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## The Gulf Cooperation Council

### Its Nature and Achievements

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*The Gulf Cooperation Council: Its Nature and Achievements.*

*A Political Analysis of Regional Integration of the GCC States 1979-2004*



# The Gulf Cooperation Council: Its Nature and Achievements

A Political Analysis of Regional Integration  
of the GCC States 1979-2004



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*This book is dedicated to my relatives and friends*



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## ACKNOWLEDGEMENTS

When Britain decided in 1968 to terminate its official colonial presence in the Gulf as of 1971, prompting the Arab Gulf states to start the search for a form of partnership that would bring them together to cope with the insecurity and danger surrounding them and their regimes.

The Arab states of the Gulf share a similar economic, social and political system. They have acquired significant importance in the world politics since World War II as a result of the discovery of oil and their potential oil and gas reserves.

This research has been a very long time in the making. Its origins date back many years, to my postgraduate days at the University of Lund in 1977 when I first became interested in the unity of the Arab Gulf States. Since then this interest has simmered steadily until it finally came to the boil in the end of the 1990s when I began to look more closely at both the development of the integration of these states and the writings about this integration.

Following two years of difficult negotiation (as I mentioned above. In fact, I followed the development of the GCC since the negotiation of its foundation in 1979), the six states; Saudi Arabia, Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates (UAE) signed, on May 25, 1981, a charter creating a regional entity called the Gulf Cooperation Council (GCC). The preamble to the charter indicates that underpinning the Council are the shared religion, social, and political systems, and history and aspirations of the six states. As a regional organization, the GCC is a somewhat unique experiment in the Arab world.

This study is an attempt to trace the background, emergence, and development of the GCC in a primarily tribal culture. It is a description and analysis of specific aspects of the GCC; its structure and charter, its economic and political achievements, the challenges facing this organization, and the factors which either enhance or hinder its integration.

There has been a spate of scholarly works on the Gulf States in both Arabic and English concerning all aspects of life. This study uses some of these works for a systematic study of this integration, and to develop certain concepts and themes, in order to analyze and understand the complexities and conflicts of this region. I have relied heavily on these works and sources as well as on various documents. In addition, use is made of surveys and extensive interviews with officials of the

Secretariat -General in some of the member states as well as with members of the intelligentsia and the private sector during my visits to the Arab states of the Gulf.

This study would not have been at all possible without the help and understanding of many people, to whom I would like to express my gratitude. Thanks must go first of all to my supervisor Professor Lars-Göran Stenelo whose supervision, suggestions and constructive comments gave me valuable insights. My deepest gratitude should also go to Professor Hans Petersson (In fact, the concept of this study grew out of the discussion with the Professor in 1980) for his support and suggestions, to write (on Arab integrative efforts in the Middle East) on the GCC.

I owe a debt of gratitude to Staffan Lindberg and Malena Rosén for reading the manuscript. Their assistance in the reorganization of the study is incalculable, and their constructive and perceptive comments transformed the whole study.

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Needless to say none of the people mentioned above are responsible for the views expressed in this final product. The blame should be on the author alone.

*Lund 2007*

*Reyadh Alasfoor*

## LIST OF ACRONYMS

ACC	Arab Cooperation Council
AMU	Arab Maghrib Union
AOI	Arab Organization for Industrialisation
ASEAN	Association of Southeast Asian Nations
AWACS	Airborne Warning and Control System Aircraft
BPD	Barrel Per Day
CAP	Common Agricultural Policy
CECLA	Latin American Coordination Commission
CENTCOM	Unified Command-Central Command
CIA	Central Intelligence Agency
CG	Contadore Group
COPDP	Common Objectives and Policies for Development Plans
DD	Damascus Declaration
DLF	Dhufar Liberation Front
EAC	East African Community
ECOWAS	Economic Community of West Africa States
ECJ	European Court of Justice
EEC	European Economic Community
EMU	Economic Monetary Union
EU	European Union
EW	Electric Warfare
FM	Foreign Minister
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIC	Gulf Investment Corporation
GICO	Gulf Industrial Consultancy Organization
GIB	Gulf International Bank
GNP	Gross National Product
GSP	Generalised System of Preference
INC	Iraqi National Congress
IAEA	International Atomic Energy Agency
ICJ	International Court of Justice
IMF	International Monetary Fund



IRGC	Islamic Revolutionary Guards Corps
IT	Information Technology
LA	Arab League,
ME	Middle East
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NPT	Nuclear Non-Proliferation Treaty
OAS	Organizations of American States
OAU	Organizations of African Unity
OIC	Organization of Islamic Conference
OAPEC	Organization of Arab Petroleum Exporting Countries
OPEC	Organization of Petroleum Exporting Countries
PDRY	People's Democratic Republic of Yemen
PFLOAG	Popular Front for the Liberation of Oman and the Arabian Gulf
PLO	Palestinian Liberation Organization
PM	Prime Minister
PNA	Palestinian National Authority
POW	Prisoners of War
RDF	Redeployment force
TCM	Thousand cubic meters
UAE	United Arab Emirates
UEA	Unified Economic Agreement
UIDS	Unified Industrial Development Strategy
UN	United Nation
UNSCOM	United Nation Special Commission
UNDA	United Nation Disarmament Agency
US	United States
USSR	Union of Soviet Socialist Republics
WMD	Weapons of Mass Destruction
WTC	World Trade Centre
WTO	World Trade Organization
YAR	Yemen Arab Republic

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## CHAPTER ONE

# INTRODUCTION

### 1.1 Aims

One of the more salient features of the political economy of developing countries during the last three decades or so has been the proliferation of regional cooperation arrangements designed to strengthen horizontal links among developing countries. Many of these arrangements have attempted to promote outright economic integration in the belief that increased integration can help accelerate the rate of development in a region or sub region, while simultaneously facilitating the spread of the benefits of development more widely and equitably, and contribute toward a peaceful world order. Collective action at regional level to secure national goals has become an increasingly characteristic and important feature of developing countries' international relations. Recent decades have witnessed the emergence of a rash of regional organizations, many of which are in a state of crisis, either at a standstill and in conflict, or have deviated from their objectives and can no longer be considered integrative.

“While regional integration efforts have been in some way successful in more advanced countries, no scheme in the developing countries *has yet achieved concrete success*”.<sup>1</sup>

It was only after the Second World War that the subject of integration developed as a systematic body of cumulative knowledge, and historical and intellectual trends over the past three decades have combined to make the study of regional cooperation and integration a particularly fruitful area of research for social scientists. Moreover, cooperation among nations has become the focus of a wide range of studies, a subject of interest to economist, diplomats and political scientists in the last few decades.<sup>2</sup>

The purpose of this study is to deal with one integrative scheme of developing countries, namely, the integration of the member states of the Cooperation Council for the Arab States of the Gulf. The official name is the Arabian Gulf Cooperation Council (AGCC) or Gulf Cooperation Council (GCC),<sup>3</sup> consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (UAE).<sup>4</sup>

Table 1-1 Capitals and Populations of the GCC States

Country	Capital	Pop. 1981(1)	Pop. 2001(2)	Pop. 2004 (3)
Bahrain	Manama	400,000	620,000	672,124
Kuwait	Kuwait City	1400,000	1,980,000	2,363,325
Oman	Muscat	948,000	2,250,000	2,537,742
Qatar	Doha	240,000	520,000	685,409
Saudi Arabia	Riyadh	8100,000	20,000,000	22,007,753
UAE	Abu Dhabi	1040,000	2,620,000	3,754,000
<b>Total</b>		<b>12,128,000</b>	<b>27,990,000</b>	<b>32,020353</b>

Sources: (1) The Military Balance 1980/81. The International Institute for Strategic Studies. London. (2) [www.gcc-sg.org/](http://www.gcc-sg.org/); (3) [www.gcc-sg.org/](http://www.gcc-sg.org/)

Its main objectives are a customs union and political cooperation, harmonization of policies, a common external tariff and integration in a specified cultural, geographical, economic, and political setting. This study is an attempt to trace and study the nature, background, emergence, and development of the GCC as an integrative venture. It is also an attempt to identify and discuss the security problem of these states (which was the first and the main reason for the founding of this organization), the economic development, and the political dynamics that have shape the vital region in which the GCC has emerged, the role play by major actors in this emergence, and the significance of this part of the Middle East in the perception of the policy makers of the superpowers because of its geographical location, markets, and huge oil reserves. One of the main aims of this study is to describe the GCC integrative venture and explain why it has taken its present form, and to elucidate what lessons the venture can learn from the experience of developed and developing countries. There has been a spate of scholarly works on the Gulf region, concerning all aspects of life. Another concern of this study is to use these works, for a systematic study of this integration, and try to develop certain concepts and themes in order to analyse and understand the complexities and conflicts of this region.

## 1.2 The Historical Background

### 1.2.1 *British Involvement in the Region*

The establishment of British influence in the Gulf began at the end of the eighteenth century.<sup>5</sup> For two hundred years before that period British interests were dominated by commerce, and even before that the Gulf had been the target for ambitious maritime European powers whose main concern was the promo-

tion of mercantile and strategic interests.<sup>6</sup> The first European influence to appear in the region along these lines was that of the Portuguese in the early 1500s. The Portuguese venture was to monopolize the trade in spices and other Eastern luxuries to which the Portuguese had become accustomed during the Muslim occupation.<sup>7</sup> However, a century later, the sea power's already evanescent era came to an end in 1622 when a combined flotilla of British and Persian forces captured the Portuguese stronghold at Hormuz on the Persian side of the Gulf. For one and half centuries afterwards, British, French, and Dutch mercantile interests competed, and on occasion cooperated, in the Gulf area through the construction of trading centres at Basrah in Iraq, Bushire, and Bander Abbas in Iran.

The consolidation of the British East India Company's control of the Indian subcontinent in the latter half of the eighteenth century, led to the whittling away of both Dutch and French influences in the Gulf region by 1770. However, British interests multiplied and intensified to the point that British supremacy in the Gulf was clearly recognizable by the 1920s. This evolutionary process included many factors or events.<sup>8</sup> During the 1920s and 1930s, it became apparent that several British strategic interests were to be found along the shores of the Gulf. The first of those arose out of the development of imperial air routes with the Gulf, providing one of the earliest links in the London-India route. The second factor reviving the strategic importance of the Gulf to Britain, and, in the end becoming, the more permanent and important factor, was the growing dependence on Golfoil. The first oil finds in the region occurred in Persia in 1904. Oil was discovered in Iraq shortly after World War I and soon after in Kuwait. Subsequently, more fields were brought into the production down the Gulf, including Bahrain, Saudi Arabia, Qatar, the UAE, and Oman. The presence of this oil was seen early as a strategic resource for the British Empire, since the Royal Navy depended heavily on Gulf oil for fuel, and British commercial interests held the great majority of concessions in the region. A third reason for the Gulf's emerging importance to London at this time was actually a continuing manifestation of the Gulf's geopolitical significance. For centuries, Britain had sought to prevent rivals from penetrating its control around the Gulf, and the continuance of this enduring policy was further confirmed by the emergence of the Gulf as an air route and the discovery of oil. Consequently, by approximately the mid-1930s, the Gulf's peripheral place in the imperial scheme of things had been transformed to an area of increasing strategic importance, and Britain was able to protect its emerging interests in a number of ways.<sup>9</sup>

The British presence in the Gulf was initiated by private mercantile interests as early as the opening decades of the seventeenth century. The consolidation of British hegemony over India late in the eighteenth century naturally led to a concomitant rise in the strategic value of sea approaches to the newly established empire in the East. Not the least among such routes was the Gulf.<sup>10</sup> While the

British influence in the Gulf can be said to have existed for one and half centuries, complete and effective British control over external access to the Gulf and some of the internal politics in most of the littoral states was more ephemeral, lasting only a few short decades.

The highest point of British concern over Gulf security and its ability to guarantee that security was reached during the decade of the 1930s. The next quarter-century witnessed a steady British retreat from its predominant position. In many ways, World War II marked a significant turning point and the beginning of the end of British imperial standing. While the Gulf and Arabian Peninsula were not the centre of attention during the war, they did play a role in the conflict. Bombing raids were conducted from Aden during the Italian East African campaign early in the war, and Aden and other airfields along the southern perimeter of the Peninsula were useful for convoy escorts and antisubmarine patrols. The Gulf and Iranian corridor was used as a key Allied supply route to the Soviet Union, and air routes through the Gulf and along the southern Arabian rim served as important links in the ferrying of men and material to the Pacific in the latter stages of the war.<sup>11</sup> One lasting effect of the relatively minor impact of the war on the peninsula was the stripping away of the isolation that the British had imposed

However, for the entire duration of British involvement in the Gulf, which ended officially in 1971. The various treaties, agreements, and engagements that provided the legal basis for this foreign dominant power and its clients on the Peninsula and Gulf littoral were of a truly special nature. For the most part, Britain viewed its interests as essentially in the sea and hence adopted, more or less, a hands-off policy toward tribal sheikhdoms on land. *“Indeed the states were allowed to fight each other as well, provided there was no breach of the Maritime Truce.”*<sup>12</sup>

### 1.2.2 Anglo-Saudi Relations

For centuries, central Arabia was so isolated that it had virtually no relations with any outside power; (except occasionally with Turkey and Egypt) and was divided among different tribes fighting each other. The first sign of contact with Western powers came when Shakespeare, the British consul, was sent to meet King Abdul Aziz in Riyadh, the capital of Saudi Arabia, in August 1914.<sup>13</sup> By 1915, the first major contact with a Western major power had occurred. On December 26, 1915, Britain and king Abul Aziz signed a treaty that secured the latter's benevolent neutrality and, in return Britain recognized Abdul Aziz's undisputed sovereignty over Najd and Al-Hasa.<sup>14</sup>

As the Saud family reclaimed its dominance over Najd in 1902, and extended its control to most of the Arabian Peninsula for the next 32 years, the British thought it expedient to establish a frontier separating their own clients along the coast from the Saudi Bedouin armies. In 1922, Sir Percy Cox, the British High Commissioner in Baghdad, drew up a border between rapidly expanding Saudi

territory and British possessions in Kuwait and Iraq. But not until 1927, when the British mobilised an effective military force in Iraq and Transjordan, was the border an effective deterrent to Bedouin crossing the border at will.<sup>15</sup>

Moreover, in 1927, Saudi Arabia and Britain entered into full diplomatic relations at the ambassadorial level, recognizing the sovereignty of Abdul Aziz as the king of Hijaz and Sultan of Najd and its Dependencies. Saudi Arabia acknowledged Britain's rights in Bahrain and other political entities in the area. Relation with Britain remained traditionally good up to the late 1940's, during which period Britain gained no new political or military privileges in Saudi Arabia.<sup>16</sup> By 1949, relations had begun to deteriorate over the Buraimi Oasis issue.<sup>17</sup> The Saudi government, in November 1956, severed its diplomatic relations with Britain because of the latter's invasion of Egypt. It was not until January 1963 that diplomatic relations were restored. In short, Saudi-British relations from 1915 through 1950 were mainly concerned with fulfilment of boundary agreements concluded between them,<sup>18</sup> and from 1964 to 1971, were concerned with the British policy in the Gulf, and the withdrawal from it.<sup>19</sup>

### *1.2.3 The Withdrawal from the Gulf*

On 16 January 1968, the British Prime Minister, Harold Wilson, announced in the House of Common the intention of the British Government to withdraw troops from the Far East and the Gulf by the end of 1971.<sup>20</sup> The British decision aroused the concern of all the Gulf States, but those of the Lower Gulf were most directly affected by it in view of their special treaty relationships with Britain. The withdrawal from the Gulf was only the local manifestation of the broader process involving the dismemberment of the British Empire and the cumulative abandonment of long-held East Suez responsibilities. The Peninsula and the Gulf constituted the tail end of retreat punctuated by exits from India (1947), Egypt (1954), Iraq (1958), South Yemen (1967), and finally the Gulf (1971).<sup>21</sup>

Withdrawal from South Yemen (also signifying abandonment of Britain's last major military installation in the Middle East) turned out to be a long, involved process. It was acrimonious in the domestic British context, since it partly revolved around the debate over imperial Britain vs. "little England" and also bloody in the Aden context, as British presence there had faced increasingly violent resistance since the early 1960s.<sup>22</sup> In contrast, withdrawal from the Gulf seemed far less painful. The military implications were negligible, since only a small naval facility in Bahrain and Royal the Air Force in Sharjah were involved. From London, the political impact was minimal. The prospect of eventual termination of all East-of-Suez commitments had had time to settle in the intervening years since Aden. Even though the Conservatives had decried Labour's announcement of withdrawal in 1968, they were content to allow the decision to stand when they came to power shortly thereafter.<sup>23</sup>



The impact of withdrawal from the Gulf was more substantial in political terms since it necessitated the formulation of an independent political framework for the small emirates along the Arab littoral, but the real impact was essentially psychological. As Britain had served as judge, arbiter, administrator, and, of course, protector of this littoral for well over a century, departure in 1971 was tantamount to removal of the safety net.<sup>24</sup>

Moreover, the British decision to withdraw from the area can be seen in perspective. The decision generated various reactions and repercussions and triggered a debate in Britain as to the political and economic merits. It drew the attention of the ruling authorities in the lower Gulf States (Bahrain, Qatar, the UAE and Oman) to the necessity of dealing with various political, security and economic issues that emerged in these states, as they were entering the era of independence. It had the dual effect of provoking rivalry and disputes among the states of the area. It also aroused the anxiety of the interested outside powers, mainly the superpowers, with regard to their interests there and their positions of influence in the surrounding region.

Some words about the past and recent environment of the GCC have to be mentioned: The Arab world has acquired an undeserved reputation for political instability. This is mainly due to two reasons, first, the permanent sense of crisis, punctuated by outbreaks of warfare, which has characterised the Arab-Israeli dispute since 1948, and second, the dramatic nature and consequences of the internal upheavals, which have taken place since 1945 in a few Arab states, in particular Egypt, Syria, Iraq, and Libya. Most Arab countries are still ruled by the same regimes as in 1945. In this context, the Arabian Peninsula has exhibited a continuity which should make it the envy of the non-aligned world. Saudi Arabia and the Gulf states are still ruled by the same families and by the same traditions and patriarchal methods that were in place at the beginning of this century.

In recent times the governments of the small Gulf states and Saudi Arabia have survived a series of storms and vicissitudes, the tidal wave of pan-Arab socialism (Nasserism) in the Fifties and Sixties, the termination of British protection in the Sixties and Seventies, the access to vast wealth with the oil boom of the mid-Seventies, the collapse of the Iranian monarchy in 1979, a major war at the head of the Gulf between the two regional powers, Iran and Iraq from 1980-89, the Iraq invasion of Kuwait in the beginning of the Nineties, the war in Afghanistan, for the second time, and the war against terrorism since 2001, and last but not least the American occupation or "liberation" of Iraq in 2003.

## 1.3 Methodology and Evaluation

### 1.3.1 Method

There are a few reasons why I have chosen to study the integration of the GCC:

- in one of these Arab states of the Gulf, Bahrain, where I was born and lived the first twenty-three years of my life, in Arab culture and society I became familiar with the culture, thinking, and traditions of the Arabs of the Gulf, and the way they think about the integration of their countries in particular, and Arab unity in general.
- I have more often felt and identified myself as a person who belongs to the Gulf (Khalejee),<sup>25</sup> and as a native I see things from a different perspective to those few foreign authors who wrote (with bias) about this integration.
- it is the political and economic situations in the Arab states of the Gulf in particular, and the Arab world in general, that have attracted my interest, especially as far as integration and unity are concerned. However, in the case of the Arab states of the Gulf, the question is how is it possible that tribal, authoritative, and autocratic regimes can come together under the same umbrella? Moreover, I believe that the cooperation and integration of the Arab countries of the Gulf 1981-2004 (with exception to Iraq) is particularly due to:
- the independence of some of these states from British protection, and the abrogation of its treaties (signed about more than 150 years ago) with them, which had an implication for these small, weak states' security, and the stability of the region.
- the political development that took place around the world during the 1960s, and 1970s, namely, the trend that might have gained ground, inter alia, as a consequence of the atomization of the political world into smaller entities that often crosscut cultural and ethnic communities. This trend is integration. My interest here is to study the integration of these states, integration in specified cultural, geographical, political, and economic settings, and to argue that the GCC integration is unique and it has its own attributes and characteristics.

Before I discuss the applicability of the case study to our integrative case, I should, in short, give some meaning to this concept: A case study is a particular method of qualitative research. Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event. They provide a systematic way of looking at events, collecting data, analyzing information, and reporting the results. As a result the researcher may gain a sharpened understanding

of why the instance happened as it did, and what might become important to look at more extensively in future research. Case studies lend themselves to both generating and testing hypotheses<sup>26</sup>

One researcher suggests, that case study should be defined as a research strategy, an empirical inquiry that investigates a phenomenon within its real-life context. Case study research means single and multiple case studies, can include quantitative evidence, relies on multiple sources of evidence and benefits from the prior development of theoretical propositions. He notes that case studies should not be confused with qualitative research and points out that they can be based on any mix of quantitative and qualitative evidence.<sup>27</sup> This is also supported and well-formulated by another known researcher “The case study is a research approach, situated between concrete data-taking technique and methodologic paradigma”.<sup>28</sup>

It would not be difficult to see this study as a single- case study, with an explorative, explanatory and descriptive drive. This approach may, therefore, be described as expository. I have chosen to make these visible in every chapter, using mostly qualitative and partly quantitative techniques. Moreover, the empirical advantage of integrating a descriptive and explanatory direction into an expository method is that it is possible to predict the developments and the outcomes of a GCC integrative process. In this context, the expository approach helps to explain, inform, describe or define GCC integration vis-à-vis other integrative ventures.

Some researchers have seen certain advantages in using a case study method; these include the value and usefulness of qualitative case studies: (1) for understanding complex processes, where contextual factors are important to prevent oversimplified generalization. (2) When the purpose is exploration to ‘discover what otherwise would probably not have been discovered’ or ‘stimulate our imagination to think about alternative relationships, generate new ideas and to force the researcher to think differently. (3) Using case studies, ‘the researcher may look for previously unobserved factors in conjunction with new cases being added to previously known cases.’<sup>29</sup> I would argue that these three advantages are applicable to the GCC integrative venture; the case I study is complex, and we should exercise caution when we talk of this integration, as we are in essence referring to a significantly different cultural context.

Because, the GCC as an integrative case with unique feature, the qualitative method is not only preferred here but also heavily relied on. In the other hand, in this study, quantitative method is less relied on, but this does not suggest that quantitative methods are not useful, especially if one wants to track shifts or changes of the volumes of trade, numbers of meetings, and so forth

I draw on some concepts from existing integration theories to develop a conceptual framework for the nature and development of the GCC as a unique integrative effort (see chapter 3-2, the approach utilized in this study) with adequate consideration of cultural variables endogenous to the region.

### *1.3.2 Questions*

To help our understanding of this integrative venture, several important questions revolving around the concept of integration, are raised. The main task of this study is to attempt to pursue such questions in their relevant contexts in order to draw conclusions about this integration. For instance, what are the circumstances under which the GCC emerged? To what extent is integration elite-inspired and forged, and to what extent, if at all, is it mass inspired? What is the role of the GCC institutional structure in the integrative process, and to what extent does this process seem to be succeeding in all major institutions? What are the challenges facing the member states to achieve their objectives? What is the significance of the existence of a core within this integration? What are the integrative and disintegrative factors on the local scene, and how do they operate to hinder or enhance the integration? What are the major political dynamics of the region in which the GCC is an actor? What types of variables might shape the behavior of the two superpowers vis-à-vis the region in view of its strategic and economic significance? What general observation can this study render in term of the integration's present situation and future viability in light of locally, regionally, and globally generated supports and stresses?.

The GCC is a new experiment in cooperation and integration. The circumstances of its emergence and development over the two and half decades of its existence, as well as its interaction with the Gulf's two powers -Iraq and Iran-suggest several propositions of a highly tentative nature.

### *1.3.3 Propositions*

- 1) The GCC came into existence mainly because of the perception of pertinent political elites of an external military threat posed by regional and global environments following the British 1968 decision to withdraw from the Gulf by 1971, and the Iranian revolution in 1979.
- 2) The smaller the number of the member units of a prospective integration, the better the chances for its realization, and, then growth.
- 3) The more capabilities a core unit in an integration has, the greater the acceleration of integration of its units.
- 4) The more varied and developed the means of communication among member units in integration, the greater are the chances for integration to develop among the same units.
- 5) The GCC as an integrative venture of mostly small states, will hold, and hence be categorized as successful, as long as the major Western powers, in general, and United States, in particular, perceive such an integrative venture to be in their own national interests, or at least, not incompatible with those interests.

### *1.3.4 Material*

1) This thesis is primarily based on secondary materials and sources, which provide the background information and basic data for this study. Over the last fifteen years that is since the liberation of Kuwait (1991), there has been a large quantity of scholarly works including books and articles in both Arabic and English. Most of these books, articles, and newspaper are descriptive and do not deal with serious problems and questions of GCC integration, but, they have been helpful to this study.

2) I have relied heavily on hundreds of documents (mostly in Arabic) which they are valuable and important sources, and have relevance to the GCC structures and development, I have obtained them from the Headquarters of the GCC in Riyadh, in Saudi Arabia

3) I reviewed some surveys, and interviewed some officials, members of the intelligentsia, and important personalities, (many of them, for political reasons, did not like to be interviewed or named) in Bahrain, Kuwait, and the UAE during my many visits to the area.

4) This study draws to some extent on sources such as: The satellite programs of GCC member states for information in Arabic. Internet: which provides some important information and basic data needed for this study; it provides the Websites of the opposition groups and their opinions of the regimes of the member states. Moreover, the internet provides good access to the best known world newspapers and libraries. Material in the body of this study may tend to support or refute the initial propositions mentioned above; a discussion of such propositions and the likelihood of their verification have to wait until the concluding chapter.

Moreover, I must mention here, that the GCC states' regimes are dominated and ruled by strong rulers and their extended families, with highly authoritarian and paternalistic political systems. However, they want to be integrated and united in one organization with its supranational institutions, but, at the same time, they forbid and prevent their officials from being interviewed, whether in public, or in private, and, under such circumstances, it is very difficult to get access to information, unless one is lucky, or knows one, an insider, who has privileged information.

### *1.3.5 Structure of the Study*

The approach utilized in this study is contextually oriented. Chapter 2 deals with the origin and nature of the GCC, and the GCC organizational structures and objectives based on the Council's charter. Chapter 3 deals with the theoretical part of this integration. Chapters 4 and 5 discuss the GCC development and achievements in economic and political fields in the period 1981-2004. (Actually,

the whole study is concerned with the period 1979-2004, that is to say, beginning two years before its existence. Chapter 6 deals with the local disintegrative and integrative aspects of this integration venture. Chapter 7 concludes the thesis.

When the GCC was formed, it was announced as a regional organization for promoting economic, political, social and cultural cooperation. Specifically, the charter requires that the participants recognize the inevitability of economic integration among their countries and a social merger among their peoples. In view of this, the GCC was set up with an organization and institutions that would make this integration a living reality. What kind of institutions and organizational structures? That will be the subject of the next chapter.



