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A Neighborhood Policy for the Gulf Cooperation Council

Riccardo Dugulin



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Gulf Research Center
187 Oud Metha Tower, 11th Floor,
303 Sheikh Rashid Road,
P. O. Box 80758,
Dubai, United Arab Emirates.
Tel.: +971 4 324 7770
Fax: +971 3 324 7771
E- mail: sales@grc.ae
Website: www.grc.ae



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knowledge is for all. ”



Abdulaziz O. Sager
Chairman
Gulf Research Center

About the Gulf Research Center

The Gulf Research Center (GRC) is an independent research institute located in Dubai, United Arab Emirates (UAE). The GRC was founded in July 2000 by Mr. Abdulaziz Sager, a Saudi businessman, who realized, in a world of rapid political, social and economic change, the importance of pursuing politically neutral and academically sound research about the Gulf region and disseminating the knowledge obtained as widely as possible. The Center is a non-partisan think-tank, education service provider and consultancy specializing in the Gulf region. The GRC seeks to provide a better understanding of the challenges and prospects of the Gulf region.

About the Gulf Papers

Gulf Papers are reviewed bilingual academic occasional papers that analyze, assess and build forecasts on the developments of different issues in the GCC countries at the domestic, intra-GCC, GCC-Arab, regional or international levels and from a political, social, economic, and cultural perspective.



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Introduction: A Neighborhood Policy for the Gulf Cooperation Council

On May 25, 1981, the Gulf Cooperation Council (GCC) Charter was signed in Abu Dhabi, UAE. This new regional institution was created in the midst of the Iran-Iraq conflict with the objective of strengthening the Gulf monarchies by establishing an associative organization. As reported in the transcripts of the decision to establish the GCC on February 14, 1981: “The Council will be the vehicle by means of which the maximum coordination, integration and closer relations will be realized. It will also draw up regulations in the fields of economy, finance, education, culture, social affairs, health, communications, information, passports and nationality, travel, trade customs, freight and legal and legislative affairs.”¹

This range of objectives formed the core of the Gulf monarchies’ will to contribute to the strengthening of their region through the concept of gradual integration and mutual cooperation. Yet, even if only at an embryonic stage, the preamble of the Charter of the GCC underlined that the organization’s future purpose would not only be centered on defined intra-Gulf matters but would extend to “reinforce and serve Arab and Islamic causes.”² For these two reasons, it can be underlined that the GCC framework is mainly based on three pillars:

- Creating a safer regional environment so that the core existence of the State is not compromised by outside threats.³

Such an objective has seen its application during the 1983-

1. Rouhollah K. Ramazani, *The Gulf Cooperation Council: Record and Analysis* (University of Virginia Press, 1988).

2. *American-Arab Affairs*, no.7 (Winter 1983-84).

3. Gulf Cooperation Council, <http://www.globalsecurity.org/military/world/gulf/gcc.htm> (accessed on May 6, 2010).

1987 period in multilateral military exercises (code named Peninsula Shield) and the expressed necessity, especially by chiefs of staff and defense ministers, to develop plans for mutual defense, and in the efforts to form a joint command and a joint defense network;

- Enhancing domestic well-being both through long-term economic development, sustaining the upward evolution of the nations' standard of living, and the protection of national values and traditions; and
- Establishing a strong regional club able to respond to local threats and changes on the world scene. The urgency of such an organization was first pointed out in a GCC working paper of May 16, 1981: "The emergence of the council for cooperation among the Gulf States is in response to the historical, social, cultural, political and strategic reality through which the Gulf region passed and is passing."⁴ From the Iraq-Iran war to the effects of the Gulf economic downturns in the mid-1980s, to the 2008 global economic and financial crisis and the evolution of US engagement in the Gulf, cooperation through the GCC opened up for the six member states the possibility to respond and adapt to global issues as a more united grouping.

Despite these objectives, it is necessary to underline that the obstacles on the paths of the institutional success of the GCC have remained considerable to the point that they have even undermined some of its aspirations. Since the end of the Iran-Iraq war in 1988, the region has witnessed numerous challenges to its internal and external stability including the invasion of Kuwait in 1990 and Operation Desert Shield that followed; the escalation of tensions between the international community and Iraq which resulted in Operation Desert Fox in 1998; the escalation of tensions between the international community and Iran that augmented the sanctions on the country

4. FBIS-MEA, V-81-107, June 4, 1981, A10-A13.

and which combined with the policy of dual containment initiated by the US Clinton administration⁵ affected economic development in both Iran and Iraq and led both regimes to take on more antagonistic positions; the terrorist attacks on New York on September 11, 2001 which turned international attention toward the Gulf Region; the 2003 Operation Iraqi Freedom and the downfall of the Saddam Hussein regime which affected the GCC's relations with the United States and the overall regional security balance that had been in place during Saddam's regime; as well as the Yemeni civil war in 1994 and the insurgency beginning in 2004 which generated a wave of border tensions between Yemen and Saudi Arabia and heightened the GCC perception of being surrounded by areas of crisis. All of these events have curtailed the forward progress of regional integration. Furthermore, unifying the six countries in a regional cooperation arrangement has been undermined by a large number of intra-GCC rivalries that continue to persist (such as pending border issues and general rivalries between member states).

Yet the sense of urgency felt in 1981 is still, under different forms, present. The necessity to respond to the evolving situation deriving from the global economic and financial crisis, combined with the rise of new international actors and the damaged relations with the United States as a result of the Bush administration's policies has resulted in pushing the GCC states to seek a new international role or at least to contemplate their role in an evolving and fluid international environment.

Thus, questions have recently been raised about what kind of GCC the member states would like to see develop and, in conjunction with that, how the GCC as an institution should be organized so as to allow it to meet the new challenges of globalization and an ever-shifting regional security environment. Given present circumstances,

5. For more on dual containment, see Harry L. Myers, "The US Policy of Dual Containment toward Iran and Iraq in Theory and in Practice," *USNR*, Air War College, April 1997.

it would appear that a strong regional organization with broader aims than the ones limited to the six members' partnership could and should be one of the objectives. It can be argued that the failure to pursue this more forcefully over the past decades has contributed to a volatile regional security environment and to the incapacity to solve the region's underlying dilemmas.

In this context, it is important for the GCC countries to interact in an innovative way with their neighbors to achieve two of the above stated goals: secure their neighborhood through an expanded and inclusive regional integration project and generate the necessary amount of cooperation regarding their own foreign policies. This paper argues that a Gulf Neighborhood Policy (GNP) would create a framework covering the structure and the implementation of a large array of policies defining bilateral and multilateral ties between GCC states and selected partner states. Under the Gulf Neighborhood Policy's umbrella function, the Gulf monarchies would be able to start an official institutional dialogue between member states (which would only further strengthen the cooperative aspects of the GCC) and with partner countries, regarding specific details to be addressed in action plans or thematic issues that would benefit the region as a whole. To illustrate the need for the GCC states to create an encompassing and responsive GNP, this paper will attempt to draw parallels between the proposed GCC GNP and the European example, the European Neighborhood Policy (ENP).

1. Constructing a Neighborhood Policy

The European Neighborhood Policy (ENP) is today at the forefront of the Common Foreign and Security Policy (CSFP) and the European Union (EU) foreign policy efforts. Since 1993 and the Treaty of Maastricht, the EU spent its first 10 years focusing on its domestic interests based on economic and political development, aiming to strengthen the relations between member states and develop an important legislative corpus. On the international level,

the member states, now numbering 27, have limited themselves to bilateral agreements with non-member states. On the regional level, a first attempt was launched in 1995 when the EU established the Barcelona Process – whose objective was to enable political, economic, financial and social development of Europe’s neighbors through a policy of rapprochement – to build bilateral relations (mostly on an economic basis) with their partners in order to create a base for the long-term development of an integrated area of growth and stability in the neighborhood of the EU.

Between March 2003 and May 2004,⁶ the EU then developed the ENP as a modern policy instrument with the goal of dealing in an inclusive manner with its neighboring states. In ‘A Secure Europe in a Better World,’⁷ a guideline for European security strategy issued on December 12, 2003, it is stated that “even in an era of globalization, geography is still important. It is in the European interest that countries on our borders are well-governed.” In other words, the EU through the ENP seeks to enable its neighboring countries to be well governed by stimulating a wide set of reforms (ranging from reforms in the social and financial sectors to reforms in the political and the legislative sectors) through the implementation of bilaterally agreed action plans which result in win-win situations namely, the partner country has access to the EU market and benefits from closer relations with EU states while the EU profits from having a more stable and developed neighborhood. Subsequently, on June 17, 2004,⁸ the European Council in Brussels identified a list of states and entities around which the EU could build its Neighborhood Policy. Belarus,

6. “The Policy: What is the European Neighborhood Policy?” http://ec.europa.eu/world/enp/policy_en.htm accessed December 15, 2009.

7. “A Secure Europe in a Better World,” European Security Strategy, Brussels December 12, 2003, <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> website consulted on 12.15.2009 (accessed December 15, 2009).

8. Brussels European Council, June 17-18, 2004, Presidency Conclusions, 14-15. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/81035.pdf (accessed December 15, 2009).

Moldova, Ukraine, Armenia, Azerbaijan, Georgia, Algeria, Egypt, Israel, Jordan, Libya, Morocco, the Palestinian Authority, Syria and Tunisia are the 15 countries which the EU chose to work with.

The rationale for the ENP is quite clear. While in 2009, there are no countries on its direct border that the EU can consider as a military threat to its security, there are asymmetrical threats such as illegal trafficking, transnational organized crime and international terrorism that are viewed as threats to the EU's security. In addition, the continued high level of socio-economic disparity between the EU and its non-EU neighbors, mostly around the Mediterranean, raises concerns about possible fractures between Border States and the EU. The ENP seeks to address these issues by an equilibrated mix of soft security and development strategies. Two goals in particular stand out as far as the ENP is concerned: the ambition to create an area of economic integration and the ability to facilitate cohesive inter-regional cooperation. In the first case, the objective is to sponsor development of neighboring regions through EU initiatives, while in the second the idea is to create an area of prosperity where basic European values could develop.

Here it should also be mentioned that such a policy has deeper geopolitical implications for the EU. When it was first launched, it was the first time that an EU instrument was addressed to such a large number of countries in distinct regions.⁹ Bjørn Møller emphasizes: "Europe was one of the least secure places in the world" yet, thanks to its foreign policy structuralism, it achieved the ambition to create a secure neighborhood.¹⁰ It is also within this context that the following work examines the possibilities within which the GCC countries could apply these parameters to their own regional interests.

9. For further studies on the geopolitical aspect of the ENP, see Roberto Aliboni, "The Geopolitical Implications of the European Neighbourhood Policy," *European Foreign Affairs Review*, January 16, 2005.

10. Bjørn Møller, "Security Models and their Applicability to the Gulf: The Potential of European Lessons Applied," *DIIS working paper*, no 3, 2005, 3.

In order to evaluate the lessons of the ENP for possible application by the GCC states, this analysis is divided into three parts each characterizing an aspect of a future GNP. ‘Constructing a Neighborhood Policy’ focuses on the strengths and shortcomings of the European example and through these observations addresses the institutional needs the GCC requires to enact such a policy and provides a view of the driving concepts which would be at the base of a GNP. The Gulf Neighborhood Policy defines the specific aspects of cooperation between GCC member countries and their regional partners with the goal of underlining the broad lines of possible future action plans. Finally, the third section, Building Bridges between the EU and the GCC, intends to put forward certain aspects which could take the EU and the GCC into a new period of cooperation, i.e. the idea that the two sides ‘enter each other’s Neighborhood Policy.’ A brief analysis of the short-term feasibility of such a program and final observations concerning the Gulf monarchies’ potential in acting as a united regional power provides the conclusion. Overall, this work is based on an investigation of the current state of affairs in the Gulf States combined with an understanding of these states’ national interests. The Gulf Neighborhood Policy and the needed instruments enabling it to act as an efficient regional cooperation program are concepts to be taken as policy recommendations based on the present situation of GCC states and on the officially stated goals of these governments.

1.1. An Assessment of the ENP

On December 4, 2006 the European Commission provided the Council and the Parliament with a detailed report on the successes and shortcomings of the ENP.¹¹ As the document identifies the strengths, weaknesses and possible areas for future improvements

11. European Union, *COM (2006)726 Final Communication from the Commission to the Council and the European Parliament on Strengthening the European Neighborhood Policy*, Brussels, December 4, 2006.

of the ENP, it can be considered an essential starting point for any regional ensemble like the GCC which may consider undertaking its own process to develop a Neighborhood Policy possibly based on the European example.

In its evaluation, the European Commission outlined three major strengths which make the ENP an appealing project:

- The ENP succeeded in establishing a model of extended regional integration. This is in fact the most important characteristic when considering a possible GNP. The EU has been able to associate under a single framework 15 countries from four diverse regions (North Africa, Near East, Eastern Europe and Caucasus), and in each specific case it has a tailored set of policies to best respond to concrete necessities through result-oriented action plans which combine economic development and cooperation in fields such as security, expanding social freedom and implementing the rule of law.
- The ENP Action Plan¹² is the policy's pragmatic operational tool. It is founded on two successful principles: joint ownership and the concreteness of its programs. In fact, the EU aims to provide partner countries with programs that are negotiated and agreed by both parties and that have specific and short-term measurable objectives.
- The ENPI is a Community instrument that merges funds from TACIS¹³ (Technical Aid to the Commonwealth of Independent States), CARDS¹⁴ (Community Assistance for Reconstruction, Development and Stabilization) and MEDA

12. European Union, *COM(2004)373 Final, Communication from the Commission, European Neighborhood Policy, Strategy Paper*, (Brussels, May 12, 2004), 12-20.

13. For further information on TACIS, see "Takis program," http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/eastern_europe_and_central_asia/r17003_en.htm (accessed May 5, 2010).

