

EUROPE AND THE GULF: STRATEGIC NEGLECT

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In the fifty years since the signing of the Treaties of Rome, European foreign policy coordination and presence has gradually, if often unspectacularly, augmented in most areas of the world. Many observers would insist that the North African and Middle Eastern states included within the Euro-Mediterranean Partnership (EMP) could be defined as one area that has witnessed to such positive trends — that despite the manifest shortcomings of the EMP this initiative has slowly facilitated a more coordinated and embedded European strategy towards the southern Mediterranean. However, in the countries of the Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates) the trend over the last half century has been in the opposite direction. The Arabian Peninsula concentrates several pivotal issues of international concern, including energy security, counter-terrorism, Middle Eastern regional security, and debates over Arab democratic reform. But overall European weight in this region has incrementally diminished, and the EU as a collective entity has palpably failed to establish an influential purchase over this crucial part of the Middle East. This failing is explained by two European judgments: first, that the Gulf does not present the kind of acute geopolitical urgency that would merit paying the costs associated with a greater engagement in the region; second, that the EU has negligible capacity to affect social, economic or political change in the Gulf and that its interests are thus best served by stability-oriented caution. Such judgments might contain a healthy dose of realism; but the EU has also paid a price for its passivity in the Gulf.

1. STRATEGIC MISMATCH

European foreign policy towards the countries of the Gulf Cooperation Council (GCC) has been tentative and lacking in the deployment of the kind of comprehensive range of policy instruments seen under the EMP or indeed outside the Middle East. This is true both at the European Union (EU) and member state level, where only the UK and France have maintained any significant geopolitical engagement in the region. Relations between the EU and the states of the GCC remain well below what the latter's strategic importance would merit, as both internal consensus and

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political will have been lacking.^[1] Critics charge the EU with having been driven by short-term reactions to external events relating initially to oil shocks (1973, the 1979-80 shocks brought about by the Iranian revolution, oil price fluctuations and the Iran-Iraq war; the 1990-91 Kuwait crisis) through to the security issues that have arisen after 9/11.^[2] Even now, no more than a half-hearted attempt has been made at integrating the region within a broader Middle East strategy.

The Arab Gulf states were part of the Euro-Arab Dialogue, launched in 1974, but this initiative folded in 1989 with few achievements to its name. The Gulf states were an important focus of the dialogue given their role in the oil embargo that triggered the creation of the initiative. However, it was only later that a specifically GCC-oriented approach would emerge, in response to gaps in the broader European policies towards the Mediterranean and the Middle East — but even then the GCC was seen as no more than a secondary sub-category of the broader Middle East rather than a region meriting its own distinct approach and set of priorities.^[3]

In 1989 the EC and the GCC signed a Cooperation Agreement under which they committed to enter into negotiations on a Free Trade Agreement (FTA) and for the EU and GCC Foreign ministers to meet once a year at a Joint Council/Ministerial Meeting. The Gulf States were interested in access to Europe's markets, especially for petrochemicals. Europe was interested in regional stability and the creation of a framework for ensuring energy imports from the Gulf.^[4] The agreement was not ambitious in scope and from the beginning was not pursued with urgency. Of determinant importance was the EU's decision to pursue the relationship on an inter-regional basis, which to this day has held back the depth of partnership.^[5]

Although the agreement provides for cooperation in fields such as energy, economy and education, all sides agree that the signing of the FTA is a prerequisite for a broader strategic partnership. Negotiations for the FTA remain unresolved after seventeen years. They remain unresolved despite a new impetus in recent years, following the GCC becoming a customs union. Only in 2002 did the EU announce its intention to open a first Commission delegation to the region, in Riyadh. This office opened only in 2004, and until very recently operated as a one-man show.

[1] Christian KOCH, GCC-EU Relations: The News Again is 'No News', *GCC-EU Research Bulletin*, No. 5 (July 2006).

[2] Gerd NONNEMAN, EU-GCC Relations: Dynamics, Patterns and Perspectives, *Journal of Social Affairs*, 2007, forthcoming.