## CHAPTER TWO

# THE ORIGIN AND NATURE OF THE GCC 1979-1981

Regional integration organizations have increased in the past few years and the importance of regional organizations in economics and politics is growing dramatically. The first integration organization appeared in nineteenth century. In 1828 Prussia established a customs union with Hesse-Darmstadt. Half a century later, the idea of European integration organization was re-invented. The first step was taken with the creation of European Coal and Steel Community in 1952. However, integration organizations are not exclusively European phenomenon, but they have taken place in Latin America, North America, Asia, and Africa. In the Arab world three organizations were formed: Arab Cooperation Council (ACC), Arab Maghrib Union (AMU) and Gulf Cooperation Council (GCC). The first one does not exist any more and the second one is almost dead, only the GCC alive and strong. In the last 170 years many organizations around the world have been created. Table 2-1 provides some of the most important organizations in the past and present. Here some of these organizations with the year of their foundation and their objectives:

Table 2-1 Integration Organizations

Name of the organization	Year	Objective
Bavaria-Wurttemberg Customs Union	1828-1833	Common tariff
Middle German Commercial Union	1828-1833	Close Commercial ties
German Zollverein	1834	German Customs Union
Tax Union	1834-1854	German customs Union with Common Tariff
German Monetary Union	1838	Fixed rate
Moldovian-Wallachian Customs Union	1847	Led to the foundation of Romania in 1878
Swiss Confederation	1848	Economic and Political Unification of Switzerland
German Monetary Convention	1857	Fixed rate
Latin Monetary Union	1865	The basis of this union was the French franc

(table continues on next page)



Name of the organization	Year	Objective
Scandinavian Monetary Union	1875	Based on Crown of 100 ore
Benelux	1944	Customs Convention
European Community(EC)	1958	Economic and Political Integration
European Free Trade Agreement (EFTA)	1960	Elimination of all tariffs on manufactures by mid-1967
European Monetary System (EMS)	1979	Coordinate and Stabilize Exchange rates
Gran Colombia	1948	Plan to establish a Great Colombia Economic and Customs Union
Central American Common Market (CACM)	1960	Customs Union and Joint Industrial Planning
Latin American Free Trade Association (LAFTA)	1960	Free Trade Association with Industrial Planning
Andean Pact (AP)	1969	Customs Union and Industrial Planning
Caribbean Community (CARICOM)	1973	Customs Union and Join Industrial Planning
Mercado Comin del Sur (MERCOSUR)	1991	Creation of a single in market in goods, capital, and people
Canada-US Free Trade Agreement	1989	Removal of all tariffs and most Quantitative restriction
North American Free Trade Agreement (NAFTA)	1994	Elimination of tariffs
South African Customs Union (SACU)	1969	Customs Union
Communaute Economique de I Afrique de IOuest (CEAO)	1972	Free Trade Area
Union Douniere et Economique de I Afrique Centrale(UDEAC)	1973	Customs Union
Economic Community of West African States (ECOWAS)	1975	Full economic integration
Southern African Development Coordination Conference (SADCC)	1980	Cooperation on projects
Preferential Trade Area for Eastern and Southern Africa	1984	Elimination of tariffs on all goods
Association of South Asian Nations (ASEAN)	1967	Free-trade area and common industrial projects
Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)	1983	Elimination of all tariffs and Quantitative restrictions
Gulf Cooperation Council (GCC)	1981	Cooperation and integration in all fields
Asia Pacific Economic Coperation forum (APEC)	1989	Free trade

Source: various references and especially Walter Mattli op.cit. Pages 1-9.

## 2.1 Foundation and Emergence of the GCC

### *2.1.1 Antecedent Efforts at Cooperation*

One cannot but be struck by the fact that among all these organizations involving the Gulf states there was no regional international organization dealing exclusively with the Gulf itself, as a political, economic, cultural, or ecological unit. Effort to create some kind of a cooperative framework for the Gulf dated from the late 1960s. But these earlier efforts were thwarts largely because of regional rivalries, especially those between Iran and Iraq. Other Gulf countries had also found it difficult to establish formal cooperative arrangements among themselves in the face of Iranian and Iraqi opposition. Similarly, the relatively low level of regional tensions restrained the impetus for cooperation among these countries. After the announcement of the planned British withdrawal in the early 1968, there was a flurry of activity concerning the possible creation of an international organization in the area. The UAE is itself a successful effort to avoid the maximum fragmentation. However, both Qatar and Bahrain opted for independence rather than carrying out the broader Federation Agreement they had entered into with the other seven Trucial States in February 1968.<sup>30</sup>

The idea of a Gulf collectively had been haphazardly advanced by Iran, Iraq and Saudi Arabia ever the since the period of British withdrawal. But was no enthusiasm among the smaller states for any framework whose main effect would be to advance Iranian or Iraqi hegemony in the Gulf. In 1975, Saudi Arabia, Kuwait, the UAE and Qatar set up the Arab Industries Organization, a joint effort to establish Arab-run armaments factories in Egypt, but this project was cancelled in reaction to Camp David. Saudi Arabia continued to promote a political framework in which it would play the dominant role. Gulf tours by Saudi king Khalid in March 1976 and Interior Minister in October 1976 led to very low profile agreement to share intelligence and internal security information.

In economic domain, the Gulf Organization for Industrial Consultancy was formed, with Iraq as a member, in November 1976, and the idea of a Gulf common market was proposed a year later. By 1980, however, the Gulf scene had changed dramatically, Iran, while in the throes of revolution and turmoil, was bent on exporting its ideology to other regional states, thus sharply increasing the other Gulf countries' sense of vulnerability and insecurity. Later the same year. Iran and Iraq became engaged in a bloody war. As for the prospects for cooperation in the Gulf, however, the war did remove the obstacles presented by Iran and Iraq.<sup>31</sup>

### *2.1.2 Origin and the Establishment of the GCC*

Any alliance or close combination of countries is founded, in the first instances on the perceived identity of interests among the parties involved and on an

assessment that there is more to be gained in association than there is to be had from isolation. The identities of interest may be of almost any kind, political, economic, military or cultural, but a common denominator is essential if a coalition of states is to have real substance and explicit purpose. The many existing international groupings, such as the Arab League, the Warsaw Pact (the cold war period), the European Economic Community, the Islamic Conference Organization, may be disparate in constitution and differ widely in their objectives. Yet they all possess the thread of communality that binds together their members into an organizational fabric.

Long before the GCC came into being the six countries had talked about the formation of some kind of regional grouping. As early as 1976 the Foreign Ministers of the present members of the GCC plus Iran and Iraq, had met in Muscat at the invitation of Oman to consider a joint regional security and defence policy. The ministers could not agree in a common position and the idea languished.<sup>32</sup> Later in the same year, Shiekh Jaber al Ahmad (the present 2004, ruler of Kuwait) the Crown Prince and Prime Minister then, suggested the establishment of a Gulf Union:

*“to preserve the region security and stability in the face of political, economic and security challenges threatening this strategic area”.*<sup>33</sup>

In 1978, (the present, 2004, Crown Prince and Prime Minister of Kuwait at that time) Sheikh Saad Alabdulla AlSabah paid official visit to Bahrain, the UAE and Oman. Before his departure, the Prince announced, that:

*“Kuwait has a complete framework for cooperation among all Arab Gulf states under present political situation”.*<sup>34</sup>

Serious negotiation started in 1979, in Amman (Jordan) Arab Summit, the ruler of Kuwait Shaikh Jaber al Ahmad has contacted the other Gulf Arab States leaders and suggested some thoughts concerning the establishment of a union among themselves, and in 1980 the Arab states political establishments discussed the matter officially.<sup>35</sup> A meeting of Gulf foreign ministers on February 4-5 1981 codified the Kuwaiti proposals, to establish a Cooperation Council of Arab Gulf States, which would provide a framework for cooperation, coordination and integration in cultural, social, economic, political and financial affairs.<sup>36</sup>

Following a further meeting of the Foreign Ministers in Muscat, on March, 9-10, the heads of member states of the Cooperation Council held then first summit meeting in Abu Dhabi on May 25-26, 1981. On the first day of their summit the rulers approved the statutes of the new Council.<sup>37</sup>

The GCC states share common grounds and enjoy common links. Such ties can be summarized as follows:

- The GCC states are located in a single geographical region and share common frontiers that facilitate travel and promote trade.
- The religious, linguistic and historical ties create a homogeneous unit, promoting mutual understanding on the official and public levels.
- The GCC states enjoy a long history of bilateral, trilateral and multilateral cooperation in various vital areas.
- The strategic location and possession of most of the world oil reserves lead the GCC states to realize the common dangers confronting them and to take the measures necessary to maintain the status quo.
- The fact that they share similar political systems and interests, and face similar development problems, prompts them to pursue a policy of close cooperation and coordination.
- The desire to avoid duplication of industrial projects and to create a common market that would absorb their industrial production has inspired close economic cooperation, and eventually integration and unity.

Moreover, in examining what the GCC has achieved it is important to keep in mind that it is not only an institution but also an atmosphere involving commitment to cooperation. Therefore some things that have been accomplished by one or more member states, rather than the Supreme Council or the Secretariat, nevertheless have drawn some inspiration and backing from the fact that the Council exists.

## 2.2 The Pre-integration Perspective

### 2.2.1 *Socio-political Milieu*

Until about four decades ago, the Arab states of the Gulf were in varying degrees poverty stricken. Agriculture was primitive and limited by desert conditions. The main economic activities were fishing, coastal commerce, and pearling. The governments were basically tribal in nature and orientation. The family and the tribes were the principal bases of social organization. In general, the societies were dominated by tribal loyalties and religious norms.

The introduction of oil wealth began to change the situation radically. However, as a result, these states became modern, urbanized, and bureaucratically organized centres of regional and international finance and commerce.<sup>38</sup> With some of them boasting the world's highest average incomes per capita. Individually and collectively, they came to play a role in area and global affairs far in excess of that indicated by their modest geographical and population dimension.

Moreover, the social structures of the Gulf States have characteristics different from those found elsewhere, that is, for instance, the absence of substantial indigenous working class, the flourishing commercial sector, the large state

administration sector, the impact of peasants and nomads on political dynamics of the state.<sup>39</sup>

However, the affluence brought about by the discovery of oil has almost put an end to the tribal structure, and brought social mobility, increased literacy, improved the means of communication, increased the contact with the outside world, and so forth. These societies are now undergoing a rapid socioeconomic change with all the strains and stresses that this phenomenon might entail. This process, along with the nonplurality of the social structure and the low level of political participation and consciousness, helps to create the region's unique situation.

### *2.2.2 Historical Experience*

British domination of the waters and shores of the Gulf lasted over one hundred and fifty years, from the early decades of the nineteenth century until Britain's withdrawal at the end 1971. Britain exercised political control over four Arab sheikhdoms - Kuwait, Bahrain, Qatar, and the UAE-dictating defence and foreign affairs, but with little interference in the tribal structure and pattern of rule, because it neither wanted nor needed to. The form of colonialism that prevailed in the area was one of the prevention and exclusion. It differed in many respects from that exercised in Africa or the Caribbean. This resulted in a great measure of autonomy for the states, but it also contributed to the delay in political and economic development. While Britain did not control the remaining two states, Saudi Arabia and Oman, it did exercise considerable political influence over them.

### *2.2.3 Economic Structure and Underdevelopment*

The oil wealth has its greatest impact in the Gulf states, which down to the 1960's were very poor indeed and retarded. At that time most of the inhabitants made a living either by fishing and trading or by pearl diving. These countries have experiencing common trends of growth and development. The shared features include a large expanding government sector, ambitious industrial development programmes, and an ever increasing standard of welfare and income.

The creation of industrial sectors has necessitated as well a rapid expansion in infrastructure provision. However, these countries still have at present time, predominantly non industrialized single-resource economies whose strengths depend heavily on markets beyond their immediate surrounding. This is particularly true of Saudi Arabia, though the richest and largest among the six states can hardly claim to consume domestically over 300,000 BPD of its crude oil out 9, 6 million BPD it produced in 1981.<sup>40</sup> In 2004, production reached 11 million BPD. In addition to their relatively low level of technological know-how and

entrepreneurial spirit. None of the six states being able to feed itself from its own agricultural produce, and most food have to be imported.

The nature and structure of their economies seem to suggest that the extent to which economic integration takes place depends more on deliberate and planned action by the Council authority, rather than the gradual, smooth and functional pattern characteristic of the highly industrialized economies.

### *2.2.4 Variation in Size and Capabilities*

The states of the GCC vary widely in both territorial expanse and means of power in a way perhaps unparalleled in the case of any contemporary regional grouping.<sup>41</sup> In term of size the states range from Saudi Arabia's 2, 200, 000 sq. Km to Bahrain's 676 sq. Km.<sup>42</sup> As to human resources, again, Saudi Arabia with its 11, 450,000 inhabitants over (22m in 2004) and Qatar with its 310, 000 inhabitants in 1985(over a half million in 2004).<sup>43</sup> But it is really in GNP percapita, that the variation is sharp too. Oman with its population almost as that of the UAE, but Oman with percapita \$ 6240, and the UAE with \$ 21340 in1983.<sup>44</sup> That is, in national income, that the variation is the sharpest, again, Saudi Arabia, with total revenue of \$127, 8 billions in 1981, commanded more than the other five combined with \$57, 7 billions.<sup>45</sup>

## 2.3 Main Characteristics of the GCC Formation

### *2.3.1 External Factors*

The process of integration among developing countries is much more affected by regional and non regional governments, than those, process of integration among the industrialized countries. The fact, that the GCC is composed of states, though, they are rich in their financial resources, they generally small, by definition economically underdeveloped, and militarily weak, the "outside world" will have relatively greater impact on them than they are likely to have on the outside world. There were many external factors influence the formation of the GCC, principally, this refers to regional actors, global powers, and non state actors, and their relationship to the formation of the GCC in terms of their roles and interests.<sup>46</sup>

That is, the formation of GCC was direct response to the situation created by series of events in the region and around the world in the end of the 1970's, these included, the emergence of Marxist state in Ethiopia, the downfall of the Shah's regime in Iran, the Soviet invasion of Afghanistan, outbreak of Iran-Iraq war, and oil market developments.

### 2.3.2 *The Core of the GCC*

According to Deutsch and his co-authors, that, all the historical cases they have studied, together with their data, suggests that;

*“Wider political communities have been built and integrated primarily around the cores of political and economic strength, and of social or cultural attraction, provided by large state.”<sup>47</sup>*

Saudi Arabia is the largest and most strong, and important member of the GCC. The superiority in both territorial size and material resources has enabled Saudi Arabia to provide a core area for the development of the GCC, and is likely to play a crucial role in how it develops. It has the human resources that the other five council members lack. It also has the world’s largest proven oil reserves. It has acquired its international significance from its role as the world’s largest oil exporter. Additionally, Saudi Arabia occupies a key strategic position. It lies across the air routs between Europe and the Far East, and dominate two great sea routs - the Red sea and the Gulf- through which a majority of Western oil flows. It has also inherited a key political role because of the presence of the Moslem holy places.

Unlike the EEC – an alliance of relatively strong states – the GCC has one dominant member, Saudi Arabia’s role as follow:

*“The Saudis are pushing the GCC for political reasons. They want one big happy family. And there can be no doubt that the Saudis were the driving force behind GCC creation, and the Council headquarter / secretariat, is located in Riyadh.”<sup>48</sup>*

Saudi Arabia has the means to subsidize the integration with all the socio-economic and political implication that might be involved. A discussion of whether this core orientation will be accompanied in the long run by a gradual shift in loyalties from the peripheries to the core will be put off to a later chapter.

### 2.3.3 *Security Orientation*

Concern over the security and military defence of the Gulf, have steadily intensified over the course of the twentieth century. At the same time, the actors assuming responsibility for the security of the Arab Gulf states have changed. Furthermore, as perceived threats to the security of this area have changed, so have the means-and thus the strategies- to defend the area. Britain exercised primary responsibility for the security of this region because of its predominant position in the Gulf through world war 11 and continued to be directly concerned with the area until final withdrawal in 1971.

While American military and security interests originated around the time of

world war II, it was not until after 1971 that the United States became increasingly and directly concerned with the defence of the region. However, in 1981, the question of security of these states, particularly in the light of territorial problems in the region, came to assume first priority.<sup>49</sup>

In fact, the matter of survival might have charged the integration with sense of urgency seldom matched elsewhere. Moreover, the sense of security has been obtained now, that the GCC is a reality, is probably more psychological than material.

*“The second half of the Cold War was marked by decline of the OAS, the OAU and the Arab League and the emergence of sub-regional frameworks for security”<sup>50</sup>*

It must be emphasized here that it was the perception on the part of those concerned that unity was more likely to discourage external ambitions than disunity, at least from an internationally legalistic and moralistic perspective.

*“The GCC has started as an alliance for the purpose of internal and external security.”<sup>51</sup>*

The internal security of the Gulf states is also came to assume a high priority, the Gulf states came to realize that coordination, and integration of their security capabilities, they will not be able to solve the economic, social, and political problems individually. And they can certainly assure their future security by collective actions.

### *2.3.4 Political Nature of the GCC*

The integration of the six Gulf States is primarily a political act brought by deliberate action of political elites. Its politicization has thus been abrupt, not gradual, and this integration indicates both a shared conception of common interest and a perception of a profound security threat.

The Western European conception of spillover is alien to this integrative experiment. In fact, if there is any spillover at all, it runs in an opposite direction, that is, a spillover from politics to economics exist in the form of planning for economic development by relevant political elites. Moreover, the Gulf States see the integration of their states neither as an end in itself, nor as integration of nations, but integration of tribes within much larger sphere-Arab nationalism.<sup>52</sup>

## **2.4 GCC Organizational Structures and Objectives**

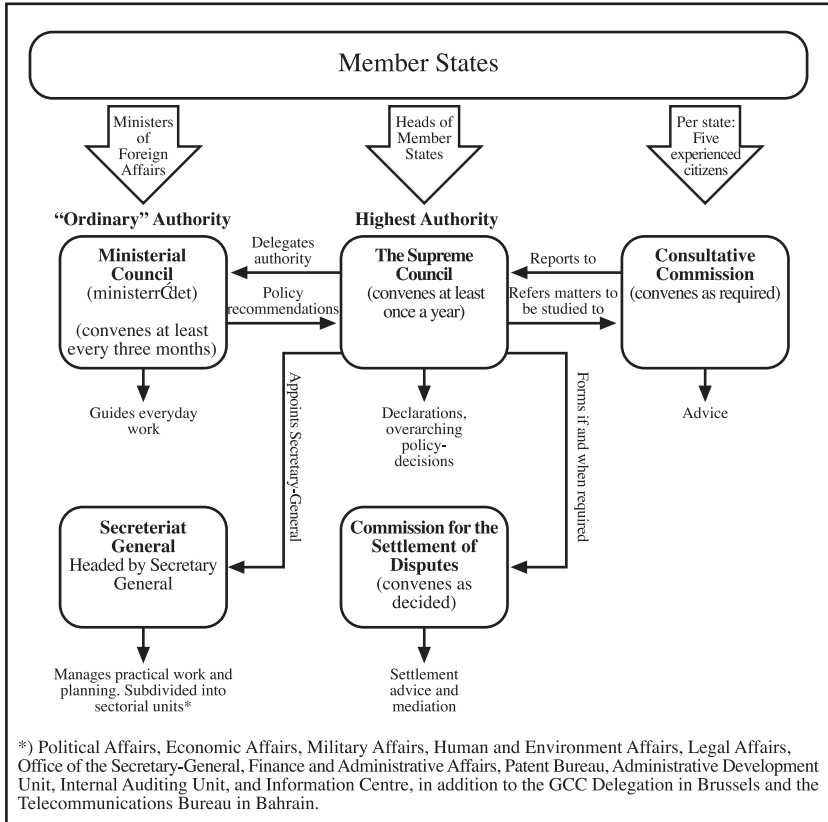
For the time being, and in some ways, the GCC follow the confederalist approach, though in a somewhat modified form owing to member states to abandon some



of their sovereignty on some issues. However, confusingly, the GCC shares some of the features of a confederation and a federation, that is, institutionally; of course the GCC is far from a complete federal or confederal structure. Nevertheless, the first Secretary-General of the GCC Bishara described the GCC as follow:

“The GCC philosophy is that it is a confederate structure whose aim is *total unity, we move on the basis of this perception.*”<sup>53</sup>

Figure 2-1 *The Organizational Structure of the GCC Council*



Moreover, he described the GCC organization as follow:

“The GCC is a forward looking organization and embodies the aspiration of the member states, but we embrace change only when it is peaceful, based on persuasion and consensus.”<sup>2</sup>

Table 2 -2 Most Active regional bloc in 2004-2006)

Regional bloc	Area (km <sup>2</sup> )	Population	GDP (PPP) (\$US,millions)	per capita	Member states
EU	3,977,487	460,124,266	11,723,816	25,480	25
CARICOM	462,344	14,565,083	64,219	4,409	14
ECOWAS	5,112,903	251,646,263	342,519	1,361	15
CEMAC	3,020,142	34,970,529	85,136	2,435	6
EAC	1,763,777	97,865,428	104,239	1,065	3
CSN	17,339,153	370,158,470	2,868,430	7,749	10
GCC	2,285,844	35,869,438	536,223	14,949	6
SACU	2,693,418	51,055,878	541,433	10,605	5
COMESA	3,779,427	118,950,321	141,962	1,193	5
NAFTA	21,588,638	430,495,039	12,889,900	29,942	3
ASEAN	4,400,000	553,900,000	2,172,000	4,044	10
SAARC	5,136,740	1,467,255,669	4,074,031	2,777	8
Agadir	1,703,910	126,066,286	513,674	4,075	4
EurAsEC	20,789,100	208,067,618	1,689,137	8,118	6
CACM	422,614	37,816,598	159,536	4,219	5
PARTA	528,151	7,810,905	23,074	2,954	12

Source: wikipedia.org/wiki/Cooperation Council Oct. 2006

The Council may be looked at as a legal step presented by a Charter accepted by all member states, while integration is a process that can be lengthy and frustrating. Before we get to this process, however, a presentation of the institutional setting of this organization is in order.

The GCC is organizationally composed of three principal bodies; the Supreme Council, a Ministerial Council and a Secretariat-General. But, the GCC is unlike the EU, the GCC has no Budget (only operational Budget), no Parliament,<sup>54</sup> and no Court of Justice.<sup>55</sup>

#### 2.4.1 The Supreme Council

The Supreme Council is the highest authority of the GCC, and consists of the six heads of state, or their deputies in case any of the former should be unable to attend for any reason. The Council meeting annually in ordinary session, and emergency session if demanded by two or more members. The presidency of the Council is undertaken by each state in turn according to the Arabic alphabetical order of the names of member states. Meetings of the Supreme Council are considered valid if attended by two-thirds of the member states, at which each has one vote and it takes decisions on substantive, as opposed to procedural, matters by unanimous consent of those chiefs of state participating, while a majority is enough to approve those of

procedural nature. The Supreme Council draws up the overall policy of the organization; it discusses recommendations and laws presented to it by the Ministerial Council and Secretariat-General in preparation for endorsement; it appoints the Secretary-General and approves the budget of the Secretariat-General.

Article 10 of the Charter establishes a Commission for Settlement of Disputes, which is to make recommendations to the Supreme Council for resolving either disputes between member states or issues with respect to interpretation of the Charter. The Supreme Council is to select the members of the Commission for each dispute referred to it, with nominees to be drawn from member states (at least 3 persons) other than those who are party to the issue at hand.<sup>56</sup> Moreover, there is the Advisory Commission (Council), or some times called Consultative or Conciliation Committee for the Supreme Council, an outcome of the 1997 GCC Heads of state Summit in Kuwait and convened its first meeting in Kuwait on November 7 of the same year.<sup>57</sup> It is a 30-member body, chosen according to their experience and qualification for a period of three years, with seats equally distributed among the six member countries composing the GCC, it provides advice and suggestions on subjects referred to it by the Supreme Council.<sup>58</sup> Moreover, this Committee is attached to the Council to serve as a mediator in cases of disagreement between members. Decisions of this Committee are binding as to interpretation of the rules.<sup>59</sup> In 1998 summit, the Supreme Council expressed its happiness with the start of its functioning, and entrusted it with the task of studying the economic, social, cultural problems in the member states. Based on the proposal presented by the Sultanate of Oman, the Supreme Council approved that Commission should have a permanent headquarters in, Sultanate of Oman.<sup>60</sup> The Commission held its fourth meeting in Oct 2004 in Muscat.<sup>61</sup>

Cognizant of impediments to regional integration, GCC leaders made difficult compromises by adopting a Charter that would allay the fears of member-states and satisfy their different aspirations. The Charter reflects their desire to enhance bilateral and multilateral cooperation within the region, provides a process through which integration could be achieved, and exhorts member-states to make the sacrifices necessary for integration. It also spells out the means for achieving GCC objectives and stipulates the institutional structure that gives effect to the community.

Most regional groupings in the Third World are characterized by weak supranational organizations. In neither Latin America nor Africa have national leaders demonstrated much willingness to establish regional associations with sufficient resources and autonomy to expedite integration. The special Latin American Coordination Commission, (CECLA) created in 1964 for the purpose of collective economic bargaining with foreign countries and international organizations, soon became known as "Latin America's floating crap game". The name came from its extremely weak institutions; no permanent headquarters and no secretariat, and any member could call a meeting provided it hosted and financed the conference and prepared the documentations.<sup>62</sup>

The now defunct East African Community (EAC) was also institutionally fragile. The East African Authority, composed of the heads of the three members—states, was the supreme decision-making organ. The stability of the community in effect depended on the maintenance of good relations among the three heads of state. Because the community was not insulated from inter state conflicts, disputes quickly spilled over to disrupt regional cooperation. This problem was exacerbated by general lack of autonomy for regional institutions. Treaty provisions were designed to maintain national predominance in regional decision making, weakening the regional assembly secretariat. All legislation of the regional assembly had to be approved by the territorial assemblies and receive the assent of the three heads of state before becoming law, thereby giving national legislation priority over regional. Many Latin American organizations' structure follows a similar pattern. All important decisions of the organizations are subject to national veto.<sup>63</sup>

Moreover, integration in North America and Asia-Pacific largely triggered, like most other schemes, by the effects of integration in Europe, mainly by economical reasoning and trade,<sup>64</sup> as an example of "second integrative response" unlike the GCC integrative scheme which has nothing to do, mainly, with trade, or integration in Europe.<sup>65</sup>

In formulating the GCC Charter, Gulf Arab leaders perhaps took cognizance of the organizational weaknesses of these earlier groupings and the strengths of the Andean Pact and the Economic Community of West African States (ECOWAS).<sup>66</sup> In contrast to the European Council, the Supreme Council of the GCC can make legally binding decisions, and can issue rules that will apply in the member states. At any rate, aspects of these organizations' institutional structure resemble the GCC in facilitating integration.

The supreme policy-making body in the GCC is the authority of heads of state and government composed of six heads of member-states. The heads of states of the GCC, chose a simple and effective mechanism through which to secure the flow of work. They hold a regular annual meeting to review political, security and economic affairs and to study and evaluate the progress of the work.<sup>67</sup> However, the leaders meet in the capital of one of the member states each year, to (1) evaluate their progress since last year's gathering, (2) assess the current regional and international situation, and (3) consult and, where possible, reach consensus on ways to move forward in pursuing their common needs, concerns, and interests.<sup>68</sup> But since 1999, the GCC states agreed on convening a semi-annual summit (between two summits every year). As secretary general J. al-Hujailan puts it:

*"Will free from protocols and will be convened for one day without a schedule, and they will debate matters they find necessary to debate under the current conditions."<sup>69</sup>*

The consultative meeting of GCC leaders comes at the decision of the 19th summit in Abu Dhabi in 1998. It held its first meeting in 1999 in Saudi Arabia; the second in Oman in 2000; the third in Bahrain in 2001, the fourth in 2002; the fifth in 2003 and the sixth in 2004 are held in Saudi Arabia.<sup>70</sup> The consultative meeting to be convened without a predetermined agenda, and to study all topics and issues that concern the GCC in different fields.<sup>71</sup>

#### *2.4.2 The Ministerial Council*

Next in the hierarchy of the GCC institutions is the Ministerial Council is composed of the ministers of foreign affairs or other ministers acting on their behalf. The Ministerial Council meets at least every three months, but may also choose to meet for extraordinary sessions upon the request of one member state seconded by another. Presidency of the ministerial Council is entrusted with the member state that presided the last ordinary session of the Supreme Council, or when necessary, with the member state that is next to preside the Supreme Council. Rotating its location, and also takes decisions by unanimous vote. A meeting is considered valid if attended by two-third of the member states

The basic function of the Ministerial Council is to study issues and make recommendations to the Supreme Council for decision, and implements the policy decisions of the Supreme Council. It generates proposals and recommendations that seek to facilitate closer cooperation among member states. It also listens to the reports of the Secretariat-General about the work flow and its problems giving instructions as to how to overcome the problems.<sup>72</sup> In contrast to the European Council of Ministers, the GCC Ministerial Council cannot make decisions, but can set political guideline for cooperation and issue declarations on foreign policy matters.<sup>73</sup>

#### *2.4.3 The Secretariat-General*

The Secretariat-General would comprise the Secretary-General aided by four assistant Secretaries-General, for economic affairs; military affairs; political affairs; in 2004, in its bid to confront the threat of terror, the block also created the post of Assistant secretary general for security affairs,<sup>74</sup> and there is also the GCC Permanent Mission to the European Commission in Brussels by an Ambassador, who are appointed by Ministerial Council for three renewable years upon the nomination of the Secretary-General.<sup>75</sup> Thus, not unexpectedly, was established the multinational character of the Secretariat-General which based in Riyadh. And complete with (employees whom he may need) staff that represents the GCC and its members to their fellow EU signatories on a permanent basis. No comparable GCC office or any other form of representation exists in any other country outside the GCC.<sup>76</sup> In the end of the 1990s, the Secretariat-General is

composed of the Office of the Secretary-General, Directorates of: Political Affairs, Economic Affairs, Military Affairs, Environmental and Human Resources, Legal Affairs; Financial and Administrative Affairs, an Information Centre, Patent Bureau, and Telecommunication Bureau in Bahrain. The secretariat assists member states in implementing recommendations by the Supreme and Ministerial Councils, and prepares reports and studies, budgets and accounts.

