

# Europe's Gulf dilemma

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»» The impact of the Arab uprisings on domestic dynamics in the Gulf States poses a dilemma for the European Union (EU). At a time when the Gulf's financial prowess and regional political clout are most in demand, how can Europe engage with the ruling regimes without condoning their reactionary policies towards domestic reform? Long content to excuse their acquiescence with blatantly authoritarian regimes through appeals to cultural relativism, lack of leverage or outright necessity (in terms of security and energy), EU member states can no longer be sure that such an approach will ensure the much prized stability. Both consistency with the stated European support for democratic transitions elsewhere in the Arab world and *realpolitik* arguments suggest the need for a more nuanced approach. An undercurrent of dissatisfaction is fermenting in pockets of the Gulf's population and the outlays of money used by the regimes to defuse any potential discontent can hardly be deemed a sustainable long-term policy.

## THE EU HOLDS THE COURSE IN THE GULF... AT ITS PERIL

The dilemma over how to deal with authoritarian regimes in countries that concentrate a number of European interests has become much more acute in relation to the Gulf States since the Arab uprisings. Not only is it hard to save face by continuing a policy that clearly backfired in the case of the Southern neighbourhood, but also the EU can no longer ignore protests in some Gulf States. Bahrain is the most blatant case, but there have also been mobilisations for reform in Kuwait and smaller protests in Saudi Arabia and Oman.

## HIGHLIGHTS

- At the height of the Gulf's financial prowess and regional political clout, Europe faces the dilemma of how to engage with the ruling regimes without condoning their reactionary policies towards domestic reform.
- Dissatisfaction is fermenting in pockets of the Gulf's population and the regimes' financial disbursements will be insufficient to defuse discontent, as well as being unsustainable in the long term.
- Consistency with the stated European support for democratic transitions elsewhere in the Arab world and *realpolitik* arguments demand a more nuanced EU approach to the Gulf States.

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»»»»» The Gulf has become more important for the EU in the last few years. In the face of the crisis, Europe has incorporated economic and financial rationales to its traditionally security-oriented policies towards the Gulf. For EU member states, the Gulf region represents a high growth area with a lot of potential in terms of developing trade and investment; they fiercely compete for lucrative projects bankrolled by revenues from high oil and gas prices. The Gulf has also become an important source of inward investment in Europe. Politically, the Gulf States have reacted to the Arab uprisings by stepping up their presence in regional policy-making and as such have been useful allies for Europe (and the US) in a number of conflagrations. The Gulf Cooperation Council (GCC) took the lead in brokering a transition in Yemen which, whatever its flaws, averted a civil war and for the time being at least is showing some progress. In Libya the backing of the Arab League, spearheaded by the Gulf States, was key in legitimising NATO's military intervention, as was involvement by the United Arab Emirates (UAE) and Qatar. The Gulf States, once over their initial aversion to the uprisings, have become financial backers of the transition states. Notwithstanding accusations of meddling in domestic politics, such funding is important at a time when resources from Europe are scarce and International Monetary Fund assistance is still being negotiated after two years. In addition, there is the Gulf States' role as bulwark in the face of perceived Iranian regional hegemonic aspirations, which is heightened as negotiations between the P5+1 and Iran stall.

Thus, despite very different appraisals of the Arab uprisings, European and GCC countries have increased their military and diplomatic cooperation. For example, in October 2012 the UK signed a new defence cooperation agreement with Bahrain and in April 2013 a French white paper defined Gulf security as the fourth strategic priority of the government. The race to sell arms is at its height, with Prime Minister David Cameron recently attempting to facilitate the sale of 100 Typhoon fighters to Oman, Saudi Arabia and the UAE, while Paris lobbies to provide the UAE with Rafale fighter jets.

Conditions therefore militate against a change of policy. Europe, weary of upsetting the ruling regimes of the Arabian Peninsula, is signalling its support to them and has yet to address the issue of how to deal with repression within the Gulf States. But the EU should be careful, or at the very least alert and prepared. Countless analysts are warning that external actors are being too complacent and that change is inevitable in this region too. They believe the genie is out of the bottle and that louder and new found calls for change, although limited, will be harder to silence. The question is whether change will be controlled and gradual or abrupt and sudden, and how much longer will the status quo hold?

### **GULF REGIMES' REACTIONS TO THE ARAB UPRISINGS**

The Arab uprisings have provoked conflicting responses from the regimes and the population in the Gulf. Conceding for differences across the diverse Gulf States, regimes are generally in survival mode, trying to avoid an erosion of power domestically while sectors of the population have been energised and are upgrading their expectations.

