector's role in the Gulf economic transition programmes (i.e. the Visions); however, no tangible progress has been made to date. Institutional coordination in other forms has not shown remarkable improvements compared to the past. The Joint Council and Ministerial Meeting – the most relevant forum gathering of EU and GCC foreign ministers – has not met since the launch of the Joint Cooperation Programme 2022–

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<sup>1</sup> European External Action Service (EEAS). "Joint Communication on a "Strategic Partnership with the Gulf"", official statement, 18 May 2022. [https://www.eeas.europa.eu/eeas/joint-communication-%E2%80%9Cstrategic-partnership-gulf%E2%80%9D\\_en](https://www.eeas.europa.eu/eeas/joint-communication-%E2%80%9Cstrategic-partnership-gulf%E2%80%9D_en)

<sup>2</sup> European Council, "Remarks by President Charles Michel during his visit to Doha, Qatar", press statement, 7 September 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/09/07/remarks-by-president-charles-michel-during-his-visit-to-doha-qatar/>

<sup>3</sup> Kuwait News Agency (KUNA). "EU, GCC express determination in boosting cooperation", 5 May 2023. <https://www.kuna.net.kw/ArticleDetails.aspx?id=3090546&language=en>

2027 in February 2022, with the 2023 meeting postponed twice already.<sup>4</sup> On the other hand, high-level visits and meetings have become more frequent. The High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell, met with GCC foreign ministers on several occasions over the past twelve months. Other commissioners – mainly Kadri Simson (Energy) and Frans Timmermans (Green Deal) – had some engagement in the region, although arguably not enough, given that one GCC country – the UAE – will host COP28 in 2023 and that another one – Saudi Arabia – represents one of the most promising green hydrogen partners for the EU, globally. European Council President, Charles Michel, met with the rulers of Saudi Arabia, Qatar, and the UAE during a tour of regional capitals in September.<sup>5</sup> EU Commission President, Ursula Von der Leyen, participated in the Manama Dialogue to deliver a keynote speech that was enthusiastically received in GCC capitals. Notably, no GCC head of state has travelled to Brussels.

At the same time, operational cooperation on specific dossiers made little progress. On trade, EU and European officials fell into the trap of trying to revive negotiations for a Free Trade Agreement that first started over thirty years ago and have encountered the same insurmountable obstacle for three decades. The EU is no longer the major trade and investment partner for the GCC, overtaken by China. Moreover, the GCC's loosely-integrated market has taken a major hit from the economic boycott imposed on Qatar between 2017 and 2021 and the growing Saudi-UAE economic competition from 2022 onwards. COVID-19 and the war in Ukraine have shown the fragility of global supply chains and fuelled an attitude towards "re-shoring" among European policymakers vis-à-vis some key production

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<sup>4</sup> Journal General de l'Europe. "26th EU-GCC Joint Council and Ministerial Meeting", 22 February 2022. <https://www.journalgeneraldeurope.org/2022/02/22/26th-eu-gcc-joint-council-and-ministerial-meeting/>

<sup>5</sup> Mariam Nihal. "Saudi Crown Prince meets European Council President", The National News, 14 September 2022. <https://www.thenationalnews.com/gulf-news/2022/09/14/saudi-crown-prince-meets-european-council-president/>

lines.<sup>6</sup> In the meantime, the GCC countries have now prioritised attracting investments and bits of the value chain in their own countries to pursue economic diversification away from an overreliance on energy exports as sources of wealth. A new, significant stumbling block in EU-GCC trade will be the Carbon Border Adjustment Mechanism (CBAM), as the EU will tax imports that rely on polluting, energy-intensive industrial processes to balance out the high costs imposed on European producers to cut emissions. CBAM will impact some key Gulf exports, such as steel, aluminium, fertilisers and cement.<sup>7</sup> However, a more innovative approach would be to acknowledge that a comprehensive EU-GCC FTA remains as unlikely as ever, focusing on ways to liberalise trade and investment in those sectors where the EU has a strategic added value as a trading partner for the GCC, and vice versa. These sectors are linked to the energy transition and the European Green Deal, including desalination technologies, green building, and renewable energy.