[3] *Ibid.*

[4] *Ibid.*

[5] Richard YOUNGS, *Europe and the Middle East: In the Shadow of 11 September* (Boulder CO, Lynne Rienner, 2006), chapter 6.

In the aftermath of the terrorist attacks of 11 September 2001, commitments have been made to inject greater momentum into EU relations with the states of the Arabian Peninsula. At the 2004 EU-GCC Joint Council it was agreed that both parties would “refocus their activities on a limited number of areas” in order to address difficulties encountered in the implementation of the cooperation agreement. Priority areas of cooperation in this supposedly reinforced effort would include business and energy cooperation, while human rights and migration clauses were also later added to the on-going FTA negotiations.

In December 2003, the Commission and the High Representative for the CFSP issued a policy document that stressed the need to broaden and deepen the EU-GCC dialogue, and link the EU-GCC and EU-Mediterranean frameworks, while also tying in Yemen.^[1] That same month, the new European Security Strategy made reference to the need for a broader engagement with the Arab world. This was followed in June 2004 by the adoption of the *Strategic Partnership with the Mediterranean and the Middle East*.^[2] This strategy incorporated the Gulf region into an overall Mediterranean and Middle Eastern framework and committed the EU to advance a partnership with the countries of the Arabian Peninsula. It noted how EU relations with countries ‘east of Jordan’ were less developed and how the economic and social characteristics of these countries called for instruments different to those of the Barcelona Process. It also promised that the EU would consider ‘bilateral political engagement’ with individual Gulf states wishing to cooperate on reform issues — a potential shift of emphasis from the regional foundations upon which EU efforts had long been predicated. In this new document the EU also committed itself to investing more resources to support economic and political reform efforts in the Gulf. This was presented as a strategic framework, circumventing what was judged by some governments to have been the ineffectual and overly low-profile, technical approach led by the Commission.

This new strategy was based on an initial Franco-German proposal, forwarded as a response to the initial US proposal for a Greater Middle East Initiative.^[3] However, there was no consensus within the EU over what the Strategic Partnership should seek to deliver in practice. Sceptical states were reluctant to adopt any strategy that

[1] European Commission and Council of the European Union, ‘Strengthening the EU’s Partnership with the Arab World’, 4 December 2003.

[2] European Commission, ‘Strengthening the Mediterranean Policy of the European Union: establishing a Euro-Mediterranean Partnership’, COM(94)427, 19 October 1994, p. 5; and Interim Report on an “EU Strategic Partnership with the Mediterranean and the Middle East” (7498/1/04 REV 1). http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/reports/79886.pdf.

[3] YOUNGS, *op. cit.*

could be identified with the US vision of a regional security framework. Others were eager to protect the supremacy of the Mediterranean within the EU's ranking of priorities and to avoid burdening the EMP with the complexities inherent to the Gulf as, they claimed, attempts were made to bring Iraq, Yemen and the GCC into the Barcelona Process through the back door. And indeed, reflecting most states' lack of enthusiasm the Strategic Partnership has achieved little in practice, remaining in the words of one diplomat an essentially 'hollow framework'. In familiar fashion, the EU has attempted to walk a fine line between assenting to a semblance of transatlantic cooperation, on the one hand, and (what it judges to be) a differentiated approach emphasising participation, cooperation and consultation with the governments involved. It also, unlike the US, has frequently made the point of recognising the importance of addressing the Arab-Israeli conflict as an inseparable part of the overall framework of relations with the region.^[1]

Part of the difficulty in strengthening relations on this regional basis stems from the fact that EU member states have historically pursued relations along bilateral lines. GCC countries complain that it is difficult for them to move away from this pattern to a framework of dealing with the EU as a whole. GCC states still insist they are more comfortable dealing with states on an individual basis for specific issues, especially since several member states have better diplomatic representation across the region than the Commission. Matters are further complicated by the lack of a true understanding on the part of the GCC of the nature of the EU and how it functions, particularly given the dual nature of its external relations — it is evident that Gulf states have not been 'socialised' into a familiarity with the EU as such in the same way as Arab states within the EMP. GCC states often say they are puzzled at the idea of having technical negotiations on the FTA led by the Commission while the Council and presidency lead on political aspects (such as non-proliferation and human rights clauses). Diplomacy in Gulf countries, where political positions of power are held by the same individual for extended periods of time, is developed on the basis of regularity and personal relationships, a model hindered by the dual structure of relations with the EU and the rotation of EU officials.