The regimes have been quick to deploy pre-emptive and reactive measures in the face of a potential spread of protests to the Gulf. The reaction has been a mixture of concessions and repression. While the social contract in these states is premised on the provision of certain economic benefits, the extent of the hand-outs has dramatically increased in scale since the Arab uprisings: \$5 billion in Kuwait (\$3,500 in cash to every citizen along with free foodstuffs for a year); in Saudi Arabia, \$130 billion have been committed to job creation, salary increases, and development projects; in Qatar, large pay and benefit increases for public employees and military personnel; in the UAE, 35-45 per cent salary increases for public sector workers. In addition, the GCC (in a departure from its focus on external security) pledged \$20 billion to a fund to help stabilise fellow GCC members Bahrain and Oman. Oman expanded public employment and price subsidies and Bahrain announced public sector salary increases, pension increases and a new allowance for low-

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income employees. But socio-economic concessions are fiscally unsustainable in the long term, especially if coupled with demographic trends, and reverse earlier efforts to encourage the necessary development of the private sector. Not only do they compound the problem of subsidies, they also tend to be sticky and non-elastic, with any attempts to reverse them likely to produce widespread outcries. A youth bulge with meager prospects for employment in an already overstretched public sector combined with the

dependence on high oil prices in order to balance the budget is a dangerous mix. Despite the perceived wealth of the Gulf States, many of them suffer from pockets of poverty, unemployment, uneven development, substandard infrastructure and housing shortages.

The other side of the coin has been increased repression. Arrests of activists or dissenters

have increased, exponentially in some cases (94 on trial in UAE). Media laws have also become more stringent and there have been attempts to close down, or at least control, the burgeoning space for discussion provided by new social media. There have been convictions for tweeting in Qatar, Kuwait and Saudi Arabia. In the latter, there is talk of blocking some social media messaging services such as Skype, Viber and WhatsApp if they cannot be monitored. In June 2013 the Saudi telecoms regulator banned Viber for allegedly failing to comply with telecommunications rules. Measures of repression are generally becoming cruder, with Bahrain and the UAE resorting to the revocation of citizenship in some instances. Foreigners have also been at the receiving end of some of these measures, if at a milder scale. Outside observers (mainly journalists, activists and academics) have routinely been denied access to Bahrain and a number of organisations and individuals have been expelled from the UAE.

A derivation of this repression has been an increase in sectarianism as the ruling regimes attempt to attribute any opposition to 'foreign' elements driven by sectarian agendas. The Saudi and Bahraini regimes, most prominently, have favoured a deliberate strategy to mobilise Sunni support against the Shia opposition by inculcating the fear of supposedly Iranian-backed Shia. This, however, has not arrested the expansion of protests in many regimes beyond the 'Shia conspirators'. The diversity of protesters and their use of social media are complicating efforts by the regimes to frame and control the debate on dissent. The clamp down on what were, at least initially, very mild criticisms and demands is likely to provoke a backlash and the radicalisation of demands. The lesson from Bahrain is clear, clamping down on the moderate opposition leads to its splintering and radicalisation. Sectarianism could easily spiral out of control. While polarisation and mobilisation of Sunnis against the Shia have been useful to the regime, the Sunni population are already starting to make demands of their own.

### THE PEOPLE'S RESPONSE

The population of the Gulf States has witnessed an increase in local agency since the Arab uprisings. Local grievances are more forcefully aired, as seen in protests over political prisoners in Saudi Arabia, working conditions in Oman, the prime minister and citizenship issues in Kuwait and general dissatisfaction with governance issues. Kuwait has witnessed mass mobilisations, which rallied a variety of groups, including Islamists, tribal representatives, youth groups, human rights activists, and *bidoon* (stateless) seeking constitutional reforms and political rights. The discourse of 'rights' and 'citizenship' has become so prevalent that some regimes have been forced to adopt it (most prominently in the Bahrain Independent Commission of Inquiry commissioned by the Bahraini regime). Most worrying for some governments, even conservatives and Islamists are framing their discourse in terms of 'rights'. In March, Salman al-Awdah, one of the most popu-



»»»»» lar clerics in Saudi Arabia (he reportedly has 2.4 million followers), posted an open letter on Facebook and Twitter in response to the conviction of two political activists to long prison terms where he denounced rights violations and corruption and called for reform. While the issue of reform is understood very differently by the different constituencies, there is a common subtext of wanting a fairer society. The issues that are raised are the need for more accountability and more participatory institutions, as well as an end to corruption and the release of political prisoners.

Specific grievances are compounded by an increasing reluctance, especially by the youth, to have cultural, religious and social norms imposed on them by paternalistic, overbearing regimes. Saudi Arabia, for example, has seen budding attempts to re-examine religious orthodoxy. While political militancy is less prevalent, government-imposed restrictions, often religiously justified, are being questioned. Government criticism by citizens, quite unusual three or four years ago, has become very common in social media during the past two years. There are also instances of breaking out from the identity politics encouraged by the regime (tribal, sectarian) to coalesce along policy issues. In Kuwait, a significant sector of youth active in Islamist movements have found common cause with liberal youth activists in pushing certain issues and in Saudi Arabia, some prominent leaders of the Sahwa movement have found common cause with more liberal human rights activists over issues of civil liberties and political prisoners.

