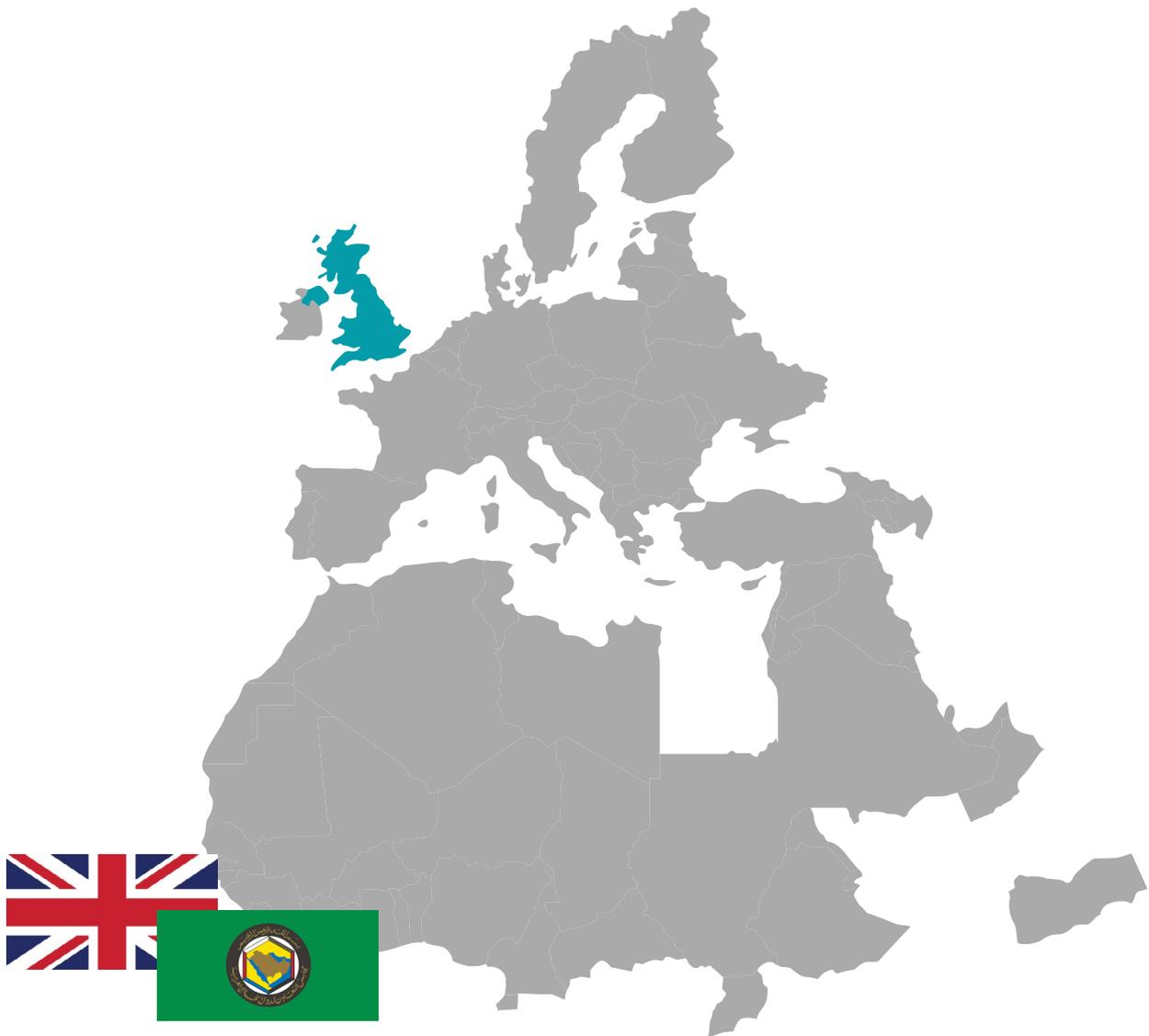




Gulf Research Center
Knowledge for All

UK - GCC Relations



1. Key Domestic Developments

The UK emerged from the pandemic with renewed determination and optimism after leaving the European Union. The UK's recovery focused on building **back better**, ensuring that the UK is **more robust, safer, and more prosperous** than before. The UK also started a new chapter as they are opening up to the world and enhancing global networks of allies and partners and the opportunity to forge new and deeper relationships. In the years ahead, **agility and speed of action** will determine whether the UK can deliver expected prosperity and security.