The structure of the GCC as a regional inter-governmental organisation lacking supranational institutions is also an obstacle, given the fact that the GCC secretariat has no independent supranational negotiating competence comparable with the Commission's power to negotiate the EU's external trade agreements.^[2] The GCC

[1] Bernard EL-GHOUL, *Towards a new political partnership between the EU and the GCC: The challenges of the new European Commission*, *GCC-EU Research Bulletin*, No. 1 (March 2005).

[2] NONNEMAN, *op. cit.*

secretariat lacks the mandate to negotiate beyond a small set of economic issues and its president does not have the power to speak on behalf of all members, more so given deep seated differences and mistrust existent among its members. This has led to frustration on both sides and has favoured the continuation of political negotiations along a bilateral track with member states, often through local ambassadors. Arguably, despite all its rhetoric of being more sensitive than other actors to the need not to impose models, the EU has been guilty of trying prematurely to shoehorn the Gulf into a mirror image of its own regional integration.

Despite the calls for a more Europeanised policy, in the Gulf a heavy dose of bilateralism persists. Some member states allude to their lack of a historical presence in the region as reason for not wishing the EU to adopt too high a profile. The member states that do have a historical legacy, principally the UK and France, want greater support from EU cooperation but without relinquishing their bilateral, national room for manoeuvre. Where states (the UK, France and Germany) have developed commercial links they tend to favour the status quo, not wanting relations to be disrupted by the pursuit of broader collective relations. Other countries with fewer links, such as Italy, are not willing to upgrade relations until there is a more transparent and open investment climate.^[1] Some member states are even suspicious of the Commission, accusing it of wanting to extend its power beyond its technical and financial remit. They would like the Council to foster political relations independently of the FTA. However, at present political issues are only discussed at the yearly Joint Council Ministerial Meetings, the yearly Regional directors meetings and the troika meeting at the margins of the UN Assembly and these forums are not conducive to the negotiation of sensitive political matters — participants admit that dialogue ends up being formalistic and lacking in substance. Some member states proposed the creation of smaller forums for discussions with the GCC but other member states (despite, or perhaps because of, their own reluctance to prioritise the Gulf) were suspicious of fora in which all members were not present.

Within the Council, officials suggest that the Gulf has not generated any really high profile or dramatic policy challenges, sufficient to move EU policy into a higher gear. At the Commission officials refer to EU preoccupations with more pressing issues such as enlargement in explaining a disregard for the region. In short, a lack of political will, differing interests and structural difficulties have all militated against a deeper European involvement in the Gulf. In the last two years policy-makers have frequently suggested that the time is right to attach greater priority to the region. Saudi Arabia's increasingly assertive role in relation to the Arab-Israeli

[1] Roberto ALIBONI, An Italian perspective on future EU-GCC relations, *GCC-EU Research Bulletin*, No. 1 (March 2005).

conflict (witness the January 2007 Mecca agreement that under Saudi mediation paved the way for a Palestinian national unity government) and other regional issues (Lebanon, Iran, Iraq) has increased the premium on a more structured and strategic European engagement with the kingdom. But for many senior officials and ministers the Gulf still fails to register as a priority. One political activist from the Gulf complained that for Javier Solana, for instance, the region continued to be 'a black hole'.