In fact, energy and climate are referred to as being key domains in the Strategic Partnership.<sup>8</sup> Notably, the EU aims to become the first carbon-neutral continent by 2030, and all GCC countries except for Qatar have announced net-zero goals by 2050/2060. While not comparable to the scale of the European Green Deal, GCC actors also published regional environmental plans such as Saudi Arabia's Middle East Green Initiative (MGI).<sup>9</sup> In 2023, the UAE will host COP28, and Saudi Arabia will host the United Nations' MENA Climate Week and the MGI Summit, creating

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<sup>6</sup> Mohammed Al Asoomi. "Global trade shifts to renewed protectionism - GCC states have to adjust", Gulf News, 21 December 2022. <https://gulfnews.com/business/analysis/global-trade-shifts-to-renewed-protectionism---gcc-states-have-to-adjust-1.1671599315513>

<sup>7</sup> Lauren Holtmeier. "Why now is the time for GCC exports to shift strategy", Arabian Business, 24 August 2021. <https://www.arabianbusiness.com/politics-economics/467477-why-now-is-the-time-for-gcc-exports-to-shift-strategy>

<sup>8</sup> European External Action Service (EEAS). "Joint Communication on a "Strategic Partnership with the Gulf"", official statement, 18 May 2022. [https://www.eeas.europa.eu/eeas/joint-communication-%E2%80%9Cstrategic-partnership-gulf%E2%80%9D\\_en](https://www.eeas.europa.eu/eeas/joint-communication-%E2%80%9Cstrategic-partnership-gulf%E2%80%9D_en)

<sup>9</sup> Kingdom of Saudi Arabia. "Saudi & Middle East Green Initiatives", official website. <https://www.greeninitiatives.gov.sa/>

catalysts for joint action. The EU, however, seems not to have seized this opportunity adequately. In several roundtables and webinars, officials stressed the importance of EU-UAE coordination around COP28, but no relevant joint initiatives have been envisaged so far. Building on the China-hosted deal to de-escalate tensions between Saudi Arabia and Iran, the EU should have proactively proposed to the UAE to host a regional climate gathering on the side-lines of COP28 – including the GCC monarchies, Iraq and Iran – focusing on core challenges of the energy-climate nexus, such as water scarcity. Instead, the EU has been loosely engaged in core dossiers such as renewable energy. Brussels has not yet signed any hydrogen cooperation partnership with GCC countries, despite having reached such agreements with several other partners who are years behind the production schedule of the GCC monarchies, such as Kazakhstan, Egypt and Namibia. Instead, individual European governments, such as Germany and the Netherlands, have gone ahead and signed their own deals with Saudi Arabia, Oman and the UAE. In fact, the first shipment of hydrogen-derivate ammonia from the UAE already reached the port of Hamburg in October 2022.<sup>10</sup> On the contrary, the EU has de facto scaled back its presence in the GCC energy space at the worst possible time: after providing a platform of engagement for some years, the EU Clean Energy Technology Network officially ended its mandate in June 2022, and its replacement is still not operational almost a year later.<sup>11</sup>

Finally, some progress has materialised in EU-GCC coordination in the humanitarian and development sectors. In February, the European Investment Bank (EIB) announced a support package of \$27 million to the UAE-based Middle East Venture Fund IV to finance start-ups and the digital transition in the MENA region. Moreover,

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<sup>10</sup> Deutsche Welle (DW). "Germany receives first hydrogen shipment from UAE", 22 October 2022. <https://www.dw.com/en/germany-receives-first-hydrogen-shipment-from-uae/a-63524001>

<sup>11</sup> EEAS. "EU GCC Clean Energy Technology Network", official Twitter account, 22 May 2022. [https://twitter.com/EUGCC\\_cleanergy](https://twitter.com/EUGCC_cleanergy)

the European Bank for Reconstruction and Development (EBRD) welcomed the UAE as a new shareholder in 2021, reinforcing its cooperation with both the Islamic Development Bank and Saudi Arabia, in particular through a partnership with ACWA Power – controlled by the Saudi Public Investment Fund (PIF) – to co-fund renewable energy projects in third countries, such as Egypt and Azerbaijan.<sup>12</sup>

Dialogue on security questions has seen some advances in the area of maritime security. In February 2022, the EU Council launched the Coordinated Maritime Presence (CMP) in the North-Western Indian Ocean to strengthen the coordination of the presence of European fleets in the area. Such presence includes the existing EU (EUNAVFOR Atalanta) and European (EMASOH) operations.<sup>13</sup> The CMP has facilitated the dialogue between the EU and Omani armed forces, with respective high-ranking officials holding discussions at the Omani Maritime Security Centre in Muscat and the Schuman Security and Defence Forum in Brussels earlier this year. The CMP also has the potential to gather maritime security initiatives conducted at a bilateral level by EU countries under a single European umbrella. For example, Italy organised exercises with the Bahraini and Omani navies and deployed to the Qatari coast during the World Cup, while the Dutch embassy hosted a large workshop in March on maritime security with GCC, US and European military and private sector

