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## FTA will provide tangible benefits to both GCC and EU

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AT the outset many people in Oman and elsewhere know Europe by its individual countries such as the United Kingdom, France, Italy and the Netherlands. On a multilateral level these countries and twenty-three other Member States together form and represent the European Union (EU) as a regional political-economic trade bloc.

Today April 29, 2009 the EU and the Gulf Co-operation Council for the (six) Arab states of the Gulf (GCC) are going to meet in Muscat for their 19th annual gathering. Hence, this creates a good momentum to question how much leverage the EU as a common actor actually has in the GCC Countries. And vice versa considering the transnational challenges and the global financial crisis, how important is it nowadays for countries such as Oman to be part of a regional organisation like the GCC and cooperate with other regional organisations.

Already in 1988 the EU then called the European Community and GCC signed a so-called Cooperation Agreement in order to institutionalise and boost their multidimensional relations. The agreement included, among others, a provision to enter negotiations that would lead to the conclusion of a Free Trade Agreement (FTA) in order to further strengthen ties. It would have been the first region-to-region FTA ever to enter force worldwide.

After twenty years of negotiating, however, no such agreement as yet has been signed. During the upcoming GCC-EU meeting here in Muscat, one of the items on the agenda will be the pending FTA. The Observer asked Dr Christian Koch, Director of International Studies at the Gulf Research Center, a renowned think-tank based in the United Arab Emirates, about the status quo and the possible benefits of the multilateral relations.

**What is the rationale behind and mutual benefits for both the GCC and the EU to conclude a bloc-to-bloc FTA?**  
The EU and GCC are major trading partners and thus an FTA provides tangible benefits to both sides. Both have things they bring to the table, the European nations in terms of the high-quality manufacturing products, the GCC states with the leading role in the energy and hydrocarbon sector.

To maintain upward movement in trade and provide additional opportunities, an FTA will provide the right framework especially because otherwise also other nations and regions will move into any existing void. For example, the GCC is proceeding with talks with a number of countries including Australia, India, China and Japan. There are two important reasons for seeing the GCC-EU FTA concluded a) it sends a powerful message in the current global financial crisis against protectionism and b) it will further strengthen the integration process in the Gulf which is central to security and stability of this vital strategic region of the world. The GCC as an organisation is still young and only now beginning to develop itself more institutionally. For many of the projects under consideration in the GCC, the EU is a model.

Therefore, the failure to agree on an FTA or the inability to develop other forms of co-operation would be a severe blow to regional integration. Given the region's strategic role and the impact that a crisis in the region can have on stability elsewhere, it is essential that further efforts to consolidate regional integration is supported. In the end, both sides benefit.

**What are the major constraints that have been hampering the FTA negotiations?**

There are basically technical issues left to resolve such as export duties. The EU is hesitant to grant concessions as this might be used by other countries that the EU is negotiating with (such as Russia) to demand similar treatment, ie a concession to the GCC on export duties, will mean Russia will want the same.

The GCC also still want the trade imbalance addressed more effectively. Human rights are not really an issue and can be resolved as the principle is not disputed by either side. What is required at this stage is a little more flexibility on the EU side to see how they can meet GCC concerns. The GCC wants to be seen as having their concerns taken seriously and this is not the case so far.

**Would you agree that bilateral ties still prevail over multilateral ties?**

This is natural given the historical relations that have existed and the fact that the EU and the GCC are still very different organisations as far as their institutional set-up is concerned. In addition, on many fronts like education for example, the prerogative for relations actually lies with the individual nation states rather than with the multilateral institution. The EU and the GCC can here provide a framework but they are not the ultimate decision-makers. Bilateral ties prevail but multilateral ties are increasingly developing. One should not see the two as being mutually exclusive.

**Though not known to push other countries to adopt its model, the EU as a common actor always includes a clause on human rights and good governance when dealing with non-member states. Do you consider this is too much of a 'one size fits all approach' perceived by the GCC as meddling politics?**

Not really. There is abroad commitment to human rights and political development in the region and there is no fundamental objection to containing references to human rights even in an FTA. It is a little more problematic with regard to conditionality, ie that the EU holds the right to suspend an agreement if it feels there is a violation on the GCC side on human rights. This is simply too subjective as far as the GCC is concerned.

The issue can be resolved simply by finding the right wording with some acknowledgment that the region is making progress on political development and greater participatory rights. The President of the EU Parliament mentioned during his visit to Oman recently that the GCC states should pursue democratic reform without feeling that they must follow models not in line with their tradition. This is the correct approach to take.

**What is the long-term perspective for the GCC in terms of subregional integration and what within this framework will this mean for their geopolitical position, will this entail more common approaches towards transnational challenges?**

It is increasingly apparent the challenges of the current global world cannot be handled by a single power alone. Instead



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more frequent and more qualitative cross-border co-operation is essential if one wants to be able to contain security challenges.

Terrorism, drug and human trafficking, global pandemics, organised crime, weapons proliferation etc, etc. all do not stop at a particular border. All of this means that the GCC has to develop better regional mechanism to work together as they are already doing on intelligence sharing.

**As the GCC states are currently diversifying away from their energy-based economies, albeit in varying degrees, what are other fields of potential cooperation between EU and GCC, for example with regard to education and (renewable) energy?**

There are a host of other areas of co-operation including energy and environmental matters, the development of alternative energies, climate change, better co-operation in educational fields and exchanges, as well as better co-ordination in relations to many of the critical regional issues that the Gulf is faced with.

The EU and the GCC should develop common approaches to nations like Yemen, Afghanistan and the Horn of Africa. There needs to also be additional investment in capacity by both sides, ie to broaden the EU presence in the GCC as well as to strengthen the GCC position in Brussels. All of this will contribute to a broad menu of relations.

**Apart from ongoing FTA negotiations, do you think EU-GCC relations have grown over the past years and will continue to do so?**

Absolutely. Relations have developed quite significantly and there are interactions going on at various levels. Despite the suspension of the FTA, institutional ties have grown.

*By Bregje van Baaren*

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