14. Established on December 5, 2000 through Council regulation Number 2666/2000.

(Mediterranean Assistance Program). Through the better allocation of funds, an additional €225 million was allocated to countries covered by the ENP. This in turn provides the European side with better budget control while for partner countries, a higher degree of cooperation is possible.

The geographic span, its pragmatic outlook and budgetary capability are the ENP's positive aspects. On the other hand, three sets of weaknesses and unfulfilled potential stand out as limitations of the ENP:¹⁵

- In the context of the EU's main tool of cooperation with its partners based on trade and economic integration, the ENP process has been facing some delays and setbacks. The main issue is the perceived relative lack of incentives in the form of economic benefits for European partners (both Eastern and Southern). It is therefore noted that an augmentation of interests will depend on the improvement of access to the European market and the inclusion (in Cooperation Acts) of more tangible political advantages.
- A 'highly visible' disincentive and a strong obstacle to optimal relations between the EU and ENP partner countries lies in mobility and migration restrictions from partner countries to the EU. While some important achievements have been made in fields such as higher education, for example, this has not resulted in an overall facilitation concerning the mobility of citizens to the EU. Here, the difficulties linked to the procedures for short-term visas remain a major issue for students, businessmen, researchers and other travel related activities.
- The EU has been absent from frozen and open conflicts in the regions involved in the ENP.¹⁶ This lack of security-

15. Fraser Cameron, *An Introduction to European Foreign Policy* (London: Routledge 2007), 111-121.

16. Federica Bicchì, *European Foreign Policy making toward the Mediterranean* (New

driven policies has been a major criticism of the partnership program. The general reproach of the ENP partners is that the EU needs to be more active in conflict theaters in conflict prevention, conflict management or as a post-conflict actor. The European presence has also been lacking in fields such as counter-terrorism and in the active tackling of asymmetric threats such as narcotics and human trafficking. In fact, the ENP suffers from such a deficiency in security-related fields in regions (such as the Caucasus and the Near East) which would largely benefit from a broader partnership with the EU. The EU failure to consider security aspects has not led to better governance within the ENP states with the result that the ENP as a whole has fallen short in providing for a more stable neighborhood.

Given the strengths and weaknesses of the ENP, it is possible to highlight five areas that would allow the ENP to develop into a more mature and inclusive evolving process. It must be noted that the EU partnership with neighboring countries is based on a continuous path toward reforms¹⁷ which is designed to create deeper ties among all parties.

- As COM (2006)726 points out, the ultimate success of the ENP lies in the ability to foster the economic integration of its partner countries. To move towards this goal, three action points have been presented. First of all, the EU must seek a “deep and comprehensive FTA” approach as regards all the ENP countries that goes beyond free trade agreements in goods and services and addresses non-tariff barriers. This is necessary to achieve convergence in trade and regulatory areas and to work on strengthening enterprise competitiveness and sponsoring innovation and competition policies. Second,

York: Palgrave Macmillan, 2007), 63-111.

17. Rosa Balfour and Antonio Missiroli, “Reassessing the European Neighborhood Policy,” *EPC Issue Paper* no.54 (June 2007).

the EU should adopt an asymmetrical approach and provide every partner with an individualized perspective of integrating with the European market. Third, the EU must persist in prioritizing ‘tailored’ agreements based on bilateral relations which directly answer each partner’s specific expectations.

- The ENP must address mobility and migration-related topics. On the one hand, the EU is faced by massive problems of illegal immigration and trafficking (human and narcotics).¹⁸ On the other, partner countries experience a high degree of frustration due to the difficulty in obtaining travel visas to the EU. To overcome this, a package is required whereby the EU would facilitate visas and enable readmissions agreements while reforming its internal functioning by a common Visa Information System (including biometrics for visa applicants to enable the exchange of visa data between member states). In return, partner states must agree to cooperate on illegal immigration, trafficking as well as smuggling as far as border management is concerned.
- The ENP is a largely bilaterally organized structure, where decisions and actions are taken mainly between the EU and the interested partner country. This is due to the vast differences among the EU partners’ political, economic and social situations and aspirations. Nevertheless, it would be an improvement if the EU would structure its neighborhood policy under thematic concerns such as: energy, transport, rural development, research cooperation, financial services and border management. Such a multilateral cooperation could regroup interested countries from all ENP regions. Furthermore, it would allow neighboring partners to participate in relevant Community agencies and programs,

18. On the evolution of the drug trade to the EU during the 1990s, see Tim Boekhout van Solinge, “Drug Use and Drug Trafficking in Europe,” *voor Economische en Sociale Geografie*, 1998.

such as energy related initiatives, thus sending positive signals about the intention to create an inclusive cooperation community between EU and non-EU states.

- The ENP has been particularly absent from conflicts in its program regions. This unveils a key issue for the policymakers since one of ENP's main objectives is to provide the EU with a safer environment. From Moldova to the Southern Caucasus and from the Near East to Western Sahara, the risks of escalation, refugee outbreaks, interruption of energy supplies and trading routes, or the spread of international terrorism and organized crime are in fact looming large in the ENP regions. The EU can address these matters through a case-by-case civilian/military participation which involves monitoring, peacekeeping operations, as well as border management (for example, Moldova and Rafah). In the long-term, the ENP can provide the region with a frame for dialogue and an incentive for reforms aiming at defusing tensions. In this context, three actions can be taken by the EU: (1) ENP partners can be invited to briefings and meetings held by the EU at the UN, the Council of Europe and the OSCE; (2) The European Parliament and national Parliaments can intensify cooperation and dialogue; and (3) The EU must strengthen its EC and member states' diplomatic missions in the ENP countries.
- The major step the ENP can take in order to strengthen its financial tools is to seek a synergy between the ENPI and the array of EU funds combined with the investments of member states and private institutions. Furthermore, the EU must augment its incentives for partner states to implement the agreed reform agenda. This can be realized with an amount of €300 million (Governance Facility) allocated to targeted investments and aid to support key elements of the reformist agenda. A €700 million fund has also to be allocated to

the Neighboring Investment Fund in order to support IFI lending in ENP partner countries.

An assessment of the ENP thus offers a set of valuable lessons for a possible GNP. Its strengths are portrayed in the European Union's ability to establish a regional model of cooperation associating a great number of states with diverse cultural and political backgrounds through a system of joint and concrete action plans that after bilateral negotiations are set into functions. Furthermore, the ENP strength resides in its ability to merge different European funds for development which provides the policy with more flexibility and efficiency. On the other hand, the GCC countries have to consider that the major setbacks experienced by the ENP are: the obstacles still lying on the way of partner states wanting to enter the EU market; the inefficiency in addressing mobility and migration questions, and the relative disengagement shown toward security-related topics such as crisis management and conflict resolution.

For the GCC states to decide how best to implement a Neighborhood Policy would mean adopting an asymmetric approach that takes into consideration each partner's characteristics; taking a deep and comprehensive approach to regional FTAs; incorporating incentives to develop thematic approaches that could interest a group of neighborhood partners; and, finally supporting an active role in security-related topics.

1.2 Rationale for a Gulf Neighborhood Policy

After having described the present situation of the ENP as an example for a future Gulf Neighborhood Policy (GNP), it is necessary to draw the general lines of what the GNP entails, or the rationale on which such a project can be constructed. The core reasoning defining the GCC states' need for a Neighborhood Policy consist of five arguments:

- As of today, the Gulf Cooperation Council is a matter of fact. All six member states stress its importance and its relevance

in international and regional affairs. Its core existence is not questioned anymore, not even by some of its most prominent detractors (including Iran). This makes the GCC a de facto regional power (considering its financial and political assets) which is recognized as a major trade partner and a dependable negotiator for regional issues. Implementing a Gulf Neighborhood Policy would be a way of normalizing and framing a defined institutional role for the GCC in its neighborhood.

- The GCC states are surrounded by instability; a geographic circle of threats can be drawn around the six Gulf monarchies. Implementing a concrete and concerted regional strategy through a GNP represents a way of coherently handling the challenges represented by the multiple internal conflicts of Yemen; Somalia's fall back into civil conflict, the slow partition of the nation and the effective disappearance of a central government authority; Sudan's long-lasting civil conflict and difficult economic situation; the present halt in the Arab-Israeli peace process and the degradation of Arab-Israeli issues; the uncertainty regarding Iraq's political and social future as US forces continue to reduce their presence; Iran's strive for regional supremacy leading to a certain aggressive stance; and Afghanistan and Pakistan's fall into large-scale violence. A GNP is an effective way of providing the GCC with the required institutional tools to address these security issues in a more structured and coordinated way.
- A GNP would provide the GCC states with greater flexibility through the creation of a common front on diplomatic issues and security matters. For example, Saudi Arabia would be better prepared to handle the set of issues concerning Yemen, while Qatar has proved to be a positive actor in the mediation process in Lebanon. The GNP framework would enable a separation of tasks relating to regional security matters which

would, in the long-term, lead to greater efficiency and the ability to use a variety of tools as necessary.

- The GCC was meant to facilitate closer collaboration so as to enable the six member countries to realize the full degree of economic development and social integration.¹⁹ Today, more than at the moment of its creation, the maxim ‘strength in unity’ applies to the GCC. An efficient Gulf Neighborhood Policy is the key to confront multiple security issues as a cooperative group of states. This can be done only if a precise set of goals and tasks is commonly defined by a generally agreed structure.
- A GNP would enable the GCC to achieve two additional goals: broadly, it would provide the bloc with its own identity while at the same time fostering the integration process in the regional system. By working as a united block towards non-member countries or a defined group of countries, the GCC states would in fact feel the necessity to define themselves vis-à-vis the outside world, a necessity they have not been confronted with until now. This process would be a first step towards a more coherent political unity at the intra-GCC level (as observed with the EU where a concerted foreign policy requires a basic common political structure). On the other hand, working closely with a united GCC would enable non-member states to feel more integrated in the overall development of regional affairs. Such a development does not detract from the Iraqi and Yemeni intentions of joining the GCC. The question of expansion and admission of new members must be faced by the GCC Heads of State in order to put into action a GNP which can have defined goals and does not create false hopes or expectations for the GCC partners.

19. Another objective at the base of the GCC consisted in creating a united front to face the Iranian threat and to use the argument of the Iraq-Iran conflict to keep the two antagonists out of the Gulf regional order.

- The GNP would generate a pooling of financial resources (as the ENPI does for the ENP). All GCC states conduct individual development and aid programs in surrounding countries. A GNP would bring these programs under the same roof thus making sure there is little overlap while also structuring the existing aid distribution better.

When the GCC was formed, the Saudi Foreign Minister Saud Al-Faisal, on February 4, 1981, said: "These states' (the GCC countries) desire to deepen and develop cooperation and coordination among them in all fields in a manner that brings good, development and stability to their people."²⁰ Twenty-nine years later, this same logic can be applied to the way the GCC countries approach their foreign policy. As regional unity is still under construction, the Heads of State may see that the interaction as a whole over selected matters with a specified group of countries itself acts as a driving force towards the creation of a strong regional feeling in the GCC societies. The creation of a GNP will thus be positive for both the GCC in itself and for its relations with selected partners. The strengthening of relations among the Gulf monarchies would go hand in hand with the development of their surrounding region.

Regarding a political rationale for the project, the GCC countries, while preparing their institutions for efficiency, need to see the benefits of joint efforts in international affairs, including a more significant place for them in the international community. The partners would also develop a favorable attitude towards the GNP. In fact, this policy project cannot be seen as only beneficial for the GCC states but must also be accepted and wanted by its regional partners. For this, the Gulf monarchies can put forward a vision of regional security, stretching from Lebanon to Pakistan and from Northern Iraq to Southern Yemen, which is still missing today. Such a result would be in line with the definition of a 'GCC security model,' which can broadly be defined as interregional cooperation to limit

20. *Al-Hadaf*, February 5, 1981, 5.

the development of tensions and encourage the use of GCC's vast amount of capital to enhance its partners' economic growth.

As this section is meant to provide the framework within which the GCC countries will evolve to build an operational GNP, a necessary step is to define the geographical limits of what is and might be the GCC. In itself, this would enable the Gulf monarchies to conceive a general strategy based on a concept of 'carrots and stick' towards their neighboring countries, but to do so sticks have to be considered as a potential leverage the GCC countries can use on their neighbors and carrots must be identified as tailored incentives for each country.

Having identified the potential layers and partners for a GNP, it is equally necessary to outline the other rationale on which the GCC may build its GNP. This consists in broader perceptions of its neighborhood that might not directly be implemented as policies, but that would structure the way the Gulf monarchies perceive themselves. In comparison, the ENP has as its pillars the concept of good governance, the respect of human rights, and the prosperity of its neighborhood through political and economic reforms.²¹ In 1857, British politician Richard Cobden wrote: "Free Trade is God's diplomacy. There is no other certain way of uniting people in the bonds of peace."²² Such a maxim can reflect the base on which the Gulf monarchies will build their GNP: after more than three decades of wars and tensions in the region, the basis for security, prosperity and partnership will not come from externally imposed models of governance but from the institutionalization of already existing social and commercial exchanges.

Having defined what concepts should be at the core of the GNP and what rationale would bring forward such a project, it is important to note that the GCC states, before initiating any long-

21. European Union, *A Secure Europe in a Better World*, op. cit.

22. Yildiz Tugba Kurtulus Kara, "Trade as a Tool of Diplomacy and Global Security," *Perceptions, Journal of International Affairs* (Autumn 2008).

term thoughts regarding their interactions with their neighbors, must address another set of issues. The most pressing necessity lies in formulating a clear list of criteria in order to define the eligibility for future members. Questions such as its geographical and ethnic limits (Arab states, states facing the Gulf?), its religious boundaries (Sunni states?), its economy and quality of life prerequisites (GDP per capita, financial market, investment sector?) and its importance in the energy trade are to be addressed in order to clearly define the limits of what can, in the long term, be considered as the GCC.