The Secretary-General is appointed by The Supreme Council, upon the recommendation of the Ministerial Council, for a renewable three-year term. A senior Kuwaiti diplomat, Dr. Abdulla Yacoub Bishara, who had built a distinguished reputation as Kuwaiti Permanent Representative to the United Nations, was selected by the Supreme Council as the first Secretary-General. He held the post for twelve years (four three-year term, 1981-1993), followed by Shaykh Fahim bin Sultan Al-Qasimi, from the United Arab Emirates one term (1993-1996), and the third Secretary-General of the GCC is from Saudi Arabia, Mr. Jamil Ibrahim Al-Hejailan, was appointed during Muscat summit of 1995, and in 1998 the GCC decided to renew its Secretary General al-Hujeilan for a second three-year term of office from April 1999.<sup>77</sup> In their final communiqué of 22<sup>nd</sup> summit, held in Muscat in Dec 2001, the leaders ended their communiqué with appreciation for the efforts of Al-Hejailan during his term of office of Secretary-General, which expired at the end of March, 2002; and announced the appointment to this office of Qatari Minister of State Abdulrahman bin Hamad Al-Ateyyah, which he is the fourth appointed to this position.<sup>78</sup> In Manama, in 2004 summit, the GCC leaders decided to renew the term of the organization's Qatari secretary general, Attiyah, for another three years from April 2005.<sup>79</sup> All member states contribute in equal proportions towards the budget of the Secretariat.<sup>80</sup>

In contrast to CECLA, the EAC, and LAFTA, the GCC Supreme Council and Ministerial Council are assisted by independent secretariat of supranational or quasi-supranational officials.<sup>81</sup> For the GCC Charter specify that Secretaries-General and all the Secretariat General's staff of the member states shall carry out their duties in complete independence and for the common interest of the member states. They shall refrain from any action or behaviour that incompatible with their duties and from divulging the secrets of their jobs either during or after their tenure of office. They are to function, then, like the Commission of the EEC, according to the accepted rules of international secretariats as uninstructed bureaucrats, a condition that can enhance integration by allowing technical issues to be insulated from the politics of national interest. Whether it does or not will depend, of course, on the general attitudes of member states and the skills, decision-making style, dynamism, and overall outlook of secretariat officials.<sup>82</sup>

The Secretariat-General has 275 employees in 1986 in its offices in Riyadh.<sup>83</sup> In 2000 the number reached 300, 85 percent of the staff work on economic-related issues.<sup>84</sup> In addition to the Supreme, Ministerial Councils and Secretariat, the GCC institutional structure has following

seven committees; The Economic and Social Planning Committee, the Financial, Economic and Commercial Cooperation Committee, the Transportation and Communications Committee, the Social and Cultural Services Committee, the Financial and Currency Cooperation Committee. The number of ministerial committees has been increased and there are eleven permanent committee (in 1985), made up of experts from all member countries, their duty is to draw up integration programs in their fields of competence and to assess implementation of programs, they prepare reports and submit recommendations to the Council through the executive secretary.<sup>85</sup>

#### 2.4.4 *The Charter*

The Charter of the GCC consists of a preamble and 22 articles. In the preamble, the signatories sought to highlight the common characteristics of the member states; this commonality was felt to constitute the cornerstone of the GCC. The 22 articles are divided into 6 topics: (1) basic information (Articles 1, 2, 3, 5); (2) objectives (Article 4); (3) structure (Article 5); (4) function of the main bodies within the GCC (Articles 7-16 and 18); (5) Privileges and immunities (Article 17); and (6) charter implementation, amendment, and deposition (Articles 19-22).<sup>86</sup>

In addition to these three permanent bodies, the charter established one ad hoc commission. The commission for Settlement of Disputes, which can be instituted when necessary, is attached to Supreme Council (Article 10, Section 1). The Commission is a recommending body only and operates at the pleasure of the Supreme Council (Article 10, Section 4). Again, in addition to the charter, the heads of the six Gulf States have approved by-law for the Supreme Council, the Ministerial Council, and the Commission for Settlement of Disputes.<sup>87</sup>

The by-law of the Supreme Council, consisting of 19 articles, focus on the nature of the Council, the conduct of the meetings, the agenda of meetings, and voting. The by-law further defines the responsibilities assigned to the Supreme Council under the Charter.<sup>88</sup> The by-law of the Ministerial Council, consisting of 39 articles, again, they focus on the internal procedures of meetings (agenda, voting, debate, and resolutions), the appointment of technical committees, and cooperation with the Secretary-General.<sup>89</sup> The by-law of the commission for Settlement of Disputes consist of 13 articles and focus on the structure, responsibilities, meetings, and deliberations of the Commission. For example, the Commission is to be headquartered in Riyadh. The jurisdiction of the Commission falls into two areas; disputes among member states and disputes pertaining to interpreting or implementing any articles of the GCC charter (Article 3). Being ad hoc in nature, the Commission ceases to exist whenever it submits its recommendations on a specific dispute to the Supreme Council (Article 4).<sup>90</sup>

Moreover, that, less than three weeks after the Charter was adopted, the GCC drafted an agreement that defined the parameters for economic cooperation



among the member states. The resulting Unified Economic Agreement (UEA) was approved in principle on June 8, 1981 and was formally ratified by the GCC heads of state at their summit in November 11, 1981.<sup>91</sup> In the 22<sup>nd</sup> summit held in Oman, a new economic agreement was ratified, replacing that of 1981. The new agreement is in line with economic developments and takes into consideration international variables.<sup>92</sup> Finally, the GCC finance and economy ministers established the Gulf Investment Cooperation (GIC) in November of 1982, to encourage the industrialization and economic development of the Gulf.<sup>93</sup>

### *2.4.5 Objectives*

The basic objectives of the GCC are defined in Article 4 of the Charter, they are: (1) to achieve cooperation among member states in all fields as a prelude to unity. (2) To strengthen the links of cooperation among the peoples of the member states in different fields. (3) To establish similar systems among the member states in all fields, including economic and finance; commerce, customs, and communication; education and culture; social welfare and health; information and tourism; and legislation and administration. (4) To stimulate scientific and technological progress in the fields of industry, mineralogy, agriculture, and animal resources. Also, to establish common projects, and encourage the cooperation of the private sector for the common good of the peoples of the member states.<sup>94</sup> Moreover, the principal stated aims are; to preserve and strengthen peace, to achieve economic integration for the benefit of all the peoples of the GCC states through the creation of a large economic area, and to work towards political union.

An examination of Article 4 leads to several observations: First, it is interesting to note that cooperation in area of security was not even mentioned as being among the basic objectives of the GCC. None of the six specific areas of cooperation under paragraph 3 of Article 4 touches on security. Yet security has been the most visible preoccupation of the GCC leaders. Second, Article 4 provides a foundation for further GCC cooperation in all fields. In the words of Bishara, Secretary-General of the GCC:

*“You may observe that these objectives are “generalities” and no definitions are given, except the injunction to set up similar systems in all fields. The thing about this which draws one’s attention is the fact that this proposed mode of joint Gulf action is not burdened with any restriction. There is no ceiling and there are no confining fences. The field is wide open, flexible and untrammelled as regards future activity, You may also observe the absence of any specific reference to cooperation in the field of security and defence. Even though the Council was born in the midst of violent storms the very water and skies of the Gulf the Charter contented itself with a vague reference to cooperation in all fields.”<sup>95</sup>*



However, the GCC is not a supranational institution with independent legislative and judicial authority. The member states have not ceded sovereignty to the GCC. Policies, resolutions and other actions taken in implementation of the Charter have the effect of law under the legal systems of the member states in accordance with their individual constitutional or other requirements.<sup>96</sup>

## 2.5 Conclusion

Despite the initial and ongoing emphasis on economic, social, informational, and educational cooperation envisioned in the Charter, security concerns quickly occupied those who set the Council's priorities. With the Iraq-Iran war raging barely twenty minutes away from their borders, the need to find a credible and effective means to deal with the problems of security was, of course, among most compelling reasons for establishing the GCC.

The main concern of this chapter was to present some of information and analysis about the GCC nature, origin, background, and a detailed account of the institutional structures of the Council. This account was designed to shed some light on the theoretical institutional foundations of the Council. From these foundations, it is only fitting that the institutional development be dealt with next insofar as the spheres of the emerging penetrate the existing frontiers of the member states to claim the force generally accorded local departments among other.

In contrast to integrative experiences in Western Europe, Latin America, and even East Africa, where fairly well developed governmental institutions were in existence before integrative efforts were launched, in the GCC states new governmental institutions and organs had to be created either at the inception of the Council or afterward in order to cope with increasingly complex developmental problems. Indeed, it is more a case of integration by emergence than by merger. However, the Gulf Cooperation Council came into being on 25<sup>th</sup> of May 1981, formed by the six states, and no doubt, at that time; its main motive was security and has started as an alliance

Next chapter will deal with theory on integration.

## CHAPTER THREE

# INTEGRATION AS A CONCEPTUAL FIELD

### 3.1 Current Definitions and Applications

The European Community (EU), which grew out of a 1950 French initiative, was one of the formative post war measures. It had three aims: First, is to end the historic French-German hostility, by making them partners.<sup>97</sup> Second, to obtain economic benefits from a single European market, instead of protected economies.<sup>98</sup> Third, to give unified Europe influence over its world affairs, commensurate with its population and economic potential.<sup>99</sup>

Accompanying this trend toward the supranational, and of no less significance, has been the increase in scholarly interest in the concept of integration, on national, regional, international levels, and globalisation.<sup>100</sup> The fact that most of the theoretical, empirical, and practical studies of integration have been on the experience of a single case, the European Community, the theoretical assumption, hypotheses, measurement and verification tools, and derived conclusions have tended to be socially, politically, and economically more geared to and conditioned by the Western European regional settings.<sup>101</sup> Thus, their applicability to integrative endeavours in other regions should be approached with a sizeable dose of caution. A number of essential conditions relating to the process of integration differed in the non-European setting, principal among these being the conditions of economic underdevelopment, the absence of pluralistic democratic political systems, and the vulnerability of the region to external influence.

Before I turn to a discussion of the unique nature of the GCC states, whose integration is the subject matter of this inquiry, a brief look into some of the approaches to the study of integration, both historical and modern, might help illuminate the extent of their relevance to our case.

There are probably as many definitions of integration as there are students, but no single definition of integration has gained widespread acceptance among integration theorists. The appearance of major studies by Karl Deutsch, and Ernst Haas, in the late 1950s won for integration theory a prominent position among the contemporary approaches to the study of international relations. These two schools of thought - the cybernetic (Deutsch) and neofunctional (Haas) - defined the concept separately:

(1) Karl Deutsch refers to political integration as a process that may lead to a condition in which a group of people has:

*“attained within a territory a sense of community and of institutions and practice strong enough to assure for a long time, dependable expectations of peaceful change among its population”*.<sup>102</sup>

Karl Deutsch suggests that such a community could be formed through political amalgamation:

*“...the merging of several political units or enforcement agencies into one. Such amalgamation might be the result of the voluntary merging of several previously independent provinces or countries into a single unitary state. Alternatively, it might be achieved by establishing a federal union with a federal army or police forces superior in power to those of its constituent units, and at the same time immune to the danger of becoming divided internally. Or it might be created by subjecting several previously sovereign states or federations to a common government having its own superior armed forces whose unity rested on their bonds of loyalty to it and to each other. In short, such amalgamation of smaller units into larger ones could be accomplished in many ways by conquest, by explicit agreement, by gradual habituation, or by various combinations of these.”*<sup>103</sup>

It could also be secured by efforts to bring about:

*“...an increasing acceptance and use of the same or equivalent patterns of living, thinking, and feeling among individuals who are members of the various political units that are to make up the security community, so as to produce either a common ‘we feeling’ among them or a devotion of most of them to some symbols representing this security community of shared image of its population.”*<sup>104</sup>

Drawing upon historical data, Deutsch and his collaborators examined ten cases of integration and disintegration.<sup>105</sup> They identified two forms of international integration. On the one hand, there was the “amalgamated security community” whereby former mergers had taken place between two or more previously independent units with the development of supreme central institutions that had the jurisdiction to make binding decisions within the union. A pluralistic security community” on the other hand, had fallen short of a legal merger and had opted instead for a mere closer cooperation among its essentially autonomous member states.<sup>106</sup> Pluralistic security communities, the authors observe, were easier both to attain and later to preserve than the more formal amalgamation.

*“Our findings suggest that pluralistic security communities have succeeded repeatedly where amalgamated communities have failed. Requiring far less stringent*

*conditions for success, pluralistic political communities thus seem to offer a particularly promising pathway toward security in our time.*"<sup>107</sup>

The low level of mass political participation during the historical segments in which the authors communities came into being, apparently heightened the significance of roles played by elites in the formation of international unions. The external military threat, the convergence of expectations, the flow of rewards, and the compatibility of self-image on the part of the key elites are held to have been crucial not only in the development of integration but in its preservation as well. Part of the elitist conception is the import accorded to core areas. The core areas according to the Princeton group were larger, stronger, more advanced political units around which integration developed. The superiority of these units' political and administrative systems, their educational institutions, and strength of their economies enabled them to assume leadership roles in their respective regions.

According to Deutsch there are twelve essential background conditions, within and among the participating units, which seem to be necessary (though perhaps not sufficient) if an amalgamated or pluralistic security community is to succeed.<sup>108</sup>

(2) Ernst B. Haas defines integration as a process:

*"Where by political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states".*<sup>109</sup>

This major approach to the study of regional integration is the neofunctionalist. The "functional" view of the development of unions among previously autonomous units finds its clearest expression in Haas's theoretical works on European integration. Although the concepts and conclusions of this approach tend to confirm and complement most of those contributed by earlier studies.<sup>110</sup> The functionalists' preoccupation with the inevitability, given certain conditions, of the politicization of economic integration has been a source of weakness in their theory. Haas and Schmitter have expressed this automaticity of linkage between the two sphere of economics and politics, i.e., the spillover effect, in the following terms:

*"Integration can be conceived as involving the gradual politicization of the actors' purposes which were initially considered "technical" or "noncontroversial". Politicization implies that the actors, in response to miscalculations or disappointment with respect to the initial purpose, agree to widen the spectrum of means considered appropriate to attain them. This tends to increase the controversial component, i.e., those additional fields of actions which require political choices, concerning how much national autonomy to delegate to the union. Politicization*

*implies that the actors seek to resolve their problems so as to upgrade common interests, and in the process, delegate more authority to the centre. It constitutes one of the properties of integration - the intervening variable between economic and political union- along with the development of new expectations and loyalties on the part of organized interests in the member nations.*<sup>111</sup>

In collaboration with Schmitter, Haas has three sets of variables. The background variables consist of the size of participating units, the rates of transactions around these units, the degree of pluralism within each potential member, and extent to which elites' self-image and expectations are complementary. Variables at the time of economic union are said to be the degree of shared governmental purposes and the range of powers delegated to the union. Process variables consist of the style of decision-making after the union is formed, the rates of transactions, and the extent of government adaptability in crises. According to Haas and Schmitter, the higher the scores of each variable the more likely it is economic union will spillover into political integration.<sup>112</sup>

Since it is only in the case of Western European integration that "the element of atomicity is provided by the internal logic of industrialism, pluralism, and democracy",<sup>113</sup> a search of functional equivalents in other cultural settings is necessary in order to compensate for the lack of such attributes.<sup>114</sup> Indeed the functional equivalents appear to be those cultural and environmental attributes characteristic of a certain transitional region, such as leadership style, perception of threat from the outside, sense of nationalism, and the like, as they affect the relation between politics and economics, and as they play a central role in how policy makers perceive vis-à-vis others state to other within the region and from that region vis-à-vis the outside world.<sup>115</sup>

The two theorists have several features in common. Both are concerned with the process by which loyalty is shifted from one centre to another. They have an interest in communication within units to be integrated. That is, both definitions involve the expansion of the spheres of both allegiance and jurisdiction to transcend the pre-existing national boundaries of community members. Both have equally influenced later theoretical developments in the area of regionalism.

(3) In addition to these two schools, and in contrast to the heavy emphasis on the levels in the course of integration schemes in the two approaches we have noted so far, Joseph Nye bases his conceptual framework on the "desegregations" of the concept of integration into empirically measurable component parts.

Building upon the work of Haas, several scholars have made an effort to refine neofunctionalist theories of integration. Among such scholars is Joseph Nye, whose contribution lies in developing a neofunctionalist model based upon "process mechanisms" and integrative potential.<sup>116</sup> In Nye's terms, the concept of integration can be broken down into economic integration (formation of a transnational economy), social integration (formation of a transnational society), and political integration (formation of transnational political interdepen-

dence).<sup>117</sup> Further disaggregating of each of these major component parts, along with operationalization methods, is provided.

Of the three types of integration disaggregated by the author, political integration is by far the most relevant to this study. In this particular segment of his framework, Nye distinguishes four variables: institutional (jurisdictional and bureaucratic), policy international, attitudinal, and the security community elaborated by Deutsch and his associates.<sup>118</sup> The concept of institutional integration revolves around measuring the bureaucratic and jurisdictional strength of the central institutions in an integrative scheme of political units. For instance, a researcher may choose to identify both the size and growth of budgets and administrative staff of these institutions relative to those of member countries. Additional questions would be: To what extent are those central institutions autonomous? To what extent are they supranational, i.e., how binding are their decisions on all members? What is the scope of legal powers assigned to these institutions, and to what extent is it fulfilled in practice? Is the scope of jurisdiction expanding, stagnating, or narrowing? And so on.

An important subtype of the concept of political integration, according to Nye's approach, is the extent to which regional community participants enact public policy as a group. To test the degree of community in this area, the author suggests the use of three indicators. These are (1) The scope, or number of public sectors treated in common, (2) The extent, or how much of a sector is treated in common, and (3) The salience, or how vital or important the commonly treated sectors are.<sup>119</sup> The second variable is not concerned with the legal or institutional type of decision, rather with how much of the process of arriving at the decisions in a field is subject to group interaction as against completely independent action.<sup>120</sup> The third component of the concept of political integration, in Nye's scheme, is the measurement of elite and mass attitudes toward the integrative scheme in question.

Additional to these traditional approaches there are many writers who have attempted to theorize on regional integration.<sup>121</sup> One of them is Walter Mattli.<sup>122</sup> He uses a tool of political economy, which is unlike traditional political science approaches; his approach stresses the importance of market forces in determining the outcome of integration, but, unlike purely economic analyses, it also highlights the importance of institutional factors. He considers why some integration schemes have succeeded while many others have failed; what forces drive the process of integration; and under what circumstances outside countries seek to join regional groups. He explains the demand for institutional change and the demand for more integration by the market forces, the supply of integration by the political elites, the external effects of integration and the need of integration schemes to have a core or paymaster. Mattli explains the terms of the first integrative response, joining the union, and the second integrative response; creation of counter-union. Mattli's approach is partly based on empirical studies of regional integration in Latin America, Africa and Asia. He insists that initiatives

for integration come not from the top but from the bottom; that is, the initiators are the market actors' not political leaders. Probably it is true as far as the EU integration is concerned, but not for the GCC in which the initiatives come from the top, i.e., at the apex of power.

Moreover, two more scholars, S. Cooper and B Taylor have together attempted to theorize on the regional integration of the GCC.<sup>123</sup> They start their analysis by criticizing the realist theory (the balance of power theory has some applicability and validity for our case) which focuses on power distributions to explain the origins of particular regional efforts, and sometime points to global power disparities as a leading cause of regionalism. It also focuses on the hegemonic power of the United States after World War II and its interests in different regions of the world. They also argue that there is no single widely accepted realist theory of the link between power and regional economic cooperation, and that realist theory fails to provide a generalizable explanation for regional cooperation.<sup>124</sup>

They support the alliance theory that used to explain the patterns of regional security cooperation, and they say that they hope to contribute to the development of this theory by providing generalizable explanations. In this thesis, the alliance theory alone is not enough to explain and analyze the complexities and problems of the GCC integrative venture, as will be shown in the following chapters.

In the GCC case, they only consider and concentrate on internal security or threats.<sup>125</sup> They argue that the GCC is an interesting mix of trade and investment cooperation with weak security, and that the GCC can be explained by looking at the internal security threats to these regimes:

*“We argue that the timing and the specific form of GCC cooperation-trade, investment, and intelligence but only weak alliance functions-are explained by a theory on internal threats.”<sup>126</sup>*

It is not true in our case (the GCC integration) that the internal threats are only threats confronting the member states. There are, or there were, regional threats (Iran, Iraq, Israel, and Yemen.) as well as super power threats (USA, and Soviet Union or Russia.) as will be explained later in this thesis

These two writers support the idea that security and economic cooperation are functionally linked, again this is not true in our case, and there is no link, what so ever, in the time of negotiation, before the foundation of the GCC, the political elites perceived only security threats to their regimes, without taking economic unity, as reason for their integration.

However, they argue that the GCC has “some alliance functions” and they believe that the alliance has been weakly implemented. However, they rely on old information and data, mostly from the 1980s, on the development and achievements of the GCC.

Most theorists in this field agree that it takes more than just the establishment



of central institutions for a successful integration to be attained and sustained. A sense of “common identity and mutual obligation” should be developed. Whether this sense of loyalty can be accomplished through strong central institutions, and their competence -the federalist view- or through gradual processes of interaction-the neofunctionalists view- remains to be reconciled, though such reconciliation may well prove highly difficult.<sup>127</sup> The point here is one of measurement. For this, various devices can be utilized, such as interviews with significant elites, content analyses of policy statements and journalistic commentaries, public opinion polls and so forth. Even though these might be oriented to also measure the intensity of attitudes toward the integration.

The security community as a component of the concept of political integration is one of the oldest, and it centres on the degree of reliability of “expectation of non-violent reaction” among community partners. Scales for this particular concept can be constructed based on the occurrence of hostile incidents between member states, provided, of course, that reliable accounts of incidents, if and when they occurred, can be easily obtained.

We have underscored some of the most salient concepts generated by three traditional approaches and a recent approach using the tools of political economy to study integration: Deutsch and his associates’ essential requirements for successful historical unions; Haas and Schmitter’s background, union, and process variables; the more horizontally disaggregated and comparatively oriented scheme elaborated by Nye, and finally economic and political factors examined by Mattli.

### 3.2 The Approach Utilized in this Study

In the preceding chapter, I have tried to identify the eight main factors in the background and formation of the GCC, in so far as these factors contribute to the uniqueness and the idiosyncrasy of the GCC integration vis-à-vis other integrative endeavours in Western Europe and developing countries. I hope it has become clear, that when we talk of this integration, we are in essence referring to a significantly different cultural context. Keeping this observation in mind and placing the eight factors against the four approaches identified in the foregoing discussion, we find that none of these approaches can perfectly qualify, by itself, as a scheme for analysis here.

To be more specific, only four conditions, of the twelve essential conditions for the formation of both amalgamated and pluralistic security communities, and one helpful condition, found by Deutsch and his collaborators, to be vital for the attainment and sustenance of the integration of nation-states, can be said to have been significantly present at the time the GCC was formed.<sup>128</sup> Moreover, Deutsch’s transactional approach is often thought to place exclusive emphasis on material factors, which do not have much to do with GCC integration.<sup>129</sup>



The same may be said about Haas-Schmitter's approach - in view of the fact that it is based primarily on economic, not political, integration in Western Europe - which supports some concepts and variables that are of little relevance to our case, most notable, are the two concepts of - spillover and pluralism-. Moreover, the neofunctionalists placed great faith in relatively short-term empirical correspondence as the key to verifying their predictions.<sup>130</sup> Some variables are useful, especially the neofunctionalists' stress on the psychology of elites in an integrative process.<sup>131</sup>

The political component (much of the institutional, policy-international, and attitudinal emphases) of Nye's framework seems reasonable, but, this is only a part of his scheme, and even here some of the variables are more or less difficult to make operational.

Mattli does not take security as an important issue in integration. He says that only economic variables may take us a long way to explaining puzzling aspects of integration. But this is not true in our case here, because the main reason behind the establishment of the GCC was security, followed by political, economical, social, and cultural reasons because the GCC, in many ways, was characterized by 'The New Regionalism',<sup>132</sup> defined by many integration theorists as a multidimensional form of integration that includes economic, political, social and cultural aspects and thus goes far beyond the goal of creating a region-based free trade regime. Instead, the political (security) ambition of establishing regional coherence and identity seems to be of primary importance. However, some of Mattli's ideas are interesting and useful here. Two are relevant to this integrative venture. The second integrative response that has taken place in the region, and the existing of the paymaster, the core, of the integrative scheme, which has existed since the foundation of the GCC

Finally, S. Cooper and B Taylor have not much to offer, except part of the idea of internal security or threat, in which Iran has some involvement, especially its support of the Shia in the member states.

A number of essential conditions relating to the background, and process of integration differ in the new settings. Principal among them are the conditions of nonpluralistic and highly stratified social structures, low level of interest-group consciousness and political participation, economic underdevelopment, and vulnerability of the region to external influence.

### 3.3 A definition of Integration

Several closely related concepts - cooperation, coordination, integration, and convergence have frequently been used interchangeably in the literature and recent policy discussion, and are sometimes interpreted in different ways. (Mostly, I use the words integration and cooperation interchangeably in this study) The term cooperation is used here in a very broad sense to encompass

coordination, as well as all forms of interchange between countries relating to economic developments and policy intentions.

Here, I would like to define those concepts that I consider important in this study. For our purposes, the concept of integration refers to:

*A cumulative process of change in the nature of relations among more or less sovereign political entities, which voluntarily accept some kind of new central authority, without which some of these entities, due to factors peculiar to their own local and regional environments, might lack the means of viability on their own.*

133

This definition, like many definitions, is designed to fit a certain case. Here, it characterizes the GCC.

There are three aspects of our definition of integration: 1) the definition emphasizes the voluntary nature of integration. Mergers that are effected by the use of military force, the threat of using force, or withholding vital benefits, are considered coercive and therefore excluded from this definition. 2) This definition of integration stresses action from above i.e., at the apex of power. It leaves matters such as the transfer of loyalty, the development of common identity, and the like, as necessary rods to be utilized in the subsequent determination of the extent to which the integration process is working. 3) Integration is viewed as an open-ended process with no teleological implications except insofar as it can be empirically shown that it has contributed to the welfare of the societies it aggregates.

Moreover, there are two additional concepts need to be clarified; 1) Disintegrative factors refer to those characteristics of a socio-political and economic nature that exist in the internal and external environments of the GCC states. These factors tend to affect the development of this experiment negatively and hamper its progress. 2) Integrative factors refer to those contextual characteristics that tend by their nature to yield supportive inputs, either during the GCC emergent phase or its later development.

The next two chapters will deal with the achievements in the economic and political fields. Moreover, the integration of the GCC will be discussed and analysed with special emphasis on the creation of economic and political institutions and the process of their integration and development, in the first twenty three years of the GCC's existence.



## CHAPTER FOUR

# ECONOMIC INTEGRATION

Since the beginning of the 1970s, there has been a phenomenal integration of the world economy, and the speed of such integration is increasing all the time.<sup>134</sup>

*“The small countries cannot survive in the context of the contemporary integration tendencies that they have to forget about their sovereignty and integrate into regional groups.”*<sup>135</sup>

While it is true that the GCC is a useful political and security forum (see next chapter) for countries with considerable social and political similarities and ties, issues of economic cooperation and integration nonetheless remain a core concern of the GCC members. These issues are reflected in the GCC Charter as well as in several of its proceedings. In this respect, a number of GCC documents make it very clear that economic integration efforts by member states should lead to full economic unity. Article 4 of the Charter refers specifically to the need for cooperation among member states in economic affairs, including finance, trade, customs, transportation and etc<sup>136</sup>

*“The GCC mandate is unity; the means of achieving it is economic integration.”*<sup>137</sup>

Many states integrate to increase their economic security. The importance of political sovereignty may decrease given a strong desire by leaders to achieve and sustain high economic growth. Thus, Harold and Margaret Sprout suggest that a trend toward integration can be interpreted as pressures for improvements in domestic welfare.<sup>138</sup>

In the early 1900s the Arab Gulf states were largely dependent upon income from pearl fishing, the export of dates and animals skins, trading gold and the re-export of various goods carried on dhows from Africa and India.<sup>139</sup> It was not until the 1950s that sufficient wealth was generated by oil sales to alter radically the traditional way of life, and the era of petroleum prosperity, particularly since the 1970s has seen the dramatic transformation of these economically underdeveloped countries into rapidly developing states.