In terms of security issues, Europe cannot and would not provide security guarantees along the lines of the US. At best, the EU could do more in the field of confidence building (especially with regards to Iran) and the facilitation of dialogue frameworks. Given the history of antagonistic regional relationships and the existing mutual mistrust among the Gulf countries concerning their security priorities, there is a role to play here. The EU can provide "soft power" and the credibility that the US lacks. The European Security Strategy and other initiatives such as NATO's Istanbul Cooperation Initiative from 2004 seemed to signal the beginning of a European attempt to define a security role in the Gulf region. Bilaterally, France and the UK have defence agreements in place with several GCC countries. Germany conducts training for Iraqi security personnel with the support and cooperation of the United Arab Emirates. France and Qatar recently signed an accord to cooperate in the areas of judicial cooperation, crisis management, drug smuggling, money laundering and terrorism and have regularly engaged in large-scale military exercises. Some EU member states are also major defence equipment exporters to the region.^[1] However, against this background, the EU has failed to move beyond the ad hoc bilateral activities of its member states and map out any coherent strategic plan commensurate with the Gulf's geopolitical importance. One Brussels diplomat acknowledged that despite the post-9/11 efforts, there was 'still no EU policy' in the Gulf.

One area where the EU has been particularly circumspect is in its support for political reform and human rights issues in the Gulf. In all states in the region debate over democratic reform has surfaced, and most regimes have allowed at least modest liberalisation measures. The EU and national European governments offer rhetorical support for such reform and a modest collection of governance, women's rights, media and parliamentary training programs have been supported by the UK, the Netherlands and Germany in Kuwait, Oman and Bahrain. But in private they still fret about the possible consequences of carefully controlled processes of political opening leading to a genuine democratisation that would allow Islamists to assume

[1] Christian Koch, *European Energy and Gulf Security*, *European View*, Vol. 4, November 2006.

power. GCC states have blocked the creation of a formal human rights dialogue with the European Union; EU civil society initiatives have been discontinued; governance projects have been rejected. Gulf states have resisted offering an opening for the EU to cooperate on and prompt political reform; the EU has by its own admission struggled to find access points to support low key civic projects in the same way as in other regions. There has been little European criticism of reversals to tentative processes of reform. In practice, the promised move away from the regional approach as a means of ‘rewarding’ more reformist states has not materialised. As one diplomat explained, for the EU the unity and stability of the GCC was seen as more important in security terms than the prospect of increasing leverage over reforms in individual states. EU officials are still minded to argue (whether correctly or not) that the US is pushing coercively for regime change in the Gulf, but the EU will at most provide ‘advice’ at the request of incumbent regimes (rather than democratic reformers, apparently), while asserting that economic development will eventually lead to political reform.

2. ECONOMIC HURDLES

Due to all these difficulties, and despite a clear rationale for strengthened relations, any advance for the present remains hamstrung by the FTA negotiations. The GCC sees the signing of the FTA as a basic test of the EU’s willingness to commit to the region. Of course, the oil-rich states of the Gulf do not receive the large amounts of development assistance that help accord the EU some leverage in other parts of the world (although the GCC will benefit from a very small new Commission budget line that will support cooperation in energy, education, science and technology, environment and outreach on EU awareness in industrialised and other high-income countries and territories to the tune of €2 million per year until 2010).^[1] This lack of mainstream development aid makes progress on trade more important as a basis for political engagement. Those member states — the UK, Denmark, the Netherlands — pushing for intensified relations express frustration at the Commission’s inability to conclude the agreement. A number of other member states have sought to argue that free trade is not important as a foundation for a deeper geopolitical presence and that a more political engagement should be pursued more directly through the Council; but the GCC states themselves reject what they see as an effort further to postpone the FTA.

[1] ‘Establishing a financing instrument for cooperation with industrialised and other high-income countries and territories’, Council Regulation (EC) No 1934/2006 of 21 December 2006.

In the seventeen years since the EC-GCC Co-operation Agreement came into force, trade between the two blocs has steadily grown, and the EU currently maintains a significant trade surplus with the GCC. Negotiations for the FTA were re-launched in 2002 after the GCC announced its intention to form a Customs Union and the Council issued its new negotiation directives for what was now to be a comprehensive FTA, including issues such as services, investment and public procurement, rather than simply a goods only agreement. The comprehensive nature of the agreement has lengthened the negotiation process. Many of these issues are beyond the kind of liberalisation measures the GCC has dealt with, especially since when negotiations started with the European Union some GCC states were not WTO members. They consequently have found it hard to reach common positions and the GCC secretariat lacks the power to negotiate on behalf of all such new trade questions. EU negotiators complain that agreement can be reached on a certain issue at the political level, but then fails to be implemented from within inchoate Gulf bureaucracies.