2. Implementing a Gulf Neighborhood Policy

Three points must be analyzed with the objective of drawing the general structure of the Gulf Neighborhood Policy:

- The internal changes the GCC must undertake in its current structure in order to put into action a coherent neighborhood policy have to be underlined carefully in order to define the feasibility of such a project.
- The required institutional structure that should be put into place in order to guarantee the maximum efficiency of the project.
- The set of policies to be outlined including questions such as the general coverage of the neighborhood, the implementation of policies, the development of special centers to increase the efficiency of such a project and other issues linked to bureaucracy.

2.1 GCC Internal Changes

The basic structure of the GCC must be analyzed first in order to underline the reforms that must be undertaken to enable it to put into action a viable common foreign policy. As this work focuses on the lessons the GCC can learn from the EU case, a short comparison between the EU structure and the GCC leads one to relevant differences. In fact, the EU was imagined and put into place, from its

early days, as a 'Union.' Whether it be the economic or the political aspects, decisions focus on uniting its members. The objective for the GCC is essentially different as the concept of this institution lies in 'cooperation' and not unification. The final objective stated in the 1981 Charter is to form an area aimed at 'strengthening cooperation and reinforcement of the links between them (the GCC States).'²³ The difference between 'union' and 'cooperation' denotes a core distinction in the way the two organizations perceive themselves. Over the years, the EU has proven the relevance of shared values and principles as a central point of integration, whether it be for member states or neighboring countries; on the other hand, the GCC prefers to put forward the idea of common interests in regard to intra-regional and inter-regional matters.

These differences, therefore, make it necessary that the GCC initiates a set of reforms in order to function as a cohesive group. In fact, 30 years after it first took shape, the GCC has not made the necessary changes to act as an efficient regional organization. On the economic front, the GCC has recently experienced some drawbacks including the postponement of the planned common currency from 2010²⁴ to 2020.²⁵ The proposal for the creation of a Central Bank (which would be based in Saudi Arabia) led to regional disputes among the GCC members, and there is still no common tax system. Politically, the lack of cooperation is experienced on diverse regional levels – including unresolved border issues and continuing territorial disputes. It can also be stated that security-wise, since the Peninsula Shield was dismantled in 2006, the GCC lacks a unified military structure, and because of diverging interests, it does not yet have a

23. The Gulf Cooperation Council, The Charter, <http://www.gccsg.org/eng> (accessed May 6, 2010).

24. "The Deadline for a Gulf Currency Union Extended," *Financial Times*, March 24, 2009.

25. "Kuwait Sees GCC Currency Union Taking up to 10 Years," *Arabian Business*, December 8, 2009.

united voice regarding regional security matters (for example, on Iran). A similar situation of difficulties created by the association of more countries with diverging national interests can certainly be seen in the EU, but the main difference between these two entities lies in the fact that the EU has a supranational set of institutions which can generate policies and legislations.

2.2 Required Institutional Structure

Given the above, reform measures to the GCC's internal structure would need to be considered before being able to introduce the establishment of a Gulf Neighborhood Policy. One step would be the introduction of an institutional body that would represent the interest of the Council as well as those its six members, where all parties can debate on the policies they see fit to propose to their neighborhood partners. This has to be taken as an essential recommendation because without this kind of internal structure and, most of all, the will to enact commonly agreed legislation, a GNP would not be able to function as anticipated.

The Consultative Council for Neighborhood Affairs can be structured as a hybrid body integrating characteristics from the European Commission and the Council of Ministers.²⁶

Such a Council has to be built on a two-level base:

- A 'Neighborhood Section' has to be made a part of the Ministry of Foreign Affairs of each GCC member state. This section would respond directly to the Minister of Foreign Affairs and represent the given country's national interest towards the area directly involved in the GNP. The objective of this structure is to devote a group of professionals to the region of interest enabling the bureau to deal with the countries included in the GNP collectively and not on an individual basis as the respective Ministry of Foreign Affairs is doing at present. In

26. A Guide to the Structure and Operation of the European Union, <http://www.fedee.com/euguide.html> (accessed January 6, 2010).

order to come up with a coherent strategy for the GCC, a meeting of the GCC states' 'Neighborhood Section' should be held every two months. Every six months, the GCC ministers concerned with the GNP and their counterparts in the partner states should hold meetings to evaluate the efficiency of action plans and to constantly reframe the region's needs.

- A Consultative Commission on Neighborhood Affairs may be formed as a group of 60 persons. Each GCC Head of State designates 10 professionals to represent his state's interest (on issues such as trade and commerce, energy, education, religion, health, military, internal security, finance, international relations, inter-GCC relations). As its name indicates, this body would have a consultative function, its declarations will not be binding but they would represent the concept of shared interest for the GCC states; a declaration would result from a decision taken by the majority (in this Commission, unanimity would only block the process). The Consultative Commission on Neighborhood Affairs would meet for discussion on a defined regional matter for a week once a month.

The 'Neighborhood Section' of each Ministry of Foreign Affairs and the Consultative Commission on Neighborhood Affairs would have to coordinate their work so that every six months they produce a joint report that is then given to the six Heads of State as a list of suggestions for future action plans towards the neighborhood partners. Political actions resulting from this structure must be decided by the GCC Ministerial Council with the blessings of the GCC Supreme Council.

In regard to the economic structural needs, the GCC has to adopt two structures in order to sustain a GNP: a Gulf Central

Bank²⁷ and a GCC Investment Authority.²⁸ The goal is not to analyze the necessity of a Central Bank as a strengthening tool for the GCC as a regional institution but to underline how it can participate in creating a more attractive partner for neighboring countries in comparison to cooperating with national economies. For GNP partners, the GCC economy, under GCB regulation, represents a strong regional power because of its capacity to keep price stability by maintaining the CPI inflation within a 3 percent band and ensure the financial sector's security. Furthermore, the fact that the President of the GCB is expected to be under the GCC heads of state (with a rotation every five years) assures continuity in state-to-state relations. The prospects (even if weakened after the repeated delays of a Gulf Monetary Union), of a centralized banking supervision (three years after the institution of GCB), and of greater transparency would be aspects of a stronger and larger aspiration of doing business with a regionally and internationally strong GCC.

The possibility of creating a joint GCC Investment Authority is a way of strengthening the capabilities of GCC countries' investments in the neighboring partners. This instrument has to take the shape of national Sovereign Wealth Funds but is to be managed by a joint board of GCC economists and investors. Its budget would be the result of an aggregate of a percentage of already existing Sovereign Wealth Funds and funds given by national governments for precise projects. Such a GCC Investment Authority should be based on two goals: strengthening political ties with partner countries through commercial and financial interaction and developing its partners' economy with targeted investments in determined sectors. The great strength of this instrument lies in its budgetary capability – even if

27. "The Institutional Framework of The Gulf Central Bank," *DIFC Economic Note* no.2, September 2008.

28. On the positive effect of Sovereign Wealth Funds, see Khatija Paruk, "Economic Superheroes," *Gulf Business*, October 2009, 54–64.

only 0.1 percent of the major SWFs²⁹ estimated assets is allocated to the program, it would represent an estimated capital of more than \$1 billion.

The GCC Investment Authority has to function according to two defined principles for capital allocation: target investment on developing businesses that can produce low risk benefits for the investors and generate circles of social development (for example, construction and banking), and encourage growth in sectors that can produce long-term political rapprochement (for example, commerce and industry).

2.3 Gulf Neighborhood Policy Framework

Following an introduction of necessary institutional changes, three additional essential questions must be asked before entering into a discussion on a possible GNP: On what basis would it be built? What ideals would be supported by it? And how will it be implemented? The definition of ideals concerning the Gulf Neighborhood Policy is important. In fact, European neighbors might not agree with every single policy the EU brings forward, and also might be reluctant to cooperate in the field of political reforms; nevertheless, the EU presents itself as a model of economic growth, social stability and an integrated system of security which has made it one of the safest places in the world today.

What can the GCC states offer to their neighbors? Certainly, they could offer money and capital, which must be channeled productively so that it can contribute to the stability, the security and the economic development of neighboring states. After all, their security will reflect positively on the security of the GCC states. On the other hand, the GCC states (through a number of enterprises) have developed a diversified array of technical knowledge, for example, in the construction and water supplies fields, during the last 20 years.

29. Reuters, "Monitor Group," SWF institute, Monitor Group Releases Report on Middle Eastern and African Sovereign Wealth Funds, May 15, 2009.

A GNP would therefore greatly benefit from a multilateral exchange of technical knowledge.

Nevertheless, the GCC Heads of State may need to define an easier ideal which can appeal to all their regional partners. A Gulf Neighborhood Policy can be seen as a first step for peace and stability in a region that has lacked it for the larger part of the last 50 years. Regional integration is the way forward for sustainable economic development, which, if we take the example of the Gulf monarchies, can bring social stability and an end to political unrest. Working with the GCC under the GNP will open up the possibility of creating a regional organization which not only sponsors GCC-to-state bilateral relations but also actively sponsors political, economic, social multilateral cooperation. In other words, a Gulf Neighborhood Policy would be a unique possibility for the eight selected partner countries to work with the six Gulf monarchies and to create a regional group of 14 states aiming at peace, stability and economic growth. This appealing ideal can be implemented under the attentive eye of Consultative Groups formed by each participating country (GCC states and partner states) in order to closely monitor the evolution and the implementation of the different projects.

A Gulf Neighborhood Policy should not only sponsor regional integration but in order to see concrete projects implemented, it should have well defined action plans. Such action plans must be the product of negotiations between the six GCC states and the partner country. The process should be as follows: the Gulf monarchies present a menu of policies regarding political cooperation, security dialogue and economic assistance; the partner state draws up a list of needs concerning the proposed fields; the GCC countries, examining their present capabilities, invite the partner country to negotiate an action plan tailored on its needs and the GCC capabilities. Such negotiations must be held during meetings grouping the six GCC foreign ministers, the partner state foreign minister and the members of the Consultative Council for Neighborhood Affairs (see section

on Required Institutional Structures). Other regional partners can also be present at such negotiations.

A second necessary point is the definition of what can be considered as the GNP umbrella. In fact, the wider regional coverage is what marks the difference between bilateral agreements between the GCC and third states and a multilateral regional approach. A GNP should set itself the objective of covering a range of regional thematic issues concerning the whole neighborhood. Decisions taken by the GCC Supreme Council (after having consulted the various GCC bodies covering neighborhood questions) in accord with its regional partners should be binding on GCC members. Under the umbrella of the GNP, topics of regional relevance can be addressed by all members, and such discussions can be focused on:

- Regional security: a regional dialogue among the 14 partners must be initiated. Heads of State can meet once a year to discuss major guidelines for increasing the security of the region and the development of a more peace-oriented environment. Every six months, Ministers of Defense and military delegations of all partner states should meet to discuss concrete goals for enabling the region to achieve a higher degree of security and response to international threats.
- Economic cooperation: The GNP should foster meetings of Head of States in order to discuss wider agreements to encourage the region's economic growth but it also should act with the objective of facilitating meetings for the private sector as well as groups of entrepreneurs of all the 14 states which would highly stimulate networking and exchange of ideas.
- Trade facilitation: One of the GNP's major objectives should be to implement a comprehensive Free Trade Agreement between all 14 partner states resulting in the creation of a regional market.
- Development assistance: Foreign ministers should meet twice

a year, along with delegations of social representatives (tribal leaders, civil workers, international humanitarian associations), in order to set defined budgets for the development of the poorer areas of the Gulf Neighborhood region.

- Political cooperation: Heads of State should meet once a year (extraordinary meetings can be called for) in order to decide a common stance on international issues. Such meetings should also be seen as an opportunity to discuss differences of opinion concerning regional matters.
- Religious exchanges: As Islam represents the main religion of the region, religious leaders of the different countries should be able to meet under the GNP for a religious forum once a year in order to enhance religious exchanges (facilitations for pilgrimage, religious studies, etc.).
- Energy, food and water supplies: Ministers of the relevant ministries should meet once a year to discuss possibilities of cooperation and assistance in these fields. The objective would be for the GNP to enable the GCC and its partners to achieve independence in food and water supplies through regional cooperation.

Furthermore, the GNP should develop a certain number of structures which would be able to sustain the efforts of such a project. These structures can be identified as the following:

- A Gulf Central Bank (whose positive effects have been discussed previously)
- A Gulf Development Bank: This would annually define the available budget for development assistance in the neighborhood and would be responsible for accounting for such a budget.
- A Water Institute: Responsible for analyzing water needs of the GCC and partner countries. Such an institute would also be responsible for publishing policy papers that would guide the GCC states and their partners in the search for improving

their water supplies and tackling any impending crisis in that field.

- **An Information Sharing Institute:** Centered under the joint responsibility of the regional police forces this would function as a database for collecting data on criminals and terrorists in order to further enhance the fight against illegal smuggling and counter the extremist threat to civil populations or regimes.
- **A Gulf Neighborhood Policy Action Service:** This should be a transparent service formed by GCC nationals under the supervision of the GCC Secretariat General which would, along with members of the partner states, examine the general implementation of policies.

3. The Gulf Neighborhood Policy

After having outlined the rationale and structure for a possible GNP, one can move into defining the different action plans the GCC states can offer their regional partners. As discussed earlier, the GNP has to be conceived as a project containing five programs directed toward different groups of states. The ‘states with membership potential’ category details the policies the GCC, as a unique institution, can take towards Iraq and Yemen to foster economic development and political stability and enable them to have a standard of living closer to that of the current GCC states. Action plans would be developed with the objective of meeting criteria that could qualify these countries for potential membership in the future. The Strategic Neighborhood Partners category is addressed to states such as Jordan, Lebanon, Syria and Pakistan that have no aim of entering the GCC but whose political stability, economic development and regional integration are a priority for the Gulf monarchies due to their geographical proximity as much as their historical and social ties. Special attention will be given to the possibility of building a free trade zone. The section regarding ‘The Neighbors in Need’ will

address specifically the case of Afghanistan and how in the medium term a specific GCC presence, tailored around the organization's own characteristics, can strengthen the Afghan central government. Provided this policy produces relative success, it may in the long term be applied to other states (such as Somalia) whose stability also influences the GCC geopolitical situation. The Future Partners section specifically looks at Iran, a state with which GCC countries would greatly benefit in having normalized commercial, economic, political and security relations. The last section, Distant Actors, analyzes the way the GNP states interact with international powers which have a special connection with the Gulf region such as China, India and Russia. This paper does not take into consideration the historically long relationship between each Gulf state and the United States as it does not enter the ambit of the GNP. Nevertheless, it is suggested that the present project is a possible concept to rebalance multilateral talks involving the US (a wider regional integration wherein stability in the region is an objective meaning that, in the long term, the US military presence to defend the Gulf monarchies would be less required.)

