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**REPORT OF THE WORKSHOP ON
“THE MEDITERRANEAN: OPPORTUNITIES
TO DEVELOP EU-GCC RELATIONS?”**

by Christian Koch

Report of the seminar on “The Mediterranean: Opportunities to Develop EU-GCC Relations?”,
Rome, 10-11 December 2009

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Within the framework of the al-Jisr Project on EU-GCC Public Diplomacy and Outreach Activities and with the support of the European Commission, the Istituto Affari Internazionali (IAI) and the Gulf Research Center organized a two-day workshop focusing on how the Mediterranean region can become a field of cooperation between the EU and GCC countries. The event brought together 30 policy officials and specialists to deliberate on questions such as: should the Mediterranean become a dimension in the EU-GCC political dialogue; where are the potential synergies when it comes to the role of energy; what ways and means of financial and economic cooperation present themselves to promote investment and development; and where do political and strategic interests between the EU and the GCC converge or diverge in the Mediterranean. A final roundtable served as a wrap-up for discussion with a focus on policy recommendations.

While many of the participants at the meeting referred often to “missed opportunities” when it comes to EU-GCC relations in the Mediterranean and elsewhere, the discussion also made apparent the fact that close connections exist between the Gulf and the Mediterranean on the one hand and Europe and the Mediterranean on the other. Events and developments in one region have an impact in the other, yet the linkages have not been made a permanent aspect of an emerging triangular relationship. For the moment, the structural limitations prevail whether in terms of the highly fragmented construction of European foreign policy in the Middle East and North Africa or the lack of institutional mechanisms through which the GCC states could engage with the Mediterranean countries. Cooperation is thus ad-hoc and individualistic and lacks a strategic framework. At the same time, potential areas for cooperation exist in such diverse fields as investment, energy flows, development assistance, political dialogue and maritime security. Further opportunities for cooperation should thus be explored, keeping in mind that such cooperation needs to proceed on differentiated tracks whether at bilateral, multilateral or government and non-governmental levels.

The opening presentation on “The Mediterranean in EU-GCC Relations” highlighted a “plethora of highly institutionalized initiatives” on the side of the EU but “negligible linkage to policy in the rest of the Middle East.” In its determination to keep the Mediterranean separate, the EU tends to ignore that the GCC states have emerged as significant players both in terms of economic development as well as mediators in various aspects of regional affairs. Within the context of deeper intra-Middle East integration, there are opportunities between the EU, the GCC and the Mediterranean for better “triangulation” but so far a disjuncture between the components remains notable. As a result, “a better and clearer balance is required between bilateral, subregional and broader Middle East dynamics” to move towards a logic of graduated regionalism. For the GCC

states, the problem does not appear to be one of EU initiatives but rather the way these initiatives are constructed and communicated. The EU should thus look seriously at the structure of its policies. It was also mentioned that the GCC has alternatives and does not need to remain solely focused on ties with Europe. While the Mediterranean is a hinterland, increased focus is also being given to relations with Asia and Africa. Significantly, no direct mention was made of the Arab League or the now defunct Euro-Arab dialogue.

The second session on “Energy in the Mediterranean and the Gulf: Opportunities for Synergies” highlighted that the Mediterranean “is expected to play an increasingly important role in global energy flows” which might result in a greater European dependence on North African supplies and less on the Gulf. At the same time, potential synergies are said to exist in such fields as the development of renewable energy sources (also with the placing of the International Renewable Energy Agency in Abu Dhabi), and investment required to meet domestic electricity demand. As far as oil and refined products are concerned, the volume and direction of oil flows to and through the Mediterranean will be important, especially as an expected rise in transport in the near future contains serious security implications. As a result, an increased focus on the development of a pipeline network between the Mediterranean and Europe might open possibilities for Gulf involvement. The same could apply for the supply of natural gas to Europe. In the field of power generation, the improved ability to transmit electricity over longer distances opens the door for establishing a continuum of interconnection from the Gulf to Europe through the Mediterranean and the ability to serve markets along those connections. Finally, the rapidly rising awareness of the need for renewable energy sources suggests an additional field of cooperation. In many of the above suggested areas, the potentially important role of Turkey was mentioned several times in the discussion.

The third session was entitled “Investment from the GCC and Development in the Mediterranean: The Outlook for Financial and Economic EU-GCC Cooperation.” Some of the basic questions posed at the outset were whether the trend of Gulf involvement in the Mediterranean economies was sustainable, what the specifics of those investments are, and could a triangular cooperation be envisaged? What is clear is that Gulf investors have become major players in the Mediterranean with an investment volume of more than 70 billion Euro in nearly 700 projects. In addition, there are announcements totaling an additional 160 billion Euros although in this case the global financial crisis has dampened somewhat the prospects of all of these ideas being turned into reality. In terms of origin, the UAE leads the field with 52 percent of the projects with the Mashreq tending to be more attractive to Gulf investors than the Maghreb region.

Besides the existing ties, it was suggested that a triangular relationship could develop that combines European know-how, technology savings surplus and labor supply with the human and natural resources as well as the infrastructure and social needs of the Mediterranean countries and finally, the energy, financial resources and the need for secure investments of the GCC states. For the moment, such a relationship exists as far as business operators are concerned but it remains unbalanced and has as such not assumed the format of an organized cooperation playing field. For example, while the EU is still the main

investor in the Mediterranean, there are drawbacks such as limited private investment and a lack of vision and political will. Similarly, in the case of the GCC states, economic and investment ties with the Mediterranean have not always fulfilled the expectations resulting in some disappointments. To overcome such shortcomings, it was suggested that a permanent dialogue platform be created to build confidence, concentrate on developing small and medium enterprises (SMEs), and consider formulating an investment charter focusing on the quality of foreign direct investment. Possible attention to corporate governance models and investment in large-scale infrastructure was also mentioned.

The final session was titled “EU and GCC Strategic and Political Interests in the Mediterranean: Convergence and Divergence.” It was initially mentioned that while the EU and the GCC share a number of strategic and political interests, they have developed “distinctly different broad patterns of strategic concerns and relations in the last 20 to 30 years.” One difference is that while Europe has concentrated on its immediate neighborhood, the Gulf has incorporated a global perspective into its foreign and security thinking. Also, while the Gulf is looking increasingly towards Asia, Europe is focused on North America. The result of such different orientations is the lack of a common core strategic relationship.

Nevertheless, the session highlighted that the Mediterranean region could serve as a point of contact through which common strategic perspectives could be developed. This is because the part of the Mediterranean is considered as belonging to the Arab world and the Mediterranean Sea also represents a juncture of European and Gulf geopolitical approaches. The fact that up to this point the EU and the GCC have failed to capitalize on the economic and financial factors that provide a basis for convergence in the Mediterranean is thus not a reason not to cooperate in more strategic areas if the necessary will can be enacted. In this context, it will be essential for both sides to overcome seeing the Mediterranean as part of the Cold War or balance of power complex.

In conclusion, the need for realism in the status and prospects for EU-GCC cooperation with regard to Mediterranean issues was underlined although it was also made clear that many potential points of contact exist that could be developed further. In all of these instances, it appears to be more appropriate to pursue cooperation on a project by project basis while at the same time continuing to provide such contacts a broader strategic framework.