The UK's disengagement from Brussels' laws, regulations, and institutions was never intended to be a simple point of departure. Overall, the UK's perspective has moved from an EU-centric to a global one. Some of the accomplishments so far from the standpoint of the UK government include:

- Ended free movement and took back control of the UK's borders
- Restored democratic control over UK lawmaking

- Restored the UK Supreme Court as the final arbiter of law that applies in the UK
- Taken back control of UK waters
- Restored fair access to the welfare system
- Set the UK's tariff regime via the UK Global Tariff
- Committed 180 million GBP to modernize and streamline the UK's import and export control by creating the Single Trade Window

In terms of future policy areas, processes, and sectors where the UK is changing its approach owing to Brexit the areas of science, data, technology; business and industry; infrastructure and leveling up; climate, the environment, and agriculture have been mentioned.

In March 2022, 50% of the British people thought that the economy was one of the top three issues facing the country followed at 35% by health and defense because of the impact of the Russian invasion of Ukraine at the end of February. Defending the integrity of the nation-state against threats is still a primary domestic concern, whether in the form of illicit finance





or coercive economic measures, disinformation, cyber-attacks, and electoral interference. As the attacks in Manchester, London and Reading have demonstrated, the terrorist threat in the UK remains. The UK continues to invest in countering this threat through increased funding for the intelligence agencies and Counter-Terrorism Policing in 2021-2022. Announced plans include bringing new capabilities such as the **Counter-Terrorism Operations Centre** and the **National Cyber Force** online. Learning from the pandemic, the UK also announced it will bolster its national resilience with a new **Situation Centre** at the heart of the government, improving its use of data and ability to anticipate and respond to future crises.

More recently in June 2022, Prime Minister Boris Johnson survived a vote of confidence triggered by his own lawmakers amid increasing dissatisfaction in his leadership. 211 Conservative Party lawmakers voted in favor of the Prime Minister while 148 voted against him. Johnson needed the support of a simple majority of 180 member of parliaments to win the vote. The ballot of Tory lawmakers comes at a time of deep dissatisfaction with Prime Minister Johnson’s leadership and behavior in office. Opposition Labour Party leader Keir Starmer had called on Tory lawmakers to “step up, show leadership and get rid of him”.

Prime Minister’s public standing has been a source of concern for many Tory member of parliament (MPs) and public sentiment toward the Prime Minister has become more negative since the ‘partygate’ scandal. This involved a political scandal about the parties and other gatherings of government and Conservative Party staff held during the COVID-19 pandemic in 2020 and 2021, when public health restriction prohibited most gatherings in the UK.

Even though Prime Minister Johnson survived the confidence vote, he faces a challenge of how he can recover the support of his MP’s in the coming months, as it is likely that Prime Minister Johnson



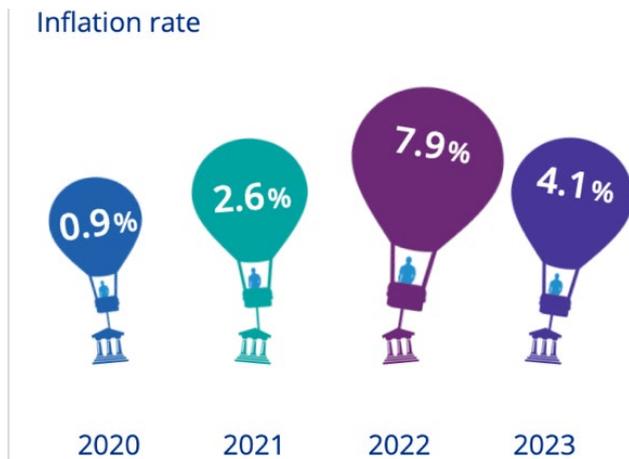
Key UK Economic and Social Data

- GDP: \$2.708 trillion (2020)
- GDP per capita: \$40,284.64 (2020)
- Annual Growth Rate: -9.8% (2020)
- Inflation: 6.2% (2022)
- Population: 67.22 million (2020)
- Unemployment Rate: 3.9% (2020)
- Credit Rating: Standard & Poor AA-