In the following pages, a set of policies precisely designed for each section, and more specifically for each country, is provided; it may be seen as an ensemble of possibilities tailored for each situation.

3.1 Potential Member States

3.1.1. Iraq

With a population of almost 29 million people and globally ranked as having the fourth largest oil reserves in the world,³⁰ Iraq is a potential giant in the Gulf region, from an economic and demographic perspective. Yet decades of war and Iraq's aggressive stance towards its GCC neighbors during the Saddam Hussein

30. Iraq, CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html> (accessed January 27, 2010).

regime, forced the Gulf monarchies to approach the country with prudence. Since the overthrow of the Saddam Hussein regime, there has been a revival in ties between Iraq and the GCC including, for example, the reintegration of Iraq in the Union of Commerce and Industry Chambers for the Gulf Cooperation Council.³¹ It is clear that given the current circumstances in Iraq and its struggles with the post-invasion developments, a path towards an eventual GCC membership is not on the cards. As GCC Secretary-General Abdul Rahman Al-Attiyah stated: “Iraq in its current circumstances and even in normal circumstances is not ready to join the council.” That the door, however, is not totally closed was underlined by Bahrain’s Foreign Minister, Shaikh Khalid bin Ahmed Al-Khalifa who said: “When the GCC was established we did not restrict its membership to any countries – it is not an exclusive club. Once the GCC is a complete unit, we will allow any of our brothers to come and join.”³²

Taking into consideration these quotes, the GCC should develop a comprehensive assistance plan through which Iraq can benefit. In other words, the role of the GCC states towards Iraq in the framework of the GNP must be focused on one concrete goal: stabilizing the country and enabling it to achieve the degree of economic development and social peace that would provide it with a level of stability from which it could work towards potential membership. For this, the GNP must approach the Iraqi question from three angles: the most immediate need is to strengthen the Iraqi state and political system. This goes hand in hand with an active participation by the GCC states in the development of a sustainable economic growth plan and in providing financing in key sectors. This will enable Iraq to seek its own long term economic model, which can be based on the worldwide exports of its oil resources with the

31. “Iraq Restores its Membership in the GCC,” iraqdirectory.com (accessed May 6, 2010).

32. The two statements are taken from Oliver Pearce, “The GCC and Iraq, What’s Happening?” arabcomment.com, December 12, 2008.

intent of structuring a strong budget for the state's economy. In turn, this will enable the government to provide its people with nationwide services. Following this, economic diversification can provide the country with long-term economic stability through the development of commercial and financial ties with its neighbors and the creation of a business friendly zone aimed at attracting foreign investors. Finally, a special effort must be made with the objective of mending social relations between Iraq and the GCC by organizing major social and cultural events to create the necessary bonds between the Iraqi people and the GCC nationals. All of this can be accompanied by a wide-ranging political dialogue with the aim to overcome currently existing threat perceptions and historical animosities. The aim and objective must be to offer Iraq an alternative to the present Iranian interference in the country with the GCC supporting the emergence of a unified and stable Iraqi nation.

Initially, the GNP must succeed in achieving two goals: assuring the implementation of free trade objectives already present in the GAFTA (mostly requirements for greater cooperation and regulation aiming at the enhancement of inter-Arab trade) with the aim of developing free trade between GCC and Iraq and enacting a range of investments in the energy sector that would give Iraq the chance to fully integrate in the world market on the basis of its natural resources. Within the GNP, this would take the form of targeted investments in key industries and agreements on energy trade between the GCC countries and Iraq. Furthermore, as today all Gulf countries, except Qatar, are part of IRENA,³³ the focus can also be brought on the implementation of a Gulf project for the development of the renewable energy sector. Regarding this topic, the expansion of the GCC electricity grid and railroad system network to Iraq (initially planned for Basra) is also a step forward that a GNP policy toward Iraq must look at closely. Overall, this means that the

33. "Major Boost as Saudi Arabia joins INERMA," *Khaleej Times*, January 18, 2010.

economic component of a GNP action plan towards Iraq has to identify economic sectors for investments and lay the necessary rules and regulations for FDI. Also, the GNP should include a special development aid directed at continuing support to the ongoing reconstruction of Iraqi infrastructure until the Iraqi government can cover these expenses with its own funds.

Iraq's stability and security will determine the legitimacy and the strength of its political system. This is why the GCC, in the frame of the GNP, has to guarantee Iraq with two policies: institutional support of the outcome of March 2010 election accompanied with an expressed will of working closely with whatever government is formed as a result of the elections (in order not to appear as an institution backing only pro-Sunni political parties, for example) and a strong dedication towards participating in Iraq's security, which can pragmatically be undertaken by close cooperation to ensure effective border security. A second point linked to regional security lies in the relative demilitarization³⁴ a GNP action plan could propose to Iraq. It is certain that GCC states still see Iraq as balancing³⁵ Iran's military power, so they perceive the need for a certain degree of militarization which should be limited to defensive capabilities (from internal and external threats) that would not constitute a risk to the GCC's integrity. In other words, there should be complete transparency from the Iraqi government concerning the country's military capabilities, which should be limited to an agreed number of ground forces, armored divisions and a small air force capable of providing limited assistance to ground forces in case of a conflict (following the treaties after World War II, a similar process was used to deal with the military issue regarding Germany). Furthermore, states like Saudi Arabia can offer expertise and know-how in counter-terrorism operations through bilateral accords in the frame of the GNP.

34. Giacomo Luciani and Tobias Schumacher, *Relations between the European Union and the Gulf Cooperation Council States* (Dubai: Gulf Research Center, 2004).

35. Geoffrey Kemp, "The Balancer," *National Interest*, February 4, 2010.

Regarding the social and cultural efforts, GCC states can facilitate mobility from Iraq to the GCC for selected citizens (such as students, professors, and businessmen) and they can benefit from participating in highly visible reconstruction projects (such as mosques and schools). In addition to that, and if the security situation allows it, the GCC states should encourage religious tourism between Iraq and the GCC states. This process could generate mutual benefits: it can stimulate small and medium enterprises closely linked to the Holy Cities and, on the other hand, it would be a possibility to reduce sectarian tensions.

The objective of the general action plan regarding Iraq within the GNP should be to provide the country with the entire political and economical infrastructure necessary to make it a viable state within the GCC in the future.

3.1.2 Yemen

A GNP action plan towards Yemen must be meant to accomplish three main objectives: stabilize the Yemeni central government and increase its influence in the country – this process must include a plan for gradual institution building and the inclusion of tribal elements in government affairs; provide the GCC states with a certain degree of security in regard to their southern neighbor; and enable Yemen through targeted investments to achieve a certain degree of economic development.

Lobbying for a membership in the GCC since 1995, Yemen remains the poorest country in the Gulf region. With a population close to that of Saudi Arabia (almost 23 million people in July 2009)³⁶ and an unemployment rate of 35 percent as of January 2010, it is at present torn by multiple tribal, secessionist and sectarian conflicts. In reference to this situation, Abdullah al Saidi, Yemen's top diplomat in New York stated: "We argue that the security of Yemen is central to

36. Yemen, CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html> (accessed January 27 2010).

the security of the Gulf; this is not theoretical. They must understand that a poor Yemen with instability because of poverty and lack of development is really linked to their security.”³⁷ Given the complex situation presented by the Yemeni case, a GNP action plan towards this country has to include a set of menus (political, economic, and on security) that can be offered to the Yemeni government. This is an extremely important detail since, to sponsor a GNP success, it must be clear that the GCC intention is not interfering in internal dynamics but also not sponsoring a corrupt form of government. The core objective for the GNP would be strengthening a central and accountable Yemeni government.

Taking into consideration uncertainties expressed by Kuwaiti officials mainly concerning three points – security-linked issues, economic development and immigration issues – the GCC states can take a similar approach through the GNP as for Iraq concerning the draft of an action plan towards Yemen which would include the long-term possibility (resting on the accomplishment of defined goals) of membership to the GCC.³⁸ This effort to assure the possibility for Yemen to develop its economy must nevertheless be based on hard security and on the use of force against separatist movements threatening the GCC’s overall security. This being a matter of Yemeni internal security, the GNP action plan must focus on extensive border security and intelligence coordination. For this, the GCC states can offer programs to train border officers and state employees and create a special fund that would be meant to subsidize (in addition to their regular salary) the Yemeni army and police in order to tackle

37. “Yemen Envoy Call for Entry in the GCC,” *The National*, January 9, 2010.

38. For a better perception of GCC objections to Yemen’s full membership, see Ronan McGee, “Yemen and the GCC: Prospect of a Membership,” *Stimson Publications*, October 5, 2009. “An estimated 45% of its population lives below the line of poverty, unemployment is as high as 40%, GDP per capita is significantly lower than in the oil-rich kingdoms, and the levels of literacy and infrastructure lag behind its neighbors. Massive funding by the GCC would be necessary to overhaul Yemen’s economy and raise its standards to GCC norms.”

problems of corruption and defection. Here, military solutions have to be accompanied with social development plans within in the framework of the GNP that aim at the long-term regional integration of the Yemeni state. This should, for example, include the facilitation of access of Yemeni products to the GCC states in order to boost the export sector. GCC states can also use the investment organs developed for the GNP in order to increase investments in two sectors of Yemen's economy, namely construction and industry as these need a large number of unskilled workers. This would in the short term alleviate Yemen's problem of unemployment.³⁹ In addition, the GCC can establish civilian teams – for example like the Provincial Reconstruction Teams in Afghanistan⁴⁰ – which can focus their investments on key sectors such as education and health infrastructure. Such teams, formed by GCC and international personnel, will work under the assistance of the Yemeni army which would enable them to operate in tribal areas. Their general objective would be to work closely with the Yemeni population in order to provide them with necessary health services, water resources and general assistance leading to an overall development of local and regional infrastructures such as roads, utilities and sewage.

Since December 2009, most GCC states have pledged their allegiance to the Saudi fight against the Houthi threat to the Kingdom's sovereignty. The official communiqué of the annual GCC summit held on December 14, 2009 in Kuwait City stated: "We are fully

39. In order to alleviate the unemployment issue, the GNP should focus mainly on creating employment through the development of Yemeni domestic industries. Even though the Yemeni Planning and International Cooperation Undersecretary for the sector of Studies and Economic has in fact stated that the GCC could offer 900,000 jobs for Yemeni workers, this figure is certainly exaggerated as GCC states are mostly reluctant about taking Yemeni workers into their domestic job market. See "Gulf States Able to Employ 900 thousand Yemeni Workers," *almotamar.net* (accessed January 21, 2010),

40. On the role of PRT: Provincial reconstruction team, USAID, <http://afghanistan.usaid.gov> (accessed January 27, 2010).

behind Saudi Arabia against the cross-border assaults launched by armed infiltrators on Saudi territory.”⁴¹ During this summit Kuwait, Bahrain and the UAE assured Saudi Arabia of their unconditional support against the Houthi threat. This situation provides a base for the possible military part of a GNP action plan concerning Yemen. Expressions of solidarity by the GCC states should result, in the long term, in accords between the GCC and the Yemeni government to coordinate military operations to take the initiative away from separatist movements. Cooperation in military operations can take the form of extended intelligence sharing regarding cross border insurgents, training of Yemeni officers with more quality infrastructure (in Saudi Arabia or the UAE), and the creation of a joint counter-terrorism force containing active units from Saudi Arabia, the UAE and Yemen (trained in the three countries). Such coordination can be built on the foundation already existing between Saudi Arabia and Yemen (the visit of Saudi Assistant Defense and Aviation Minister and General Supervisor Prince Khaled bin Sultan Bin Abdul Aziz to Yemen on January 4, 2010 is a good example of the closeness of the two governments).⁴² With the objective of supporting the Yemeni government’s efforts to gain control of its national territory, the GCC states under the GNP cover can also provide it with state-of-the-art military equipment, as Yemen mainly lacks a sufficient air force and armored force to maintain control of strategic areas. States as Saudi Arabia and the UAE can also offer training to Yemeni officers and, as in the Iraqi case, extend their capability to deal with terrorist threats. This strategy has to be based on an inter-regional intelligence network. As this process might prove to be a long one, the Gulf monarchies should focus on military-to-military cooperation providing the Yemeni government with special teams to assess the developments

41. MENAFN, “UAE Bahrain back Saudi Arabia on Securing Southern Border,” *Arab News*, December 24, 2009.

42. “President Saleh Receives KSA Defence, Interior Ministers’ Assistants,” *almotamar.net* (accessed January 4, 2010).

and start planning coordinated actions (for example, border control). Nevertheless, the emphasis should remain on stabilizing the state and encouraging the process of building a more responsive government at the same time.

It must be highlighted that the key to the Yemeni integration to the Gulf region lies in a joint effort by GCC states to sponsor long-term economic growth and a general improvement of living standards both at the micro- and macro levels. The military and police cooperation must be interpreted as short- and medium-term responses to immediate issues threatening the region's stability yet they are a major part of the action plan towards Yemen.

3.2 Strategic Neighborhood Partners

Outside of those countries with a potential for GCC membership, the next category of states include those who already have strong economic, financial, commercial and political ties with the Gulf monarchies due to historical reasons. In this case, the GNP must be considered as a framework aiming at enhancing their economic development and participating in their political stability. In the case of Jordan, Lebanon and Syria, the action plan should outline the medium-term objective to create a common market with the GCC through the enactment of a regional FTA aimed at increasing economic growth and commercial diversification in the nine countries.