The GCC's economic objectives were set out in five official documents, all of which have been adopted by the GCC Supreme Council. These are the GCC Charter, the Unified Economic Agreement (UEA), Common Objectives and Policies for Development Plan, the Unified Industrial Strategy and Common Agricultural Policy initially.<sup>140</sup> Only the second document will be looked at here.

Less than three weeks after the Charter was adopted, the GCC drafted an agreement that defined the parameter for economic cooperation among the member states. The resulting UEA was approved in principle on June 8, 1981 and was formally ratified by the GCC heads of state at their summit in November 1981.<sup>141</sup> The Agreement catalogues the details and specifics of the Charter's objectives and sets out terms to coordinate and unify economic, fiscal, monetary, and industrial and trade policies of the GCC member states in an organized and specific fashion. As described by Dr. El-Kuwait, the assistant Secretary-General for economic affairs of the GCC:

*“The ultimate aim of the Agreement is to provide a vehicle for the integration of the economies of the individual six member states into one large, regional economy”*<sup>142</sup>

The UEA consists of a preamble and seven chapters divided into a total of 28 articles on topics as follows: (1) Trade Exchange (Articles 1-7), (2) Movement of capital and citizens and exercise of economic activities (Articles 8,9), (3) Coordination of development (10-13), (4) Technical cooperation (Articles 14-17), (5) Transport and communication (Articles 18-20), (6) Financial and monetary cooperation (21-23), and (7) Closing provision Articles 24-28).<sup>143</sup>

To promote industrial growth, by increasing its per capita income, reducing its rate of unemployment, enhancing its national welfare. These countries are small, oil-based, rich economies, which have already achieved these objectives, but these countries have to achieve two more goals; A diversified economic structure in the short-run and self-sustainable level of economic growth in the long-run in preparation for the inevitable post-oil era. However, the goal of economic integration is one of the key policies of the GCC, and the Agreement is the backbone of the organization's policy in this field. Ambitious in its aims and comprehensive in its terms, the Agreement is intended to bring into existence a Gulf Common Market, comparable to the European Common Market.

The Treaty of Rome served, in fact, as a partial model for the GCC's Economic Agreement. But, the UEA is less grand and detailed than the European Union's 1957 Treaty of Rome, which functions as the foundation of modern Europe's *modus operandi*. Even so, the UEA's simple declaration of principles in support of opening the member state's borders to one another, economically and commercially, suits the GCC region's developmental style of incrementalism.<sup>144</sup> Moreover, two overlapping goals are imbedded in the UEA, the first goal is the establishment of a broader and deeper community among peoples long divided

by abiding mutual suspicion and distrust. The second goal is the construction of a set of building blocks for institutions, accords, and practices which would point the GCC country nationals in the direction of an increasingly shared future. However, the main objectives and broad aims behind the economic integration of the GCC are higher standards, full employment, economic expansion and to safeguard the petroleum wealth and to assure the maximum benefit from it.<sup>145</sup>

Table 4-1 Oil and Gas as Percentage of Total Revenues)

Country	1986	1991	1996
Bahrain	58	60	65
Kuwait	43	30	73
Oman	78	79	76
Qatar	n.a.	64	68
Saudi Arabia	58	79	73
UAE	n.a.	83	84

Source: The Washington Quarterly, spring 1998, p. 200.

The last decade has been a radical transformation in the economies of the GCC member states. A few statistics are enough to give a first impression of these changes. The population in the GCC states increased from 14 millions in 1980, to 20.3 millions in 1988, to 30 millions in 1997.<sup>146</sup> Its total GDP is \$135.3 billions, at 1988 prices, of which, 17.3 % goes to the UAE, 2.5 % by Bahrain, 55 % by Saudi Arabia, 5.6 % Oman, 4.2 % Qatar, and 14.8 % by Kuwait (This is lower than that the \$211 billions in 1981, because oil production and oil revenues peaked at that time.<sup>147</sup> The GCC states produced 9.2 % m. b/d in 1988, and had about 50% of world oil reserves, that is about 450 billion barrels in 1988.<sup>148</sup>

The GCC states have gradually been incorporated into the world economic system since World War 1, and more completely since the discovery of oil particularly after the tremendous growth of oil wealth in the early seventies.<sup>149</sup> Five shocks hit the economies of the GCC countries in the eighties and in the first half of the nineties: The effects of a fall in oil demand, the war between the two regional powers Iraq and Iran, the end of a construction and, a financial crash led to what the Gulf's inhabitants are reluctant to name openly, as a recession, and the effects of the Iraqi invasion of Kuwait. Without question the latter shock profoundly affected the environment in which the Council states seek to survive and prosper.

The economies of states with small areas (with the exception of Saudi Arabia) and populations are vulnerable and highly sensitive to external changes. The oil producing countries of the Gulf (especially the GCC states) are heavily dependent upon such uncontrollable external factors as fluctuating foreign markets for almost all their imports and the oil they sell abroad. Although the market for oil has

traditionally been strong and seems likely to remain so for the foreseeable future, there are nevertheless risks associated with heavy reliance on a single natural resource for national income, export receipts, and budgetary revenues.

From 1987 to 1993 the average price of oil was \$ 16. 2 p/b, \$ 11.6 less than the price in the preceding six years. In 1998 the average oil price came down to \$ 13. 16 p/b.,<sup>150</sup> this decline spread through into all areas of the GCC economy. But, in Oct 2004, the oil prices scaled new heights at \$53-56 for US crude.<sup>151</sup>

In 2003, GCC members exported their oil the and the figures as followed: Saudi Arabia 8.40 million bbl/d, the UAE 2.4m bbl/d; Kuwait 2.0m bbl/d; Qatar 0.9m bbl/d; and Bahrain 0.01mbbl/d.<sup>152</sup>

In 1993 the combined GCC budget deficits totalled \$ 11. 5 bn. The trade deficit also grew sharply to \$ 11.7 bn. in 1993. In 1981 Saudi Arabia alone earned nearly \$ 120 bn. from oil. In 1987 it earned \$ 22 bn.<sup>153</sup> The Saudi Minister of Finance and National Economy said that the kingdom had spent vast sums, (his estimate was more than \$ 1 trillion) through the last four decades, on the transformation of the country from a tribal society to a modern state.<sup>154</sup> Possibly, the other five states had spent the same sum or more on their transformation. The six GCC states posted an average GDP growth rate of 5, 6 % in their in 1993, according to the Gulf Organization for Industrial Consultancy (GOIC). The aggregate GCC GDP in 1993 was \$ 201 bn., and almost \$ 218 bn.in 1997, and in 2000 it reached almost \$ 300 bn. with Saudi Arabia accounting for more than half.<sup>155</sup> As a group, the six GCC countries recorded an average real GDP growth rate of 4.7 percent between 1990-99.<sup>156</sup> Moreover, there were many problems and obstacles in implementing the UEA., some of them concerned customs obstacles, procedures, routines and measurements and standards' differences.<sup>157</sup> Any member state can seek a delay in full implementation of some of the decisions taken by the Council, protected by Article 24 of the UEA, which states: In the execution of the Agreement consideration shall be given to differences in the levels of development between the member states and local development priorities of each state.<sup>158</sup>

Table 4-2 Key Macroeconomic Indicators for the GCC in 2000)

Country	Total GDP (US \$Bn.)	Real GDP Growth %	Inflation %
Saudi Arabia	166,240	5,75	0
UAE	60,300	6,0	3,0
Kuwait	34,600	4,25	1,5
Oman	7,196	4,5	1,2
Qatar	14,640	12	2,7
Bahrain	7,000	4,0	2,0
Total GCC	299,976	6,0	1,9

Source: The Middle East January 2001, p. 29.

In addition to the UEA, (the 1981 agreement, enhancing and strengthening economic ties among Member States, and harmonizing their economic, financial and monetary policies, their commercial and industrial laws, as well as their customs regulations.) the Council set up the Gulf Investment Corporation in 1984, the Gulf Standard Organization was created in 1982., the Patent Office was founded in 1992; the GCC Commercial Arbitration Centre was established in 1993.<sup>159</sup> And in their 22<sup>nd</sup> Session, 31 Dec 2001, in the city of Muscat, Sultanate of Oman the leaders of the GCC signed the new Economic Agreement. This agreement contains a comprehensive revision of the original Economic Agreement was signed in November 1981, which laid down the ground for the economic relationship among Member States and established the GCC Free Trade Area. The 1981 agreement emerged from the economic circumstances prevailing at the time it was drawn up, just a few months after the establishment of the GCC. Similarly, the new agreement is a reflection of the current circumstances of the GCC Member States. The new Economic Agreement furthers the objectives achieved by the old one.<sup>160</sup> However, important achievements have been registered in those areas of activities that could be regarded as ideally suitable for joint action. As the GCC is reaching the end of its second decade, member states may find satisfaction in the durability and achievements of this most successful of the efforts by Arab states to achieve union or regional integration. Any assessment of the GCC members' economic problems and prospects should bear in mind the following principal characteristics of these countries; they are dependent on oil, they are dependent on industrial countries for goods and services and they are dependent on foreign labour. What follows is not an exhaustive list of what has been achieved regarding the economic integration of the GCC states. It is rather intended to highlight these efforts in an attempt to explain the pattern into which these efforts fall.

#### 4.1 Creating a GCC Economic Citizenship

The focal point of economic integration is the common market, in which the member states have combined to create a unified economic territory undivided by either customs or trade barriers. This common market rests on the pillars of four fundamental freedoms; the free movement of goods, persons, capital, and freedom to provide services.

Articles 1, 2, and 3 of the UREA with "Economic Citizenship" refer to the free movement and equal treatment of goods, including the elimination of customs duties on domestically produced goods. Articles 8, 18, and 20 give citizens of the GCC member states the same rights and treatment accorded to those belonging to their own citizen, specifically both land and sea transportation of cargo and passengers, and freedom of exercising economic activities and free movement of



capital.<sup>161</sup> Two decades later, most of the GCC economic citizenship in many areas has been achieved.

#### *4.1.1 The Customs Union and Free Movement of Goods*

Forming a customs union means that all excise duties between member states have to be abolished, and excise duties in relation to countries outside the union have to be identical. In addition, the union has to pursue a common commercial policy no individual member state may sign its own trade agreement with countries outside the union. The customs union and the common policy are important preconditions for the functioning of the single market.

The first practical measure under the economic agreement was the elimination of customs duties between member states from March 1 1983, on all agricultural, animal, industrial, and natural resource products of national origin.<sup>162</sup> The GCC foreign and economy ministers meeting in August 1983 expressed its satisfaction at the measure, and noted the increase in the volume of trade between the GCC member states, as a result.<sup>163</sup> In 1983 the GCC members conducted only about 2% of their exporting and 7% of their importing from within the group.<sup>164</sup> In 1988, the volume of trade between the GCC states rose to 11%;<sup>165</sup> in 1989 the exports and imports between the GCC states reached \$ 6.8 bn;<sup>166</sup> in 1994 it was \$ 8.6 bn;<sup>167</sup> in 2003 it acceded over 13 bn.<sup>168</sup> and 2004 it was 21.5 bn.<sup>169</sup>

The GCC Commercial Arbitration Centre was created in December 1993 to settle trade disputes between GCC citizens with each other, and between them and foreigners. In 2001 the board directors held their 23<sup>rd</sup> meeting in Muscat, where they reviewed a number of reports and some administrative and financial issues.<sup>170</sup>

In October 1996, the ministers of commerce and industry held their 23<sup>rd</sup> meeting; they called for cooperation and integration in the field of trade.<sup>171</sup> Moreover, in its first 20 years the GCC has made significant progress in developing intra-GCC commerce. From a beginning low of barely 3 % of their total GDP coming from trade with one another, the level has steadily climbed to between 12-15 %.<sup>172</sup>

In 1998 there were 1300 manufacturing establishments, in the member states, exporting their goods to the other five countries duty free.<sup>173</sup> And in 2001 the number rose to 1800.<sup>174</sup> The elimination of custom duties signalled the completion of the first stage of economic integration; the establishment of a free trade area.

The elimination of custom duties within the GCC was accompanied by the establishment of uniform custom tariffs, to be implemented gradually within five years from the date on which the UEA became effective. It was agreed the external tariffs would range between 4 % and 20 %. By the end of 1984 all members had brought their external tariffs within this range. The GCC states are nearing

agreement on unifying custom tariffs. In 1998, the standard tariffs among GCC states ranged from 4 to 12%.<sup>175</sup>

The organization's Secretary-General Jameel al-Huiejlan said in December, 1997, that tariffs have been fixed for 1,000 commodities, but 300 others await classification. In 1999, the GCC classified goods reached a total of 1,289.<sup>176</sup> The GCC's failure over many years to reach agreement on the issue has stood in the way of free trade deals with Europe and other economic blocs.<sup>177</sup> In their 47<sup>th</sup> meeting on 16 May 1998, the financial economic cooperation committee discussed plans for eliminating the customs tariffs. After the meeting the GCC Secretary-General said the classification of 149 outstanding items would be completed by the end of 1998.<sup>178</sup> In the same year, unified customs laws (with 178 articles) for the GCC were sent to the WTO to be approved. In 1999,<sup>179</sup> the GCC states have begun implementation of the second phase of the transitional programme to set up a customs union, which included a study on the unification or harmonisation of import duties on goods from outside the GCC. It also aimed to define the mechanics of joint collection of the customs duties, the procedures for unification of the collection apparatus, its jurisdiction and how income from duties was to be distributed among the member states.

The Manama declaration, issued at the end of the 21<sup>st</sup> summit, stressed the speeding up the establishment of the GCC custom union and unifying the custom tariff, and a more rapid setting up of the joint Gulf market, which was agreed upon during summit held in Riyadh.<sup>180</sup> In this summit, the leaders decided to keep 2005 as date for introduction of the common tariff in, and each state could speed up implementing the agreement on its own.<sup>181</sup> The plan was that they would unify the external tariff within the targeted range of between 5.5 percent and 7.5 percent.<sup>182</sup> The GCC 15<sup>th</sup> meeting of the Customs Committee met in Riyadh on June 9, 2001. The committee discussed the executive draft of the unified GCC customs law as a primary step to executing it at all customs' administrations in the GCC countries.<sup>183</sup> The law was to be implemented by the member states voluntarily until 2002.<sup>184</sup>

However, the GCC committee for financial and economic cooperation in its 55<sup>th</sup> session held in the state of Bahrain in mid-Oct 2001, took a number of steps which confirmed their desire to strengthen their cooperation, for example the decision of to bring the GCC customs union into effect on 1<sup>st</sup> Jan 2003 instead of 2005, the agreement on unifying the customs tariff at 5 per cent on all commodities, the adoption of a unified customs law, the application of which was to be compulsory from 1<sup>st</sup> Jan 2002.<sup>185</sup>

In Oct 2001, the Gulf States removed a major obstacle to speed up the creation of a customs union by agreeing on a mechanism to jointly share duties on imports. Officials and experts from the six-nation GCC approved the distribution mechanism at talks in Riyadh. The agreement paved the way for the unification of customs tariffs on foreign imports in 2003, two years ahead of the deadline set earlier by the GCC heads of state. The GCC customs union committee approved

a proposal on how to collect customs revenues and distribute them among member states.

In 2003 a landmark customs union (first stage), launched by the six GCC states, still faced obstacles to the movement of goods but officials played down such problems on the grounds that the project was still in its three-year transitional stage. As an official of GCC Secretariat-General put it:

*“Those obstacles are mostly small individual problems that have nothing to do with the mechanism of application...that is why we are trying to remove such hindrances and achieve a maximum degree of coordination among border and entry points.”<sup>186</sup>*

The second phase began on January 1, 2004. The second phase would also last one year...it would focus on strengthening the GCC customs union, enhancing its credibility and benefiting from the positive results of the first phase.<sup>187</sup> The third and last stage would begin January 1, 2005. This is the most important phase in the ambitious project as it would lead to the collapse of all customs barriers.<sup>188</sup> The third stage would take two years. The creation of a customs union in GCC states would be a major step towards a full economic merger and a common market despite reluctance to unify their currencies.

Economists said a customs union would boost trade and investment among the six members and strengthen their position in negotiations with other blocs. It would also facilitate the signing of the long-sought after free trade accord with the European Union as a customs union was a key EU demand. Economic integration in the more than two decades old Gulf group would give birth to a giant trade and economic bloc and create the biggest oil group in history. It would also be one of the biggest consumer markets, with imports exceeding \$75 bn in the year 2000.<sup>189</sup>

In 2001, trade was flourishing among GCC members, and total non-oil exports rose to \$6.4 billion from \$4.93 billion in 1990. Non-oil imports among them soared to \$6.35 billion from \$2.70 billion over the same period.<sup>190</sup> Moreover, the GCC customs union gave birth to the biggest economic bloc in the Middle East, with a combined gross domestic product of around \$330 billion in 2002, nearly 45 per cent of the total Arab GDP.<sup>191</sup> In 2003, the GCC was more homogenous in terms of culture and language, but economic integration was far less advanced than in Europe. Intra-regional exports represented less than 7 per cent of total GCC exports, and the non-oil exports rose to 34 per cent and this was lower than the figure in Europe, which was about 51 per cent. In short, the total intra-regional trade among the GCC increased from \$11.1bn. in 1993 to \$18bn. in 2002.<sup>192</sup> However, all GCC governments are committed to diversifying their economies and favour regional trade.<sup>193</sup> In their 31<sup>st</sup> meeting in Kuwait, on Oct 12, 2004, the Ministers of Trade discussed matters and factors that hindered

progress in implementing decisions taking to support trade and strengthen the customs union.<sup>194</sup>

It was clear that the gradual establishment of a common market would lead to growing economic interdependence of the member states. The introduction of a common external tariff signalled the completion of the second stage of economic integration; the establishment of a customs union. The creation of a large GCC market on which all goods can be freely traded required not only the removal of customs barriers but the lifting of quantitative restrictions as well. The GCC is pressed on with its plans to create a common market, hoping that the difficulties would be dealt with as they arose.

#### *4.1.2 Right of Establishment and Freedom to Provide Services*

In order to encourage GCC citizens to expand their economic and professional activities throughout the GCC states, Article 8 of the UEA instructs the member states to give all GCC citizens the same treatment as granted to their own citizens without any discrimination or differentiation in the following fields: (1) Freedom of movement, work and residence. (2) Right of ownership, inheritance and bequest. (3) Freedom to exercise economic activity. (4) Free movement of capital.

<sup>195</sup>

Since the adoption of the agreement, individual GCC states have implemented legislation clarifying certain provisions in Article 8, for example all member states have identified the following professions as being an economic activity falling under the definition of Article 8: Medicine, law, accounting, engineering and consultancies in administrative, economic, technical, agricultural, fishing and industrial fields. The knowledge, skills, or qualification required of anyone wishing to set up on his own in another member state or to provide a service during a period of temporary residence may not be any different from what is required of that country's nationals.

Concerning the establishment of new companies by the GCC citizens, the member states adopted legislation allowing other GCC citizens to form such companies. However, a five-year transitional period was built into the legislation so that at least 25 % of the stock of companies founded from 1983 to 1988 were to be owned by citizens of the host country. By 1993 locally-owned companies were allowed to establish branches in other GCC states without requiring a host sponsor.<sup>196</sup> By 1998 the number stock companies that GCC citizens could own had reached a total of 28808 companies with capital over \$ 35 bn.<sup>197</sup> In 2003, the total capital of stock companies in the GCC reached \$56.88 bn.<sup>198</sup> The number of citizens practicing their professions in other states than their own was 854, in 1988, and 1817 in 1989;<sup>199</sup> in 1997 the number rose to 5649 GCC citizens.<sup>200</sup> The number of people who benefited from the equal treatment in real estate for personal use was 4726 citizen in 1988.<sup>201</sup> In 2000 the number reached 13847.<sup>202</sup>

In 2001 number of licences granted to GCC citizens to practice economic activities reached 6094.<sup>203</sup> In 2003, the number rose to 10,764.<sup>204</sup> Since the member states guaranteed their citizens the right to establish themselves in business, and provide their services whenever they liked in the member states, 3000 families had benefited from this decision by 1991<sup>205</sup> In 1997 the finance ministers approved a proposal to allow GCC nationals to “undertake economic activities in the educational field”, and to allow GCC nationals to obtain loans from institutions in GCC states other than their own.<sup>206</sup> According to the 1999 statistics, as many as 3,795 GCC nationals were exercising economic activities in other GCC states, including 30 percent from Saudi Arabia, 23.4 percent from Kuwait and 20.1 percent from Oman, and three years later this number reached 4552<sup>207</sup> More than 10,000 GCC citizens owned real estate properties in other GCC states in 1999, 70 percent of whom were Kuwaitis.<sup>208</sup> This number reached 26163, in 2002.<sup>209</sup> As GCC Secretary General Al-Hujelan put it:

*“The practice of the GCC citizens of various economic activities and vocations in any of the GCC member states has become a right which should be practiced in the light of the regulations that implemented on the citizens of these states. The approval of this right has come in line with the decision taken by the GCC Supreme Council at its recent session held in Bahrain”.*<sup>210</sup>

The leaders of the GCC, in their 21<sup>st</sup> (December 2000) GCC summit in Bahrain, decided to allow the citizens of the GCC states, as individuals or corporate bodies, to practice all economic functions and professions, except a certain number of these which were restricted, at this stage, to the citizens of each state. In 2004, they listed 10 economic activities that were restricted to only nationals of each state. They include Haj and Umrah services, manpower agencies, insurance services, agents of products and services, real-estate services, centers for the disabled, elderly and social services, printing press, newspapers and magazines, cinema, music and photography studio, cinema halls, theatre groups, car rental and all types of transportation services.<sup>211</sup>

The Supreme Council also agreed to expand the scope of retail trading for GCC citizens in other member states through endorsing the necessary rules for the practice of retail trading by the citizens of the GCC. The Supreme Council agreed to consider GCC citizens serving in the civil service in any member states and to treat them like the citizens of the working-base state, and to grant them the same benefits.<sup>212</sup> The GCC leaders decided two important issues: one was to allow GCC citizens to increase by a substantial degree the extent to which they could own land in other GCC states, with more size and scope than before. Second, that GCC citizens could invest in other member-states’ land for purposes of construction, services, or entertainments.<sup>213</sup> In 2000, the citizens of the GCC states could travel by using their identity cards in the six states.<sup>214</sup>

The Ministers of Finance held their 54<sup>th</sup> session in Manama, in May 2001, and up to their 64<sup>th</sup> session in Kuwait in May 2004, they discussed several issues including recommendations pertaining to developing the UEA as well as the recommendations to eliminate obstacles hindering inter-GCC trade.<sup>215</sup>

All things considered, the GCC still has a long way to go before it can claim to allow every one who so wishes the possibility of working in whichever member state he considers offers him the greatest advantage.

#### *4.1.3 Free Movement of Capital and Liberalization of Payments*

Another factor in the development of the large international market was the free movement of capital. The principle of freedom of movement for capital was established in the UEA, art. 8.<sup>216</sup> Two Directives were adopted at the end of the 1980s to liberalize transitions such as the purchase of listed shares or direct investments and commercial credits. Taken as a whole, the degree of free movement of capital in the member states today is certainly greater than at the end of the 1970s. Like the European Union, the GCC states allow unhindered movement of capital owned by nationals within the GCC, and movements are unregulated.

From 1983 to 1992, steps were taken to implement art. 8. These steps included equal treatment of any GCC citizen in terms of investments, and other commercial activities and insurance and all means of national transport rights in each GCC state, equal to the rights given to domestic transport institutions to facilitate the transit of goods among the member states. In addition, these was to be equal treatment in taxation, and all types of technicians and tradesmen that were GCC citizens were also to be given equal treatment in GCC member states.

The decision of the GCC summit meeting in Bahrain on 19-20 December 1994 allowed their citizens to own and trade shares in all six states. The move was announced in a statement issued at the end of the summit, reflecting the growing conviction that the local equity market should play a larger role in economic development. The statement said that GCC heads of state had “decided to amend the rules on ownership and trade of shares which would enable GCC citizens to own and trade in shares of companies that work in different economic fields except banks, exchange houses and insurance firms.”<sup>217</sup>

The 26<sup>th</sup> meeting of the trade ministers held in the UAE in September 1999, they discussed commercial cooperation among the states, ways to increase the commercial exchange, and new areas of cooperation.<sup>218</sup> They discussed a report on the 14<sup>th</sup> joint conference between the General Secretariat of the Council and heads of the chambers of commerce, as well as a memorandum on revitalizing the trade arbitration centre for the GCC member states and means of consolidating its role. They also discussed a report on relations of the GCC member states with world countries and economic blocs.<sup>219</sup> However, the total of the exchanged

annual trade between GCC states amounted to \$ 6 billion in 1999.<sup>220</sup> And according to the statistics for 2001, it did not exceed a 12 billion dollars out of the total trade of the GCC states estimated at 191 billion dollars.<sup>221</sup> In 2002 it reached \$18 bn., and has increased 5% annually<sup>222</sup> since the establishment of the customs union in 2003.

The Ministers of Commerce of GCC concluded their 27<sup>th</sup> (September 2000) conference in Riyadh. The meeting was being held in a new economic era which necessitated openness to the world and integration in the multilateral commercial system. They discussed the GCC's endeavours to realize greater integration, the agreement on a unified customs tariff and the establishment of a GCC customs union by March 2005; they also discussed the electronic trade and opening up stock markets.<sup>223</sup> In Sept 2000, the Board of Directors of the Standards Commission of the member states met in Riyadh. A press statement following the meeting noted the Commission's intension to enhance commercial ties among GCC members in order to pave the way for a Customs Federation, and stressed the importance of meeting the requirements of the WTO.<sup>224</sup>

The trade ministers held their 28<sup>th</sup> meeting In Manama, where they discussed several issues: supporting trade exchange and E-commerce, stock exchange by the six members, eliminating obstacles impeding the flow of commodities and services among themselves as well as proposing new fields of cooperation in the trade area. The GCC Secretary-General Jamil Al-Hujailan said that the meeting aimed at boosting commercial trade among the member states and pushing forward the process of trade cooperation among them, including obstacles to commercial exchange. Hujailan said that the Secretariat General was discussing these obstacles, and asserted the need to intensify the efforts of various concerned bodies in the GCC states in discussing this issue.<sup>225</sup>

The federation of the GCC chambers in its 26<sup>th</sup> meeting held in Manama, called for the member states to double their efforts to move from the phase of joint economic cooperation to the phase of the joint GCC market and integration<sup>226</sup> In Sept 28 2004, in the 31<sup>st</sup> meeting of the under-secretaries of the GCC trade co-operation committee, held in Kuwait, decisions and recommendations were made that would further bolster relations and increase trade among GCC states. The meeting's recommendations would assist Gulf commerce ministers to upgrade the GCC status as an economic entity in view of the challenges of globalization and economic and trade developments.<sup>227</sup>

Accomplishments over the last twenty three years include the liberation of trade among GCC member states through tax exemption on all agricultural, livestock, industrial and natural wealth products; permission for GCC citizens to practice wholesale and retail trade in any state, to own stocks, and to freely practice the professions of accounting and engineering; the opening of consulting offices and the issue of a number of consultative commercial regulations; the establishment of a commercial arbitration centre; and accreditation of a standard system for accountancy and auditing.



## 4.2 Common Objectives and Policies; Oil Policy

In this area there are official documents that give general guidelines such as the Common Objectives and Policies for Development Plans, adopted in 1984. There are also documents dealing with specific sectors such as the GCC common Agricultural Policy, adopted in 1985, GCC Unified Industrial Development Strategy, adopted in 1985, GCC coordination of monetary and fiscal policies in accordance with Art. 22 and oil policy in accordance with Art. 11.<sup>228</sup> However, here, only achievements in oil policy will be analyzed and discussed.

Throughout the 1970s the oil-exporting nations of the Gulf capitalized on their control of a scarce and valuable commodity. Then came the 1980s which dealt harshly with the notion that oil is scarce and valuable. The Gulf (including Iraq and Iran) contains more than 660 billion barrels of oil reserves, roughly two-thirds of the world's total, and accounts for about one-quarter of its oil production. In addition, it holds about 1,600 trillion cubic feet of gas reserves, one-third of the world's total.<sup>229</sup> The establishment of the GCC in 1981 was a step towards bringing together the Arab Gulf states (excluding Iraq) and preparing the ground to join their forces in the oil and gas sphere.