Conversely, a common complaint heard from the GCC side is that the EU keeps adding new items to the negotiations. There was tension in 2005 when the requirement was added to sign human rights and migration clauses. Gulf states perceived the EU's insistence on raising governance and human rights issues as a distraction, despite the issues being part of all the EU's agreements with third parties. They saw these issues as irrelevant to economic negotiations, especially when one of the first political clauses proposed by the EU was related to illegal labour migration, an aspect not likely to be relevant to the Gulf States.

The more specific stumbling blocks towards the conclusion of the FTA have persisted for many years. The EU has pressed on Gulf States' differential pricing of gas exports; for European companies' access to the GCC services sector; the lack of transparency in GCC government procurement regulations; and rules of origin provisions for goods coming through the Gulf region. The GCC accused the EU of protectionism in the petrochemicals sector (which European petrochemical companies in turn argue is warranted to offset GCC 'subsidisation' of their domestic industries).^[1] Some issues have been resolved, assisted by Saudi Arabia's December 2005 WTO accession. But obstacles remain on investment, procurement and services. Several moments of optimism have come and gone in recent years, when the FTA's conclusion was said to be imminent only for agreement to once more prove elusive. As many of its predecessors, the German presidency has set a conclusion of the EU-GCC FTA as one of its foreign policy aims.

[1] Koch, *op. cit.*, July 2006.

While the EU requires the GCC to comply with its governance regulations on transparency and openness, these are delicate issues for the GCC countries to the extent that they touch on the core structure of their political systems and societies. In the GCC state allocations are not usually arrived at through open tenders, but rather result from a consensual, informal process integrally related to the distribution of resources among princes and tribes in a way that seeks to maintain a certain balance of power and stability. In this sense, GCC regimes' caution on some specifics of the FTA talks is related to their strategies for holding at bay political reform dynamics within their own societies. Bilateral FTA's signed by Bahrain and Oman with the US have also not helped negotiations, both because these agreements have undermined cooperation within the GCC itself and because the EU refuses to accept any conditions that do not match those offered to the US. Meanwhile, the GCC's trade with China, India and other Asian states has increased exponentially, leaving the EU looking increasingly marginal. Most observers from the Gulf assert that the EU's own inflexibility has opened the way for Asian states to increase their role in the region, and that few people today look to the EU as a primary economic partner for the future.

3. NEW CONCERNS OVER ENERGY, OR BUSINESS AS USUAL?

Of course, the policy area that would seem most firmly to place the Gulf on the EU's geopolitical map is that of energy security. Increases in oil prices after 2003, combined with Russia's growing assertiveness in the use of its energy-based power, have shot energy security to the top of the EU's foreign policy agenda. The EU currently gets 22 percent of its oil imports from the Gulf; the latter's oil has been directed to the East and the US more than have Russia's energy exports. Oil reserves in the GCC are exploited less intensively than elsewhere so that their share of global production is less than half of their share of global reserves. Saudi Arabia will remain the only state in the world with sufficient surplus capacity to temper global price fluctuations. As oil production from the GCC increases in importance its potential as a source of energy for the EU will increase.^[1] Predictions are that Europe's dependence on Gulf oil is set to deepen during the next two decades. New gas supplies from the Gulf will be important in the objective of diversifying gas supplies away from Russia. Qatar has emerged as the world's largest LNG exporter, attracting large investments from a number of European companies.

[1] Koch, *op. cit.*, November 2006.

Despite this changing context, it is not clear what impact the EU's new concerns over energy security will have on its policies in the Gulf. The series of EU papers published on energy since late 2005 have focussed overwhelmingly on domestic energy policy (completion of the internal market in energy, the development of renewable energy sources etc.), or on external policy dimensions targeted primarily at the question of how to deal with Russia.^[1] The external relations element of EU energy policy is not well defined and in the area of energy policy the EU does not enjoy strong competence over member states. After some internal debate, the EU decided not to reduce its free trade demands in order to progress on energy cooperation — a decision lamented by diplomats charged with an energy remit, who had insufficient locus to ensure priority be attached to a broader geostrategic focus on energy security.