3.2.1. Jordan

The political situation in Jordan has been stable since the late 1970s and while various issues linked to refugee-related questions have challenged the internal functioning of the state, they have not significantly impacted its security. An action plan within the GNP regarding Jordan should provide the Hashemite Kingdom an opportunity to seek further economic integration and allow the GCC states to better coordinate their investments to achieve maximum profitability. As of today, GCC investments represent over

50 percent of foreign holdings in Jordan, yet this support by the Gulf monarchies does not change the fact that the country continues to suffer from a volatile economic situation.⁴³ In fact, its economy is one of the smallest in the Middle East, with insufficient supplies of water, oil and other natural resources thereby leading to a heavy reliance on foreign assistance. In 2008, unofficial sources suggested an unemployment rate of approximately 30 percent in the country; in 2005 (the latest available data), an estimated 15 percent of the population lived under the poverty line (set at an annual income level of \$439 per capita).⁴⁴ Due to the fact that Jordan does not represent a security threat to the GCC and its political system is not endangered by insurgency, institutional malfunctioning or international recriminations, it presents a unique case within the GNP and the GCC states should regard Jordan as a strong rising partner in the coming years. The objective of the action plan proposed by the GCC to Jordan therefore should be based mainly on bilateral or multilateral trade accords whose objective is to enhance the entrepreneurial sector in the country. For this, regulatory barriers have to be diminished and the entities have to abide by the already existing GAFTA terms. Furthermore, states like the UAE and Saudi Arabia can provide Jordan with the necessary expertise to counter its water and energy shortages through investments in necessary infrastructure and the appointment of Saudi and Emirati technicians to supervise these projects.

The Jordan Investment Board (JIB) indicates that Saudi investments in Jordan are ranked first with a total of JD934 million, followed by Bahrain and the UAE with investments of JD335 million

43. Edward Burke, Ana Echague and Richard Youngs, "Why the European Union Needs a 'Broader Middle East' Policy" (GRC Working Paper, Rome, December 10-11, 2009..

44. Jordan, USAID 2005 report, <http://www.usaid.gov/policy/budget/cbj2005/ane/jo.html> (accessed May 6, 2010).

and JD 191 million, respectively, and Kuwait at JD114 million.⁴⁵ The majority of foreign investments in Jordan target the industrial, tourism, agricultural, transport and communication sectors. This preexisting situation provides an opportunity to the GNP to enact a special policy focused on an already existing situation given that the Jordanian state is used to a great presence of GCC investments in diverse sectors of its economy which already creates a 'trust feeling' necessary to these associations. The action plan concerning Jordan would not require all GCC members to participate actively in every policy but instead would take a thematic approach where a number of Gulf states decide to better institutionalize their already existing relations with Jordan. Examples such as the success of Jordan-Kuwait bank (founded in 1976), which registered substantial growth in 2008, or the increased interest showed by Bahraini Telecom enterprise to have a bigger share of the Jordanian market combined with GCC investments in tourist infrastructure in Jordan could be seen as a basis for a broader and more institutionalized approach. One specific goal of including Jordan in the GNP is to help it to achieve the objectives concerning its entry into the WTO and the conclusion of its negotiations with the GCC for an FTA which would include commercial services, agricultural products as well as movement of individuals working in construction, insurance and banking institutions.⁴⁶

Furthermore, the GNP has to focus on enhancing inter-regional projects such as the recent declaration by Jordanian, Syrian and Saudi authorities to create a joint electronic network to facilitate trade and information.⁴⁷ The GCC states should further start by

45. "Saudi Arabia Leads Investments in Jordan," ameinfo.com (accessed February 19, 2010).

46. Dubai Chamber of Commerce and Industry, *The Economic Bulletin* 3, no. 27 (September 2006).

47. MENAFN "Jordan Customs Working for Electronic Network with Syria and Saudi Arabia," *Jordan Times*, February 19, 2010.

introducing, in the short term, a general FTA among the countries involved in the “strategic neighbor partners” group, mostly Syria, Jordan and Lebanon, with the medium term goal to create a free market area where products and services can transit with limited tariff barriers.

Within the GNP, problems such as water scarcity can be approached with an exchange of expertise and the establishment of a water resource management institute, which would have the objective of monitoring the water needs and water supplies for the GNP states. As virtually all the Gulf countries, to different degrees, experience the same issues, joint teams can be assembled to find common and effective responses. In that case, the exchange of knowledge and technology would be more favorable to Jordan and other GNP partners as direct aid in the form of government funding.

3.2.2 Lebanon

The 1989 Taif Agreement, which put an end to the Lebanese Civil War, and the 2008 Doha agreement, that stabilized the political situation in Lebanon, underlined the positive role of an Arab initiative coming from the Gulf monarchies. In this regard, the major task that can be expected from the GNP towards the Lebanese state is to continue the GCC’s political and social investment for the stability of Lebanese institutions. As GCC Secretary-General Abdulrahman Al-Attiyah said on December 29, 2009 during a visit to Beirut: “The exemplary bilateral ties are based on common understanding and respect and a shared desire to materialize the aspirations of our nations for stability, prosperity and welfare.”⁴⁸ To this extent, an action plan designed within the GNP framework represents a way to institutionalize the already existing ties between Lebanon and the GCC countries with the medium-term objective to better allocate each country’s effort through the definition of clear objectives and

48. “Lebanon Focal Point for Arab Joint Action - GCC Chief,” *zaywa.com* (accessed December 29, 2009).

the delimitation of bilateral agreements (GCC country-Lebanon), multilateral agreements (2 or more GCC countries-Lebanon) and institutional agreements (GCC-Lebanon).

Two objectives could represent the core of the GCC action towards Lebanon: providing the country with the necessary support to develop a viable political system based on national unity and economic growth, and exploiting this state's investment-friendly environment to further enhance bilateral ties based on private investments. The former has to be taken forward by multilateral and institutional agreements; as for the latter, bilateral ties must be privileged and fostered by the GNP while the process of further expanding the FTA between Lebanon and the GCC has to be analyzed as an institutional affair.

In order to participate in making Lebanon a politically and economically strong state in the Near East, the GCC countries should consider following two patterns of action. First of all, the Gulf states can continue supporting the Lebanese government regardless of any changing majority in Parliament. In fact, putting the GCC diplomatic weight on the Lebanese side enables the country to further develop its domestic legitimacy and to normalize its integration in the region (for example, the recent visit to Syria, backed by the GCC, proved to be a diplomatic success). With the goal of strengthening the Lebanese state, Saudi King Abdullah participated with Syria in a major push for stability after the June 2009 elections. According to SANA, the Saudi monarch stated: "A national unity government is the basis for stability, unity and strength in Lebanon."⁴⁹ The same approach towards Lebanese stability can be attributed to Qatar as in 2008 it offered a proposal for the implementation of a new electoral law⁵⁰ during negotiations for resolving the Lebanese political crisis.

49. "Saudi, Syria Urge Lebanon Unity Government," *Khaleej Times*, October 10, 2009.

50. "Qatar Offers Lebanon Proposal," *Al Jazeera English*, May 20, 2008 and "Qatar Emerges as a Diplomatic Powerhouse," *Los Angeles Times*, May 15, 2008.

The state in itself can be strengthened by a multilateral approach aimed at long lasting sustainable development. Gulf States have to coordinate their investments in Lebanon's infrastructure with the aim of increasing their effectiveness. As the Qatari involvement in the post 2006 reconstruction of Lebanon shows,⁵¹ given their cultural and social ties, the Gulf countries can spend large amounts on the structural development of Lebanon; at the same time, it is in both parties' interest to provide a sense of complete transparency regarding the allocation of these sums in order to increase their efficiency. For this, the GNP's main organs will have to draw up multilaterally agreed investment plans, resulting in a common decision by the Lebanese Parliament and the interested GCC states.

Lebanon is also preparing for a vast array of construction projects of a value estimated at \$1.8 billion,⁵² which would generate a strong demand for project management, training and skills investments needed to maximize the chances of success for such projects. For this, cooperation with states such as the UAE with the goal of exchanging know-how will be a relevant aspect of the GNP, where the mobility of experts and expertise is of vital importance.

Furthermore, the GNP is to be viewed as a new incentive for inter-regional benefit-oriented investments. For this, a broader FTA between the GCC and Lebanon can be the base for a further liberalization of the movement of capital, the protection of foreign investments and the stimulation of a closer dialogue between businesses, administrations and academic institutions with the objective of identifying the priorities for private enterprises. Given that the main concern is about establishing a concrete framework to sponsor the evolution of investment ties between the GCC and Lebanon, the GNP can be described as a stimulus to the already

51. "Qatar's Reconstruction Aid in Lebanon," rebuildlebanon.gov (accessed March 14, 2008).

52. MENAFN, "\$18 Billion Project Worth Boosts Demand for Skill Investments in Lebanon," January 26, 2010.

existing exchanges. To this extent, the GNP can borrow the valuable example of the ENP action plan toward Lebanon and promote: the improvement of the regulatory framework and reduce the red tape; the implementation of actions to facilitate SME's access to finances; the efforts towards the objective of WTO accession; the exchange of views and experiences concerning liberalization of capital movements and the protection of foreign investments.

3.2.3 Syria

Since the assassination of former Lebanese Prime Minister Rafiq Hariri in 2005, relations between Syria and the Gulf States, especially Saudi Arabia, have been tense. This period has been characterized by harsh diplomatic tensions which resulted in statements such as the following: "They (Syria) believe they can deceive the Arab and Muslim nation, but their actions are proof of their malicious intentions."⁵³ Furthermore, this situation was exacerbated by the Bush administration's insistence that its regional partners limit their ties with the Assad government. But a shift in attitude displayed during the last months of the second Bush term and President Obama's first year in office has led to a set of calculated openings from the international community towards Syria. In October 2009, King Abdullah of Saudi Arabia traveled to Damascus for his first official visit to Syria since he was crowned in 2005. This trip was defined by commentators and analysts as a turning point in Saudi-Syrian relations after years of tensions and resulted in a new ambassador being named to Syria after years during which the post had remained vacant.⁵⁴ Besides King Abdullah's call for closer ties with Syria (October 2009, January 2010)⁵⁵, statements such as "We have

53. "Saudi Arabia: Syria Trying to Destabilize Middle East, Spread Chaos," *Haaretz*, August 17, 2008.

54. France 24 international news, "King Abdullah in Damascus as Relations Thaw," October 7, 2009.

55. Caryle Murphy, "Saudi-Syrian Relations Thaw as Assad Calls on the King," *The*

decided to remove the difficulties hindering commercial exchanges, notably the taxes recently imposed by Syria on products exported to Saudi Arabia” by Syrian Finance Minister Mohammed al-Hussein appeared. From this perspective, an action plan for the GNP aimed at Syria must focus on enhancing the normalization of diplomatic relations between the GCC countries and Syria. Such an approach offers the GCC the possibility to achieve two further aims: stabilize the situation in Iraq and detach Syria from one of its closest partners, Iran.

Along with this dual diplomatic objective, the GNP action plan has to be augmented by a mutual commitment to a rapid development of GCC-Syria trade and commerce. Such a goal can follow the lines of already developing trends, such as the opening of branches of a Syrian shopping center in Riyadh and Doha, the organization of special exhibitions for Syrian products in the Gulf States and of Gulf-Syrian investment conferences (such as the one to be held in Qatar in 2010). With this objective, the GCC states can speed up the process of a FTA with Syria.⁵⁶ The enhancement of trade between the GCC and Syria must also be designed on a long-term goal common to the four countries of the Strategic Neighborhood Partners program to integrate a common zone of free trade and easier mobility between GCC states and regional partners (for example, Kuwait-Jordan) and among regional partners themselves (for example, Lebanon-Pakistan). This would encourage wider regional integration.

Syria’s integration in the broader international community and the normalization of relations with Gulf monarchies is made difficult by acts such as the February 2010 meeting hosted by President Assad in Syria, attended by Hizbollah officials as well as the Iranian President and officials of numerous Palestinian organizations.⁵⁷ A gradual

National, January 14, 2010.

56. MENAFN, “Syria to Open Shopping Centers in the GCC,” *Kuwait News Agency*, January 18, 2010.

57. Oliver Scalan, “Hizbollah General Secretary Meets Ahmadinejad in Damascus,”

warming up of relations is needed so that Syria sees its relationship with the GCC as having far greater benefits than its obstructive position with Iran. Including Syria in a broad regional integration program is probably the most effective option to lift the “siege” impression which pushes it towards close ties with Iran. The GCC has a major leverage over other international organizations such as the European Union as it shows no desire to fundamentally change its partners’ political regimes. The Gulf monarchies certainly do not favor the autocratic form of Arab socialism undertaken by the Assad family, yet they also will not push for democratic reforms as the EU does. The only structure of reforms that will be favored by the GNP are the economic ones which have the scope of enhancing Syria’s potential efficiency, mostly by favoring the development of independent small and medium businesses which would counterbalance the country’s strong reliance on public employment.

A deep partnership with Syria can not only be considered as a diplomatic tool to engage in the medium term in the softening of tensions generated by the aggressive posture of Iran. Engaging in a durable diplomatic dialogue with Syria can also provide the GCC with an influential partner in relation to two other sets of policies - ensuring the stability of the Iraqi government and a formal agreement to positively contribute to political continuity and social peace in Lebanon, in addition to its territorial integrity. Moreover, the GNP should work towards maintaining a common Arab position (in this case a position uniting the GCC states, Jordan, Lebanon, Syria, Iraq and Yemen) toward the Israeli issue.