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<sup>12</sup> European Investment Bank (EIB). "EIB backs USD 150 million Middle East venture capital initiative to accelerate digital transformation and create 8,000 tech jobs", press release, 13 February 2023. <https://www.eib.org/en/press/all/2023-054-eib-backs-usd-150-million-middle-east-venture-capital-initiative-to-accelerate-digital-transformation-and-create-8000-tech-jobs>; Ayya Lmahamad. "Saudi Arabia, EBRD ink MoU to finance sustainable infrastructure projects in Azerbaijan", Azernews, 1 November 2022. <https://www.azernews.az/business/201614.html>; Islamic Development Bank. "Al Jasser and EBRD President Discuss Enhancing Cooperation", press statement, 8 November 2022. <https://www.isdb.org/news/al-jasser-and-ebrd-president-discuss-enhancing-cooperation>

<sup>13</sup> "Coordinated Maritime Presences: Council extends implementation in the Gulf of Guinea for two years and establishes a new Maritime Area of Interest in the North-Western Indian Ocean", press release, 21 February 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/02/21/coordinated-maritime-presences-council-extends-implementation-in-the-gulf-of-guinea-for-2-years-and-establishes-a-new-concept-in-the-north-west-indian-ocean/>

representatives in Riyadh.<sup>14</sup> Most promising is the decision to include the Persian Gulf as part of an EU Maritime Area of Interest, which indicates an acknowledgement on the European side of the area's strategic value. This should remain on the EU's agenda, given how insecurity in the maritime space persists – notwithstanding de-escalatory processes between the GCC countries and Iran – and how such insecurity negatively impacts European interests. It remains difficult for both sides to reconcile the common interest for stability with closer engagement on geopolitics, where views have grown even more distant over the past twelve months. For instance, none of the GCC monarchies share the European approach on the Russian invasion of Ukraine, with a particularly staunch opposition to applying sanctions on Russia and – in the Saudi and Emirati case – an active effort to step up energy, economic and financial relations with Russian actors. Distance also remains on questions of regional geopolitics: the EU, for instance, was equally reticent and surprised when Saudi Arabia embraced the cause of Arab normalisation with the Syrian regime of Bashar al-Assad. The EU is also observing with concern as relations between the United States and the GCC monarchies rapidly sour and the role of China simultaneously grows, questioning geopolitical assumptions that have remained valid for decades.

These geopolitical divergences are certainly significant obstacles to further developing the EU's strategic partnership with the Gulf. However, the greatest negative impact has been linked to the *Qatargate* corruption scandal, as officials and parliamentarians from the European Parliament ended up in prison for allegedly receiving illicit payments from a Qatari official. The inquiry came to light just as the European Parliament was about to discuss granting visa-free entry for 90 days to Kuwaiti and Qatari citizens, mirroring the visa policy adopted for UAE citizens in

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<sup>14</sup> Rashid Hassan. "Experts agree to boost Red Sea maritime security at Riyadh workshop", Arab News, 16 March 2023. <https://www.arabnews.com/node/2269941/saudi-arabia>

2015.<sup>15</sup> The scandal froze any discussion related to GCC affairs in the European Parliament and delayed moves on the Schengen visa waiver indefinitely for all GCC countries. Inevitably, the scandal had a huge media echo and aggravated the pre-existing reputational risk perceived by elected officials in Europe when dealing with their GCC counterparts. This could be alleviated by progress on the human rights dialogues that the EU established with every GCC country, with tangible achievements on items such as migrant workers' rights, abolition of the death penalty, or religious freedom.<sup>16</sup> Certainly, it is relevant that public opinion in Europe remains lukewarm towards the GCC monarchies.

Overall, the EU's attempt to build a strategic partnership with the Gulf has incurred several obstacles in its first year. Some of these obstacles could have been anticipated, and most are linked to the difficulty of all parties to adapt to significant changes in the regional and global geopolitical dynamics. These changes have also transpired rapidly and require time to play out in full. Indeed, the EU's strategic partnership with the Gulf, too, will need more time to blossom.

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<sup>15</sup> European Commission. "Commission proposes visa-free travel to the EU for Qatar and Kuwait nationals", press statement, 27 April 2022.

[https://ec.europa.eu/commission/presscorner/detail/es/ip\\_22\\_2506](https://ec.europa.eu/commission/presscorner/detail/es/ip_22_2506)

<sup>16</sup> EEAS. "Saudi Arabia: Speech on behalf of High Representative/Vice-President Josep Borrell at the EP debate on death penalty cases", press statement, 08 August 2021.

[https://www.eeas.europa.eu/eeas/saudi-arabia-speech-behalf-high-representativevice-president-josep-borrell-ep-debate-death\\_en](https://www.eeas.europa.eu/eeas/saudi-arabia-speech-behalf-high-representativevice-president-josep-borrell-ep-debate-death_en)



## About the BIC

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