*“Whoever has economic power has influence over events, and that the GCC has this economic power... the six GCC states are brothers in faith, in blood, and in origin, and all these elements enhance cooperation and understanding.”<sup>230</sup>*

They command the world's largest pool of proven oil reserves and one of the world's largest pools of gas reserves.<sup>231</sup> Their efforts to integrate their economies have partly involved their oil and gas resources, and with the exception of Bahrain and Oman, they are all members of the OPEC.

However, as far as gas is concerned, experts said: In 2004, the region was endowed with more than 40 trillion cubic meters, or about 23.7 per cent of the total world reserves. Total proven gas reserves in GCC countries grew more than ten times over the past 35 year. The experts said Qatar, where the world's biggest offshore gas field is located, owned 62.8 per cent of the region's total reserves, followed by Saudi Arabia with 16.3 per cent, UAE 14.8 per cent, Kuwait 3.8 per cent, Oman 2.1 per cent and Bahrain, a meagre 0.1 per cent. World demand for natural gas is increasing by more than 2.3 per cent annually and GCC countries have enough reserves to meet both the soaring domestic demand and international exports until at least 2030, energy experts said. Nevertheless, the Gulf Cooperation Council (GCC) states need to invest about \$10 billion per year and also resolve some differences that are hampering the completion of a major gas network.<sup>232</sup>

The importance of the GCC states in the world oil market is evident and can be gauged by a glance at some simple statistics. The Council states possesses



almost 50 percent of the world's crude oil reserves and in excess of 60 percent of OPEC's reserves; they have 464.8 bn. barrels of the 676.9 bn. barrels of Middle East reserves, and more than two-third of the Organization of Arab Petroleum Exporting Countries (OAPEC) reserves.

The GCC has, at times, accounted for up to 60 percent of OPEC production, and nearly a 25 percent of world production capacity in 1988, which was 61.7 m/b/d. GCC states produced nearly 14 m/b/d in 1996 of which around 11.5 m/b/d was exported. GCC states will raise their oil production to 90 percent by the year 2007.<sup>233</sup>

GCC member states' production of natural gas reached 29 million tonnes in the year the 2000 and nearly 34 million tonnes in 2005.<sup>234</sup> The GCC share of the world gas market was around 5.5 percent in 2000.<sup>235</sup> The total production capacity of basic, intermediate and final petrochemical products and fertiliser was 40.7 million tonnes in year the 2000. compared with the world production of 700 million tonnes.<sup>236</sup>

The growth rate for world oil consumption is projected to be 1.5 % year.<sup>237</sup> The dependency on Gulf oil is increasing, and demand from the new oil importers of East Asia and South Asia is expected to double by 2015, assuming no new economic upheaval takes place. To a lesser extent this increase in demand will also occur in the US and Japan and the GCC will have to nearly double its (almost 14 million bpd, 1998.) current production.<sup>238</sup> Even though their consumption is expected to increase at a more moderate pace of about eight percent per year, EU states will become even more vulnerable to instability in the Gulf region than they are today.<sup>239</sup>

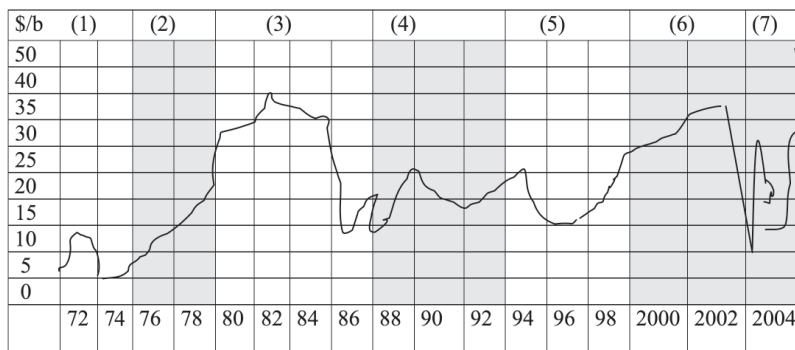
Article (11) of the UEA pledged the GCC states "to coordinate their policies with regard to all aspects of the oil industry" and "to formulate unified oil policies and adopt common positions vis-à-vis the outside world."<sup>240</sup> Such coordination means that four of the 13 members of OPEC could enter OPEC deliberation as a block

When the GCC was established, the member states together earned about \$ 450 billion a year.<sup>241</sup> In 1982, the GCC states' revenue from oil was \$ 109 billion. Between 1983 and 1985, the annual average oil revenue was \$ 74 billion, but in 1986 this collapsed to \$ 50 billion.<sup>242</sup> In 1998, the revenue of the GCC was around \$ 60 bn., with average petroleum prices varying between \$ 8 and \$13 per barrel.<sup>243</sup> But, in 1999 the revenue figure was \$ 82 bn., in 2000 it was \$151 bn., in 2002 \$107.4,<sup>244</sup> and in 2003 \$133.4 billion.<sup>245</sup> , and the GCC's combined oil export earnings was 204 billion in 2004, representing an increase of 46% in comparison with \$ 140 billion of the figures of 2003.<sup>246</sup> However, during 1992-99, the hydrocarbon sector, on average, accounted for 30 percent of GDP, 70 percent of export earning, and 65 percent of budgetary revenue.

Oil prices have a strong impact on the economies of GCC states as crude oil sales account for 35 per cent of the GDP and 80 per cent of the exports<sup>247</sup> .As figure 4-1 shows price movements were sharply fluctuating in response to major

political events, and not to market fundamentals only. This was the case of the first price explosion of autumn 1973, following the oil embargo imposed by the Arab oil countries in support of Egypt in its war with Israel.<sup>248</sup> This chart also shows how the Iranian revolution, Iran-Iraq war, invasion of Kuwait by the Iraqi regime, and the American air attack on Iraq in 1996. The lowest level since 1973 was in 1998.<sup>249</sup> Finally, since the year 2000 and thanks to the new good relation (since President Khatemi came to power in Iran) between the two strongest members of OPEC, Iran and Saudi Arabia (and other GCC members), and the support of some non-members, the two countries have influenced other OPEC members to relate the production level to the price fluctuation.<sup>250</sup> The chart shows how the price goes down in times of relative stability in the region.<sup>251</sup> Nevertheless, in Sep 2001, during the second Afghanistan war, the price fell because of the threat of possible recession after the 11<sup>th</sup> September attack in the US. And for the first time oil prices raced to new record highs above \$50.<sup>252</sup>

Figure 4-1 Instability and the price of Oil



Sources: calculated from oil prices and events (in this section) since 1970.

(1) Yom Kippur War. (2) Iranian Revolution. (3) Iran-Iraq War. (4) Invasion of Kuwait. (5) American Attack on Iraq in 1996. (6) Iraqi threats to Kuwait, the Palestinian uprising (Second Intifada); OPEC Cooperation on Oil Production Policy Since 2000. (Especially Iran, Saudi Arabia and other GCC States) 9/11 terrorism in USA, in 2001; and (7) the 2003 war on Iraq; attacks on Saudi and Nigerian oil facilities in 2004.

The GCC states played their oil card within OPEC, to keep the price down during the Kuwait war. The GCC's role has to be seen through the strategic relationship which emerged between the Gulf States and the United States as a result of the war. This point is related to the US dependence on Gulf oil, mainly from Saudi Arabia, and the increasing dependence of the GCC states on the security shield provided by the US.<sup>253</sup>

In 1982, a ministerial committee was established to coordinate hydrocarbon policies and prices. Sub-committees were also formed to exchange information on marketing and prices, to discuss the development of the hydrocarbons refining

industry, to examine domestic energy consumption and subsidies, to coordinate training by national oil companies, and to coordinate exploration for minerals. Specific studies were undertaken on the expansion of hydrocarbons refining in Oman, on the construction of a GCC pipeline to ship crude beyond the vulnerable Strait of Hormuz to an outlet on Oman's Indian Ocean coastline, and a GCC strategic petroleum reserve afloat somewhere safely outside the Gulf.<sup>254</sup> In the same year ministers also adopted a petroleum security plan to safeguard individual members against a halt in their production, to form a stockpile of petroleum products, and to organize a boycott of any non-member country when appropriate.

In the 1987 summit, the Supreme Council adopted a plan whereby a member state, whose petroleum production was disrupted, could borrow petroleum from other members in order to fulfil its export obligation.<sup>255</sup> In 1993, a meeting of GCC oil ministers issued a statement condemning "the principle of increasing the tax burden on oil which is already heavily taxed". They meant that the European Community's proposed energy tax aimed to increase the price of oil by \$ 3 p/b rising to \$ 10 p/b by the end of the decade, and there was suggestions that oil-producing countries might retaliate by imposing oil export taxes.<sup>256</sup> In February 1995, in their 20<sup>th</sup> meeting, the GCC oil ministers discussed the ways and means of protecting the environment.<sup>257</sup>

The GCC states are expected to invest up to \$ 20-30 billion in developing and expanding their petrochemical and refining industries over the next eight years (1997-2005).<sup>258</sup> Further more the GCC will invest about \$40 bn. from 2005 to 2010 in the same sector.<sup>259</sup> Moreover, the GCC needs to invest nearly \$ 100 billion in their oil and gas industries to keep up with foreign and domestic demand for energy; the GCC governments encourage the private sectors from all member states to participate in these projects rather than try to fund them on their own.<sup>260</sup>

In their twenty-first meeting in 1998, the GCC Ministers of Oil held a one-day meeting at the headquarter of the GCC in Riyadh. They discussed the status of the world oil market, the recession in oil prices, and decided to decrease their oil production to keep the price stable. The ministers discussed several joint oil projects, including a gas-pipeline network, which in its first phase will be to the UAE, whose cost may exceed \$ 4 billion over 6-7 years.<sup>261</sup> The project includes building a network of pipelines to distribute natural gas to the GCC's member states from the Qatari North gas field, which is the biggest natural gas field in the world with reserves exceeding 10 tcm.

In their 22<sup>nd</sup> meeting, the ministers discussed the future projects, and agreed to cooperate and coordinate in the fields of research, development, training, purchasing, storage, maintenance, excavation and the development of the gas trade between GCC states and the EU.<sup>262</sup> They agreed to reduce their countries' oil production to support oil prices.<sup>263</sup>

The leaders of the GCC had held intensive talks about the current oil market during the summits in Saudi Arabia (1999), and in Bahrain (2000), expressing concern about the recent slide in oil prices. They reaffirmed the GCC's commit-

ment to the targeted price of \$ 25 a barrel and stated their readiness with some of OPEC producers to cut production to achieve the targeted price.<sup>264</sup>

In their 21<sup>st</sup> summit (2000), the leaders of the GCC emphasized the importance of the dialogue between the energy producers and consumers and the rule of the 7<sup>th</sup> international energy forum held in Riyadh in November 2000 In this regard the council welcomed the proposal of Prince Abdullah of Saudi Arabia to set up a permanent secretariat for the forum to enhance and deepen the dialogue.<sup>265</sup>

*“I want to emphasize a fundamental principle of Saudi Arabia: anything that hurts the consumer is not in our interest. At the same time, we do not wish to cause harm to ourselves or any other OPEC nation.”<sup>266</sup>*

In Oct 2001, the Oil Ministers of the UAE, Saudi Arabia and Oman met in Abu Dhabi and discussed world market conditions, developments and measures needed to realize market stability since the September 11 devastating attacks on the US targets.<sup>267</sup>

The 25<sup>th</sup> GCC Petroleum Cooperation Committee held its meeting in Doha on 2 Nov 2003. The meeting discussed the present and future world gas markets, and the minutes of the sixth meeting of the committee of the GCC Oil Undersecretaries. The minutes included a preliminary economic feasibility study of the joint oil pipeline project to export part of the GCC’s crude oil from the Arabian Sea through Oman, the results of the deliberations of the GCC energy team during a meeting on October 6 in a paper on the security of the long-term crude oil supplies of the GCC states to the world markets, and the energy team’s dialogue for 2004 with world economic groups and certain major state.

Table 4-3 Population, GDP per Capita, and Oil Production in 2003

GCC Country	Population	Citizens (appr.)	GDP per Capita	Oil Production <sup>26</sup>
BAHRAIN	660,000	65%	\$13,000	Very small oil production, most from joint offshore field with Saudi Arabia
KUWAIT	2,100,000	45%	\$15,100	1.9 million barrels per day
OMAN	2,700,000	80%	\$8,200	763,000 barrels per day
QATAR	800,000	25%	\$21,200	660,000 barrels per day; Also, third largest reserves of natural gas in the world
SAUDI ARABIA	23,000,000	80%	\$10,600	8 million barrels per day; approximately 26% of the world’s proven petroleum reserves
UNITED ARAB EMIRATES	3,000,000	27% <sup>28</sup>	\$21,100	2.1 million barrels per day

Source: www.alwasatnews.com/t31.asp05/01/2004

The evolution of the GCC has led to different project-allocation strategies among the member states to achieve cost efficiencies.<sup>268</sup> After more than two decades of the GCC's existence and for a variety of reasons, some technical but most economical, some of the proposals and projects in this field have not materialized and are still being considered.

### 4.3 Building Institutions and Harmonizing Regulations.

Recognizing the important role that investment should play in developing their national resources, one of the early decisions of the GCC was to establish Gulf Investment Corporation (GIC) in 1982.<sup>269</sup> The first such institution was set up under the auspices of and jointly owned by the governments of the six member states, with a capital of \$ 2.1 bn. in 1983. Its objectives were to discover study, promote and participate in economically feasible projects in almost all sectors, for example petrochemical, industrial, and livestock projects.<sup>270</sup> In 2000, the GIC had total assets of 19.6 bn.<sup>271</sup> Moreover, its aims are: to contribute to the economic development and integration of the shareholding states; promote the development of the shareholders' financial resources; assist the shareholding countries to diversify their sources of income, provide commercially acceptable return on the shareholders' investment; encourage greater participation by the private sector in regional development by creating direct investment opportunities in local industries and by stimulating growth in capital market activities and expanding the potential for trading in stocks, shares and other securities.

Table 4-4 Gulf Investment Corporation since 1983.

GIC: results (\$ bn)	1983	1993	1994	1995	1996	1999	2000
Net income	0	128.5	62.2	115.9	256	120.4	111.7
Total assets	2,100	8,554.6	9,224.5	10,200	12,100	19.5	19.6

Sources: MEED 7 April 1995, p. 8; MEED 6 March 1998, p. 8, The Middle East May 1996, p.31. and Asharq Al-awsat 29 March 1995, p.7. (In Arabic). 1999 and 2000 figures: [www.gna.gov.bh/gnaews/gnaarabic/current/news-33.htm](http://www.gna.gov.bh/gnaews/gnaarabic/current/news-33.htm), and [www.gna.gov.bh/gnaews/gnaarabic/current/news12.htm](http://www.gna.gov.bh/gnaews/gnaarabic/current/news12.htm) (in Arabic) and [www.bahraintribun.com/bui.Asp/Art\\_No=1504](http://www.bahraintribun.com/bui.Asp/Art_No=1504).

The Bahrain-based GIB is owned by the six GCC governments, and had total assets of 7.5 billion, and profits of \$ 74.7 million in 1994.<sup>272</sup> It was founded before the and was a key institution in the development and the integration of the GCC.

The GCC Organization for Measures and Standards was created in 1984 when the Saudi Arabian Standards and Measures Organization was transformed into a regional body serving all member countries of the GCC. It had the responsibility

of adopting (in period of five years, 1984-1989) 107 standards for GCC imported as well as manufactured goods, and following up their implementation.<sup>273</sup> In 1984, the organization had 48 standards, in 1997, this number reached 1018 standards.<sup>274</sup>

In the first eight years, (1981-1989) 25 laws, rules, regulation, and procedures were adopted by all GCC members. These included regulations related to customs, ship registrations and banking inspections. Common laws related to agriculture including fertilizer handling, pesticides, water conservation, preservation of marine life, quarantines, etc.<sup>275</sup> Common standards related to standards such as for building highways and expressways in the GCC states. Finally, GCC Industrial Regulations and the GCC Unified Commercial Law, and Unified GCC Foreign Capital Investment Regulations, were all adopted by the member states in this short period.<sup>276</sup>

The Patent Office of the Cooperation Council for the Arab States of the Gulf was created in December 1992 to carry out the implementation of patent regulation for the cooperation Council and its by-laws, and authentication and publication of data pertaining to inventions, and any other functions assigned to it by the Board of Directors.

The GCC Commercial Arbitration Centre was created in December 1993 to settle trade disputes between GCC citizens with each other, and between them and foreigners. It has its headquarters in the Kingdom of Bahrain and started functioning in 1995.

Moreover, since the inception and up to 2003, the following institutions were set up: 1- A Technical Communications Office (TCO), whose membership increased, was attached to the Secretariat-General. It had its headquarters in the Kingdom of Bahrain. 2- A National Authority for the Control of Toxic Chemicals was established in each State. 3- A combined office at the Civil Aviation Organization was. 4- A Permanent Mission of the GCC to the European Union at Brussels was begun. 6- The GCC Program for the Support of Development Efforts was established. 7- The Regional Committee for the Electric Energy Systems in the GCC States (SIJRI) was formed and was registered in the State of Qatar. 8- A Catering Unit was opened at the Heathrow Airport in London to provide foodstuffs to the aircrafts in accordance with Islamic teachings. 9- A Gulf Highway Engineering Association (GHEA) was established.<sup>277</sup>

#### 4.4 Creating Regional Infrastructures

Billions have been invested in the last three decades to create and maintain a sufficient infrastructure in every member states. More than \$ 260 bn. has been spent on development projects. It is expected that \$ 200 bn. will spent in the next ten years.<sup>278</sup> It is also expected that the private sectors from all member states will assume a leading role in the process of financing, building, operation and

ownership of infrastructure enterprises, including roads, networks, seaports, services such as health care, telecommunications and transportations, top-related power generation and water-production facilities, an international competitive banking sector, schools, storage facilities and airports.

In 1986 it was announced in Doha that the GCC Communication Ministers had agreed to unify prices and fees for telex, telephone, post, and telegraph services. The ministers had also agreed to set up an integrated GCC communications network using light cells and coaxial cables. Standardization of charges for telephone calls meant a substantial reduction. In 1994 the GCC decision to adopt the Global System for Mobiles (GSM) as the pan-Gulf cellular standard will eventually allow Gulf nationals to use their mobiles in any of the GCC member states.<sup>279</sup> In Feb 1999, the Telecommunication Ministers met in Riyadh and certain issues were emphasized, like: employing a national workforce in the communication sector, setting communication bills among member states, border service, revising emergency plans, mobile phone charges, the internet, television broadcasting via satellite and networks among member states<sup>280</sup> in the same year, the 11<sup>th</sup> meeting of the Ministerial Committee on Post and Telecommunications, which discussed a proposal for an eventual reduction in the cost of making telephone calls within the GCC.<sup>281</sup>

The member states made significant efforts to study methods of linking their states' infrastructures and economic activity. A study of the present modes of transportation in the Gulf and several other studies that were completed dealt with the integration of GCC infrastructures, including a major highway connecting all member states, a regional pipeline carrying crude oil from major GCC oil fields to the Gulf of Oman, a GCC railroad network, an integrated communications system, and high-voltage regional electric grid. The cost was estimated at around \$ 2,200-\$ 2,500 million for the first phase of the project, which will link four of the GCC states –Bahrain, Kuwait, Oman and Saudi Arabia- was to be completed by 2003-4.<sup>282</sup> Moreover, the GCC states need \$100 billion over 10 years to invest in electricity power.<sup>283</sup> The current capacity of the GCC states is around 41,000 megawatts, which needs to be increased by 26,000 megawatts.<sup>284</sup>

In 2001, Bahrain and Qatar planned to build a bridge between them, longer than the one built between Bahrain and Saudi Arabia. In 2004, transport ministers met in Kuwait and approved a feasibility study for a high speed inter-Gulf railway that will link all six Gulf States; the cost for this is estimated at \$4.14 billion.<sup>285</sup>

There are many other studies under consideration; however, steps toward integrating these vital infrastructural areas will be made on a priority basis as resources allow.



## 4.5 Developing Joint Venture projects

The UEA calls on the member states to encourage joint ventures (Article 13). Several manufacturing and agricultural projects are either under advanced study or in the implementation phase. Such projects include a poultry plant and the production and marketing of agricultural seeds, a refractory company, and a tire plant.

Table 4-5 GCC Joint Ventures in 1997

Country	Projects	Capital (\$ million)
Bahrain	52	8,929,260,000
Kuwait	4	9,303,990,000
Oman	59	79,680,000
Qatar	54	22,390,000
Saudi Arabia	108	445,680,000
UAE	124	1,049,090,000
<b>Total</b>	<b>401</b>	<b>19,830,090,000</b>

Source: [www.arabicnews.com/971103/1997110314.html](http://www.arabicnews.com/971103/1997110314.html). And [www.gcc.sg.org/Table11.htm](http://www.gcc.sg.org/Table11.htm) 2001-01-07.

In the area of transportation and communications, a Gulf coastal transport company and a land transport company, as is a communications cable maintenance venture with active overall promotion and coordination for these projects from the GCC Secretariat-General and GIC, the private sector in the GCC member states have shown keen interest in implementing these projects.

From 1983 to 1986 the GIC had pledged \$ 755 million to help fund nine projects and had some 60 other proposals under review.<sup>286</sup> In 1989 it had 30 projects under study.<sup>287</sup> In 1993 the GIC survey of projects that were in the planning stage in the GCC indicated an unusual surge of mega-projects in all activities, at an estimated cost of \$ 15 bn.<sup>288</sup> In 2000, the organization's investment come to \$ 1.38 bn. in 39 projects in the GCC states.<sup>289</sup>

In the area of finance, a joint venture company for reinsurance was created by the existing insurance companies.<sup>290</sup> On the service side, by the end of the 1980s, most if not all of the six governments had already ventured jointly into the airline, shipping, banking, and petrochemical industries, and dry-dock business. Available evidence indicates that as of 1990 there were 263 inter-GCC joint ventures covering practically every business activity.<sup>291</sup> In the end of 1997, the number of joint projects (Table 4-5) in the GCC states reached 401, with total capital of 19.830 billion There are joint projects almost in every field, industry, agriculture,



finance, trade, and contracting, and services. The trade sector got the biggest share of these projects, as their number reached 167 projects.<sup>292</sup>

## 4.6 Coordinating External Policies.

Article 7 of the UEA states in part “member states shall coordinate their commercial policies and relations with other states and regional economic groupings and blocs with a view to creating balanced trade relations and favourable circumstances and terms of trade therewith....”<sup>293</sup>

*“The formation of the GCC is an example of an attempt to create options for better access to external markets.”*<sup>294</sup>

Action was taken of for the creation of collective negotiating power to strengthen their negotiating position vis-à-vis foreign parties in the field of importation of basic needs and exportation of major products. In 2004 this takes place in the following fields: 1) joint GCC purchase of essential, commonly imported items to reduce overall costs to GCC member states by virtue of purchasing larger quantities, e.g., joint purchases of rice and other food stuffs. In 1994 the GCC imported food for \$ 8 bn., amounting to 10-15 per cent of the GCC’s total imports.<sup>295</sup> 2) Joint approach to regional assistance. 3) Negotiation as a group with GCC trading partners, namely the EU, the United States, and Japan.<sup>296</sup> By the eighth Supreme Council meeting in 1987 in Saudi Arabia, there was evidence of some irritation with the protectionist measures of industrial-world trading partners, with the EU and Japanese “duties and taxes on imports of crude oil and petroleum products” singled out for specific criticism.<sup>297</sup> 4) Joint positions and representation in multilateral institutions such as the Arab Satellite (Arabsat), International Mobile Satellite Organization (Anmarsat), international civil-aviation organizations, General Agreement on Tariffs and Trade (GATT), Society for Worldwide Interbank Financial Telecommunication (SWIFT), and many other organizations.<sup>298</sup>

In 1996 a law aimed at attracting foreign investment and technology was drawn up by the six states of the GCC. “The new law is intended to lure foreign investment, narrow the gap between incentives, facilities, and exemptions offered to foreign investors, achieve fair distribution of these investments to ensure economic integration among member states”.<sup>299</sup> In 1999, the GCC trade with the outside world amounted to \$ 214 bn., and GCC nationals’ investment abroad were estimated at \$ 350-400 bn. mainly in the US and Europe.<sup>300</sup>

The Manama declaration, issued at end of the 21<sup>st</sup> (2000) summit, called for taking speedy steps to establish a unified GCC economy that:

*“Cannot be free of impact of the world economy and enabling it to cope with large economic entities.”<sup>301</sup>*

The declaration also affirmed the necessity of coordination among the GCC states to study the commitments and obligations made by the GCC states to the WTO.<sup>302</sup> The first meeting of the GCC committee concerned with the WTO was held in Riyadh, in May 2001. The participants of the meeting reviewed issues pertaining to the WTO. They reviewed means of establishing a joint office of the GCC states in Geneva for the converge of WTO’s activities.<sup>303</sup> A stronger GCC economic and trading bloc could successfully integrate into the globalised trade and financial systems. An enlarged group could therefore compete more efficiently globally and withstand international competition during the post WTO membership era. By 2003, the UAE, Kuwait, Qatar and Bahrain were obliged to open their respective financial markets to overseas banks, under the financial services provisions of the WTO.<sup>304</sup> A common vibrant market could also enable the region to absorb unforeseen external shocks.

A common tariff has been a goal of the GCC since it was formed in 1981. Such a deal is needed to create a regional trade bloc and a trading zone with the EU.<sup>305</sup>

In Bahrain, in May 2001, the International Monetary Fund (IMF) met representatives of GCC member states, and urged the GCC states to eliminate subsidies and open their economies to foreign investments to meet the growing challenge of creating new jobs for their nationals. The call came for a rare meeting between the IMF and GCC Finance Ministers and Central bank governors.<sup>306</sup> They promised to engage in joint export promotions in the form of joint trade and other exhibitions abroad.

In 2004, the GCC states completed, or were about to complete, the signing of collective free trade pacts with Lebanon, Jordan and China. There were also talks being collectively conducted at present with Syria, India and Pakistan.<sup>307</sup>

However, economic integration is not an objective in itself, but serves higher objectives, of both an economic and a political nature:

- Economic welfare. The prosperity of all participating countries is enhanced through specialisation of production and through cooperation in policy making, the two basic elements of economic integration.
- Peace. When countries become dependent upon each other as a result of economic integration this reduces the chance of armed conflicts between them.
- Democracy (which hardly exists in the GCC States). If participation in a group that brings benefits is made conditional on the existence of a parliamentary form of democracy, it is less likely that attempts to overthrow this system of government in a member country will stand much chance of success.
- Human rights. In much the same way, the respect for human rights may be safe-guarded if this is set as a precondition for participation in a scheme for economic integration.<sup>308</sup>

In fact, the first two objectives exist, or have almost been achieved in the GCC as a result of economic integration, but the last two objectives are in progress and will be discussed in the next chapter.

## 4.7 Challenges

The GCC has ambitious plans for closer economic cooperation among its members, moving ultimately toward the integration of their economies. These plans include the establishment of a fully functioning common market; the elimination of all trade barriers; the ensuring of the free of movement of people, goods, raw materials, and capital among member states; the establishment of a unified tariff system on imported commodities; and some other economic issues.