3.2.4 Pakistan

As of today, roughly 2.4 million Pakistanis are living and working legally in the GCC, the biggest communities being in Saudi Arabia

(1.1 million)⁵⁸ and the UAE (860,000).⁵⁹ The relationship between the countries of the Arabian Peninsula and the present Pakistan can be traced to the Arab expansion and Islamization of the Indian sub-continent (during the 8th Century CE) which then evolved in a diverse network of commercial ties and intellectual exchanges based on a common religion and shared history. For these reasons, Pakistan-GCC relations under the framework of the GNP is an essential one; in fact, an action plan linking the two sides has to be based on four points: improving labor mobility and ensuring the efficiency of remittances; coordinating a GCC action plan for the development of specific areas in Pakistan; introducing a broad dialogue on security issues; and stimulating cooperation over energy and food security issues.

The first step to strengthen relations between the GCC and Pakistan under the GNP would be to facilitate labor mobility through a more flexible visa system and enhance the capital remittances made by Pakistani workers which could contribute to their country's development. In May 2009, a Memorandum of Understanding was signed between the UAE and Pakistan regarding the question of improving the lives of the Pakistani workforce based in the country. In fact, Pakistan has complained over the years about the harsh treatment its workers receive in the GCC. To address this issue, the GNP can promote a general transparency to ensure the implementation of basic conditions such as preventing improper practices by private labor supply agencies including the practice of exploiting workers by demanding exaggerated fees, providing false information about their working conditions in the host country, as well as misleading the employers in the GCC regarding the workers' qualifications and experience. In the framework of the GNP, these objectives have to be set by the respective Ministries of Labor with the input of the Consultative Council and ratified by the GCC

58. United Nations Secretariat General, *Arab versus Asian Migrant Workers in the GCC Countries* (Beirut, May 15-16, 2006).

59. "UAE Signs MoU with Pakistan," *Gulf News*, May 3, 2009.

Heads of State. Results should be checked by an independent body of Pakistani-GCC analysts. Such an action plan will achieve the two goals of increasing the legality of the foreign workforce in the Gulf and enhancing the relations between the GCC and Pakistan at the societal and national levels.

The second objective is to inspire an overall GCC coordination towards targeted investments in specific areas of Pakistan. The volume of trade between the GCC states and Pakistan was \$11 billion in 2006.⁶⁰ Talks began in 2005 concerning a free trade agreement between the two sides, but little progress has been achieved.⁶¹ Regarding economic, commercial and financial relations, the GNP has to focus on two points: creating a more business-friendly environment in Pakistan through the liberalization of exchange of capital and products between the two sides and enabling Pakistan to become more internationally competitive. This second point would result from a policy of targeted investments aimed at developing key infrastructure. For this, two programs can be selected as priorities for the greater integration of Pakistan. In the maritime center formed by the two ports of Gwadar, Karachi and Port Qassim, the GNP can actively participate in the ongoing projects to develop these ports. Such programs could include the deepening of already existing canals, the expansion of container terminals, the replacement of aged floating crafts, developing a greater network for communication between the three hubs and investing in key construction projects which would result in the augmentation of tourist attractions in the region. Such projects are in part already undertaken by international private firms⁶²

60. "Indian, Pakistan Trade with the GCC Hits \$36 Billion," *Arabian Business*, August 14, 2007.

61. More recently, the UAE has called for an effort to accelerate the process. See "Pakistan Seeks UAE Help for FTA with GCC," *bilaterals.org* (accessed May 6, 2010).

62. Karachi Port Trust, Project in brief, *www.kpt.gov.pk* (accessed February 3, 2010).

(mostly from the US, UK and China); in this situation, the GCC countries can participate with funding, by proposing new projects and by offering expertise for port-related issues (for example, Dubai has great expertise in this area). On the other hand, the GNP can participate in the development and the enhancement of industrial efficiency and the modernization of the Pakistani financial sector. The GCC countries can invest significantly in education – in the schooling system with the objective of increasing the literacy rate (currently 49.9 percent⁶³) and in the higher education sector to provide young citizens with greater expertise and augment the overall efficiency of the workforce. The GCC can also select a small number of textile and telecommunication enterprises. By providing these industries with important funding (under the GNP development assistance program), the GCC can sponsor innovation and the acquisition of better technologies. As for the financial sector, the GCC states can facilitate the mobility of funds and services directed to Pakistan and coming from Pakistan to the GCC. Cooperation in sectors such as Islamic banking can in the medium term be beneficial for partners since it would provide the GCC states with a wide market and would encourage Pakistan to enter the international financial sphere. Besides, the GCC members can aid Pakistan's economic and social development through already existing structures such as the Saudi Fund for Development (SFD)⁶⁴ or the Dubai Cares program.⁶⁵ Structures such as the Saudi Fund for Development can work closely with small- and medium-enterprises in selected regions of Pakistan, providing them with necessary loans so that they can put up viable businesses. The objective would be to generate a circle of micro-growth on the regional or sub-regional level. In the same

63. Pakistan, the CIA Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html> (accessed February 3, 2010).

64. The Saudi Fund For Development, <http://www.sfd.gov.sa/english/> (accessed May 6, 2010).

65. Dubai Cares, <http://www.dubaicare.ae/> (accessed May 6, 2010).

regions chosen by the SFD, Dubai Cares could invest in schooling and healthcare in order to strengthen the community. The economic action plan towards Pakistan should then be directed to two levels of the country. Through a high level GCC investments program, the GNP can positively impact the integration of Pakistan into the global market; on the other hand, a program at the community level should have the goal of fighting illiteracy, poor healthcare and water scarcity, while enabling small investments to drive the economic life of these selected communities, which would then generate a positive cycle of growth.

The third aspect of the action plan resides in a multifaceted and multilateral strategic dialogue meant to address several security related topics: trafficking, stabilizing Afghanistan, and intelligence cooperation on extremist movements. Two strong moves can be made to limit the drug trade. To start with, a common database functioning on the concept of Interpol, where the criminal records of international narcotics smugglers and their profiling is accessible to all GNP police institutions, can be created. On the other hand, the GCC Ministers of Foreign Affairs and ambassadors to Pakistan must urge the Pakistani government to step up its police operations against the “drug hubs,” which would result in a greater and stricter control of departing containers and a presence on the whole production scale (from production to export). Such police operations in the long term can involve GCC special police forces to be posted at Pakistan’s main ports while Pakistani counterparts could be sent to Kuwait, Oman and the UAE. This is a major step to enhance inter-police cooperation and ensure the continuity of international investigations. This recommendation for the GNP is certainly a sensitive matter since it would represent a perceived loss of sovereignty for both entities. Yet, the overall objective of such operations is to increase border control in the region and it is therefore an appropriate subject to be taken up by the GNP with regard to Pakistan. Kuwait, Oman and the UAE are the main destinations and point of transit for the

smuggling of heroin and hashish. These drugs pass through the main Pakistani ports such as Karachi and Port Qasim, but most of the containers are already loaded in dry ports such as Sialkot which leaves the possibility to control only around 10 to 15 percent of the outgoing containers.⁶⁶ This situation poses a direct problem to the Gulf monarchies as narcotics traveling from Pakistan are also in part destined for Saudi Arabia.

The GNP for Pakistan must deal with two other security-related topics: the stabilization of Afghanistan and the regional fight against terrorism. These two points should be addressed by the establishment of a regional security dialogue,⁶⁷ which would include the various intelligence services in order to counter extremist movements that threaten to destabilize either Pakistan or the Gulf monarchies. An institutionalized inter-agencies dialogue and an efficient sharing of collected intelligence information and useful data concerning key actors is in fact a major step towards a regional integrated security system. Furthermore, the GNP can provide Pakistan with a strong partner in the fight to regain control of tribal areas lost to the Taliban. In fact, through already existing contacts with radical fighters, Saudi Arabia and Qatar (as mediators) could provide Pakistan with an essential alternative to the use of force in the troubled regions.

The last two aspects of a GNP action plan concerning Pakistan lie in food and energy security. As recent developments have proved, Pakistan is willing to work with the GCC states to address their food scarcity issues. In fact, the government of Pakistan is preparing “one million acres of farmland, protected by a special security force, for lease or sale to countries seeking to secure their food supplies” and “Pakistan’s government is now in talks with Saudi Arabia, the UAE,

66. Information on the drug trade to the GCC states are mainly taken from Faryal Leghari, *Narcotics and Human Trafficking to the GCC States* (Dubai: Gulf Research Center, January 2007).

67. Joseph McMillan, Richard Sokolsky and Andrew C. Winner, “Toward a New Regional Security Architecture,” *The Washington Quarterly*, Summer 2003.

Bahrain and other Arab states.”⁶⁸ These plans are especially clear in the case of Saudi Arabia, which will stop its local wheat production by 2016 (because of water scarcity issues), and of the UAE which intends to build a stock that covers three months for 15 commodities (also with the objective to prevent high prices due to food speculation or to prepare in the case of a natural disaster).⁶⁹ In general, Pakistan is eyeing a \$3 billion investment from GCC actors in its food industry. The Qatar Livestock Company is preparing to invest \$1 billion in corporate farms in Pakistan while the Dubai-based Abraaj Capital intends to invest \$250 million in Pakistan’s dairy farm production.⁷⁰ Against this background, the GNP can assure an institutional framework which would provide all parties with negotiated long-term contracts and land leases. To strengthen the relations between the two parties, the Gulf monarchies can provide Pakistan with long-time secured oil and gas supplies to enable the country to have concrete development plans.

3.3 Neighbors in Need

3.3.1 Afghanistan

The task for the GNP towards Afghanistan is a delicate one; while GCC countries and their regional partners cannot, on their own, provide a complete solution to Afghanistan’s problems, they are able by combining political, military and financial tools to significantly help the international coalition presence on the ground and facilitate the process of shaping a more secure Gulf region. A politically stable Afghanistan could contribute to a diminution in the drug trade towards

68. Mir Mohammed Ali Tapur, “Buy Land – They Are Not Making it Anymore,” *Lahore Times*, February 7, 2010.

69. Abdul Basit, “UAE Plans Food Security Strategy,” *Khaleej Times*, December 24, 2009.

70. Press Release, Investment Division & Media Center, “Pakistan Farm Sector Eyes Major Share of \$200 Billion GCC’s Food Import,” May 3, 2008.

the GCC countries, a regulation of the refugee problem, and a defeat for radical groups linked to international terrorism that are a direct threat to Gulf security. Any action plan negotiated between the Afghan government and the GCC Heads of State thus has to take two aspects into consideration: the positive role the GCC countries can play as actors in the process of national dialogue and the necessary conditions for increased development aid from the Gulf to Afghanistan.

During the 1990s, Saudi Arabia and the UAE were the only states (outside Pakistan) to recognize the Islamic Emirate of Afghanistan, thus creating diplomatic ties with the Taliban (which were severed when the movement decided to protect Osama bin Laden). Given the fact that up to this point the Taliban are unwilling to enter into negotiations and that the Saudi government has refused to actively mediate, one can nevertheless mention the possibility of facilitating dialogue due to an existing network and local knowledge. On October 5, 2008 during the Eid ul-Fitr in Mecca, King Abdullah of Saudi Arabia met with 11 members of the Taliban,⁷¹ government representatives and members of other Afghani (pro-US and anti-US) factions. On February 3, 2010, President Karzai reiterated his views on strong Saudi action with regard to the peace process in Afghanistan by stating: "We have the support of our brothers in Saudi Arabia. We hope King Abdullah will personally assume a prominent role in leading and supporting the peace process."⁷² Therefore, with regard to Afghanistan, the first step the GCC countries as a whole must take to foster a durable peace in Afghanistan is to draw up a plan whereby possible dialogue efforts might be successful. The GNP can in fact provide important international legitimacy to such efforts as the agglomeration of Arab states will have a stronger voice to request the Taliban to abandon their policy of protecting Al-Qaeda.⁷³

71. Nic Robertson, "Saudi Hosts Afghan Peace Talks with Afghan Reps," *cnn.com*, October 5, 2009.

72. "Karzai Seeks Saudi Mediation," *Arab News*, February 3, 2010.

73. Nevertheless, this objective must be kept as a long term one since Saudi Arabia

Currently, the UAE with 25 soldiers⁷⁴ and Jordan with 7 soldiers have military contingents in Afghanistan. As part of a GNP policy to stabilize Afghanistan, the GCC and its neighboring countries could assist in sponsoring troops from the GNP States (even if in a very limited contingent) to contribute to further stabilization efforts there. This can be done by partly paying for the military expenses or providing for supplementary material. In fact these Muslim soldiers are particularly effective in an essential task of the Afghani conflict, winning hearts and minds. Interviews with Afghan villagers provide the following insights: "At first I thought these were American soldiers and I wanted them to leave but when they said they were Muslims I knew they were our brothers" (unidentified Afghan villager) or "the Arab troops come in our country and our village, we are very happy." (Hajji Fazlullah, Afghani villager).⁷⁵ In a conflict environment, peace-making operations such as contact with the local population, support of humanitarian projects or "cultural" assistance made by Arab troops are necessary and, in the long term, can increase the effectiveness of the international force as a whole. The feasibility of such an operation may be limited as the willingness of

made clear in the recent past that it has no intention to engage the Taliban in talks. This unwillingness to act as the negotiating party between the US-led coalition supporting the Afghan Government and the Taliban is mainly due to two fundamental issues. on the one hand, even though the Saudi government was one the three states to recognize the Taliban government, after the multiple terror attacks perpetrated by Al-Qaeda and the refusal by Mullah Omar to hand Osama bin Laden over to the Saudi authorities, relations have been characterized by mutual mistrust. On the other hand, the situation in Afghanistan as well as other regional issues (such as the Iranian nuclear program and the stalled peace process between Israel and the Palestinian Authority) put the Saudi government in a position where for the moment acting as a negotiator is a high risk-low value project. See Nicole Stracke, "The Saudis Don't yet See a Chance to Engage Taliban," *The National*, March 10, 2010.

74. NATO, HQ Media Operations Centre – Afghanistan, October 1, 2009.

75. "Muslim Troops Help Win Afghan Minds," news.bbc.co.uk (accessed May 6, 2010).