Nevertheless, a nascent 'energy dialogue' between the EU and the GCC has gathered pace and small-scale cooperation projects have begun, including the Commission initiative for a technical energy centre in Saudi Arabia. A Memorandum of Understanding on energy was discussed at the 2006 EU-GCC joint council meeting — that should be similar to the bilateral MOUs that have been signed with Ukraine, Azerbaijan and Kazakhstan. These agreements refer to adoption of the EU *acquis*: transparency, reciprocity and instruments for cooperation — although these remain non-binding political commitments. A meeting of EU and GCC energy experts has been due for some time, but again the GCC has insisted that the FTA be concluded first. The EU's incipient approach to energy security appears heavily based on incorporating regulatory cooperation within formal contractual agreements. Hence, the Commission has proposed that the EU work towards an 'Energy Treaty' between the EU and members of the European Neighbourhood Policy (ENP) that could subsequently be extended to the Gulf and Central Asia.

Some EU officials suggest that the Gulf region has not to date been a priority for energy policy mainly because the nature of that relationship has been unproblematic. The willingness of Gulf suppliers to support stable markets and prices and their eschewal of supply disruptions has — in many policy-makers' judgement — rendered unnecessary any more formalised or geopolitical approach to energy cooperation with the GCC. Any deeper EU energy relations have been left to ad hoc bilateral or company-to-company arrangements. The Gulf is an important supplier to some member states, but less so to others; German officials, in particular, are keen to point out that their energy imports from the region are negligible. Furthermore, the GCC itself has limited competence on energy matters and exhibits

[1] Koch, *op. cit.*, November 2006.

significant internal differences on this question between its member states. Broader multilateral forums such as the International Energy Forum are judged to provide the crucial and necessary interaction, with sceptical voices in Europe arguing that more targeted energy initiatives at the EU level would not be welcome

GCC states complain that they are treated by the EU only as sources of energy, when the GCC seeks a broader strategic partnership to offset US power, especially in relation to the Arab-Israeli conflict.^[1] The Saudi government, in particular, has pushed for the EU to buy into its regional agenda, for example on Iran, as quid pro quo for deeper energy cooperation. Some European officials complain, conversely, that dialogue is already far too dominated by efforts to coordinate positions on Palestine and that this issue invariably displaces all debate and cooperation on energy. Senior officials admit that so far there has been no debate on how the EU's new energy strategy would impact on such high political dimensions of European relations with the Gulf monarchies.

The energy imperative is invariably cited as the major factor militating against support for democratic reform. Some experts argue that even the very tentative political openings offered in the Gulf have already forced regimes to bend to popular sentiment to prioritise short term revenues and thus move away from low oil prices.^[2] One example often quoted is that of Islamists in Kuwait's increasingly lively parliament blocking the ruling al Sabah family's proposals to open the oil sector to foreign direct investment. It is also the case that in the last two years, the Saudi royal family has won external support for its pivotal role in dampening oil price fluctuations. The Saudi government promised to temper any upward pressure on oil prices that resulted from the 2003 Iraq invasion. It was seen by some as robustly defending the kingdom and its oil facilities from Islamist terrorists. The government has spent well over \$1 billion to strengthen security at its production facilities after attacks on the latter in 2003. By 2005, Saudi Arabia had provided 30,000 troops to protect oil infrastructure. In some visions, the Saudis have skillfully deflated pressure for democratic reform, through minor tactical changes, preventing any prospect of the Shias dominant in the oil-rich Eastern Province gaining political leverage over supplies. Saudi Arabia helped reduce oil prices from their summer 2006 peak of around \$75 a barrel down to around \$50 a barrel by early 2007.