A careful analysis of the GCC's UEA, however, leaves one sceptical about its full success. There are challenges facing the GCC members in every issue related to economic growth. Achievements have already been mentioned above, and here are the challenges which still exist around these issues after twenty three years of the GCC's existence.<sup>309</sup> Despite the hope of the first Secretary-General Bishara, that:

*“By the end of the 1980s the GCC states will be one common market, with all the obligations and privileges which that step entails.”<sup>310</sup>*

The goal was not quite reached in the Council's twenty three (2004) year existence, because of the following existing problems and obstacles. The GCC area consists of countries with similar economies that produced essentially competitive rather than complementary goods, and, after more than two decades of the GCC existence, the national markets are still either too small or too fragmented to justify the existence of more than one plant supplying a particular good.<sup>311</sup>

The GICO looked at 26 projects and found that only 9 had a minimum efficient plant size in relation to the Gulf market to justify even one plant.<sup>312</sup> Overdevelopment and some lack of coordination is evident. For example, in 1994, there were eight airlines in the six GCC states, and one of them planning for more than one national airline, even though GCC capitals are only an hour or two apart.<sup>313</sup> In the same year, the six states produced enough aluminium, 700,000 tons, 2.3 million tons of iron and steel and 15,000 tons of copper. They plan to build more factories to produce more of these products, and eventually then will be problems of overproduction and the lack of markets.<sup>314</sup>

As far as the private sector is concerned, then are two major obstacles to establishing a private sector climate in the GCC states. One is the persistent fragmentation of the market. Despite an enthusiastic rush, usually with government support, to establish private sector import-substitution industries in each

of the member states, the market was beginning to reveal the limited industrial diversification in these states, and the planners started giving some attention to maximising the service sector of their economies. There is, perhaps, some logic to their thinking. After all, the region is developing and has virtually no industrial tradition, so it is unrealistic to expect traders, farmers, fishermen, and nomads to respond enthusiastically to the call that they should become engineers or operatives in industrial plants. All the evidence indicates that the bulk of the region's citizens will opt for some form of bureaucratic job if given the choice, and stay and work in their own countries. The second obstacle is that immense private wealth in the region continues find far more lucrative investment opportunities abroad than at home. How to reverse these trends, i.e., how to devise a system of rewards sufficient to persuade their respective private sectors to invest more in national development enterprises is one of the greatest economic challenges facing the GCC countries.<sup>315</sup>

One more challenge here is the GCC call for free movement of labour, but the level of the indigenous labour force in these countries is very low. In addition, the GCC is committed to creating a free trade area, but sometime national interests continue to slow down implementation of the process or even ignore it. As an example, in 2004, the GCC states privately (Saudi Arabia publicly) criticized Bahrain for unilaterally granting the United States a full exemption from custom duties under a Free Trade Agreement. The deal might ruin the fundamental pillar of their newly born unified custom pact. The GCC customs duty agreement imposes five per cent duty on all foreign goods that enter their borders. Bahrain has granted the United States 100 per cent duty-free treatment of all its consumer and industrial products.<sup>316</sup>

While markets continue to be, for all intents and purposes, protected, there is little room for the competition on which free trade is supposed to thrive.<sup>317</sup> It must be admitted, more than two decades after its inception, that there are still barriers to the free movement of goods among the member states, since many differing domestic procedures and formalities have been maintained without change. The majority of governments of the GCC states, under pressure from business circles, were reluctant to remove protective barriers and face competition from their partners. Their reaction was to maintain or introduce taxes, restrictions and sometimes even overt or disguised prohibitions on imports.<sup>318</sup>

As far as agriculture is concerned, the goal of agricultural self-sufficiency (or at least the reduction of dependence on imports) among the member states places a huge burden on water resources. Water supplies are subsidized by governments, and the real question they face is how long oil revenues can be counted upon to pay for agricultural schemes which slake their tremendous thirst on steadily depleting underground water resources.<sup>319</sup> Especially with scarce water resources and high population growth rates, it is expected that the conflict over water will become more intense over the next few years.<sup>320</sup> The member states have poured billions of dollars into the sector, but the six GCC states still import more than

\$ 8 bn. worth of foodstuff annually. Despite massive investment in agriculture and food self-sufficiency over the last decade, Saudi Arabia alone imported \$ 5 bn. worth of foodstuffs in 1990 and \$ 5.5 bn. in 1991.<sup>321</sup> In 2004, the GCC states spent more than \$9.5 billion on food.<sup>322</sup>

There are many constraints to the development of a serious and soundly based agricultural sector in the region.<sup>323</sup> The two most pressing difficulties are represented by the age-old problem of a harsh and unforgiving environment on the one hand, and the complexities of accommodating agriculture in the regime of oil based economies in which agriculture is a poor competitor for water, labour, and financial resources, on the other. Therefore the GCC states have to give serious attention to their cooperation in this sector, especially in respect of water, the shortage of which is expected to impose restraints on economic development, increase social disorder and threaten political stability. In order to avoid such a turmoil, a regional (GCC), not national approach has to evolve.

As the GCC states are developing their own petrochemical industry, there is a great deal of duplication, and oversupply, and therefore the GCC countries need to coordinate their petrochemical development plans. The member states have a comparative advantage in this field, but if they continue building refineries and other petrochemical plants, and do not deal seriously with the growing competition from the Far East, where more than half the world's inter-regional movement of the main petrochemicals are traded, production of petrochemicals will be higher in the Far East than all of the rest of the world over the next decade.<sup>324</sup>

Without coordination they may find themselves sitting on top of multimillion dollar plants without the markets for their products. They have to intensify their efforts to diversify into downstream and industrial projects in order to reduce dependence on the crude oil market. The GCC countries should coordinate and design more policies to strengthen their industrial bases and assure access of their products to overseas markets, particularly in the industrialized West.

*“The greatest challenge facing most, if not all, manufacturing and service establishments in the GCC is to gain a foothold in foreign markets and this will require enhancing their competitive edge.”<sup>325</sup>*

The first requires more governmental support and encouragement, which can take several forms: investment incentives, realignments of commercial policy investments and levying of anti-dumping and countervailing duties on those products that are threatened by comparable foreign merchandise. The second requirement is that the GCC joint projects, which may generate exportable surpluses ought to be given special institutional support and assistance, particularly in respect of export finance, insurance and industry-related research and development.<sup>326</sup>

Monetary and financial integration gives rise to a number of problems, and the

member states should be asked to recognize the need to make available the financial resources that are necessary for alleviating the hardship imposed on some members. Another problem is that there is competition between two member states, (the UAE (Dubai) and Bahrain) to be the financial centre of the Gulf. For GCC states, achieving a successful integration of financial markets will have to be preceded by: 1) an extension of the regulators' supervisory duties beyond the geographic boundaries of their markets; 2) a harmonization of the regulatory laws that govern financial markets in individual GCC countries. And, 3) GCC states must quickly adopt e-commerce regulations, and the GCC must also increase awareness about the benefits of the information technology (IT) revolution and invest in training.<sup>327</sup>

Recession is another important challenge. Given the vital importance of economic development and economic integration in the GCC region, the drastic fall in oil revenues naturally concerned the promoters of regional economic integration. In the first seventeen years of the GCC, those states suffered deficits in their budgets. From a record 30 per cent of GDP in 1991, the deficit in six GCC countries was slashed to less than 10 per cent in 1994 and around 4 per cent in 1996.<sup>328</sup> This deficit forced them to use their financial reserves, and causing financial retrenchment, and the Council's governments became somewhat strapped for funds to invest in some of the planned joint ventures.

Whether richer or poorer, larger or smaller, their leaders are increasingly preoccupied with how best to address two recurring challenges: 1) the rapidly rising demands for citizen employment and 2) one of the sharpest rates of population increase in the developing world. Between 50 and 60 per cent of all the GCC populations are under sixteen years of age.

Moreover, it is necessary to mention some of the challenges facing the GCC countries in their development plans. Pursuing economic development is vital since it leads to providing basic needs for the common people. Development should be undertaken to benefit the middle and upper-income groups in the population, along with the lower-income groups, and should therefore aim at building the productive capacity to satisfy the combined effective demand of these groups, but it should be primarily concerned with the interest of the underprivileged majority, the powerless, the disenfranchised, not in spite of their handicap but because of it. The main objective of development should be to promote self-reliance, since continued heavy dependence on the resources and skills of external sources will lead only to continued lethargy, submission to foreign debt, and a false sense of satisfaction that the problem is manageable and is even being solved.<sup>329</sup> Can GCC countries shoulder the tasks and responsibilities of self-reliance development, and how will such development be made concrete, through what sectors, programmes and areas of actions?

Last but not least, the challenge to invest in the future. The general improvement in aggregate wealth has not been accompanied by policies that will ensure a high sustainable level of consumption for citizens once resources have been

depleted.<sup>330</sup> Vast sums of money are needed to support growing populations and development projects across the GCC states. Infrastructure work worth \$200 billion took place in the GCC in 2000-2003, but this is not enough. One reason for that is the need for increased investment to match growing populations.<sup>331</sup> The Manama declaration, issued at the end of the 21<sup>st</sup> (2000) summit, said that prior attention should be paid to achieving an economy based on technology and knowledge particularly in the fields of information, communication, and e-commerce, and that these sectors would be the basis for economic prosperity.<sup>332</sup> Moreover, there is a need to introduce an effective mechanism to settle the disputes of the GCC states regarding the implementation of the unified economic agreement and resolutions that have been issued by the Supreme Committee for Economic Affairs, in addition to giving the GCC trade arbitration centre a greater role.<sup>333</sup>

In addition to those challenges mentioned above, there are still many problems facing the GCC countries, which should be given serious attention. These include: low level of both labour and capital productivities; a limited scope of indigenous technological advances; rudimentary industrial and managerial techniques; a lack of experience in methods of penetrating foreign markets; globalization, which implies interdependence, competitiveness, and transparency.<sup>334</sup> As the Crown prince of Saudi Arabia put it:

*“We cannot live isolated from the world, which is at present facing a strong and overwhelming current, the current of globalization, that advocates the opening of border and the removal of obstacles to the free movement of peoples, ideas, capital and goods... what is needed is a united Gulf economy that can stand fast and compete with other large economic entities.”*<sup>335</sup>

Moreover, some of the GCC governments have full speed ahead economically, but some of their institutional arrangements are lagging far behind.

## 4.8 Concluding Remarks

The gradual economic integration accompanied by a degree of supranational institutionalization is an effective route to the creation of a long-term system of peace.<sup>336</sup>

The new form of Arab economic integration is the various sub-regional groupings of which the GCC is the most successful. The GCC offers quite a different model, with many more advantages. This is a union of economically underdeveloped states, all of which have ambitious plans to build a variety of modern industries based on the existence of cheap energy, a program that is much more likely to succeed if the states can manage to agree on how to share their growing local market among themselves.



The GCC countries are moving in the direction of a more integrated regionally based economy, and while this regional integration has roots in cultural and political considerations, economic factors have been a major stimulus. These countries had an easier time cooperating with each other in the economic field than in the political and military fields before the establishment of the GCC, as shown by the example of the GIOC, dating back to 1976.

The primary objective of the GCC is to promote wide-ranging economic development while simultaneously attempting to pressure the traditional nature of society and, by implication, the traditional structure. Essentially, the GCC states are capitalist societies, in which ruling families govern on the basis of a combination of “traditional right” and an adherence to an equitable allocation of the benefits of oil wealth and concomitant economic opportunities.

Once the bases of their infrastructures were in place, the decision-making elites could observe the superfluity and unevenness of much of their development. It became clear that economic cooperation among themselves would not only have to be cost effective, but also ensure more rational and orderly development, which in turn would promote social stability and internal security; (by looking at the above, at what has been achieved in the first period 1981-1992) that is, the regimes of the GCC members states concentrated on finding methods to improve the economic standards of their citizens as part of the whole security.

As the GCC was reaching its first 25 years, member states could find satisfaction in the durability and achievements of this most successful of the several efforts by Arab states to achieve regional cooperation, especially the economic cooperation of the GCC states which embraced the whole gamut of areas during this period of their history. The principal areas, however, revolved around cooperation in the hydrocarbon sector, the non-oil industrial sector, and the trade sector of their economies. In most cases the sailing has been smooth and welcomed by member states' elites.

The UEA formed the basis for integrating the economies of the six countries in all sectors. It is the oldest pan-GCC agreement and the most ambitious and far-reaching GCC initiative to date. It sets forth the aspirations of the six members for development in industry, agriculture and trade, but the member states should recognise that there is a large gap between the UEA goals of economic integration and what is feasible of the implementation of policies. If the costs associated with them are indiscriminately pushed to the individual members, some of them will simply be unable to comply with the GCC directives. The smaller and less rich GCC states, such as Bahrain and Oman feel more vulnerable and will probably only agree to greater economic integration should countries such as Saudi Arabia and Kuwait contribute greater subvention to their budgets.

During its 25 years of efforts at economic integration, the GCC, on the whole, paid more attention to industrial development in the non-oil sectors of the economy than to agriculture. In the non-oil industrial sector, perhaps the most notable achievement of the GCC states was the establishment of the GIC. It



invests in petrochemical, industrial, and livestock projects. The GCC has adopted the Unified Industrial Development Strategy (UIDS), which is designed to create a suitable environment for development. Moreover, the GCC has adopted the Common Objectives and Policies for Development Plans (COPDP), and Common Agricultural Policy (CAP), to help to create such an environment.

The member governments are all committed to diversifying their economies; this may create real possibilities of complementarities among the economies, and increasing self-reliance and stability. There would then be a strong demand for economic terms for a common market permitting infant industries within the GCC to flourish by trading freely within the Council area while remaining protected by relatively high tariff barriers against competing products from the outside world.

Perhaps the single most compelling economic consideration behind the move to integrate the economies of the six countries was, and continues to be, the threat of depletion of their oil resources. Besides seeking a common policy on oil price and production, the GCC members tried to coordinate policies on other issues concerning their hydrocarbon resources. Most chemicals are produced from hydrocarbons derived from the petroleum and natural gas with which the GCC region is abundantly endowed. During the twenty years of the GCC's drive to industrialize, GCC countries' gigantic petrochemical plants started up, and because the area's comparative advantage lies in oil and gas products, petrochemical production eventually will be transferred from Europe to the GCC area and as a result many plants in the EEC region will have to be closed down.

Despite the slow pace of approximating the ideal of common external tariffs during the twenty years after the establishment of the GCC, the prospects do not seem too dim. The establishment of common external tariffs was a major step toward creating a GCC common market. The driving force behind achieving a uniform common external tariff was the dispute with the EEC, a major exporter to the GCC countries. A common external tariff would have armed the GCC countries with a significant bargaining chip in dealing with the EEC states, particularly in trying to achieve a negotiated settlement of the dispute over the EEC duties imposed on GCC petrochemical exports during this period.

Presenting a common front to the world at large, in other words to non-member countries, is the reverse side of the creation of a unified internal market. It was therefore logical that foreign trade should be an area of common policy. However, the GCC countries have fixed and adjusted common customs tariffs, concluded customs and trade agreements, harmonized measures, liberalized trade with non-member countries, planned export policy and decided on action to protect trade.

Two closely related problems that received the attention of the GCC policy makers were communication and transportation. In the area of monetary, capital and labour mobility, and ownership, the GCC states made headway in the 25 years of their cooperation. Also in the trade sector, the abolition of internal

customs, in fact was the first major step toward creating a GCC common market. This abolition could be regarded as advantageous in the future of drive toward diversification and industrialization made possible for the six to produce less similar product.

With a positive response to these developments, the prospects for the GCC look fairly promising in the long term. The GCC can be instrumental in speeding up the economic development of the member states. However, its economic success will crucially depend on its ability to reconcile the interests of its members and commit them to their agreements. As far as relations go with the rest of the world, the GCC could represent a formidable economic bloc in economic negotiations with other blocs or countries. As far as economic integration is concerned, it should be noted, however, that since the creation of the GCC (1981-2004) there have been well over 150 regular meetings of the six countries' ministers of trade, agriculture, industry, finance and customs. These have resulted in significant progress in economic cooperation and coordination among the member states.

After a strong and active start and noteworthy accomplishments, by the mid of 1990s the GCC's march toward economic integration appeared to slow down, as has been the case in all similar economic groupings. The agencies and ministries in member states need additional time to study and review advanced steps toward integration and their local implications, and they also need increased time and efforts to prepare themselves to cope with structural changes required for integration. The legislation and administrative processes are contributing factors of the deceleration of integration. Moreover, in the GCC case, the main motive for establishing or joining economic groupings has more to do with political orientation than with calculation of economic gain. However, because it was based primarily on political consideration, the creation of the GCC did start a new era in Arab economic cooperation.

The efforts of the GCC states to integrate their economies were more successful in many sectors. But still there are many challenges and obstacles facing them; therefore, some of the GCC ideas and plans did not get off the ground in the first twenty three years of its existence.

At the end of 2004, in the minds of many GCC leaders, the link between greater GCC economic integration, on the one hand, and the prospects for enhanced political stability and domestic security within and among the member states, on the other, is perceived as being closer than ever before. However, history shows that when economic integration increases, political unity has ultimately to increase with it.<sup>337</sup> This is the issue of the next chapter.



## CHAPTER FIVE

# POLITICAL INTEGRATION

*“...political integration is (1) the process whereby nations forgo the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decision or to delegate the decision-making process to new central organs; and (2) the process whereby political actors in several distinct settings are persuaded to shift their expectation and political activities to a new centre.”<sup>338</sup>*

Lying near the junction of Europe, Asia, and Africa, the Gulf has been a strategic waterway since the time of Babylon. The world's first maps survive on the clay tablets of Sumerians; who first navigated on the Gulf.<sup>339</sup> As a focus of trade it was a focus of conflict long before the battle for oil. The Gulf region's strategic location and its natural wealth make it one of the most important spots on earth. Along the coast of this vital arm of the Indian Ocean, which extends from the strategic Strait of Hormuz in the south to Shatt al-Arab in the north, lie eight political entities, six of which are the member states of the GCC by almost all accounts? Iran and Iraq form, the major Gulf powers. In contrast to the member states of the GCC (with the exception of Saudi Arabia's geographical area), they are individually much larger and more populous; they control a greater share of material wealth in the area, are militarily superior, and they have longer histories of political independence.

There are two characteristics that distinguish the GCC members from the rest of the Middle East; they are all oil producers and they are politically conservative, the political power resting in ruling families that have tribal, dynastic roots.

*“Member States of the GCC have agreed to take unified political stances on all issues of concern to the Member States.”<sup>340</sup>*

The emergence of the GCC as an entity had been encouraged as much by regional factors as by local initiative and Western-American support, and the founding of the GCC reflected the developments of 1979-81, which, the six monarchs felt, threatened the very survival of their regimes.

*“States construct economic blocs, defensive alliances, or diplomatic coalitions usually to act as deterrents against those that are making demands against their interests or posing immediate military threats.”<sup>341</sup>*

Like economic cooperation, political cooperation, in one form or another had existed among Gulf Arab states for many years prior to the formation of the GCC. The pre-GCC tradition of cooperation greatly facilitated the post-GCC activities especially in non-military fields, but it did not in itself provide the necessary stimulus for creating the GCC.

The year 1979 brought into open internal, regional, and global dangers threatening the conservative regimes Gulf Arab states. In this year, internal political ideologies, the regional powerful countries, the industrialized world, and the communist world had strong often conflicting interest in the region.

*“Common perception of threat and widespread attitudes of insecurity are probably the most frequent source of alliance strategies. As modern experimental and historical studies have substantiated, mutual fear is the only solid basis upon which to organize alliance.”<sup>342</sup>*

However, prior to the foundation of the GCC, the Gulf states were under constant threats to their stability and security. The threats were perceived by the Gulf States (present members of the GCC) in the period 1820-1981, and then, after the foundation, in the period 1981-2004 Some of these threats have disappeared, and some of them are perceived with different intensity, see figure 5-1

Figure 5-1 Threats Perceived by Member States, 1820-2004

Period	The Threat of	High Intensity of Threat	Low Intensity of Threat
1820-1971 *	Past	Britain, Radicals Internal Issues	Iran, Iraq, Israel, North Yemen
1971-1981 *	Pre-GCC Establishment	Iran, Soviet Union Internal Issues	South Yemen, USA, Israel
1981-1990	Post-GCC Establishment	Soviet Union. Iran Internal Issues	USA, Iraq, Israel
1990-1997	X	Iraq, Iran	United Yemen, Israel, Internal Issues
1997-2001	X	Iraq	Internal Issues, Iran, Israel
2001-2004	X	Internal Issues: Muslim Fundamentalists	Iran, Israel, Internal Issues: Demands for Political reforms

Source: \* R. Alasfoor (1980), Arabian Peninsula, Threats and Cooperation. Specialkurs, p. 7. Department of Political Science, University of Lund, Sweden; 1981-2004 Drawn from different references in this thesis.

As a regional organization, however, the GCC clearly attempted to strengthen and facilitate the coordination, cooperation, and integration of security and diplomacy among the member states, as the first Secretary-General of the GCC stated:

*“We have been able to achieve a consensus on foreign policy and security priorities.”*<sup>343</sup>

Under the auspices of the GCC, security cooperation in the 1980s, and most of the 1990s, was concentrated in the three discrete but related areas, domestic, regional, and global, and the GCC has become the principal forum for the conduct of collective diplomacy by its member states. A leading idea underlying this cooperation is that increased integration will reduce the risks of wars and conflicts between the member states on the one hand, and between the GCC members and their neighbours on the other. As Saudi King Fahd puts it:

*“From these two bases, military strength and economic unity, backed by comprehensive political coordination and common thinking ...we can proceed forward.”*<sup>344</sup>

Table 5-1 The political issues discussed in the summits of the GCC 1981-2004)

No	S.communiqés <sup>1</sup> date	Held in*	1 #	2	3	4	5	6	7	8	9	10	11	Total
1	25/5/81	UA	X		X					X	X	X		5
2	10/11/81	SA	X		X	X			X	X				5
3	9/11/82	BA	X		X					X	X	X		5
4	7/11/83	QA	X		X				X	X	X	X		6
5	27/11/84	KU	X		X	X				X	X			5
6	3/11/85	OM	X	X	X	X			X	X	X			7
7	2/11/86	UA	X	X	X	X			X	X	X			7
8	26/12/87	SA	X	X	X	X			X	X	X			7
9	19/12/88	BA	X	X	X	X			X	X	X			7
10(1)	18/12/89	OM	X	X	X				X	X	X			6
11	22/12/90	QA	X	X			X			X				4
12	23/12/91	KU	X	X			X			X				4
13	22/12/92	UA	X	X			X	X		X				5
14	20/12/93	SA	X	X			X	X	X	X				6

Continues on next page

No	S.communiqués <sup>2</sup> date	Held in*	1	2	3	4	5	6	7	8	9	10	11	Total
15(2)	19/12/94	BA	X	X			X	X		X				5
16(3)	4/12/95	OM	X	X			X	X	X	X				6
17(4)	9/12/96	QA	X	X			X	X		X		X		6
18(5)	22/12/97	KU	X	X			X	X		X				5
19(6)	9/12/98	UA	X	X		X	X	X	X	X				7
(7 “	10/5/99	SA	X	X				X		X				4
20(8)	29/11/99	SA	X	X			X	X	X	X				6
(9)	29/4/2000	OM	X	X				X	X	X				5
21(10)	31/12/2000	BA	X	X			X	X	X	X				6
(11)	14/5/2001	BA	X	X										2
22 (12)	31/12/2001	OM	X	X			X	X	X	X	X	X	X	9
(13)	26/5/2002	SA	X	X										2
23 (14)	22/12/2002	QA	X	X			X	X	X	X			X	7
(15)	21/5/2003	SA	X				X				X		X	4
24 (16)	22/12/2003	KU	X	X			X	X	X	X			X	7
(17)	17/5/2004	SA					X						X	2
25 (18)	20/12/2004	BA	X	X			X	X					X	5
Total			30	24	10	7	17	15	16	26	11	5	6	167

1- Israelis and Palestinians

2- Security

3- Iran-Iraq War

4- Arab World

5- GCC-Iraq Relations

6- GCC-Iran Relations

7- Military Cooperation

8- Stability in the Region

9- Lebanon

10- GCC-Yemen Relations

11-Terrorism

Consultative summit

\* BA: Bahrain. KU: Kuwait. OM: Oman. QA: Qatar. SA: Saudi Arabia. UA: United Arab Emirates.

Sources: (1) The final communiqués of the Supreme Council, from the first session to the tenth, General- Secretariat, Riyadh, Saudi Arabia, 1990 (in Arabic). (2) Keesing's Contemporary Archives, 1990-1994. (3) Asharq Al-Awsat, Newspaper, London, December 1995, and Keesing December, 1995 p. 40882. (4) Asharq Al-Awsat, Newspaper, London, 10, 12, 1996, p. 3. (5) Al-Asboo Al-Arabi 5, 1, 1998, pp. 2-3. And, Middle East Journal, spring, 1998. (6) Meed. 18, 12, 1998 and [www.arabicnews.com...981210/1998121019.html](http://www.arabicnews.com...981210/1998121019.html). Internet. (7) The first consultation summit of the GCC. [www.arabicnews.com/990511/1999051113.html](http://www.arabicnews.com/990511/1999051113.html). (8) Aljaseera Tv. Qatar. 28-29.11.99, and [ArabicNews.com.991129/1999112916.html](http://ArabicNews.com.991129/1999112916.html) and [991130/1999113017.html](http://991130/1999113017.html). (9) The second consultation summit of the GCC held in Muscat. [www.rabicnews.com/000428/2000042811.html](http://www.rabicnews.com/000428/2000042811.html). And: [www.saudiembassy.net/press\\_release/00\\_spa/04-30-lead.html](http://www.saudiembassy.net/press_release/00_spa/04-30-lead.html) (10) [www.gna.gov.bh/gnaenglish/current/news-/.html](http://www.gna.gov.bh/gnaenglish/current/news-/.html). And [www.gcc-sg.org/SCFinDec.html](http://www.gcc-sg.org/SCFinDec.html). (11) The third consultation summit of the GCC held in Manama. [www.gna.gov.bh/gnanews/](http://www.gna.gov.bh/gnanews/)

gnenglish/current/news-21.htm. 14-5-2001. (12) [www.omannews.com/headeng.htm](http://www.omannews.com/headeng.htm) and Oman Tv. 31-12-2001(13) the fourth consultative summit. [www.arabicnews.com/ansub/Daily/Day/020516/2002051611.html](http://www.arabicnews.com/ansub/Daily/Day/020516/2002051611.html) (14)[www.gcc-sg.org/sessions/cs023.htm](http://www.gcc-sg.org/sessions/cs023.htm). (15)The fifth consultative summit [www.thepeninsulaqatar.com/Display\\_news.asp?section=world\\_news&month=may2004&file=world\\_news2004051734131.xml](http://www.thepeninsulaqatar.com/Display_news.asp?section=world_news&month=may2004&file=world_news2004051734131.xml) (16) [www.gcc-sg.org/gcc\\_news/news27122003.htm](http://www.gcc-sg.org/gcc_news/news27122003.htm) (17) the Sixth Consultative Summit [www.saudiembassy.net/2003News/News/RelDetail.asp?cIndex=682](http://www.saudiembassy.net/2003News/News/RelDetail.asp?cIndex=682) (18) [www.gcc-sg.org/gcc\\_news/news2k41205b.htm](http://www.gcc-sg.org/gcc_news/news2k41205b.htm) 5/12/2004.

The establishment of the GCC was a profoundly political act which firmly committed the member states to policies of cooperation and mutual support. They took a common stand on a number of internal, regional, and international issues, and, in fact, they have accomplished many of the Council's goals and, in their all summit communiqués, the leaders have indicated that the GCC will assert its identity in international contexts, in particular by implementing a common foreign policy and security policy.<sup>345</sup> However, all of these will be approached, and explored here from two perspectives, they are: security and foreign policy. As we will find out later, these often interlock. It is only for the clarity of discussion that these aspects are separated.

## 5.1 Security

From 1820 to 1971, Britain maintained political control of the Gulf, and intervened from time to time in some of these states to prevent or to make political changes, removing rulers who disagreed with her policies. Nevertheless, the British political and military presence provided the internal and regional security of these states. As long as the British remained in the Gulf, the Arab monarchies seemed to have little reason to fear internal or external threats. But the security situation did not seem to deteriorate significantly even after the British withdrawal in 1971.

Iran, the Gulf state with the greatest power potential, was kept in check first by direct British pressure and then by American influence. At this time, the real threat to the Gulf Arab states came not from potential invasion, but from the ideology of radical Arab nationalism, with Iraq serving as a source of worry. However, the smaller Gulf states eased into independence smoothly, and the radical Arab threat paled. Iraq moved from confrontation to coexistence, and the rebellion in Dhofar province (in Oman) was put down by 1975.

The year 1979 marked a watershed in perceptions of Gulf security. Indications of a gathering storm began to cause concern in Saudi Arabia and, the newly independent Gulf states. The Soviet influence in Iraq, the revolution in Ethiopia, the radical regime in South Yemen, the downfall of the Shah, the Soviet invasion



of Afghanistan, and the concern over American intervention in Iraq and the Gulf, all increased the wariness of the Gulf rulers.<sup>346</sup>

*“Many sub-regional frameworks for security emerged. These included, among others, ASEAN, GCC, Ecowas, and the CG. Like their larger predecessor, these groupings were oriented towards a conflict-control role. Some of them, especially ASEAN, made an important contribution to peacemaking in regional conflicts. But these groupings also remained bound by the principle of sovereignty and non-interference. Indeed, it was the latter norm which ensured the success of the both the ASEAN and the GCC in ensuring collective regime security even as the region which they were part of remained strategically polarized (the GCC vs. Iran, and ASEAN vs. Vietnam).”*<sup>347</sup>

The period from 1981 (the foundation year of the GCC) to the end of 2004, was an era of wars (the Iraq-Iran War; Iraq invasion of Kuwait; second Afghanistan war in and the occupation of Iraq by the Americans in 2003) and heightened concern for the security of the member states from internal, regional, and world power threats.