GCC governments to employ their troops under NATO command is relatively low, yet the ISAF members should stress the necessity for these troops to be on the ground and enable them to cooperate with NATO rather than work under its direct orders. Meanwhile, the states that will not send troops to Afghanistan could provide a common fund for reconstruction, mainly supported by Gulf capital but where all GNP member states should participate. Such capital should be given to the Afghan government only if it shows positive results in specific fields. In order to implement such a policy, GCC analysts should be sent as observers to Afghanistan so that they can keep a track of how the capital is invested. In fact, the GNP fund for Afghan humanitarian relief should not be associated with the independent national actions to aid Afghanistan. The GCC Heads of State and their neighborhood counterparts could draw a list of short-term objectives, such as a greater involvement of the Afghan police (assisted by the coalition troops) in the fight against drug traffickers, action against governmental corruption, and greater protection of key civilian and religious infrastructure. Having set these goals, each time one is achieved, the Afghan government should be given a part of the GNP fund for Afghan humanitarian relief. This effort should also be coordinated with other regional and international organizations.

3.4 Future Partners

3.4.1 Iran

There can be no doubt that a functioning Gulf Neighborhood Policy depends to some extent on Iran as a major protagonist in the development of an efficient regional security system. The recommendation for the action plan towards Iran under the GNP is that it should take into consideration the way the EU deals with Russia. Since Iran, like Russia, is a major player in the region but does not see itself as directly entering any kind of cooperative association led by the GCC states, under the GNP, Iran and the GCC states could cooperate as

equals and engage in projects relating to other members of the region, such as Iraq's political stability and Afghanistan's stabilization and economic development. The GCC side could propose a policy similar to the Partnership and Cooperation Agreement (PCA-1997) and the four common spaces agreed at the St Petersburg summit (2003) between Russia and the EU; these agreements mainly covered: border management and migration, external security, research and education, energy dialogue, as well as transport and environmental issues.

The primary objective of a GNP for Iran is to have a more unified GCC policy towards the country as well as to convince their Iranian neighbor that constructive engagement with the GCC states is in their own interest. To this extent, it is necessary that the GCC issues a strategy document on Iran outlining policy priorities. These can be listed as:

- Development of political relations with the objective of diminishing tensions in the region
- Enhancing commercial ties in order to enable the Iranian population to benefit from higher levels of economic growth
- Engage in talks regarding the civilian nuclear program with the goal of achieving regional transparency, and if possible, the exchange of scientific knowledge
- Both parties should reassure each other concerning their military and strategic ambitions in the region.

In order to achieve these goals, ideas about how to better structure and move the relationship forward can be offered to Iran. These offers should be contingent on Iran being a willing partner and being open to adopting reciprocal measures. Only if Iran responds positively can there be a gradual implementation of the action plan. Otherwise, GCC states should make it clear that Iran's behavior remains unacceptable.

The GNP action plan towards Iran has two aspects – a low risk one and a high exposure one. The first one relates to the development of trade between the Gulf monarchies and the Islamic Republic with

the objective of enabling economic growth (with the possibility of additional sanctions if the partner does not cooperate or maintains its aggressive posture); the second one, which for the moment does not appear to be feasible, aims at defusing the tense security situation in the Gulf by offering alternatives to Iran's aggressive stance. The two aspects of the plan should be enacted only if Iran demonstrates that it is ready for a gradual opening to the international community. If such steps are not taken by the Iranian government, the GCC states should, after having expressed their availability for a fresh start, abide by a tougher regime of sanctions against the ruling elite of Iran.

As of now, Iran is a significant trade partner for the GCC countries. In fact, the Islamic Republic is the first market for non-oil exports coming from the UAE, generating a bilateral trade of more than \$10 billion. According to the Iranian Business Council in Dubai, more than 10,000 Iranian companies operate in the UAE.⁷⁶ The same trend can be observed in the case of Saudi Arabia (which has a bilateral trade of \$450 million⁷⁷ with Iran) or Bahrain, which in 2007 discussed with Tehran the possibility of augmenting their bilateral trade up to \$1 billion.⁷⁸ Furthermore, on September 2007, the Iranian Foreign Minister Manouchehr Mottaki sent a letter to the GCC Heads of State in order to open negotiations for a general FTA between Iran and the Gulf monarchies (aiming in the long term to enact the same agreement with all Arab States). Reacting to the proposal, GCC Secretary-General Abdul-Rahman Al-Attiyah commented: "As long as there is a desire from the Iranian side then the GCC cannot but be positive in relation to such an issue."⁷⁹

The opening of GCC markets to Iran and vice-versa is in

76. "Gulf States Get to Start FTA Talks with Iran," *Emirates Business* 24/7, September 11, 2008.

77. "Ariel Farrar-Wellman, Saudi Arabia – Iran Relations," Iran.tracker.org, December 12, 2009.

78. "Bahrain Eyes Gas Imports From Iran," Press TV, May 27, 2008.

79. "GCC Considers Free Trade with Iran," *Arabian Business*, September 1, 2007.

fact a necessary step for a greater development of the region as it would enable the enhancement of intra-regional trade and boost the economies of both entities. This objective being already clearly defined, the inclusion of Iran in the GNP would aim to sponsor a new round of negotiations on the regional level for the definition of an effective security model, diminish Iran's feeling of being encircled, prevent a costly arms race in the Gulf region and enable durable diplomatic talks regarding territorial issues. In fact, within the framework of the GNP, the Gulf monarchies and Iran can become involved in a multitude of fronts with the aim of boosting diplomatic relations in order to foster a medium-term augmentation of commercial contacts.

However, it must at all times be kept in mind that the aggressive stance the Iranian administration has adopted concerning its nuclear program is endangering such relations. For this reason, the GNP can provide Iran with a set of possibilities to develop its civil nuclear infrastructure, according to UN Security Council resolutions and other internationally negotiated accords. This project can take the form of shared expertise between the UAE and Iran that would be overseen by international inspectors for compliance with agreed principles. As the US increases its military capacities in the region, it is necessary that the GCC states present the GNP as a required defense maneuver designed to protect their sovereignty from confrontational actions taken by Iran. This has been the fact as clear from Bahrain's foreign minister Shaikh Khalid bin Ahmed Al-Khalifa's statement: "It's just a purely defensive measure for the benefit of the world, for the region being so important to the whole world."⁸⁰

The GCC states' efforts to take a positive stance on the multiple issues concerning Iran must take into account possible sanctions approved by the UN. On this subject, the Gulf countries should propose to limit the sanctions to sectors key to the military powers

80. "Bahrain Urges Iran to See New Gulf Measures," *Khaleej Times*, February 4, 2010.

of the Iranian government and, on the other hand, continue trading with the commercial class which is mainly present in the coastal areas. As with other states in the GNP, economic development of target regions or sectors has to be favored in order to gradually generate a wider national and regional growth. Regarding Iran, this strategy has to aim at enabling the economic empowerment of a commercial bourgeoisie which in the medium term can be the only check on the present Iranian administration thus providing the GCC states with a more equilibrate neighbor. It must also be mentioned that such expanded economic ties take place within the current international sanctions regime as applied to the Islamic Republic.

Finally, GCC-Iran cooperation can be taken forward by the possible harmonization of both entities' foreign policy efforts. Both the GCC and Iran have a strong interest in the pacification of Afghanistan. That is why the GCC foreign ministers should, under the GNP framework of securing the region, start talks for a common policy in Afghanistan. This would certainly be a slow process, but it would not only benefit the situation on the ground in the war-torn country but would also be an efficient trust-building process.

3.5 Distant Actors

The contacts the GCC intends to build with world powers or other regional institutions can take as an example the development of EU-GCC relations. Since 2004, the EU has a delegation in Saudi Arabia, and plans are being developed to further institutionalize the overall dialogue. As of April 2010, the FTA between the two regional blocs has taken a new turn since the GCC proposed a detailed and organized action plan to the EU, which could result in the conclusion of the prolonged negotiated process. On a more societal level, the EU is trying to expand its higher education projects (such as Erasmus Mundus) in the Gulf region, and it encourages the European universities to build ties with their Gulf counterparts. After years of slow progress, it seems today that the relations between

both entities are warming up and might, in the near future, get to full scale institutionalized cooperation.

As the GNP is designed to further develop the extended Gulf region and to maximize its integration as a whole in the international system, the relation between GNP states and major world powers such as China, India and Russia has to also be defined in order to enhance cooperation and dialogue between these diverse international entities. Furthermore, the crisis that shook global economies and societies shaped a new trend in international relations based on the need for a growing diversification of partners (be it for security, economic or political reasons). Therefore, from this perspective, it is necessary that the GCC states include in their regional vision relatively new “Gulf Powers” such as China, India and Russia.

The objective of including China, India and Russia in the effort to create a cohesive neighborhood lies in the already highly visible and deeply established economic and political relations between these three countries and the great majority of GNP states. For the Distant Actors program, the GCC can draw on the example of how the EU institutionalized its relations with Russia through the Partnership and Cooperation Agreement that came into effect in December 1997.⁸¹ This approach is structured around an institutional foundation based on four mutually agreed principles: (1) the liberalization of trade which is based on the concept of the most-favored-nation treatment, the elimination of quantitative restrictions and the expressed will to initiate a legislative harmonization; (2) the necessity to cooperate in science and technology, energy, transport and space and other civil sectors to encourage the free exchange of researchers, scientists and professionals; (3) the enhancement of a political dialogue related to security-linked issues and cooperation on internationally approved decisions; and (4) establishing a close partnership with the definition of a set of principles regarding justice and home affairs in order to tackle issues such as the prevention of illegal trafficking and money

81. Fraser Cameron, *An Introduction To European Foreign Policy* op. cit., 118-120.

laundering. These four points have to be negotiated by the respective Ministry of Foreign Affairs and will consequently create a net of international cooperation covering the whole Asian continent and providing the GCC states and their direct neighbors with a diversified array of partners, in addition to more traditional regional allies such as the EU and the US. On the base of unilateral agreements, the GCC states can include two yearly summits, one among Heads of State and one among Foreign Ministers, including the GCC member states and China, India and Russia in order to evaluate the performance and define the goals for the evolution of the partnership.

Furthermore, the relationship between the GCC states and the defined three Distant Actors can be institutionalized by the integration of the GNP states as a whole in the Shanghai Cooperation Organization, as observers (states that are to be included in the GNP are already partly involved — Iran and Pakistan as observers and Afghanistan as a dialogue partner). This can be combined with the integration of China, India and Russia as observers in the GNP summits. This structure of dual integration is designed to create an area of diplomatic, political, military and economic dialogue extending from Lebanon to China.

4. Building Bridges between the EU and the GCC

Building concrete ties with the EU is a complementary goal of the GNP. For this, two steps can be taken: undertake an analysis of how the European lesson would help the GCC in designing its own neighborhood policy and initiate a study on the possibility of having a joint neighborhood policy in special regions of common interest (the Near East and Afghanistan).

A recommendation to include an institutionalized action plan toward the GCC in the ENP could be considered, so that the EU can institutionalize its relations with the GCC in order to assist the Gulf monarchies in their task of building the GNP (be it through technical consultancy provided to the GCC Supreme Council and

the Secretariat General or normative recommendations made to the different Ministry of Foreign Affairs) and reach an understanding on common action in both entities' 'neighborhoods' (such as the Near East and Afghanistan).

The European Neighborhood Policy provides the GCC with some valuable lessons on how to design and prepare a region for a neighborhood project. These lessons can be divided in four categories: political, economics, shortcomings to avoid, and successes to emphasize.

- The ENP legal and institutional arrangements are based upon already existing arrangements (for example: Association Agreements, Partnership and Cooperation Agreements and the Barcelona Process). The ENP therefore benefits from an already existing and tested ensemble of instruments and treaties. The GCC should take this as a valuable lesson since it has with most countries analyzed as potential partners, some political ties or agreements that are in the process of being signed. Following this logic, the GNP must be understood as a consistent continuation of an already developing trend of regional integration.
- The strength of the ENP lies in the flexibility provided by its financial instruments, the ENPI merging with funding programs which originally were designed for specific geographic areas (Maghreb or Eastern Europe, for example). By associating these budgets, the European Commission sets the objective of increasing European financial capability and regrouping all the European partners under only one institution thus enhancing the project's efficiency. The GCC's major strength is its capital availability which enables it to realize important projects. For this, its first aim concerning a GNP should be to institutionalize a common fund for investments taking the ENPI as an example.
- The most concrete shortcoming for the ENP is certainly

represented by its inability to address frozen or low intensity conflicts in its close neighborhood. The lack of a concrete security policy based on a pragmatic discussion regarding the areas of tensions and involving all parties of the conflict is the most tangible limitation to European action in its neighborhood. The GCC, therefore, must look closely at the possibilities of contributing concretely to the resolution of the numerous conflicts in its area. It is essential that at the start of the GNP project, the Heads of State do not set themselves idealistic goals ('peace in the entire region') but a list of well-defined actions they can take in with regard to single and well-defined situations. A second limitation of the ENP is the sense felt by most partner countries that the EU intends to impose its model and its values on its neighboring countries through a list of necessary reforms. For their part, the GCC must pay close attention not to appear as a Sunni league of Arab states trying to spread its views in its immediate neighborhood. This objective can only be met by a sincere discussion with social and political figures from the partner countries which would aim to understand precisely where the GCC help can be useful.

- Regarding the successes of the ENP, Commissioner Benita Ferrero-Waldner explained: "The aim of the ENP is to avoid new dividing lines on the continent and deepen relations between the EU and its neighbors. The ENP is not about enlargement but it is about mutual interest in supporting reforms and modernization. Each country has its own agreed action plan that reflects its needs and priorities."⁸² This statement brings to light one of the major lessons the GCC can take from the ENP: it is necessary to draw up and implement specifically designed action plans for each partner state, yet it is equally important to see the GNP as a wide

82. Ibid.

multilateral regional project where thematic initiative can be taken involving two or more non-GCC members.

