



Gulf Research Center
Knowledge for All



Can the EU Still Inspire Integration in the Gulf?

Eduard Soler i Lecha and Elina Viilup

December 2014

© Gulf Research Center 2014

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the Gulf Research Center.

The opinions expressed in this publication are those of the author alone and do not state or reflect the opinions or position of the Gulf Research Center.

Can the EU Still Inspire Integration in the Gulf?

Eduard Soler i Lecha and Elina Viilup

Introduction

The EU has inspired regional integration worldwide and has been touted as the most advanced and the most successful example of such integration. As yet, there is no other comparable regional integration effort of this depth with such significant consequences – the achievement of lasting peace and stability on a continent devastated by centuries of conflict and bitter rivalry. This success story and the promotion of regionalism elsewhere have formed the central part of its soft power and, more precisely, one of the characteristics of its normative power. Therefore, the EU has encouraged and provided technical assistance (and continues to do so) to other regional cooperation and integration projects around the world. It has embarked on complex cooperation efforts in the Mediterranean basin with the aim of building a large Euro-Mediterranean cooperation area. It has also supported bi-regional fora with Latin America and the Caribbean, with the African Union, ASEAN, with the Gulf Cooperation Council (GCC) and with the League of Arab States, to name a few of them.

The EU is in the midst of a deep multi-faceted crisis (institutional, economic, political), faces serious foreign policy challenges at its external borders (Ukraine war, turmoil in Maghreb and beyond), and its enlargement policy has been put on ice for the foreseeable future. The latter has been officially confirmed by the new Commission President Jean-Claude Juncker, who announced in his mission letter

to the new Commissioner in charge of Enlargement Negotiations that no further enlargement would take place during the current mandate. The combination of these factors is undoubtedly already affecting the EU's attraction as an integration model and can be expected to hamper the EU's image and reputation as a "source of inspiration" further in the future. Yet, we believe that the EU continues to set a relevant example for those regions and countries, such as the Gulf countries, which want to move forward on the path of regional integration. In our view, the way that the EU has been coping with crises, and the solutions that have been found to the current challenges, may provide invaluable lessons (often inspiring, though in some cases worth avoiding) to other countries and regions which may face similar problems in the future.

Internal Hegemony

Willingly or not, Germany has emerged as the EU's leader or, as some might say, its hegemon. This is only partly due to the country's own strength. Germany's recent rise as the EU's reluctant hegemon has mostly to do with the weakness of the other EU member states that have in the past been a counterbalance to it. France, Germany's traditional other half in the EU's integration engine, is in decline and increasingly inward-looking; the UK has withdrawn to a peripheral position, threatening to exit the EU; and Italy is immersed in its internal problems. Thus, we are faced with a lack of alternative alliances to the German leadership. Although certainly not without its own national interests and ambitions in the EU, Germany does not feel particularly comfortable in such a position, aware that this provokes resentment among its European counterparts (both big and small) and even some segments of European societies. Yet, in the absence of the others, Berlin feels forced to lead and push forward the European integration project, in the way it sees as most suitable.

At the same time, the German influence inside the EU institutions themselves remains limited. Despite the widespread perception that it always gets its way, in reality the heavyweight "wins" the legislative battles less than some of the EU's medium-sized member states. The seat of most EU institutions is in Brussels, the capital of Belgium, and the Union's lingua franca is not German but the world-language English. For several decades, Germany had accepted to have the same number of MEPs as France – despite the difference in population size in favor of Germany. Until now, it had also refrained from nominating German nationals to the most prominent posts in the EU. This has started to change in recent years, though: Frankfurt is the seat of the powerful European Central Bank and German deputies have more seats in the European Parliament than any other state. The country is

also starting to claim key posts in the EU institutions. For example, the Secretaries-General of the European Parliament and the Council of the European Union are Germans, as well as one of the two Deputy Secretary-Generals of the Commission.