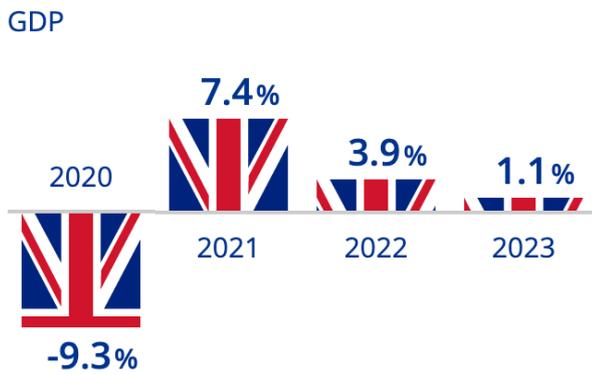
GDP declined by 9.7% in 2020, the steepest drop since consistent records began in 1948 and equal to the decline in 1921 on unofficial estimates. During the first lockdown, UK GDP was 25% lower in April 2020 than only two months earlier in February.



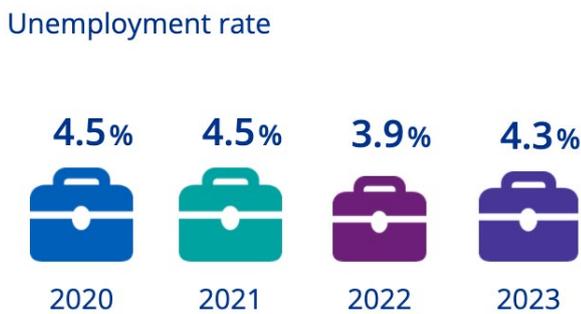
UK Economic Outlook & Prospects (Based on data collected from KPMG 2022):



(KPMG, 2022)



(KPMG, 2022)



(KPMG, 2022)

2. U.K. Foreign Policy

In March 2021, the British government published a vision document: “Global Britain in a Competitive Age: The Integrated Review of Security, Defense, Development and Foreign Policy.” Among the key aspects are the UK government’s vision to restore Britain’s prominence as a maritime trading power; the deliberate consolidation of the Department for International Development (DFID) and the Foreign and Commonwealth Office, to form the new Foreign, Commonwealth, and Development Office (FCDO); and the UK government’s assessment of geopolitical competitiveness as a framework over global collaboration. While the assessment is characterized as a necessary reaction to a changing global scene, local political factors surrounding the United Kingdom’s (Brexit) withdrawal from the European Union (EU) weigh strongly. The UK may have left the EU, but it cannot leave Europe. From the geographical perspective, it seems clear that the EU remains Britain’s essential partner.

Critics argue that the vision as laid out does not reflect the UK’s current geostrategic realities, especially given the EU’s continued relevance. Instead, the Johnson administration appears to require the ongoing battles of a permanent Brexit despite the fact that such strategy weakens the UK’s ability to work with the EU on foreign and security policy. For the UK to maintain its assets and forge an effective foreign policy, avoiding military activities in foreign lands, and finding balanced, effective working relationships with the EU and the U.S. are said to be prerequisites.

The G7 meeting in Cornwall in June 2021 highlighted Britain’s reclaimed international leadership. It was also the occasion to announce a new free trade agreement with Australia, the latest in a series of more than 60 such agreements made by post-Brexit Britain worldwide. Another opportunity was the start of negotiations for Britain to join the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific



Partnership (CPTPP) - formerly known as the Trans-Pacific Partnership. This grouping includes many of those dynamic Indo-Pacific economies that Brexiteers see as promising. Yet the additional gains from CPTPP membership are unlikely to be substantial. Britain already has bilateral free trade agreements with the four most significant economies in the partnership (Japan, South Korea, Canada, and Singapore) - legacies from EU membership. COP 26 - the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change, held in late October and early November 2021 - was arguable a better example of what Britain can still offer on the global stage. The COP was a platform helping the UK in launching its new 'global Britain' campaign, with the aim of reshaping the image of the country as the conference provided the limelight and the international coverage for the country.



As the United Kingdom prepares for multipolar competition, the non-Western region most central to its interests will not be Africa but Asia, notably the Indo-Pacific. Indeed, a new concept has entered the UK's foreign policy lexicon: "Indo-Pacific tilt." This tilt is aimed at China, although Australia, India, and Southeast Asia are featured. According to the integrated review, the United Kingdom aspires to be the region's primary European partner, emphasizing economic

opportunity, security, and open-society ideals.

