

Summary of Recommendations on:

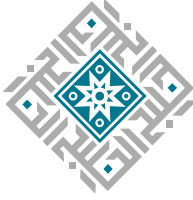
"Role of the European Union In the Gulf Region"

Workshop

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A New Framework for GCC-EU Ties

Principles for developing GCC-EU relations

In the light of the United States monopolizing influence on the region and the strain it has come to bear on the societies, the ineffectiveness of the Gulf Cooperation Council- European Union (GCC-EU) relationship is very evident. It has neither progressed far enough for both parties to realize the full potential of inter-regional cooperation nor served the strategic rationale for a mutually beneficial cooperation. It certainly does not reflect the historical, geopolitical and strategic considerations, and the strong interdependence of the two regions and their links. As a result, there appears to be discontent, disillusionment and a negotiation fatigue among the signatories of the 1988 GCC-EU cooperation agreement.

At the same time, the GCC-EU relations are multi-faceted in character and multi-dimensional in scope, a fact which not only reflects the depth of the common interests underpinning the ties, but also calls for a serious and sustainable upgrading of the same. The need to ensure and maintain international security and stability in the world demands that both move toward reducing the existing chasm.

Areas and issues of cooperation

In order to facilitate a proactive and robust relationship, a new framework between the two parties should be based on:

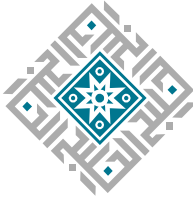
1. Political and strategic dialogue

- Creating a Gulf Regional Framework for Cooperation (GRFC) between the GCC States, Iran, Iraq and Yemen that will ensure peace and stability in the Arabian Peninsula. The US, EU and Russia should facilitate its creation and make their military assistance and sale of weapons to the region conditional on achieving such cooperation.
- Develop a political common ground for peace in the Middle East, Mediterranean, Central Asia and the Horn of Africa, and make the region free of weapons of mass destruction. They must fight together against terrorism, money-laundering, international crime and drug trafficking.
- Since Saudi Arabia is the main dialogue partner in the GCC-EU negotiations, it has to take the lead role.

2. Iraq reconstruction

The regional and global importance of a successful transformation of Iraq calls for a determined GCC-EU involvement to ensure:

- Quick transfer of power to Iraqis.



- Increased involvement of the United Nations during transition.

Since it is imperative that both these priorities be based on a fixed timetable, they must push for a speedy transfer of power to an elected provisional government as recently envisaged by the US. An agreement concluded between the US civil administration and Interim Governing Council in November, providing for the transfer of power by June 1, 2004, to an interim government, is a workable solution.

To avoid the impression that the process is being manipulated by the occupation forces, the responsibility for the transition should be given to the United Nations. A possible division of labor between the Coalition Provincial Authority, the UN and the Interim Government is an option.

In order to pre-empt the re-establishment in Iraq of a strongly centralized authoritarian government, there should be a dispersal of power and a system of checks and balances. A constitutionally guaranteed distribution of predetermined shares of the oil revenues to institutions other than the central government constitutes a powerful tool with which to guarantee and sustain several power centers. The northern Kurdish zone should be the nucleus for a federal system based on fiscal and legislative autonomy. A federal dispersal of power should be combined with cultural autonomy for ethnic minorities and decentralized decision-making.

Additionally, they should contribute towards the following:

- Increase commitments for financial and technical support to the reconstruction effort and offer assistance in rescheduling or canceling Iraqi debt and reparations.
- Share experience on designing new political institutions.
- Support the reform of the Iraqi legal and law-enforcement systems.
- Foster the reconstruction of Iraqi civil society by supporting non-governmental organizations (NGOs) and providing fieldwork in democratization, human rights, civil conflict management, etc., and support the reform of the educational system.
- Foster the international integration of Iraqi society by establishing study and exchange programmes for students, teachers, journalists, officers, and other professionals.
- Enlist the cooperation of the new Iraqi government on transnational issues such as migration, terrorism, drug trafficking and organized crime.
- Advocate opening of the Iraqi oil sector to international investment.
- Advice, especially from the former Communist countries, on how to manage transitional justice.
- Coordinate with other external international actors to prevent weapons of mass destruction from being sold and smuggled to other countries or terror organizations.



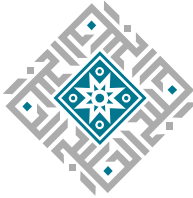
- Most importantly, Iraq should be integrated progressively into a Gulf regional security framework that encompasses Iran, Yemen and the GCC countries. This will alleviate Iraq's perception that Iran poses a threat, as well as to check any new attempts at regional dominance. As a first step, Iraq must recognize the territorial integrity of its adjoining neighbors. To operate this, the idea of a Gulf Conference for Security and Co-operation (GCSC) should be considered.