That said, Germany continues to shun “going it alone,” also because it knows that if it is seen to lead aggressively, the other member states will close ranks and turn against it. Therefore, its strategy is to seek the support of other member states and have, ideally, a coalition of both big and small countries.

Thus, what can the Gulf countries infer from this experience? Due to their central regional positions and dominant size in both population and economy, Berlin and Riyadh are both called on to play a major role in any regional integration effort in Europe and the Gulf, respectively. What is more, both countries are likely to face (or may already be facing) similar dilemmas on how to lead those regional integration endeavors. Two main lessons stem from the German experience: (1) the need for a deliberate strategy of inclusion, power sharing, and coalition building – in an attempt to be a “benign hegemon” and (2) all these efforts may not preclude criticism and suspicion from countries that aspire to share this leadership position but are unable to do so.

External Threats

The role of external threats is fundamental for understanding the creation of both the EU and the GCC. In Europe, the Soviet threat pushed western European countries to cooperate and, similarly, the Iranian revolution in 1979 and the subsequent Iran-Iraq war pushed the Gulf countries to create the GCC. In that sense, those external threats acted as “external federators.”

The current context is not short of potential “external federators” for either regional integration project. An increasingly defiant and unpredictable Russian Federation, on the one hand, and turmoil in the Maghreb and the Middle East, have become major concerns for the EU, which despite its multiple domestic crises has had to focus on the events taking place beyond its borders. The EU’s foreign policy can no longer be apprehended as a minor issue, always subordinated to the domestic agenda. Similarly, the Gulf countries are also alarmed by the rising conflict in their neighborhood, mainly in Syria and Iraq, and more specifically, by the existential threat that the so-called Islamic State poses to regional security. Similarly, some Gulf countries are suspicious of a defiant Iran in terms of its nuclear program, the capacity to interfere in their domestic affairs, and the alliances that Iran can forge with other regional players, be they states or non-state actors. What makes the EU parallel

worth studying is that threat perceptions are not identical, either in the EU capitals or in the GCC. While some EU countries perceive Russian aggression in Ukraine as an existential threat, others might be more concerned by the economic costs of a long-lasting conflict with Russia. Similarly, the “Iranian threat” resonates differently in Riyadh, in Doha, in Abu Dhabi or Muscat.

Thus, the first lesson to be learnt from the EU experience is that the Gulf countries’ priority should be how to manage dissent in major foreign policy issues. To a certain extent, different political views may coexist inside the Gulf bloc but not to the extent of constituting an existential threat to any single member. As is widely known, not all the EU countries have the same attitude towards Russia and they are asymmetrically affected by sanctions against this country and the subsequent retaliation measures by Moscow. Yet, a consensus has been established among the member states that finding a common ground and remaining united is the only way of facing up to Moscow’s threats. Similarly, the Gulf countries should find ways to bridge the gap between Doha and Riyadh on key regional issues. Another alternative, if such a consensus is not found, is to accept that the GCC is an economic and trade area but not a political union.

Enlargement Strategies, Variable Geometry, and Relations with the Closest Neighbors

Widening and deepening, that is enlargement and further integration, have been seen as the two complementary facets in the evolution of the EU project. Moreover, they have reinforced each other because of the perception that an increasingly bigger EU can only function with greater integration. Thus, consecutive enlargement rounds have coincided with steps towards further integration.

This has not been the case for the GCC, since no new accessions have taken place since it was created. There are, however, ongoing accession negotiations with Yemen, which already participates in some aspects of cooperation as well as in some agencies such as the GCC Standardization Authority and the Gulf Organization for Industrial Consulting (GOIC) to give just two examples. Similar to the EU’s eternal candidate country Turkey, Yemen is seen as too big, too poor, and too different and it is not particularly happy with a status of an “eternal candidate.” More recently, talks have been held about extending an invitation to Jordan and Morocco. Should the GCC also decide to enlarge its membership to countries with different levels of development, it may be confronted with some of the challenges that the EU has been facing.