The impact of the war on Ukraine is expected to slow the growth outlook of the UK. The war has presented a significant shock to the global economy and is expected to affect the UK economy as the prices of commodity increases with the disruption of supplies. This outlook will all depend on how much the UK relies on Russian crude oil and natural gas, and how much of these sanctions posed by the UK and other western countries can be resolved.

3. U.K. - GCC Fact Sheet

Country	Total trade in goods and services (exports plus imports) – in the four quarters to the end of Q4 2021
Saudi Arabia	11.0 billion GBP
United Arab Emirates	13.1 billion GBP
Qatar	2.2 billion GBP
Oman	1.0 billion GBP
Bahrain	147 million GBP
Kuwait	689 million GBP

U.K. trade in goods with GCC countries in 2021 in Great British Pounds (GBP). Figures extracted from 'Trade & Investment Factsheets'

Establishment of Diplomatic Relationships

- U.K. - GCC Diplomatic Relations: Saudi Arabia (1926), Kuwait (1961), Bahrain (1971), United Arab Emirates (1971), Qatar (1971), and Oman (1984).

Current Diplomatic Representation

- U.K. Embassy in Riyadh: British Ambassador to Saudi Arabia, Neil Crompton
- British Consulate General Jeddah: Seif Usher
- Embassy of The Kingdom of Saudi Arabia in

London: H.R.H Prince Khalid bin Bandar bin Sultan bin Abdulaziz Al Saud

Key UK Officials with Responsibility for the Gulf Region

- Minister of State (Minister for Asia and the Middle East): Rt Hon Amanda Milling MP
- UK Special Envoy for the Gulf Region: Edward Lister
- UK Special Envoy for the Red Sea and the Horn of Africa: Philip Parham

Key Research Centers and Think Tanks

- Chatham House: <https://www.chathamhouse.org/>
- The International Institute for Strategic Studies (IISS): <https://www.iiss.org/>
- Royal United Services Institute (RUSI): <https://rusi.org/>
- Middle East Center at LSE: <https://www.lse.ac.uk/middleeastcentre>
- School of Oriental and African Studies, University of London: <https://www.soas.ac.uk/>
- Policy Exchange: <https://policyexchange.org.uk/>
- Centre for Policy Studies: <https://cps.org.uk/>

Selected Key Regional Experts

- [Neil Quilliam](#) (Chatham House)
- [Jane Kinninmont](#) (European Leadership Network)
- [David Roberts](#) (Kings College London)
- [Anoush Ehteshami](#) (Durham University)
- [Tobias Borck](#) (RUSI)
- [Michael Stephens](#) (RUSI)
- [Courtney Freer](#) (LSE)
- [Toby Dodge](#) (LSE)

Key Recent Literature

- [Resisting on oil gives political leverage to the Gulf - Chatham House - March 2022](#)
- [Brexit's Impacts on the Arabian Gulf -](#)

[Sultan Qaboos University - April 2021](#)

- ["Gulf Security is Our Security": Global Britain and UK Gulf Strategy - Taylor & Francis Online - June 2020](#)
- [Business as Usual? The Post-Brexit Impacts on UK and UAE Relations - SAGE Journals - February 2022](#)
- [Great Britain–Gulf relations: Ties that bind? - Kings College London - February 2019](#)
- [The Gulf in 2021 - House of Commons Library - August 2021](#)

4. Key Developments in UK-GCC Relations

UK-GCC

- The Rt. Hon Liz Truss MP, Foreign Secretary of the United Kingdom of Great Britain and Northern Ireland, met Foreign Ministers of the Gulf Co-operation Council (GCC) member states and the Secretary-General of the GCC on 20 December 2021.
- The UK and the GCC already cooperate closely in a wide range of areas, including political dialogue, security, foreign policy, trade and investment, and development, and the Foreign Ministers committed themselves to expanding the shared ambition and developing the partnership in emerging areas such as clean technology, digital infrastructure and cyber.
- The UK and GCC member states also emphasized the importance of enhancing people-to-people links, which are essential and a key driver of innovation, business opportunities, and cultural and educational exchange.
- The Foreign Ministers welcomed the completion of the United Kingdom – Gulf Cooperation Council Joint Trade and Investment Review in June 2021. This was an essential milestone in the roadmap to creating freer trade between the UK and the GCC. They welcomed recent progress to boost bilateral trade



and facilitate economic cooperation. All parties reaffirmed their commitment to work rapidly towards a comprehensive FTAs and noted the UK's ongoing public consultation. They agreed that an FTA would mark a significant turning point in the UK-GCC relationship and looked forward to commencing negotiations in 2022.