The stability of virtually all polities is determined more or less by how well governments address, in the eyes of their citizens, a combination of needs in three areas: 1) internal security, 2) external defence, and 3) a steadily improving or stable standard of living. Governments that satisfactorily address all three needs are headed in the right direction.<sup>348</sup>

Here, we will explore the overriding question, of what the achievements of the GCC are in this field, and what the challenges facing the member states in their cooperation after two decades of its existence are. The place to begin the study of their security situation is the internal problems GCC rulers are confronted with.

### 5.1.1 Internal Security

The GCC members exhibit a combination of social attributes and political conditions that renders them a unique political system. What make these countries unique as a group are their external strategic importance and extreme military weakness, combined with their economic wealth, consequent rapid economic development, and social change juxtaposed against their traditional forms of patriarchal rule. These political and social characteristics have exposed their domestic politics to repercussions and reverberations from regional and global political struggles. These conditions have given countries in the Gulf and beyond both incentives and opportunities to interfere in their internal affairs, and hence the GCC rulers cannot isolate internal security affairs from external defence and foreign policy to the same extent that other states in the developing and industrial world can.

Security activities most frequently used in the member states of the Council involve what are most precisely described as military and police work. There is, however, a much broader meaning of security which embraces, all things economic, social, and political as well as the military and police, relating to whether a society progresses in orderly fashion or stumbles into tension and, perhaps eventually, instability.

GCC internal security cooperation has consisted of an exchange of data on the presence and activities of expatriates in member states, and on the political, ideological, and religious orientations of present and potential opponents of the regimes. In recent years targets have included Iranian nationals, pro-Iranian indigenous, militant Shiites, Sunni fundamentalists, Palestinian radicals, indigenous reform-oriented intellectuals critical of current policy, and any underground organizations and fronts, either of recent vintage or dating back to the 1960s and 1970s. Surveillance data, particularly as concerns travel, are exchanged among the member states almost routinely.

All of the GCC states experienced some kinds of threats to their internal security during the twenty-three (1981-2004) years of its existence. However, most efforts at internal security cooperation have been successful; success depends on the problem, the time, and the capability of the actors.

We will attempt to identify and explore the underlying causes of political violence, which threaten the stability of the GCC regimes, and the GCC's efforts at internal security cooperation.

#### 5.1.1.1 Security Developments and Cooperation

The eruption of the Iranian revolution and its immediate aftermath in the Gulf region had a profound impact on the rise of common concerns among the GCC leaders.<sup>349</sup> The commonality of concerns among these regimes can be seen the earliest signs of concern shown by Saudi Arabia, Bahrain, and Kuwait, particularly over the threat of internal convulsion. The discovery of the coup plot in Bahrain in December 1981 sent shock waves throughout the GCC states.<sup>350</sup> The plot confirmed that the threat of pro-Iranian subversion in the Gulf States was one justification for the establishment of the GCC.<sup>351</sup>

The leaders of the GCC launched an unprecedented campaign for greater and more formal security arrangements among their countries as the means of protecting their own regimes against internal subversion. Bilateral security agreements were signed (in the 80s) between Saudi Arabia and three of the member states; Bahrain, Oman, and the UAE. They provided for the exchange of equipment, expertise, police forces and training, and for the extradition of criminals and border cooperation.

The GCC interior ministers have held numerous meetings; they have met no less than twenty one times in the last two decades, to discuss papers and suggestions concerning the drafting of joint security agreements.<sup>352</sup> Their first

meeting was held on 23-24 February 1982, when they reviewed the recommendations of a “committee of experts”, which met on February 20-21, and agreed to discuss or to sign a “comprehensive joint security agreement” calling on “specialists” in the member states to meet in order to prepare the draft agreement. Specialized security committees meet once a year, with extraordinary meetings when necessary, and those committees formed by members from directorates and agencies of the member states internal ministries. The agreements containing several general principles dealing with the strengthening of security cooperation among the member states, was approved by the leaders of the GCC in their eighth Supreme Council summit in 1988.

After many years of meetings and discussions, three of the six members signed at the meeting of the interior ministers on November 27-28 1994, in Saudi Arabia, a “comprehensive security agreement”<sup>353</sup> aimed at combating crime and terrorism (political violence). Oman signed the agreement in 1995.<sup>354</sup> Kuwait refused to sign the agreement,<sup>355</sup> stating that one of its articles contradicted a clause in the Kuwait constitution. Qatar boycotted the whole meeting in protest at its border dispute with Bahrain and Saudi Arabia. The Saudi Arabia Interior Minister said that the agreement involved “*security aspects of the economic, social, and cultural areas, as well as concern for the continuity of society in the GCC states*”. Signatories to the agreement would be obliged, he said, to hand over criminals suspects, even their own citizens, to those states where a crime had been committed.<sup>356</sup> Their collective security agreement has yet to be signed by two members.

In 1995, the Ministers of the Interior held their fourteenth meeting in Bahrain; they agreed among other things, that their citizens can move freely in the member states with their identity cards, instead of passports.

In 1996, the Interior Ministers met in Oman. The fifteenth meeting’s agenda was the development of an information network to help combat terrorist organizations operating within the GCC states, especially Saudi Arabia, Bahrain, and Kuwait.<sup>357</sup>

Their sixteenth meeting was in Qatar in November 1996, when they dealt with the control and reinforcement of cooperation in the field of weapons and explosive.<sup>358</sup>

In their seventeenth meeting, which opened in Kuwait May 1998, talks dealt with means of strengthening and developing inter-GCC relations in the field of internal security, including airport security and fighting drugs.<sup>359</sup>

In their 19<sup>th</sup> meeting in October 2000, they discussed several issues to strengthen the march of joint work in the security areas, strengthening co-operation in the area of training, raising national cadres working in the security field and strengthening joint efforts in fighting drugs and money laundering, and continued facilitation of measures for passenger transfers and trade move among the GCC member states.<sup>360</sup> In the same year, the 13<sup>th</sup> meeting of GCC General Directors for Civil Defence in Manama discussed a number of issues including

the role of civil defence in fire investigations, precautionary measures against accidents and dangers, and safeguarding of property and the safety of human beings.<sup>361</sup> In their 21<sup>st</sup> summit in December 2000, in Manama, the leaders endorsed the resolutions of the 19<sup>th</sup> meeting of their Interior Ministers.<sup>362</sup>

In June 2001, the Interior Ministers held their second consultative meeting in Manama. They exchanged viewpoints on the latest developments in the region and expressed satisfaction at the GCC's progress as regards the collective security of its members.<sup>363</sup>

The GCC Ministers of the Interior held their 20th meeting in Bahrain over the period 29-30 Oct 2001, during which they reviewed a number of issues in regard to the critical situation witnessed by the world following the terrorist attack against the US on September 11, 2001. They also considered the consequences, ramifications and their impacts on the security conditions in the region and among the international community. They expressed their support to formulate a drive of international cooperation to combat terrorism and to eliminate all sources of funding as well as tackling the causes of such phenomena, while also considering avoiding innocent lives. They also affirmed their firm stance in regard to distinguishing between terrorism and the right to legitimate struggle in resisting foreign occupation. They condemned the media campaign against Saudi Arabia despite Saudi's declared stances in denouncing terrorism and condemning all terrorist acts that the US had been subjected to. And in order to boost cooperation and security coordination among the GCC states, the ministers discussed a report presented by the Secretariat-General on measures adopted by member states in implementing the resolutions of the GCC leaders, aimed at promoting the security cooperation. The ministers also endorsed a unified strategy to combat extremism associated with terrorism, stressing that this strategy emphasizes cooperation and exchange of information and coordination in combating terrorism and extremism, as well as boosting various efforts in this respect. The ministers gave sanction to a working paper presented by Bahrain to quell terrorism and also to form a committee from member states to study and present a report in this regard. They also reviewed the scope of cooperation in dealing with organized crime, and endorsed a formula of guidance system for the GCC states in respect of money laundering, highlighting the importance of coordination in conjunction with international efforts in these fields. They also affirmed the need to make further progress in regard to the movement of citizens and the flow of trade activities among the GCC states, and decided to restrict the registration and endorsing of citizens' passports at the entry ports in the GCC states, while abolishing the procedures for endorsing passports upon departure. They also endorsed the granting of drivers of national transportation, which carry goods among GCC states, entry permits at the ports with no restrictions for sponsors and local agents. In regard to developing the compatibility of works in various security departments, the ministers decided to boost the efforts to provide mutual training for workers in security forces and the adoption of the latest

techniques, developing of training methods and exchange of expertise among the GCC states.<sup>364</sup>

In the 22<sup>nd</sup> summit in December 2001, in Muscat, the Council adopted the following as consultative regulations: the Abu Shabi document on delinquency, the Manama legislature on legal representation and on civic proceedings, and the Muscat regulations on evidence. It also resolved to maintain for four more years the validity of the Kuwait document on unified civic law, and the Doha document on unified penal law.<sup>365</sup>

In their 21<sup>st</sup> meeting in Muscat, in July 2002, the Interior Ministers discussed the issue of terrorism and fighting it, in addition to security organizations and security cooperation among the GCC member states.<sup>366</sup>

In their 22<sup>nd</sup> meeting, held in Qatar in Oct. 2003, the Interior Ministers discussed the issue of unified passports for all GCC citizens, and a unified driving licence is to be introduced early in 2004 in the GCC states. The ministers also resolved to form a specialized committee from interior and justice ministries to continue drafting a security agreement on combating terrorism; resolved to intensify cooperation among the concerned bodies in combating drug smuggling, and money laundering (GCC countries have been able to deny terrorists the use of their financial facilities and achieve international positive ratings in the fight against money laundering<sup>367</sup>), and approved unified regulations governing the safety and security of air cargo and control of rioting aboard aircraft.<sup>368</sup>

In their annual consultative meeting, held in Kuwait in May 2004, the Interior Ministers signed a counter-terrorism pact to boost security coordination in the face of an increasing terror threat. This was the most important agreement to be signed since the foundation of the GCC states in 1981, Secretary General Abdulrahman Attiya said:

*“The agreement deals with (boosting) coordination and cooperation in combating terrorism ... It will have an impact on internal security and in safeguarding stability of the GCC member states... It will open the way for exchange of information in various security fields ... and will be followed later by other steps.”*<sup>369</sup>

That is, the principle of collective response to any security was reaffirmed by GCC Interior Ministers when they met in 1985, to discuss security cooperation. They decided to set up a preparatory committee to investigate possible institutional frameworks for such cooperation.<sup>370</sup> Among other decisions, they approved (1985-2004) measures, regulations, unified systems dealing with their security cooperation, the standardization of passports (It is believed that the anti regime plot in Bahrain in December 1981 was uncovered due to passport-related information received from another GCC state about one of the principals in that plot.), driving licenses, free movement of GCC citizens between the member states, residence permits for the GCC citizens were abolished, exchange of

information about subversive activities,<sup>371</sup> means to fight smuggling and crime, extradition of criminals, civil defence, airport security and exchange of surveillance data concerning publication, travel, and immigration.<sup>372</sup> Spending by GCC countries on safety and security alone (defence excluded) is estimated at around US\$900 million annually and this is growing at 10 percent per year.<sup>373</sup> However, so far, all of the GCC member states have made significant progress along the road to security cooperation in the last few years.

The GCC countries have agreed on the necessity of finding a better way of dealing with issues of internal security within a cooperative context. In fact, cooperation in this field has advanced much since the liberation of Kuwait and there have been improvements that have yielded tangible results. This is the subject of the next few pages.

### 5.1.1.2 Coping with Subversion

The founding of the GCC reflected the developments of 1971-1981, when six member states felt a threat to the very survival of their regimes. However, in the decade before the departure of the British forces from the Gulf region, and a decade before and two decades and a half (1971-2004) after the founding of the organization, multilateral and bilateral cooperation in coping with the subversion has taking place among the Gulf States.

For thirty years, the six faced increasing threats from the Communists, Muslim extremists, Arab radicals, and Liberal opposition, all perceived by the regimes as coming act of subversion and terrorism. Nevertheless, the establishment of the GCC did not completely rescue the member states from a whole range of subversive and terrorist acts.

#### 5.1.1.2.1 Arab Radicalism

Despite the long-standing isolation from Arab nationalist current imposed by the British control, Arab radicalism has succeeded in establishing a limited foothold in these countries since the early 1950s. Arab revolutionaries originally restricted their activities to opposing the British presence in the Gulf. When this was officially terminated, however, they turned their attention to the status quo posing as either political dissidents critical of the ruling elites, or underground revolutionaries whose avowed aim was to topple traditional regimes throughout the Gulf. It is the latter variety that, in the first stage, using South Arabia (South Yemen and Oman province of Dhufar) as a base, posed the most serious threat to the status quo mostly during the period from 1968 to 1975. It was this separatist insurgency in the Dhufar province of Oman that posed the most serious threat to the internal stability of Saudi Arabia and the Gulf states.<sup>374</sup>

The second stage of this rebellion can be said to have been inaugurated during

a conference in South Yemen in September 1968.<sup>375</sup> At that conference, the Dhufar Liberation Front (DLF) decided to broaden its objective from “liberating” Dhufar to eliminating traditional rule by revolution not only in Oman, but in the Arab side of the Gulf. After the “imperialists and their lackeys—the feudal rulers” had been eliminated, according to the new program, an Arab Gulf state extending from Kuwait to Dhufar would be established. To achieve this objective, the front adopted the principle of “prolonged people’s war” guided by a Marxist-Leninist ideology. Furthermore, it changed its name to the Popular Front for the Liberation of the Occupied Arabian Gulf (PFLOAG).<sup>376</sup>

The broadening of its objective and adoption of a Marxist-Leninist ideology proved, in retrospect, to be the greatest error the Front ever made. In fact its adopted program put it on a collision course not only with far more powerful forces in the Gulf, but in addition, with an essentially Islamic culture that repeatedly proved itself totally antipathetic to any form of communist dogma. To be sure, despite a narrow national base, the front was able with some communist countries and Iraqi help to score some successes. By the end of 1970 it controlled nearly all of Dhufar. It even consolidated its clandestine presence in the Gulf, notably in Bahrain, Kuwait, and Saudi Arabia. It helped and supported radical groups and underground communist parties in these countries, but that was all it could achieve.

In the early 1970s the front’s fortunes began to decline. Extended substantial economic aid from Saudi Arabia and the military intervention of Iran in 1973, helped the Omani to contain and eventually to end the rebellion in Dhufar. In 1974, the front narrowed the scope of its objective back to the “Liberation of Oman” instead of the whole Gulf, and, hence, was renamed the Popular Front for the Liberation of Oman (PFLO). In 1976, some Arab countries persuaded South Yemen to consider its guerrilla connection. Finally, in the 1980s, the Iraqi government expelled the representatives of the PFLO.<sup>377</sup> And the collapse of the communist regimes around the world in the 90s represented yet another step in the process of drawing sources of support for the Arabian Peninsula and the Gulf underground revolutionaries.

The regimes of the Gulf, from the beginning, took a hostile stand against the Arab nationalist current. Nasser’s Egypt, with its sponsorship of the Arab nationalist trend, constituted a direct threat to the ruling system in the Gulf in disturbed decade between 1956 and 1967. This threat took a new direction when the socialist measures were first announced in Egypt in 1961, and then in Syria and Iraq. With this turn in history, the opposition movements in the Gulf passed through two phases of activity, the polarization of broad groups of the populace and the entrenchment of the opposition movements by providing them with a fundamental-radical ideology.

There are innumerable Arab radical opposition groups to the regimes of the GCC countries, which emerged from the fringes of Arab nationalism and are closely related to the Buth (Renascent) Party in Syria and Iraq, and some of these



Arab nationalist movements are well known, for example; The Union of the People of the Arabian Peninsula (UPAP), founded in 1959, and supported by Cairo. UPAP, a revolutionary Arab organization, believe in “scientific socialism” and struggling to bring down the “corrupt monarchies”. The UPAP is committed to total unification of the Arabian Peninsula.<sup>378</sup> There was also the Arab Liberation Front (ANLF). In the 1980s, the Front was still convinced that the only democracy and political participation could lead to real development of these countries.

Arab nationalism deeply touched political and social life in the Gulf, for it embraced the opposition forces in all the Arab countries, impelling the ruling family in Saudi Arabia to split on the question of Arab nationalism. It played an important role in the popular uprising in Bahrain in 1956, 1965, 1970s, and 1994-97, sponsoring the armed movement in Dhufar and South Yemen and entering as a direct participant in the civil war in North Yemen, against the Imamate supported by Saudi Arabia.<sup>379</sup> The June 1967 defeat, (the Arab-Israel war of 1967), therefore, came with resounding and destructive force, its echoes reverberating throughout the Gulf.

Nevertheless, the Arab nationalists have not been very active since the establishment of the GCC, with the exception of the Arab nationalists in Kuwait, in the 1980s, who formed an important block in the National Assembly. In 1986 the nationalists in the Assembly (1981-1986) were severely critical of the GCC, and GCC security dependence on United States, as well as the preponderance of Kuwait investment in the United States. Saudi Arabia was thought to be particularly irritated by the freewheeling National Assembly and pressured the Al-Sabah (the ruling family of Kuwait) to shut it down.<sup>380</sup> After the liberation of Kuwait, and since the parliament was revived in 1992, the nationalists’ position and strength became weak. In January 1999 the Kuwaiti security forces arrested some 25 persons of Arab nationality, confiscated their publications urging a revolution against the United States and against the ruling regime in Kuwait, and arrested persons who admitted that they were a cell recruited by the Iraqi government to start a riot and destabilize security and stability in Kuwait.<sup>381</sup>

In February 1999, in the UAE, and for the first time in the history of the GCC, a bomb was discovered by the police, in a supermarket visited mostly by the Americans in Dubai. Probably, supporters of the Iraq regime were responsible.<sup>382</sup>

In Bahrain, as in the case of Kuwait, the composition (Arab nationalists, Marxists; Socialists, Buthists; and Religious conservatives) and activities of the Bahrain Assembly (1973-1975) clearly worried many within the regime, and there were allegations of Saudi (as well as Iranian and US) pressure to end the “dangerous” experiment.<sup>383</sup>

Organized intimidation was not enough to stop the Arab radicalism. The Gulf countries (GCC states) therefore restored the alliances between the conservative social and political forces in order to confront this Arab radical tide. However, the June defeat (Arab-Israeli War) greatly weakened this current, reducing friction



between the reformist current and ruling elites, and thus weakening one of the sources of pressure and threat to the conservative political system for the last thirty years.

#### 5.1.1.2.2 Islamic Extremism

The entire region adopted Islam, but the diversified interpretation by its adherents regarding the succession to the Prophet and his responsibilities prevented it from becoming a unifying force. Rather the clash between the different doctrines and sects proved to a constant source of tension in the Gulf, which harbours the two major branches of Islam; Sunnis, who argue that the successors to the Prophet as the leader of the Muslims must be elected, and the Shia who believe that Prophet's successor should be exclusively from the descendants of his cousin and son-in-law Imam Ali.<sup>384</sup>

Over 76% of the total population of the eight Gulf countries (including Iraq with 60% and Iran with 95% of their population) are Shia; they are the majority in Bahrain, Iraq and Iran.<sup>385</sup> And most of the Gulf oil areas are dominated and populated by the Shia.<sup>386</sup> Oman is the only member state, with 45% of its population belonging to the Abadi/Kharijite) sect, which accepts neither the Shia nor the Sunni beliefs concerning the Prophet succession.<sup>387</sup>

Table 5-2 Percentage of Shia population in the GCC states

Bahrain	Kuwait	Oman	Qatar	S. Arabia	UAE
70	30	10	20	15	25

Source: Bill James A (1994), *Policies in the Middle East*, P. 377, College Publisher, USA.

While the governments of the member states have control of the “establishment” Islam and its bureaucratic apparatus, they do not control the general social and political movement generated from below, the “populist” Islam which is a growing power. There are Sunni as well as Shia dimensions, and their fundamentalist movements are many.<sup>388</sup> Regardless of their dimensions that all share: 1) a fundamentalist faith in the holy Quran, the Prophet, and the Sunna (tradition), 2) a strong opposition to corrupt and oppressive government, 3) a commitment to the related principles of human equality and social justice, and 4) a condemnation of external intervention in the region.<sup>389</sup> The Muslim fundamentalists have used religion as a means for voicing explicit political grievances, concerning authoritarianism and repression, misdistribution and inequity, and the absence of representation in the political system.<sup>390</sup> However, the militant fundamentalists are willing to make a total commitment to their beliefs, and to die for these beliefs when called upon.

Most GCC governments meet this challenge with an active security apparatus, and by generous subsidies for building new mosques, and for various Islamic activities. The governments and Muslim opposition groups alike are creating new Islamic organizations, ministries of Islamic affairs and endowments and are acquiring more power and responsibility. College and university students are enrolling in increasing numbers in Islamic studies, Islamic banks are cutting into the financial holdings of the standard banking systems, and Islamic legal codes are being detailed and reintroduced. Gulf citizens of all social classes are increasingly and fervently embracing principles of Islam. The boom in mosque constructions is particularly vivid evidence of the trend of priorities, if not proof of the depth of religious conviction.

In the member states militant fundamentalists are carrying out an ideology of protest and putting the establishment Islam on the defensive and under pressure to preserve a tenuous status quo. Despite great economic gains in oil-rich GCC countries, the benefits have been unevenly distributed, making material inequities and social imbalance greater and more visible than ever before. The distressed, dispossessed, and alienated have chosen militant Islamic fundamentalism as a mean to express discontent.

Saudi Arabia (and the other GCC member states are) represents the face of establishment Islam, and Iran is attempting to fly the banner of populist Islam.<sup>391</sup> Here were two fundamentalist states, deriving their inspiration from Islamic scriptures and basing their legitimacy on Islam, and exchanging diatribes; the newer one, Iran, accusing the older, Saudi Arabia, of deviation from the faith, and the established conservative polity condemning the revolutionary upstart for trying to create chaos in Muslim countries in the name of furthering the cause of Islam.<sup>392</sup> Both countries, are continuously trying to export their branch of Islam.

Religious animosities in the Gulf also extend far back into history. They are mainly based on the schism between Shia and Sunni Muslims, which dates to the earliest days of Islam. There is little question that Shia Arabs in Saudi Arabia, Iraq, and Bahrain are second-class citizens with very real social and political grievances<sup>393</sup> The policy and treatment of member states toward their Shia population depend on the political situations and relation between themselves and Iraq or Iran, at times applying increasing pressure on the Shia and at other times they open some channels of communication with the Shia community leaders, who played a key mediating role over the years when Shia resistance or rebellion occurred. The militant Muslims are not only among the Shia or from Iran alone, but the Sunni Muslims and Saudi Arabia are included too. The Saudi constitutional system is based on the Holy Koran and the Sunna (the traditions or authoritative sayings of the Prophet) as interpreted by the ultra conservative Hanbali school of Islamic jurisprudence, and the teachings of Abdul Wahab, an eighteenth century Hanbali religious scholar, whose Islamic fundamentalist Sunni Hanbali revival movement, generally called "Whabism" was adopted by the founder of the ruling Saudi dynasty, Mohammed Ibn Saud.<sup>394</sup> The teachings

of the revival movement have remained the official Saudi political doctrine ever since. Moreover, the ruling families in Qatar and one emirate of the UAE are adherents of this doctrine.

In Saudi Arabia, the Sunni organized opposition is growing, but it is still in its infancy. Saudi Arabia has at least three components.<sup>395</sup> One includes many of the elderly scholars and interpreters of Islam (Ulema) on whom the Saudi regime relies for its legitimacy. There are also dissident members of the Ulema and hard-line radicals. The second group includes preachers, lecturers, students, and marginalized city dwellers (Osama Bin Laden supporters) that tend to be xenophobic, anti Western, anti-Shia, and outspoken critics of the ruling family. The third group contains the more open-minded Islamists. These exponents of a more liberal form of reformist Islam, many of them Western-educated, are more democratic in spirit, more sympathetic to the rights of women and foreign workers, and more open to ideas from outside.<sup>396</sup>

More or less similar groups are appearing in the other member states of the GCC, especially in Kuwait. For example, the Islamists for the 20<sup>th</sup> straight year won the election of the National Union of Kuwait Students, and during the parliamentary election held in October 1996, the Kuwait Islamists occupied 16 seats out of the 50 seats in the parliament. The Islamists repeatedly asked for the implementation of Islamic Sharia in their country.<sup>397</sup> The Islamists in the assembly also impeded the efforts of some royal family members to expand women's rights. Islamists, who form the largest bloc in the National Assembly, scored a major victory in 1996 when the assembly voted to segregate Kuwait University within five years, an act that generated a public uproar and was not supported by the government. The vote is a reminder of the fragility of the emerging broader consensus on democratization, and the democratic process itself might be reversed.

The radical Sunni Muslims represent a challenge to the status quo, but are more tolerated than radical Shia Muslims. The depth and breath of extremist Muslim anger now affects, to different degrees, virtually every nation in the Gulf. The majority of violent acts and attacks have been by the more active Shiites, although fanatics from the Sunni sect, and other groups, have also been responsible of some of these acts of violence. According to the extremists, that, they attack their governments for ignoring the Sharia (Islamic law), and claim power for themselves on the grounds that they alone aspire to implement the whole body of Islamic precepts. The extremists believe that extreme danger justifies extreme action; they pursue revolutionary change through violence.<sup>398</sup> The GCC states are all ruled by Sunnis and have been particularly vulnerable especially after the 1979 Iranian revolution, which inspired many of the Shiites throughout the Gulf to voice their protest in a more confident way than ever before.<sup>399</sup>

However, all member states were plagued with terrorism during the period 1980-2004. Often terrorism and political violence accompanied much wider internal disorders, such as political or ethnic unrest, and were frequently also

linked to Islamic fundamentalist groups. Table 5-3 shows some of the violent acts carried out, mostly by the Muslim extremists against the regimes of the member states in the past two decades of GCC existence.

Table 5-3 Internal subversive activities in the GCC states 1979-2004

Year	Bahrain	Kuwait	Oman	Qatar	S. Arabia	UAE	Alleged involvement of
1979					X		Sunni-Internal
1980	X				X		Shia-Iran
1981	X						"
1983		X					"
1984		X					"
1985		X			X		"
1987		X			X		"
1988	X						"
1989-93		X					Sunni-Iraq
1994	X		X		X		Shia-Iran,
1995	X		X	X	X		"
1996	X			X	X		"
1997	X	X					"
1998	X						"
1999	X	X				X	Sunni-Iraq, I
2000		X			X		Sunni-Internal
2001		X		X	X		"
2002					X		"
2003	X	2 X	X		6 X		Sh-Su-Internal
2004	3 X	7 X	X	X	22 X <sup>400</sup>		Sunni-Internal
<b>Total</b>	<b>13</b>	<b>18</b>	<b>4</b>	<b>4</b>	<b>38</b>	<b>1</b>	<b>71</b>

Sources: Drawn from different references, see Notes below, and the other chapters.

In 1979, the Grand Mosque incident in Saudi Arabia, carried out by Sunni militants, hundreds of people died or were injured. In the same year there was a Shia uprising in the country's Eastern Province. In 1980, again, there was a Shia uprising in the same province, which holds most of the oil resources. In Bahrain, in the same year, an Islamist group (Islamic Liberation Front) staged pro-Iranian marches that were broken up by the security forces (with the help of Saudi police force) who killed several demonstrators.<sup>401</sup>

In 1981, the government of Bahrain announced that it had arrested a group of "saboteurs" allegedly trained by Iran. Subsequently, the Bahraini Interior Minister charged that the group had planned to assassinate Bahraini officials. He said it belonged to the "Islamic Front" with headquarters in Tehran. The plotters were sentenced in 1982, receiving jail sentence ranging from seven years to life imprisonment. Most of them granted an amnesty at the end of the 1980s, and left the country, but not for Iran.<sup>402</sup>

In 1983, the first major attack on Kuwait stability took place. The targets of terrorists' attacks included the US embassy building, French embassy, and some Kuwait ministries and oil facilities. "Islamic Jihad" claimed responsibility, supported by Iran, and said it was because of Kuwaiti support of Iraq in its war with Iran. In 1984, an assault on Kuwait security involved the hijacking of a Kuwait Airline plane, and the finger of blame was once again pointed at Iran. The day after the bombings, the GCC Secretariat strongly denounced the "Criminal terrorists acts" and assured its member states that this act would make them more united in fighting terrorism.