These four parallels between what the ENP has achieved and how the GNP could function reveal the concrete aspect of the extent of EU-GCC collaboration. In order to set up the most efficient neighborhood policy possible, the Gulf monarchies could request to send special observers to the European Commission in order to analyze freely the internal mechanisms of such a structure (GCC-EU Working Group). The EU could also propose sending some advisors to the GCC countries with the objective of giving precise suggestions for the development of the GNP (EU training sessions). This process would not only provide the GCC with better chances to develop a coherent project but, in the long term, it would enable closer relations between the EU and the Gulf Cooperation Council, as there would be personal ties that could be created among medium-level employees and high-level representatives.

4.1 Joint Neighborhood Policy

Once the institutional set-up is in place, the GCC and the EU can analyze how to surmount what has been considered a period of unfulfilled potential regarding their partnership.⁸³ Pragmatic cooperation based on economic development and good governance in key regions would represent a step forward in the direction of a stronger relationship between the EU and the GCC. Developing a concept for cooperation in strategic regions (especially the Near East), where the EU and the GCC can 'enter' each other's neighborhood policy, is the first step to an active foreign policy cooperation between the two regional blocs. Keeping this goal in mind, the following section addresses the complementarities of European and Gulf investments in the Near East and the prospects of developing projects which involve both institutions in

83. Christian Koch, *Unfulfilled Potential, Exploring the GCC-EU Relationship* (Dubai: Gulf Research Center, Dubai, 2005).

the example of the Federally Administrated Tribal Areas (FATA) of Pakistan.

As its action plans underline, the EU approach is based on enabling the Syrian, Jordanian and Lebanese governments – in varying degrees – to proceed with national reform aimed at improving their political and judicial systems and opening their national economic markets.⁸⁴ These sets of changes are supported by the EU to strengthen the integration of these three countries in the ENP designed market association which aims to bring sustainable development and promote social cohesion. On the other hand, the Gulf monarchies' efforts are focused on two aspects: profitable investments in rising sectors (such as tourism and finance) and the enhancement of official ties through joint action on trade diplomacy and détente over inter-Arab disagreements. Here it has to be highlighted that the major efforts have been made by single countries (Saudi Arabia in the case of Syria, for example).

As Bénédicte de Saint-Laurent has underlined, the positive triangle of cooperation that could in the near future be put in place among the EU-Mediterranean countries-GCC is based on three main components: the labor needs of Europe balanced by its contribution to technology and know-how spillover in interested regions; the human and natural resources of Mediterranean partners whose economic development is slowed by social needs and regional tensions; and the GCC's international philosophy grounded in its energy and financial resources and the need for secure investments which encourage it to seek stability in its near neighborhood.⁸⁵

Special attention should be drawn to GCC investments in the

84. The author refers to action plans negotiated and agreed between the EU and the respective partners for the 2007-2010/2013 period.

85. Bénédicte de Saint-Laurent assisted by Pierre Henry and Sanir Abdelkarim, "Investment from the GCC and Development in the Mediterranean, the Outlook for EU-GCC Financial and Economic Cooperation in the Mediterranean," *ANIMA Marseille*, paper presented in Rome on December 10-11, 2009.

Near East as the point of this paper is not to analyze the European role in the Mediterranean. The GCC efforts in the Near East are mainly focused on the real estate and the communication sector with the UAE, Kuwait, Saudi Arabia and Bahrain being the main investors.⁸⁶ Examples such as the long term collaboration between the Abu Dhabi Investment Authority and Gulf Investment House for the Al Maabar resort at Aqaba (Jordan), the 34 projects announced by Kuwait in 2008 between Jordan and Egypt, the acquisition by Batelco (Bahrain) of Umniah Telecom (Jordan) and the fact that 50 percent of FDI in 2008 in the Near East originated from the GCC countries suggests the significant role of the Gulf States and their interest in the Mashreq's medium- and long-term development. Yet, this vision for economic development is not based on an altruistic perception which characterizes the EU approach but is rather driven by a pragmatic benefit-oriented mentality.

Development and stability in Lebanon, Syria and Jordan become a necessity to ensure a set of secure markets and provide the GCC countries with the benefits of a peaceful situation in a group of Arab neighboring partners. This results in an increase in diplomatic interactions by GCC officials in regard to Near Eastern affairs. The involvement of the GCC in the Near East is further beneficial for both parties as regards the development of selected sectors. This aids political stability and a reduction of armed conflicts and is backed by strong cultural and ethnic links between the Mashreq and the Gulf, since many Gulf residents and some members of the ruling families have Lebanese or Syrian origins.

The previous observations underline the possible basis for an organized cooperation between the EU and GCC countries where both institutions work in concert with the other, aiming at the development and the regional integration of Jordan, Lebanon

86. The following data is taken from Abdullah Baabood, "The Growing Economic Presence of the Gulf Countries in the Mediterranean Region," *Panorama Med*, 2009.

and Syria. In the short term, since the GCC does not yet approach the question as a bloc but rather via state-to-state negotiations, it is preferable that the EU undertakes direct talks with the GCC states as regards the strategy to follow. Such a strategy should be pegged on the European effort to aid state reforms and social development going hand in hand with GCC investments in profitable sectors and its constant diplomatic efforts for the enhancing of commercial and political ties with Near Eastern countries.

In order to fully accomplish the two goals set by such a project, the EU and the GCC countries have, in the short term, to confer with one another to coordinate possible policies, and in the medium term the GCC countries have to approach the issues as underlined in sections 2 as part of the GNP so that the EU and the GCC can evolve into two strong interlocutors.

The second region where cooperation between the EU and the GCC is possible and necessary is the FATA area in Pakistan. Here the question lies less in the possibility of both institutions 'entering each other's' Neighborhood Policy but more in the accomplishment of a joint security oriented development mission which could be the base for future EU-GCC missions.

As Dr. Reiner Steiner (FDP – member of the Defense Committee of the German Bundestag) stated in his speech at the international Berlin FATA Roundtable of the World Security Network Foundation: "There is no security without development and no development without security!"⁸⁷ As simple as this maxim might appear, it provides the framework within which the EU and the GCC can develop a durable project to enhance the economic and social development of the FATA region. As the area represents a strategic priority for both the EU's and the GCC's security, its development through cooperation among partners is an essential goal for the three

87. For the video of the roundtable speeches: http://www.worldsecuritynetwork.com/showArticle3.cfm?Article_ID=17337,17148,17221,15962,17336,17338 (accessed May 6, 2010).

parties concerned: the EU, the Gulf monarchies and the Pakistani government. The concept of a GCC-EU FATA Friendship Fund (FFF)⁸⁸ has been elaborated for such measures to be implemented and to combine the structural and technical capabilities developed during the years. The participation of GCC states also provides the Islamic legitimacy component to the project.

In order for the project to have a chance of success, it has to be based on funding by both parties – investments worth €100 million per year by the GCC states accompanied by an equal contribution by the EU, over the five-year period required for the program. Such funding results in €1billion, meaning a 50 percent increase in the Sustainable Development Program of the FATA authority that requires \$2.06 billion.

The FFF is to be led by GCC and EU representatives who would coordinate their work with Pakistani authorities of the FATA administration. This has the direct effect of enhancing the degree of legitimacy of this program which the efforts of international relief organizations are currently lacking. Key sectors have to be targeted by the joint investment program which should not seek the pursuit of short- to medium-term benefits but rather the long-term ones which could result from employment in a region where youth unemployment provides fertile conditions for recruitment by the jihadi and insurgent groups. The FFF's main objectives must revolve around providing training and developing the necessary health and education infrastructure as well as sustaining the agriculture sector while addressing the water scarcity issue, developing the mining sector and giving incentives to small industries development. An assessment unit of analysts picked from GCC and European institutes teamed with Pakistani representatives will constantly provide both institutions with regular reports to evaluate the impact

88. Concept elaborated at the international Berlin FATA Roundtable of the World Security Network Foundation on May 28-19, 2008 and detailed in: "The GCC-EU FATA Friendship Plan," Concept paper, Gulf Research Center, Dubai.

of the targeted investments and if needed redirect them. Such a unit has to be based in Peshawar and must be independent, in the sense of not representing one government's interests but being concerned about the overall success of the defined goals of the mission.

A closer study of the two regions can enable the outlining of an EU-GCC action plan. In both cases, the added value from such a program would lie in a strict division of tasks and a clear definition of shared objectives. In other words, while already existing European action plans focus on political reforms and GCC action plans could focus on inter-Arab or inter-regional dialogue for security and stability, the EU-GCC action plans in regard to the Mashreq and the FATA region need to focus on economic development. For this, the EU can provide institutional help, channel funds and field observers, while the GCC should focus on providing the funds and regional expertise, and position itself as a valuable interlocutor between all parties of different projects.

Conclusion

This paper is focused on three issues: the shape of a coherent and unified GCC foreign policy towards its neighboring strategic partners, the definition of an efficient set of policies that can, in the near future, be applied to the GCC's ensemble of states, and an analysis of the positive effects such a program would have on the development of EU-GCC relations.

Having broadly detailed the structure the GNP has to adopt to function as an efficient tool for the creation of a secure and economically growing neighborhood for the Gulf monarchies, one must briefly pay particular attention to the feasibility of such a project.

Bahrain's Foreign Minister, Shaikh Khalid bin Ahmed Al-Khalifa, was quoted in the *Gulf Daily News* (Bahrain) as saying: "Once the GCC is a complete unit we will allow any of our brothers to

come and join.”⁸⁹ This concept of priority given to the enhancement of domestic unity is certainly the most concrete obstacle to the development of the GNP. In fact, for the moment, GCC States are, as they have been for the last 30 years, far more concerned with their integration into a strong regional institution than with their organized partnership in foreign policy matters. The EU had and, to a limited extent, still has the same approach and without doubt this tends to limit significantly any institution’s ability to act as an influential actor on the regional and international level. Furthermore, the duration of important trade negotiations – for example, the FTA with the EU – is another concrete obstacle to the enactment of the GNP in the coming years.

Nevertheless, it must be noted that in recent years the GCC’s tendency to act as a united group of states with regard to international issues has been increasing. Subsequent to this, the option of strengthening the GCC via an institutionalized regional partnership can realistically be seen as a way of overcoming domestic divergence regarding the shape the Gulf Cooperation Council should take in the following years. For this reason, the author underlines that the most concrete objective in the GNP concept is to create a Free Trade zone including Lebanon, Jordan, Syria, Iraq, Yemen and Pakistan. Through the development of this new regional economic union, the Gulf Neighborhood Policy can then expand in the complex and more implicated institutional framework this paper has presented. The membership of Iraq and Yemen, as part of the program’s incentive, must be approached with caution as such membership would have a direct impact on the future outlook and overall objectives of the GCC. Such a step, therefore, may require additional time and further negotiations between current member states to fully comprehend the wider implications.

The short and medium term success of such a GNP depends

89. Oliver Pearce, “The GCC and Iraq: What’s Happening?” arabcomment.com, December 22, 2008.

on a last variable: the developments in US foreign policy toward Syria, Iraq, Iran and Pakistan since it would play a major role on how neighboring countries would perceive their cooperation with the GCC. Going by the current stance of the Obama administration, it can be anticipated that the GNP project could be welcomed by the White House as a way towards the objective of widening the multilateral approach to the lessening of regional tensions. Yet if the situation in Pakistan deteriorates, if new sanctions or military pressure is applied to Iran, if greater social unrest develops in Iraq, and if there is a threat to the power of the central government in Yemen, the White House might expect its Gulf partners to back a more hardline policy which would cause damage to the commercial and social ties which the GNP aims to build.

Nevertheless, these obstacles do not diminish this project's long-term positive consequences which would make the GCC a connecting region between the EU, the Near East and Central and Eastern Asia. In fact, one of the distinctive features of the post-economic crisis international scene is in the development of a truly multipolar world where the classic concepts of power and influence are based as much on economic, financial, political and military capabilities as on the ability of regional ensembles to unite and act as a coherent institution in order to positively impact their partners and interact on a more equal level with other international powers.

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Le Figaro

Financial Times

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Haaretz

The International Herald Tribune

Khaleej Times

Le Monde

Lahore Times

The New York Times

Newsweek

The National

Saudi Gazette

The Washington Post

Think Tanks and Research Centers

For this paper, the author regularly consulted publications and works from the following think tanks and research institutes:

Brookings Institution

Carnegie Middle East Center

Center for European Policy Studies

The Emirates Center for Strategic Studies and Research

The European Institute

European Institute for Security Studies

European Policy Center

Fondations pour la Recherche Strategique

Gulf Research Center

Hudson Institute

Institut Europeen des Relations Internationales

Institut Francais des Relations Internationales

Institut des Relations Internationales et Strategiques

Istituto Affari Internazionali

The Jamestown Foundation

The Nixon Center

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About the Author

Riccardo Dugulin is a Master's student at the Paris School of International Affairs, Sciences Po, majoring in International Security. His current academic program is based on strategic and intelligence studies with special attention to the Gulf. In 2010, he obtained a Bachelor's Degree in Middle Eastern and Mediterranean studies at Sciences Po (campus of Menton). Since July 2009, he has been working as a non-resident intern for the Hudson Institute - Center for Political and Military Analysis. From October 2009 to May 2010, he was a research intern at the Gulf Research Center, Dubai. During this period, he focused on the Gulf Cooperation Council's possible neighborhood policy and presented his findings at the First Annual Gulf Research Meeting in Cambridge, UK, in July 2010. In addition to that, he has worked as a research assistant at the Carnegie Middle East Center in Beirut covering Russia-GCC relations and at the Nixon Center in Washington, D.C. focusing on China-GCC relations and the Chinese and Japanese quest for energy security.

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Gulf Research Center
187 Oud Metha Tower, 11th Floor
303 Sheikh Rashid Road
P.O.Box : 80758, Dubai, UAE.
Tel. No : +971 4 324 7770
Fax. No : +971 4 324 7771
Email: info@grc.ae