- GCC Foreign Ministers further praised British Investment International (BII), the UK's development financing agency, for its ambitious five-year plan and expanded mandate.
- The UK and the GCC underlined their significant strategic defense partnership. The Foreign Ministers appreciated the tight collaboration on military matters between the UK and GCC member states and agreed to continue strengthening existing linkages between their respective armed services. The GCC and the UK reaffirmed their commitment to addressing challenges and ensuring regional security, particularly through joint exercises. They urged all states to respect the territorial integrity of others, to maintain freedom of navigation at sea, and to enable free passage.
- The UK commended the GCC member nations' commitment to climate change and applauded their participation to COP26, notably the announcements to achieve Net-Zero emissions. The UK praised Saudi Arabia's leadership in launching the Middle East Green Initiative, as well as the GCC nations' commitment to open and transparent collaboration in its execution. The Foreign Secretary commended the UAE on being chosen to host COP28. These are crucial messages to the rest of the world about the region's intention to act and conserve the environment for future generations.
- Since 2010, the Conservative and Conservative-led administrations have moderately increased UK military obligations while at the same time

aggressively promoting trade and investment. Overall, relations remain dominated by a securitized strand of Britain's bilateral relations with Gulf Arab governments, particularly the clear synergy between defense and security cooperation and commerce and investment.

UK - Saudi Arabia

- In March 2022, British Prime Minister Boris Johnson met Wednesday with Saudi Crown Prince Mohammed bin Salman. Both countries signed a memorandum of understanding to form a strategic partnership council.
- The British prime minister urged the Saudi government to boost oil output after the severe economic sanctions against Russia following its invasion of Ukraine. While the kingdom made no commitment, the Prime Minister and Crown Prince agreed to collaborate to maintain stability in the energy market and continue the transition to renewable and clean technology.
- Both sides also underlined their commitment to boost cooperation in defense, security, trade and culture, welcoming a new UK-Saudi Strategic Partnership Agreement and a major investment announced by the Alfanar group in green aviation fuel in Teesside.
- Commenting on the visit, SABIC chairman Khalid al-Dabbagh said: "The Prime Minister's visit to one of our prime global innovation facilities is indeed a proud moment for us. Our relationship with the UK's business sector has been a long-standing experience, which is continuing to grow at every level."



Source: [UK Government](#)

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UK-United Arab Emirates

- In March 2022, the Prime Minister met the Crown Prince of the United Arab Emirates, Mohammed bin Zayed al Nayhan, in Abu Dhabi. The Prime Minister set out his concerns about the uncertainty

unleashed by Russia's invasion of Ukraine and stressed the importance of working together to improve stability in the global energy market. The leaders welcomed the longstanding partnership between the two countries and discussed opportunities to increase collaboration between the UK and UAE on energy security, green technology, and trade.

- They also agreed on the need to bolster their strong security, defense and intelligence cooperation in the face of growing global threats, including from the Houthis in Yemen.



UK-Qatar

- On June 8, 2022, Qatar Chamber second vice-chairman Rashed bin Hamad al-Athba held a meeting with Ranil Jayawardena, the UK's Minister for International Trade. This was a key as both countries confirmed commercial and investment relations and ways to enhance them at the private sector in achieve more cooperation between the business sectors of both countries.

5. UK-Oman

- In January 2022, an Omani ministerial delegation and members of the Arab British Chamber of Commerce held talks to discuss opportunities for trade and investment cooperation in clean energy and mining in the sultanate and prospects for sustainable, long-term expansion and growth. The discussion, which attracted around 100 delegates and allowed Omani officials to enter into dialogue with potential British investors, sought to develop Omani-UK relations while promoting investment between the two countries, in line with the goals of the Sultanate's Vision 2040. It also sought to identify steps UK companies needed to take to invest in Oman and develop the country as a regional hub for clean energy.
- Omani Minister of Commerce, Industry and Investment Promotion Qais Al-Yousef said his country had become more focused on promoting investment opportunities in recent years and regarded Britain as a key partner in its efforts to develop a stronger and more diverse economy.