The combined effects of the regimes' reaction and the popular dynamics make some of these states more vulnerable to increasing societal and economic pressures and exogenous shocks such as fluctuations in global energy prices. Demographic imbalances in Qatar and the UAE (where nationals represent about a fifth of the population) have also brought to the fore issues of citizenship (non-national vs. national benefits, granting and stripping of citizenship and tiering into different levels of citizenship) and national identity that could lead to friction and instability.

## THE EU SHOULD HEDGE ITS BETS

Given a potentially unstable situation, the EU should at the very least hedge its bets. But Europe faces the dilemma not only of whether to change its approach, but also of how to do so. The default policy inertia is compounded by the inaccessibility of these states: they are not candidates for development aid, any suggestion of reform is anathema to the ruling regimes, and their societies are generally very conservative and suspicious of 'Western' agendas. In addition, regimes are hardly monolithic with turf battles between competing factions of the royal families further complicating external relations. How then should external relations towards the Gulf States be modelled?

There should be a better balance between commercial and security concerns and domestic political and human rights issues. At the moment European governments deal with Gulf regimes on a very narrow basis (often confined to the ruler and the defence ministries), and generally do not even acknowledge the simmering discontent in some societies. The EU should contemplate broader outreach efforts. While the EU might not have great leverage over these regimes, it does represent one of the largest markets and includes important defence and political allies of the Gulf States.

Furthermore, demands from the population at this stage are decidedly mild. Some form of liberalisation that would allow for some space for the population to make its own choices would probably be sufficient to assuage unsatisfied elements of the population. Greater inclusiveness, population input into the policy process, better governance and less corruption, more equal opportunities for minorities, and basic rule of law protections are all that the protestors, reformers or petitioners are asking for, not the downfall of the regimes. The danger, as seen in Bahrain, is that severe clampdowns lead to a radicalisation of demands. Acknowledging this, some states have embarked on arbitrary political concessions such as the change of governor in the eastern provinces in Saudi Arabia, a major demand of protesters; a government reshuffle in Oman; or the appointment of women to the *Shoura* council in Saudi Arabia.

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**Do no harm.** If the situation cannot be improved, at least the EU should not make it worse. The EU shares responsibility for a permissive international environment, including by the continued arms sales of its member states. Such an approach is controversial for some of the EU's population, which has seen their concerns voiced by national and EU parliaments, as well as some European human rights NGOs. Unwavering support from abroad lowers the cost of repression. Regimes are emboldened by the limited response to the wave of arrests from the international community. Public hectoring of the regimes might not be the answer as it provokes a backlash, but neither is turning a blind eye to human rights abuses. There must be a middle ground. Bahrain constitutes the best example of a situation in which criticism by the media and civil society of the regime's heavy handedness contrasted with the muted response of European governments and the EU.

**Engage with the population.** While the structure of these states provides few entry points for European actors, rather than giving up and just dealing with the regimes, efforts should be made to engage the population. Programmes such as Erasmus Mundus are a start, although there are questions about how effective its implementation has been in the case of Gulf candidates. Socialisation is likely to be a more effective means of furthering certain rights than attempts at conditionality. Twinning, exchanges and efforts to weave a web of inter-regional people-to-people connections offer the best chance of enabling the population to articulate and determine their priorities and to voice them. This will require some liberalisation of the visa regimes. European NGOs have played an important role in highlighting abuses and reaching out in countries where they have been able to operate. The EU should make the case that they should be granted access and freedom to work in the Gulf States.

**Encourage economic reforms.** The Gulf States should be encouraged in their diversification and privatisation efforts, as moving away from the rentier state model could help the political emancipation of the population. Ruling regimes are likely to be much less sensitive about external encouragement of economic than political reform, and calls for economic reform can be justified in terms of furthering commercial relations. The claim is not that economic reform will lead to democratisation; this was proven wrong for example in the case of Tunisia. But in the Gulf States, issues such as privatisation, diversification and economic liberalisation have an important political subtext. The populations' financial dependence on the state dampens the prospect of demands for change. If dependence were not so complete, the recent protests encouraged by the uprisings would have probably had much broader support. In fact, it is in Bahrain, where a large segment of the Shia population suffers bleak socio-economic prospects, that the largest mobilisations have been witnessed.

As stability in the Gulf may prove more fragile than often believed, the EU should be proactive and seek to encourage controlled and gradual reform to avoid greater future disruptions. In doing so it should not fear for its commercial and security relations. While there is a sense among the oil- and gas-rich regimes that external partners need them more than the other way around, this position is overstated. The Gulf States are in need of international markets, external security guarantees and international political allies, provided in great measure by Europe and the US. The EU should be confident that its relations with the Gulf States are secure enough to withstand the removal of its kid gloves.

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