The EU's answer to the increasing diversity among its member states – politico-cultural and economic – has been a growing use of variable geometry in the form of different opt-ins and opt-outs, creating a de-facto Union of different speeds. Some examples of the areas where member states may opt in or stay out are participation in the Eurozone, membership of the Schengen borderless area, closer cooperation in defense matters or even enhanced cooperation in such technical matters as the Financial Transaction Tax or family law (cross-border divorces).

The last EU enlargement that brought in wealthy European countries took place in the 1990s (Austria, Finland, and Sweden) and from then on the EU has mainly taken in considerably poorer and institutionally less developed countries, mostly from the post-Soviet space. Further, all the countries currently in line for accession are relatively poor and with weak public institutions. Since the negotiations leading up to the 2004 enlargement, the new member states are obliged to take over the EU *aquis* in its entirety when joining the EU, including Schengen and the European Monetary Union. However, this does not mean automatic accession to these aspects of integration and the countries, poorer and less-prepared, face extra hurdles after joining the EU. They are not allowed to join the single currency and the Schengen area until they are deemed ready or mature enough by the others. This process may take years, as exemplified by the cases of temporary safeguards for Bulgaria and Romania, which have been in place since their accession in 2007.

Another institutional aspect that may provide useful parallels is how to deal with the eventual exit of current members. Although this clause is yet to be put in practice, the Treaty of Lisbon (2009) introduced a possibility for the withdrawal of member states, in accordance with their own constitutional requirements. This may be tested in the near future, as the United Kingdom may hold a referendum on EU membership by 2017. The matter of expulsion remains, however, unregulated by the EU treaties and is likely to remain so.

When enlargement is not an option, the EU has designed specific instruments for cooperating with those neighboring countries with whom it has strong links. These countries are either not eligible for membership (non-European countries such as Morocco) or, even if eligible, either the EU itself is not ready to accept their membership (Ukraine) or the country does not wish to do so (Belarus). In the absence of viable enlargement scenarios or in addition to those, could the GCC also design some sort of neighborhood policy? The first challenge would be to define its geographical scope and there one lesson can be learnt from the EU experience: the Gulf may need a common strategy towards its whole neighborhood (Iran, Iraq, Yemen, Syria, Jordan and, perhaps, Egypt) but this can be translated into different policies, tailor-made to each country's particular circumstances. When defining each

of these different policies, the Gulf countries should make the effort, often missing in EU policies towards its neighborhood, to take into consideration the partners' needs and incorporate their demands before an offer of cooperation is made public. Ownership and partnership are two shortcomings in the EU neighborhood policies that could be avoided in similar exercises elsewhere.

Multi-layered Regionalism

The GCC is often described as a sub-regional grouping, thus emphasizing that it acts in a broader regional system (the Arab countries/Middle East). In that sense, some parallels could be drawn with regional integration on the European continent, where multi-layered integration and cooperation efforts coexist. This is not a new phenomenon. In the post-World War 2 context, Belgium, Netherlands, and Luxembourg (the so-called Benelux group) started off as a customs and economic union that provided impetus in the early stages of European integration. In fact, the Benelux Union still exists on the margins of the European Union with its own institutional structure and cooperation agenda. Several other sub-regional groupings have been developed in the last decades: the Nordic Council and the Council of Baltic Sea States are two classical examples with significant institutionalization and, in the case of the Nordic Council, deep integration among the members. This has been compatible with the EU.

Similarly, cooperation in the Gulf can be complementary with cooperation and integration efforts in the framework of the League of Arab States. They should not be seen as mutually exclusive projects. On the contrary, the GCC could portray itself either as a laboratory of intra-Arab cooperation or a core group, such as the Benelux cooperation has been in the European context.