Some analysts, however, argue that the 'oil versus democracy' relationship is more complex than most commonly assumed, and that Gulf authoritarianism is less

[1] Gerd NONNEMAN, EU-GCC Relations: Dynamics, Patterns and Perspectives, *GRC working paper*, June 2006, p. 20.

[2] Joe BARNES and Amy MYERS JAFFE, The Persian Gulf and the Geopolitics of Oil, *Survival*, Vol. 48, No. 1, 2006, p. 148 (pp. 143-162).

boon than bane to European energy security. Questioning the standard line that the rentier states of the Gulf are robustly protected from democratic dynamics, it has been suggested that in fact the wealth brought by oil and gas has made the region's population more confident in pushing for change and more frustrated by their governments' failure to move beyond oil dependency.^[1] The implication is that the stalling of reform, rather than reform itself, could be the most potent trigger of the kind of instability that would threaten European energy interests. Some experts detect this emerging danger especially in Saudi Arabia.^[2] While gaining support as reliable energy suppliers, Gulf regimes have also shut out Western investors, in part to shore up their waning domestic support through populist measures. The Saudi regime, for example, reneged on a 2003 upstream gas investment deal with Shell and Total, fearing the political consequences of any significant market opening.^[3] And yet, while foreign direct investment in the energy sector is largely blocked, national oil companies in the Gulf have not undertaken the massive investment needed to increase production capacity to meet growing international demand.

However, if such complexity requires careful and detailed deliberation on long-term approaches to energy security, there has been little such strategising guiding EU policy. One well placed senior official observes that only the UK and France are even interested in domestic political developments within the Gulf, other states being 'happy to just keep buying the oil.' And the UK's decision not to investigate kickback allegations on the follow on to its al Yamama defence deal hardly augurs well for improvement of governance standards. Remarkably there has so far been no CFSP discussion on the foreign policy impact of energy challenges related to the Gulf. One critic argues that EU policy sees energy in too compartmentalized a way, separate from broader Gulf security issues; and separate from any effort to understand the way in which Gulf states and societies are changing.^[4]

4. CONCLUSION

Half a century on from the Rome Treaty, and with British colonial rule in the region long gone, the Arabian Peninsula is one of the areas of the world where

[1] All this, Gerd NONNEMAN, *Political Reform in the Gulf Monarchies: From Liberalisation to Democratisation? A Comparative Perspective*, *Durham Middle East papers, Sir William Luce Fellowship Paper*, No. 6.

[2] Madawi AL-RASHEED, *Circles of Power: Royals and Society in Saudi Arabia*, in Paul AARTS and Gerd NONNEMAN (eds.), *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs* (London, Hurst and Company, 2005), p. 201 and p.208; Iris GLOSEMEYER, *Checks, Balances and Transformation in the Saudi Political System*, in ARTS and NONNEMAN, *op. cit.*, p.231.

[3] Ian RUTLEDGE, *Addicted to Oil: America's Relentless Drive for Energy Security* (London, I.B.Tauris, 2006), p. 190.

[4] KOCH, *op. cit.*, July 2006.

European foreign policies remain the least Europeanized. Despite the GCC's importance for energy security and its centrality to post-9/11 counter-terrorism, the EU has attached little priority to the region and has seen its influence gradually marginalised. For nearly two decades, narrow sectoral trade concerns have (on both sides) been allowed to prevent the signing of a free trade accord, which all states recognize would provide the essential first step and fillip to a more geopolitical partnership between the EU and the GCC. The nature of Gulf politics has allowed little scope for the kind of economic and social bottom-up engagement that is the EU's signature trademark in international relations; and the EU has not known how to respond by successfully designing an alternative strategic approach. Despite a change in rhetoric and a handful of new reform projects, since 9/11 the EU has struggled to gain meaningful traction on economic and political change in the Gulf. Indeed, the Gulf has been the part of the Middle East where EU approaches have changed least from alliance-building with autocratic regimes seen as protection against radical Islam. In short, an analysis of European policy in the Gulf provides a useful, if sobering, antidote to those today celebrating how, fifty years on from Rome, the EU has apparently developed into an influential, normative, post-modern superpower.