UK-Bahrain

- In February 2022, Lord (Tariq) Ahmad, Minister of State for South Asia and the Commonwealth reaffirmed the close ties between the United Kingdom and Bahrain during his first visit to the state as part of his Human Rights portfolio. During a two-day visit to Manama, Lord Ahmad met

Bahraini officials, Heads of the Human Rights Oversight bodies and faith leaders to discuss key areas across a wide range of issues. Following the discussions, Lord Ahmad reaffirmed the UK's commitment to support Bahrain's work in this area.

- Bahrain's Minister of Industry, Commerce and Tourism, Zayed Al Zayani, stated that he is hopeful that an FTA agreement with the UK can be finalized by the end of 2022.

UK-Kuwait

- In September 2021, Kuwaiti Foreign Minister Dr. Ahmad Nasser Al-Mohammad Al-Sabah held meetings with his British counterpart Elizabeth Truss in London. Both sides discussed plans to strengthen military relations.

The United Kingdom's (UK) vote to leave the European Union (EU) in June 2016 ("Brexit") sparked concern of a fundamental shift in the Gulf Cooperation Council's (GCC) relationship with Europe. One widely held belief was that the UK and EU will emerge as economic competitors in a post-Brexit world, forcing the GCC to engage with and balance its connections with both. Many observers believe Brexit will be a watershed moment in UK foreign policy, including its approach to the Gulf. Caught between the need to secure economic opportunities with Gulf countries and the issue of seeing its economic and political levers dwindle in the Middle East, the UK is confronted with a growing gap between its dreams of a "Global Britain" and the reality of its diminishing influence on the international stage.

The United Kingdom and the Gulf nations share a number of fundamental interests and concerns, such as regional security and international terrorism; recognizing common aims and areas of mutual concern is critical in order to handle significant challenges cooperatively. While they have similar perspectives on many issues, both the UK and the Gulf countries are going through



a period of transition in terms of their respective international roles, domestic and foreign policies; these transitions, which are subject to policy divergences between the UK and the GCC states, must be navigated carefully through increased dialogue between the two partners.

Providing security guarantees to its GCC partners and greater diplomatic involvement to solve regional conflicts, is one way through which the UK seeks to increase its regional influence. By committing its military resources to help assure its security of GCC countries, the UK has managed to keep its position as one of the leading arms provider. Since 2010, the Conservative and Conservative-led administrations have moderately increased UK military obligations while at the same time aggressively promoting trade and investment. Overall, relations remain dominated by a securitized strand of Britain's bilateral relations with Gulf Arab governments, particularly the clear synergy between defense and security cooperation and commerce and investment.

The UK government has focused much political capital on forging independent trading policy post-Brexit, with free trade agreements (FTAs) central to its strategy. The UK government wants FTAs to cover 80% of its cross-border trade by 2022 and has its focus on the GCC as a key market to help support its goal. This can be made apparent by concluding a public consultation on GCC trade in January 2022. Overall, the UK and the GCC share a vital trade and investment relationship, with total trade of more than £30 billion in the year ending June 2021 and investment held in each other's economies amounting to tens of billions of pounds. There is a shared desire and scope for significant growth in services between the UK and Gulf states, which have been developing their non-oil economies, and building capacity in healthcare, education and financial services. The accelerated diversification of economies across the Gulf represents a significant opportunity for British companies. The

potential cost to the UK's economic performance and influence from leaving the European Union has made Britain's relations with Gulf countries more important. The UK seeks to replace trade losses after Brexit by expanding in other markets, and the GCC countries in parallel wants to assured of the UK's continued military and diplomatic support. The GCC states continue to look to the UK for a military commitment to provide for the stability of the Gulf region.

6. Supporting GRC Documents

- Post-Brexit Europe and UK: Policy Challenges Towards Iran and the GCC States (Edited By: Geoffery Edwards, Abdullah Baabood, Diana Galeeva) - Based from the Gulf Research Meeting 2019.
- Foreign Relations of the GCC Countries: Shifting Global and Regional Dynamics (Edited By: Eman Ragab, Silvia Colombo).
- GRM 2017 Workshop 3: Brexit and GCC
- Araa Magazine, Issue 167 (November 2021): AUKUS Agreement and its Impact on Global Alliances and the Gulf Region



Reference

KPMG (2022, “Global Economic Outlook Report April 2022”, April 2022, <https://home.kpmg/uk/en/home/insights/2018/09/uk-economic-outlook.html>



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