3. Political reforms in the GCC States

- The principles of liberty, democracy, tolerance, respect for different cultures, human rights and the rule of law should form the cornerstone.
- The EU could help the GCC States build a vibrant civil society, civil law, NGOs and civil institutions that could enhance the democratic process.
- The EU experience in electoral design and implementation, constitutional reform and regional integration could be useful for the GCC States.
- The EU could support reform of the legal and law enforcement systems and both parties could collaborate in judicial training and penal reform.
- Encourage closer relations between their respective civil societies to identify common grounds and reduce mutual distrust and increase cultural affinity.
- The EU should consider the inclusion of some GCC initiatives among the portfolio of the European Initiative for Democracy and Human Rights.
- The EU could help develop the GCC Consultative (Shura) Council to a full-fledged elected assembly.

4. Energy dialogue and environmental cooperation

- Agree on ways to address the physical security of oil supply through establishing guidelines for investments, production-levels, stockpiling, liquidation and transportation.
- Address oil price levels and stability.
- Work together with other interested parties such as Organization of Petroleum Exporting Countries and the International Energy Agency, and the new Saudi-based Permanent Secretariat to the Energy Forum, to make the oil market more efficient.
- Encourage vertical integration and joint ventures.
- As gas is increasingly becoming the energy of choice in Europe the EU could help transport GCC gas into the EU through the Mediterranean countries and connecting it to the European grid.
- Work to protect the global environment as laid out in the Kyoto Protocol.
- Address the issue of oil taxation in Europe. Some of these taxes could be used for supporting environment-friendly joint ventures.



5. Economic Partnership

- Since the signing of the cooperation agreement, the two parties have been negotiating a free trade agreement (FTA), but with much delay and procrastination. From the experience gained through negotiations, the two parties should have the basis to create a free trade zone.
- The FTA should achieve the much broader aim of integrating the GCC into the globalized world economy.
- Facilitate Saudi Arabia's entry into the World Trade Organization.
- Establish cooperation in the enforcement of patent law and intellectual property rights, which would encourage investment and joint ventures.
- Establish a dialogue to foster private business contacts and encourage economic exchange and share experience.
- The GCC States could benefit from the EU experience in areas like customs union and common markets, and technical advice in areas like standards, corporate governance, legal frameworks, banking regulations, rating and surveillance, and central banking.
- The EU could help the GCC states start thinking about the role of the Secretariat-General by enabling it to have its own resources and funding.
- The GCC Central banks could also benefit from the experience of the European Central Bank's single currency and monetary union policies.

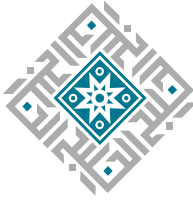
6. Social cooperation

- Establish cooperation between their peoples, not only in the political and economics domain, but also in the cultural, religious, educational, and media sectors, as well as between trade unions and public and private enterprises and NGOs.
- Recognize the challenges posed by current political and social trends, including terrorism and anti-Western feeling, and work towards eliminating them.
- Work towards establishing dialogues between cultures and civilizations.
- Strengthen human resource development through training of lecturers and teachers and cooperation between universities, exchange of students and create European and Gulf study centers.
- Cooperate in health care training and management.
- Work on specific programmes for empowering women.

7. The Iranian file

Since Iran is a major player in the security and stability of the Gulf region, the two parties can cooperate to achieve the following:

- Put an end to the US-Iranian tension.
- The EU can contribute to a settlement of the islands dispute between Iran and the UAE.
- Forge regional security arrangements, which might necessitate coordination with Washington.



8. Budget and funding

- Allocate a budget for partnership programmes, funded jointly by both parties, managed and executed by the European Commission and the Secretariat-General. Some of the oil taxes could also be used to finance joint projects.
- The GCC Secretariat-General, which lacks financial independence, could be supported by these taxes.

9. Additionally, the EU, as a senior partner, should:

- Establish an intensive dialogue on the future of Iraq with Iran, Turkey, Syria, Jordan and the GCC countries.
- Function along with the US and Russia as a facilitator for the establishment of a multilateral security framework in the region.
- Support schemes for regional economic cooperation. The EU should rethink the approach of the Euro-Mediterranean Partnership (Barcelona Process), which needs redefining in the light of Cyprus, Malta and possibly Turkey becoming members of the EU, and aim at making sub-regional cooperation (Maghreb, Mashreq and Gulf) operative by using building blocks of the Barcelona process.
- Press for a broad regional conference convened by the "Quartet" modeled on the Madrid conference in 1991 to address regional issues and implement a final settlement to the Arab-Israeli conflict.

The key to achieving all these aspirations, however, lies in the political will of both sides to overcome the chasm that has led the ties to recede from being proactive to reactive, rather than be the other way. The best way to move forward is a three-step process: first, both sides need to draw up separate charters of plans, demands and expectations; second, based on the charter, both need to debate and identify a mutually-acceptable working agenda; and third, create an effective mechanism to realize those common goals and aspirations.

* The recommendations are a result of a two-day workshop on the "Role of the European Union in the Gulf Region" organized by Gulf Research Center, Dubai, on Jan 7th and 8th 2004.