In addition, there are other pan-European initiatives that bring together European non-EU countries such as the Council of Europe or the OSCE. Some parallels can be drawn with the Middle East and the need for some sort of cooperation and dialogue mechanisms that could include not only the Arab countries but also Turkey and Iran and, perhaps one day, Israel. Certainly, we are not there yet, but this idea can be kept in mind, should political circumstances allow or force such a move.

Institutions, Sovereignty, and Influence

The idea underpinning European integration is one in which member states have decided – over time – to pool sovereignty and have empowered supra-national institutions to defend a common European interest. As the European Union has

grown in terms of powers and competences, it has developed a complicated system of governance that is a little short of resembling the structure of government as we know it from the member states. Despite high levels of federalization in some policy areas and the considerable powers that the common institutions enjoy in these areas, the EU member states are still the only formal governments inside the EU and also play the key role in the policy process, both in day-to-day decision-making and the shaping of the Union's future.

Today, the Union is something between an international organization and a quasi-federal state, an unidentified political object as Jacques Delors called it. In some aspects such as monetary policy or trade policy, the EU has powers resembling a state but in issues such as foreign policy, its role is to coordinate rather than replace the member states' policies. There are five major supra-national institutions in the EU policy process. In very broad terms, the European Council, made up of the EU heads of state and government, gives the vision and direction to the European Union. The European Commission, the semi-political bureaucracy of the EU, puts forward new laws and policies, which are then decided on by the Council of Ministers, made up of ministers of member states, and the European Parliament, a body directly elected by the European citizens. Once adopted, the Commission oversees the implementation of these in the member states. The role of the Court of Justice is to ensure that European laws and policies are in line with the EU's treaties. Other institutions involved with varying degrees of competence and responsibility in the EU policy process are: the European Central Bank, the Committee of Regions, the Economic and Social Committee, regulatory and executive agencies. However, the gap between the powers of the institutions and the ability of the EU citizens to influence them (or even understand how the whole system works, who is who, and who does what) is perceived as a democratic deficit within the EU and as one of the most serious problems that the Union is facing.

Certainly, the main concern in the GCC is not about democratic deficit and accountability to citizens. The debate in the Gulf is more about power-sharing among member states and the optimal institutional architecture to deliver what member states expect from this organization. The European experience might still be relevant as it suggests that for nation states to be effectively sovereign in an increasingly globalized world, the best way would be to pool sovereignty and build institutions able to defend the general interest. This is a powerful lesson for the Gulf, as each of its members may not be strong enough to have a critical role in the global arena but if they act as a unified and coherent bloc, they could have an impact. In the EU context this has translated into a sophisticated institutionalization but this has taken time and several rounds of treaty reforms. For example, the European Central Bank

was only established in 1998 and the European External Action Service (EEAS) in 2009. The role of individual policy actors has been often disproportionate to the arrangements agreed between the member states and the text of the treaties. Javier Solana managed, famously, to build up his role as the EU's senior diplomat (High Representative of Common Foreign and Security Policy), hanging on to a single line in the treaty, thus making way for the creation of the EEAS. Other examples include the Delors White Paper (1985) for the creation of the internal market and also, less visibly, the role played by Herman Van Rompuy in consolidating the grip of the European Council over the Eurozone. Whoever is appointed to key posts in the GCC institutions, existing or upcoming, should know that he or she could make a difference beyond his or her job description.

Conclusion

The overlapping of different crises has undoubtedly decreased the attraction of the EU as an integration model, and yet this paper shows that the EU experience continues to be relevant for the Gulf, as well as for other regions willing to advance their regional integration projects, not only for what the Europeans have accomplished so far but also because there is a lot to be learnt from the way the EU has been (and still is) coping with some of these crises. The EU, as a source of inspiration, offers solutions that can in some cases be replicated; at the same time, some of its experiences provide lessons of what can be avoided. We have identified seven major points that should be the object of particular attention for the Gulf:

1. Saudi Arabia could learn some lessons from Germany's (reluctant) hegemonic leadership in the EU. On the one hand, there are the advantages of a deliberate strategy of inclusion, power sharing, and coalition building; on the other, these efforts will not preclude criticism and suspicion from countries that aspire to share this leadership position but are unable to do so.
2. The need to find ways to bridge the gap between member states on key regional issues, particularly if they could constitute an existential threat for one or several of the members. If the Gulf countries are unable to do so, they may resign themselves to be part of an economic and trade area but not a political union.
3. To accommodate different expectations of integration, particularly if the GCC decided to either move integration forward and/or enlarge its membership, some flexibility arrangements such as "opt-in", "opt-out" "enhanced cooperation", safeguards and other forms of what is often depicted as "variable geometry" could be replicated in the Gulf.

4. Gulf countries could also learn from the successes and failures of how the EU has managed relations with its closest neighbors. A single strategy, combined with tailor-made policies that respond to the needs and expectations of each of the neighboring countries, could be worth exploring.
5. The EU coexists with other regional, pan-regional and sub-regional integration initiatives on the European continent. The Gulf countries (and their neighbors) should not tackle integration in the Gulf (in the form of the current GCC or a more ambitious Gulf Union) as a rival project to broader cooperation schemes such as the League of Arab States but rather as a core group or a laboratory of cooperation initiatives that, if successful, can be exported to other regional integration frameworks.
6. The EU experience also shows that a successful and functional institutional architecture is one which is compatible with the interests of the member states and, simultaneously, effectively defends the general interest. This equilibrium cannot be taken for granted and setting up of an optimal institutional architecture is likely to take time and go through different crises.
7. The EU's recent history confirms that individual figures can play a key role in moving forward regional integration. Similarly, the choices made vis-à-vis institutional leadership in the Gulf can increase the possibilities of success or undermine them.

About the Author

Eduard Soler i Lecha, Research coordinator and research fellow at CIDOB (Barcelona Centre for International Affairs) He holds a PhD in International Relations from the Universitat Autònoma de Barcelona. He is also part-time lecturer in International Relations at the Institut Barcelona d'Estudis Internacionals and at Blanquerna-Ramon Llull University as well as senior consultant on Euro-Arab diplomacy at the College of Europe (Bruges). In 2010 he was seconded to the Spanish Ministry of Foreign Affairs as an advisor in the Direction General for the Mediterranean, the Maghreb and the Middle East. His main areas of expertise are: Euro-Mediterranean relations, Turkey's foreign and domestic politics, North African and Middle Eastern political dynamics, Spain's foreign policy and security cooperation in the Mediterranean. He has collaborated and published with the German Marshall Fund of the US and with some of Europe's leading think-tanks. His works have also been published in peer-reviewed journals such as *Mediterranean Politics* and *Insight Turkey* and in policy-oriented journals such as *Europe's World* and *Política Exterior*.

Elina Viilup, Europe program coordinator and research fellow at CIDOB (Barcelona Centre for International Affairs). She holds a Master's of Advanced European Studies in European Politics, European Law, and Economics of European Integration from the University of Basle, Switzerland. She has further obtained a post-graduate Diploma of International relations and European integration from the Estonian School of Diplomacy. She is also a lecturer of European Affairs for the Executive Master in Diplomacy and External Policy (MDAE) at the IBEI inter-university institute (Barcelona). Between 2003 and 2010, she worked at the European Parliament as an adviser for the Committee on Foreign Affairs and as an adviser for the organization's Secretary-General. Her main research interests are: EU affairs, the European Parliament, European elections and electoral populism, the Eastern Dimension of the EU's external policies, the EU's bilateral and multilateral relations with the Union's Eastern Partners and with the Russian Federation. She has also worked on issues related to enlargement and the EU's communication policy. She publishes regularly with leading European think-tanks and in the Spanish national media.



Gulf Research Center
Knowledge for All

www.grc.net