



## Maintaining Convergence in EU-GCC Energy Ties

May 23, 2024

Organized by the Gulf Research Center (GRC)



### Summary and Key Outcomes

The Gulf Research Center (GRC) held a webinar entitled 'Maintaining Convergence in EU-GCC Energy Ties' on May 23, 2024. The speakers of the webinar were H.E. Dr. Majid AlMoneef, Chairman of the Association for Energy Economics, and Prof. Giacomo Luciani, Master in International Energy Transitions at Sciences Po Paris. Dr. Christian Koch, Director of Research at the GRC, moderated the session.

Sustainable energy security is a core focal area in the EU's Strategic Partnership document towards the Gulf region put forth in 2022. The EU-GCC policy document emphasizes the

importance of partnership for a green transition and sustainable energy security, outlining the need for strategic engagement, speeding up the green transition, and meeting climate-related commitments. The document further provides some policy recommendations including setting up an EU-GCC energy and climate expert group, annual ministerial meetings on energy and climate issues, engagement on sustainable finance, and facilities for expertise on circular economies.

It was noted at the outset of the webinar that the energy scene has changed dramatically since the GCC and the EU first signed their cooperation agreement in 1988. More recently, the Russian invasion of Ukraine has heightened Europe's focus on the Gulf for energy matters, leading to an effort to increase cooperation with the region. While one sees projects being implemented at the bi-lateral level the follow-through on agreements at the GCC-EU level remains slow, with the Free Trade negotiations being the primary example. In terms of outlook, the suggestion put forward was one of a continued transition on many different levels and one that is likely to be more bumpy and unstable than smooth and steady.

The webinar discussions highlighted the need for cooperation between the EU and the GCC in many different areas including sustainable energy security and the potential of hydrogen and carbon capture and sequestration (CCUS) technologies. Both speakers emphasized the importance of realistic and flexible approaches to climate commitments and the necessity for technical dialogue and integrated value chain projects to foster EU-GCC collaboration. Regarding technical cooperation on the hydrogen economy, the webinar highlighted how technical cooperation on desalination, infrastructure for hydrogen, and shipping and handling standards are areas for potential EU-GCC collaboration. Regarding the Gulf region, the GCC is investing in renewables for green hydrogen production and has the potential for blue hydrogen production with CCUS technology. Opportunities within the mineral sector, especially in the Kingdom of Saudi Arabia were also mentioned given the EU's concern over critical raw materials. In addition, Europe's revaluation of CCUS and nuclear energy as potential components of reducing emissions have recently opened up areas for renewed cooperation.

The webinar also examined divergences in energy strategies. While Europe and the Gulf region have clearly stated commitments to net zero and emission reduction targets, they disagree on the exact path for best achieving these goals. For example, the GCC has advocated for Circular Carbon Economy (CCE) as an alternative metric for measuring emissions. The GCC's approach to nuclear energy also differs from Europe's, with Saudi Arabia and the UAE considering atomic power generation while some European countries have moved into the phasing out of nuclear energy. More importantly, there are deep concerns inside the GCC regarding the EU's Carbon Border Adjustment Mechanism (CBAM) and its impact on GCC industries with the GCC seeing the CBAM as discriminatory and potentially inviting trade wars. The CBAM is therefore seen as the primary policy that must be re-evaluated by the EU.

**The session put forward several suggestions for policy consideration:**

- First, a call for Europe to remain a partner of choice for the GCC by re-evaluating policies like CBAM and engaging in cooperative discussions on critical issues.
- Second, more investment in mining and a cooperative approach to developing necessary resources are needed.
- Third, it is essential to set realistic targets for net zero emissions and be flexible in revising them. What is important in the end is to look at outcomes and deal with the realities rather than quickly imposing solutions.