In 1985 two bombs exploded in a busy commercial centre in the capital of Saudi Arabia. In the same year, in Kuwait, an explosive-laden car rammed into the motorcade of the Emir, killing two members of the Emir guards. The GCC Secretariat strongly condemned this "Criminal attempt and all terrorist attempts and acts" designed to threaten the security and stability of this vital region in the world. It affirmed that this attempt would make Kuwait and its fellow countries more determined to continue the march of welfare and construction to serve the Arab nation and Islamic solidarity. Another act of political violence that shocked citizens and governments of Kuwait and other members of the GCC took place in July 1985. Bombs were exploded in two popular cafes. The responsibility for the bomb blast was claimed by the "Arab Revolutionary Brigades organization". Once again, the finger of blame was pointed at Iran.<sup>403</sup>

In 1987, again in Kuwait, there was an attack on oil installations by Kuwait Shiites. In the same year, 400 Iranian pilgrims were killed in clashes with Saudi security forces in demonstrations in Mecca.<sup>404</sup>

In 1988, there was a planned attack on oil installation in Bahrain by a Shia group supported by Iran. Many were arrested and sentenced to imprisonment. The GCC Secretariat strongly condemned the Iranian subversion and intervention in the member states' internal affairs.<sup>405</sup>

From 1989 to 1993, which is the time after the end of the Iraq-Iran war, and during the liberation of Kuwait from Iraqi troops, Bahrain and Saudi Arabia experienced no more Iranian subversive activities in this period. But since Operation Desert Storm in 1991, the monarchies of the member states have been confronted with growing Islamists movements (Reformists) from both Shia and Sunni sects that seek to bring about a comprehensive transformation in these states' socio-economic and political lines. In Saudi Arabia, in the name of religious reformism, the Islamists have assumed a boldly critical stance toward the government, and even questioned the Islamic legitimacy of the monarchy itself.<sup>406</sup>

In 1994, Saudi Arabia conceded that it had arrested a thousand or more people in connection with the upsurge in Wahabi religious dissent, which, since the invasion of Kuwait, had become one of the government's main domestic preoccupations.<sup>407</sup> In Oman, the government arrested hundreds of people in late 1994 for alleged involvement in an Islamist plot to overthrow the government.<sup>408</sup>

At the 1994 summit in Bahrain the discussion was the “Islamist violence”. The GCC leaders “noted with great concern the phenomenon of extremism and fanaticism” and expressed their “total rejection of these practices”.<sup>409</sup> No one spoke more pointedly and fearfully about security than Oman’s Sultan Qaboos, who condemned in the strongest possible terms the regional rise in militancy, extremism and fanaticism cloaked in the guise of religion. He also served notice that the GCC leaders would not tolerate those who, in espousing radical alternatives to the existing systems of government, would sow chaos and havoc among the peaceful and prosperous countries in the developing world.<sup>410</sup>

In the same year, a lot of trouble and unrest took place in Bahrain too. The demonstrators have called for the National Assembly (dissolved since 1975) to be allowed to reconvene, and for the provisions of Bahrain’s 1973 constitution to be respected. The authorities refused to consider the protesters demands or to receive petitions on their behalf, resorting instead to the use of force.<sup>411</sup>

In Bahrain, the number of civilians killed by the police in separate incidents, in four months (from December 1994 to April 1995), reached 14.<sup>412</sup> In Saudi Arabia, eight people died and more than 100 were injured in a bomb attack on Oct. 20 on a crowd of worshippers at a mosque.<sup>413</sup> On 13 Nov., in Saudi Arabia, again, an explosion, in front of the American military training centre in Riyadh, killed not less than 6 Americans and injured 30 of them.<sup>414</sup> The fact was that the Riyadh bombers were former Afghanistan volunteers from those 20,000 Saudis who served in Afghanistan at some stage (with active government and US Support).<sup>415</sup> In the same year, an attempt to assassinate the Sultan of Oman was unsuccessful.<sup>416</sup>

The GCC states warned the region against an extremist threat, and the organization supported measures taken by Bahrain to restore order following the anti-government protest. A statement was issued on 19 April 1995 after a meeting of GCC Interior Ministers in Manama: “GCC states stand by Bahrain and fully support measures taken to maintain security and stability which are inseparable from the security of all GCC states.”<sup>417</sup> In Qatar, the government announced that nearly 100 soldiers and police officers were arrested for participating in a plot to overthrow the ruler, Sheikh Hamad Bin-Khalifa al-Thani; the Amir deposed and exiled his father on 27th of June 1995.<sup>418</sup> A Kuwaiti parliamentarian was the target of violent attack.<sup>419</sup> Sheikh Zayed, President of the United Arab Emirates, launched an attack on religious extremism when he met foreign ambassadors in October 1995. But was careful with his religious critics: a few was locked up, and others admonished on the quiet.<sup>420</sup> In the same year, a statement read by Secretary-General Shaikh Fahim al-Qassimi said:

*“The GCC states denounce the phenomenon of extremism and reject all acts of violence and are determined to fight this destructive phenomenon which is alien to Islam.”*<sup>421</sup>

Bahrain called for the GCC to confront anti-government protest. Bahrain's security forces backed by Saudi Arabian riot police used live ammunition and other weaponry to quell the demonstrations. The opposition "Bahrain Freedom Movement" said that Saudi National Guardsmen had been actively involved in confronting demonstrators and manning roadblocks, and some Bahrainis had been bussed across the causeway into Saudi Arabia.<sup>422</sup> The GCC leaders called for the maximum support for Bahrain's increasingly difficult challenge of dealing effectively with a well-organized opposition movement, fuelled primarily by growing numbers of unemployed (Bahrain had unemployment position as high as 30% of the working force in 1997) whose economic and political prospects were bleak.<sup>423</sup> In a breakthrough of sorts, Kuwait made a serious offer at the summit (1997) to absorb as many of Bahrain's qualified, currently unemployed citizens as possible.<sup>424</sup> From 1994 to 1999, Bahrain was faced with decreasing troubles, and from 1994 to 1998 the number of peoples killed in sporadic arson attacks and small-scale bombing reached 38.<sup>425</sup>

On 25th of June 1996, a huge bomb blew up part of the King Abdul Aziz air base in Dhahran on the east Coast of Saudi Arabia, 19 American servicemen were killed and over 300 were wounded. The suspected terrorists were thought to be radical Islamists.<sup>426</sup> In the first part of 1999, two acts of subversion took place, in Kuwait and the UAE, as mentioned earlier (See Arab Radicalism), and another one in Bahrain. (It was the first act of violence to erupt in Bahrain since the death of the Bahraini Emir) Protesters set fire to a gas station in Manama. At that time, violence in Bahrain resulted in the death of 40 persons since December 1994.<sup>427</sup> In 2000, Kuwaiti authorities arrested 11 Islamists including two army officers, who were suspected of planning inside Kuwait to attack Western targets outside the country. This group was working with Bin Laden, a Saudi extremist, who lived in Afghanistan.<sup>428</sup> In 2001, a Kuwaiti woman known as a veteran women's campaigner was shot dead,<sup>429</sup> and a criminal court convicted a Kuwaiti Islamic extremist of plotting to bomb Israel's trade office in Qatar.<sup>430</sup> In Qatar itself, there was an attempt to assassinate a chief editor, because of his strong criticism of the government.<sup>431</sup> In Qatar again, two guards killed one armed man who opened fire on an air base used by the American army in Qatar.<sup>432</sup> In Saudi Arabia one American was killed and another was wounded in a parcel bomb that ripped through a busy street in eastern Saudi Arabia.<sup>433</sup> On 11 September, 2001, Bin Laden, again, attacked the WTC and The Pentagon, as he had done before in Africa, the Arabian Sea, and in many places around the world.

Every incident (Table 5-3) shows that the majority of these violent acts took place in the three member states of the upper part of the Gulf, where the majority of Arab Shias or extremist Sunnis (Wahabis) have living. It also shows that intensive terrorist activities had occurred since the American occupation of Iraq in 2003, and in late 2004 the terror increased dramatically in Kuwait and Saudi Arabia. GCC leaders in 2003 adopted a treaty pledging to combat terrorism and strengthen security networks. The treaty was signed by GCC Interior Ministers



in May 2004<sup>434</sup> The GCC Secretariat condemned all these acts as “criminal” and asserted that they were “directed against innocent citizens, and such vile actions will only make the GCC states stronger, and more solid”. However, a series of smaller incidents, never publicized, were responsible for unprecedented fear in the Gulf and elsewhere over this new trend of violence carried out by Muslim extremists. The surge of Islamic radicalism has created a broad belt of instability around the world.<sup>435</sup>

Figure (5-2) shows some of the groups that claimed responsibility for the subversive acts in the member states and abroad, and most of these groups’ activities are financed and supported by Iraq, Iran, or religious fundamentalists like Osama Bin Laden, a Wahabi who has the means, such as money, to support his activities around the world.<sup>436</sup>

A specific tactical response of the six member of the GCC has been to reinforce institutions of Establishment Islam, while attempting to divide the forces of the extremists. Moreover, in the relatively closed societies of the GCC where the balance between the requirements of security and liberty is not a paramount concern of the governments, they can repress any expression of dissent, or confront any opposition that is judged to threaten a regime’s stability.

Figure 5-2 Extremist Groups in the GCC States

Name of the Group	Assumed Nationality
Osama Bin Laden different groups, about 30 associates, especially the (Al Qaeda organization in the Arab Peninsula and around the world) <sup>437</sup>	Saudi Arabia
Hezbollah of the Hijaz	”
Islamic Jihad	”
Committee for the Defence of Legitimate Rights (London)	”
League of the Martyr Abdullah al-Huzaifi	”
Islamic Front for the Liberation of Bahrain	Bahrain
Bahrain Islamic Freedom Movement	”
Hezbollah of Bahrain	”
Popular Front for the Liberation of Bahrain	”
Bahrain Freedom Movement (BFM) (London)	”
National Liberation Front	”
Arab Revolutionary Brigades	Kuwait
Islamic Call Party	”
Organization of the Islamic Revolution in the Arabian Peninsula	All member States

Sources: Al-Rasheed, Malawi. (1996) Op. cit. pp.96-119; Dekmejian, R. (1994) op. cit. pp.627-44; Dekmejian, R. (1995) *Islam in Revolution: Fundamentalism in the Arab World*. Syracuse, NY: Syracuse Univ. Press, Passim; Marc J. O’Reilly, *Oil Monarchies Without Oil*, Middle East Policy February 1999, p83. And, on the activities of BFM. See [www.vob.org](http://www.vob.org). [www.tradearabia.com/tanews/Newsdetails.asp?Article=77047&Sn=DEF](http://www.tradearabia.com/tanews/Newsdetails.asp?Article=77047&Sn=DEF) Also sees other references mentioned in this section.



It is difficult to assess the effectiveness of the internal security instruments in the member states, security being a dominant theme of the approach these rulers take at virtually all levels. Still a number of basic points can be made about their internal security capabilities; we would expect these regimes to do well in the internal security missions since they have traditionally done well. Saudi Arabia's and Bahrain's Shiites have been a problem for decades; one would suspect that most Shia organizations have been well infiltrated by security agents.

It is also the case with most of the long-standing sources of internal threat these regimes face; tribal or regional factions and religious fundamental groups in Saudi Arabia and the UAE. Dhofaries in Oman, Shiites in Bahrain, Kuwait and Saudi Arabia, and intellectuals and human rights supporters in all the member states. However, cooperation in these cases is as old as the regimes themselves, and the member states have made the most tangible progress in this field since the establishment of the GCC, and there is no reason to expect that the traditional approaches are any less useful now than in the past. Movement within the GCC toward greater cooperation in internal security seems to have come more in response to events taking place in the last twenty five years. Moreover, internal stability, or security thus is not just a function of the way these rulers manage their police or their economies. It is a function of broader stability in a region that is not famous for being stable. This is the subject of the next few pages.

### *5.1.2 Regional Security*

Britain reluctantly faced up to the combination of a flagging economy, international pressures for de-colonization, and its declining role as a world power, eventually announcing, in 1968, the intention to withdraw from the region.<sup>438</sup> Following the British decision, the Gulf States (including Iran and Iraq) have been actively interested in proposals for greater cooperation among themselves to enhance their mutual security. They have such schemes as conferring a number of benefits: making it clear to outside powers, that the security of the Gulf is first and foremost the responsibility of the Gulf states themselves; strengthening the capability of the weakest among them to resist threats from more powerful neighbours; and ameliorating rivalries among themselves by requiring cooperative thinking about their mutual security.<sup>439</sup> In their conference at Muscat, in 1976, the Gulf foreign ministers discussed an agenda that included the following subjects: 1) Limitation on foreign powers' presence. 2) A guarantee of territorial integrity of all states. 3) A non-aggression pact. 4) Mutual assistance. However, early proposals for Gulf regional security groupings were unsuccessful for two reasons: The first was the difficulty of finding a collective framework that could encompass states (Iran and Iraq) representing great discrepancies in power and political policies. The second problem was the difficulty the small states themselves had in reconciling their differing approaches to regional security.<sup>440</sup>

Although the Shah played the role of policeman, Arab leaders were less confident at the prospect of "protection" by Iran, given the latter's many outstanding territorial disputes with its neighbours and its traditional hegemonic predilection. Iranian concern about potential Arab radical expansionism subsided, however, and the Gulf States established an impressive record of conflict management, based on the shared interest in promoting conditions of stability.

The collapse of the Shah regime in 1978/79 radically altered the nature of Gulf relations and the new security system which lasted only one decade; the threat posed by the Soviet invasion of Afghanistan in the early 1980; the Soviet military presence in Ethiopia, South Yemen, and Somalia; and the concern over potential American military intervention in the Gulf (See figure 5-1) changed the political topography of the Gulf states. However, the event in Iran, in particular, greatly increased the sense of danger on the Arab side of the Gulf, and at the same time removed the main impediment to a grouping that was based on the Gulf Arab interest, and the formal vehicle for this closer relationship in security matters has been the GCC.

The 1980s and the period 1990-2004 represented an unpleasant and disruptive era of violence in the Gulf as the region witnessed four international wars: in addition to the Afghanistan wars I and II, there were: the first Gulf war pitted Iraq against Iran (1980-1987); the second Gulf war saw Kuwait, supported by an international coalition dominated by the USA, in conflict with Iraq (1990-1991). In both wars, Iraq was the aggressor.<sup>441</sup> And in 2003 the Americans invaded Iraq to put an end to the Saddam Hussein regime. But the Iranians, too, with their expansionism, occupied three UAE small islands in the Gulf. All these events, demonstrate both the political significance and fragility of the Gulf, which accounts for over 70% of the world's proven reserves of petroleum.<sup>442</sup> Therefore the question of regional security assumed primary importance for the member states of GCC, and in fact, it was the prime reason for establishing it.

However, this section will examine how the member states dealt with issues and questions: (1) the border disputes with their neighbours, namely, Iraq, and Iran. (2) Iran and Iraq military capabilities, and GCC defence cooperation, and integration.

### 5.1.2.1 Territorial Claims and Disputes

Territorial conflicts have always been a frequent feature of international relations, but multiplied with the increasing number of states in the post-1945 period:

*"The relations between modern states reached their most critical stage in the form of problems relating to territory, boundary disputes, conflicting claims to newly discovered lands and invasions by expanding nations onto territory of their weaker neighbours have been conspicuous among the causes of war."<sup>443</sup>*

In the Gulf area there are difficulties of territorial demarcation combined with basic tribal conglomeration, which migrates to water wells or grassing land; desert ecology; the colonial powers imposition of European practices on a different culture. With the coming of political independence and the establishment of the Gulf States territorial demarcation became an increasingly important issue.<sup>444</sup> Since habitable areas in the Gulf are limited by available water, population distribution was relatively static until the twentieth century opened the door to rapid urbanization. Ethnic and national groups inevitably claimed the maximum area under their control as their “historical boundaries”, creating a large number of territorial disputes. However, with the tremendous amount of oil wealth at stake with the shifting of boundaries by only a few degrees, territorial disputes became a major threat to regional security.

The root of the current border dispute among the GCC states and between them and Iran, Iraq, and Yemen goes back to the British role in redrawing the boundaries. However, the British presence had maintained security in the Gulf, preserved the existence of the weak and tiny sheikdoms and restrained the rivalry of the regional powers, Iran and Iraq, each of which laid claim to one or more of the sheikdoms. The British withdrawal exposed the sheikdoms to the ambitions of their two larger neighbours and opened up the Gulf to competition between them.<sup>445</sup>

In 1969, there were five major territorial disputes and claims between the GCC member states and their neighbours.<sup>446</sup> By 1992, two territorial disputes had been resolved; Iran’s claim on Bahrain, and Oman’s territorial dispute with South Yemen.

Three territorial disputes remained political trouble spots. In 1990, Iraq unilaterally abrogated the agreement of 1963 and invaded Kuwait, and Iran abrogated the agreement of 1971 with the UAE and occupied three islands whose sovereignty is claimed both by Iran and by two individual emirates of the UAE.. The Iraqi Claim ended with the defeat of Saddam Husain in 2003. The Iranian occupation was still there in 2004, and Yemen border disputes with two members (Oman and Saudi Arabia) of the GCC were solved peacefully in 2004.

### 5.1.2.2 Collective Defence and Security

The idea of a regional-security system is not new in the Gulf. It was implied in the pact of the AL. The failure of the AL to provide adequate security seems to have prompted the Gulf countries to envisage a security system even before Britain decided to withdraw from the Gulf. The Arab Gulf countries were encouraged by their neighbours to form an Arab union that would, be a force in the Gulf to deal with security problems.

Table 5-4 Territorial demarcation between GCC and its neighbours

Country	Iran	Iraq	Yemen
Bahrain	1971		
Kuwait	1961 (1)	1963 (2)	
Oman	1974		1992 (3)
Qatar	1969		
S. Arabia	1968	1982	1995-2004(4)
UAE.	1971,1974 (5)		

Sources: (1) Wikinson (1991) Arabia Frontier Op.cit. P. 337. (2) Schofield R. (1994) Territorial Foundation of the Gulf States. Niversity of London, P5.(3) Keesing's op.cit. June 1995, P.40622. (4) The Washington Report on the Middle East Affairs, April/May 1995, p. 25. And see chapter (5) The Middle East January 1993, p.9.But the Islands dispute still not solved in 2004

The Gulf States have probably never conceived of their security as something to be managed by themselves alone. Up until 1971 the security of the Arabian Peninsula was guaranteed by British presence, after which came the so-called "Nixon Doctrine", in which Saudi Arabia and the Shah's Iran were to be the dual pillars of regional stability. With the fall of the Shah, Iraq effectively became Iran's replacement. However, negotiations for a federal union among the Arab sheikhdoms; Bahrain, Qatar and Trucial States led to the establishment of the UAE in 1971, consisting of only the seven Trucial states, without Qatar and Bahrain. In 1976, the foreign ministers of the eight Gulf countries met in Oman to discuss Gulf security and defence against foreign intervention, but they were unable to agree on a common place. Only five years later, after the Iraq-Iran war commenced, did the six Arab states (without Iraq) meet at Kuwait's initiative to form the GCC to deal with security.<sup>447</sup>

At the second summit held in Riyadh in Nov. 1981, for the first time there was a reference to military cooperation. Such a reference was made in spite of the fact that such cooperation is not mentioned in the charter. The final communiqué stated that:

*"The Council reviewed the political, economic, and security situation in the Gulf area in light of the current development. It declared its determination to continue coordination in these fields in order to confront the dangers surrounding the area, and to increase contacts between the member states of the Council in order to avert these dangers."*<sup>448</sup>

Again, in Bahrain, in Nov. 1982, just one year after joint military action was launched:

*“In reviewing aspect of military coordination between the member states of the Council, the Council ratified the recommendations of the Ministers of Defence of the member states which aim at the creation of a self-defence force for the member states and coordinating mutual affairs related to achieving self-dependence for the states of the area and protecting their security and preserving their stability.”<sup>449</sup>*

Indeed, through most of its meetings, the security efforts of the Council received much more focus than economic and social ones.<sup>450</sup> Security cooperation (integration) was not confined to strategy and joint military efforts. It also included negotiations with foreign powers to obtain military assistance and weapons, and the establishment of a joint arms industry.

An inquiry into Gulf security, however, should not be viewed from only a regional security perspective; it should also be perceived from the global-security requirement of the superpowers, into whose area of rivalry and conflicting interests the Gulf countries have been drawn. But this beyond the scope of this section, and will be discussed later. Here, we begin with examining Iran, Iraq, and GCC military capabilities, and military build up, and then record the achievements of GCC defence cooperation and integration from 1981 to 2004.

#### 5.1.2.2.1 War and Military Build-up

In recent history and before 1968, Britain was the protector of the small Arab Gulf sheikhdoms and the guarantor of security in the Gulf region. It constituted a deterrent against Iran’s potential military expansionism, against Arab radicalism, and also against communist threat.

Table 5-5 Gulf military manpower, selected years, 000’s)

Country	Year	Total population	Total armed forces
GCC	1981*	11,544	133.
”	2001**	30,261	268.
Iran	1981	39,665	260.
”	2001	72,664	513.
Iraq	1981	13,835	252.
”	2001	22,300	429.

Sources: \* Ehteshami Anoshiravan.(1991), War and Peace in the Gulf: Domestic Politics and Regional Relation into1990s. Ithaca Press, UK. P. 115 \*\*. The Military Balance 2000-2001, Oxford University Press.

Over the last two decades there have been many upheavals in the Gulf, among them the Iran-Iraq war of 1980-88, and Iraq invasion of Kuwait in 1990-91. Both wars were costly and disastrous for all countries of the region, and will affect

political stability and economic progress in the region for decades to come. Nevertheless, the GCC states are probably the war's main beneficiary. The destruction of Iraq military power, coming so soon after Iraq had destroyed Iran's, has probably removed for many years the danger of the GCC states coming under attack by a regional power.

Table 5-6 The military balance in the Gulf in 1999

	Iraq	Iran	GCC
Population	23,144,000	70,699,000	25,548,000
Total Arm Forces	429,000	545,600	251,600
GDP *	\$ 17 bn.	\$ 71 bn.	\$ 253 bn.
Def. Exp.*	\$ 1,3 bn.	\$ 4,7 bn.	\$ 27,81 bn.

Source: The figures are calculated from The Military Balance 1998/99. \* Figures are from 1997

Although the Gulf balance of power is a regional phenomenon, external states have traditionally played the role of “balancers” in maintaining a political and military equilibrium. For example, in the nineteenth and early twentieth centuries, the British and Russians, competitors for influence in the area, maintained an external balance of power. Following World War II, and throughout the cold war, the US replaced the British, and conventional arm sales will continue to be a factor in the Gulf military balance, if for no other reason than that all parties must import arms to maintain or increase perceived military strength

From 1980 up to 1995 the countries surrounding the Gulf spent over \$ 300 billions on importing and maintaining weapons systems.<sup>451</sup> They continued to spend between \$ 60-80 billion from 1995 up to the year 2000.<sup>452</sup>

Table 5-7 Arms Sales to the Gulf Countries, \$ Billion

Year	GCC	Iran	Iraq
1992	22,040	2,359	2,564
1993	24,071	4,860	2,600
1994	21,725	2,300	2,700
1995	20,159	2,460	na
<b>Total</b>	<b>88,359</b>	<b>11,979</b>	<b>7,864</b>
%	81,7	11	7,3

Sources: MEED 9Dec 1994 and 8Dec 1995

In just about four years, 1992-1995, the GCC's proportion of the total spent on buying weapons was remarkable, with 81.7% (Iran 11%, Iraq 7.3%) of \$108 bn. (table 5-7) Moreover, the GCC states spent \$60,000 on every soldier compared with \$4,000 spent on an Iranian soldier.<sup>453</sup>

Table 5-8 The Balance of Power

	Manpower, Army (000) *			Main Battle Tanks **			Combat Aircraft***		
	1981	1995	2004 ****	1981	1995	2004	1981	1995	2004
GCC	139	243	325	1124	1349	1975	340	571	1042
Iran	235	513	870	1735	1245	1680	445	295	677
Iraq	342	382	133	2750	2200	0	332	316	0

Sources: 1981 figures are from: F. Lawson."Using Positive Sanctions to End International conflict: Iran and Arab Gulf Countries." *Journal of Peace Research*, No. 4, 1983, p.319;.D. Segal. *The Iran-Iraq War: A. Military Analysis. Foreign Affairs Summer 1988*, pp. 946-963. 1995 figures are calculated from *The Military Balance 1994-1995*. Figures of 1999 see *MEEED5 November 1999*, pp.4-5. Figures of 2001 see *The Military Balance 2000-2001*.

\* all military manpower

\*\* Figures do not include light tanks , armoured personal carriers or mobile artillery

\*\*\*. Not including training aircraft or armed helicopters \*\*\*\* Figures of 2004 From Middle East Military Balance [www.tau.ac.il/jcss/balance/index.html](http://www.tau.ac.il/jcss/balance/index.html)

“ GCC: Does not include 57,000 or more of GCC states national Guards. And Iran 100,000 troops in the Revolutionary Guard Corps

The three regional powers, Iraq, Iran, and Saudi Arabia, in the last three decades, have claimed the ability to influence the formation of norms and institutions for regional order, and the ability to challenge and disrupt the existing regional order. Moreover, in the 1990s the greatest risk of strategic destabilization in the Middle East came not from traditional confrontation states (Israel and her Arab neighbours), but from the Gulf (Iran, and her Arab neighbours). The Iranian revolution and the rise of Iraqi military power created threats. So long as the two Gulf powers fought each other in the 1980s, the dangers could be managed. The key was to ensure that neither side defeated the other decisively. With the end of the Iraq-Iran war in August 1988, energies that the antagonists had focused on each other began to shift toward outsiders again.

Though the GCC states improving, developing, and progressing faster and better than their neighbours, Table 5-8 shows increasing in GCC's tanks and aircrafts capabilities and decreasing figures for the other two countries, but certainly, that for years to come, the GCC countries will continue to confront the possibility of a security threat from either Iraq or Iran.

Table 5-9 Spending on Armament in ten years 1987-1997, \$ billion)

GCC	Iran	Iraq
119,600	14,500	10,500

Source. Calculated from A. H. Cordesman. The New Balance of Gulf Arms Middle East Policy, No.4, June 1999, p.93.

The likelihood of aggression from either is remote, but their military potential is worrying. Even after its defeat in Kuwait, Iraq retains powerful armed forces, while Iran is steadily rebuilding and renewing its military machine and nuclear weapon research.

### 5.1.2.3 Toward Joint GCC Defence

*“Fear of a common enemy is an absolutely necessary precondition for integration in military organizations.”<sup>454</sup>*

At its inception in May 1981, the GCC did not specifically identify military security as one of the areas for regional cooperation. Because of its military weakness, the Council adopted that strategy in order to avoid causing alarm among its neighbours. Nevertheless, in Nov. 1981, barely a few months after the regional organization was established, the GCC Supreme Council decided to dispatch a military mission to Oman to assess the extent of the threat posed by Aden (then South Yemen) and to seek recommendation on how to reduce tensions.<sup>455</sup> The threat posed by the PDRY became the principal focus of the GCC defence ministers' January 1982 meeting.<sup>456</sup>

*“Integration may be accomplished by establishing a supreme commander of all forces, standardizing different countries into one command structure, or permitting one of the major partners to organize, draft, and direct all strategic and technical war plans for the other partners, have permanent head quarters, continuous political and military consultants, innumerable meetings of technical experts, and a continuing avalanche memoranda and staff studies.”<sup>457</sup>*

However, after two years of heated discussion, the GCC finally approached a joint Gulf defence plan in Nov. 1982. The strategy drawn up called for formation of a joint strike force drawn from all members' armed forces, a joint military command, a common arms procurement policy, the establishment of an arms manufacturing industry, and collective air defence system.<sup>458</sup>

In moving toward an integrated command structure, the GCC began working



on a joint strike force by mid-1983. Later, the “Peninsula Shield” exercises in western desert of Abu Dhabi anticipated the GCC own redeployment force (RDF). In 1983, GCC leaders took the bold initiative of forming a joint military industry with an initial commitment of \$ 1. 4 bn.<sup>459</sup> In November 1984, the GCC announced an agreement among its members to create an RDF. That year, the “Peninsula Shield” joint exercises at Hafr-al-Batin (King Khalid Military City) in the north eastern Saudi Arabia included parachute landing for rapid deployment.

The tanker war (The Iranian attack on Kuwaiti and Saudi oil tankers in the Gulf during the Iraq-Iran war) in the spring of 1984 resulted in further strengthening of the Saudi air defence system and further efforts toward an integrated defence system among the GCC states, and prompted the Council states to speed up unification of military efforts under a united command. The combination of the sharing of AWACS data between Saudi Arabia and Kuwait, and the upgrading of the Kuwaiti missile system was believed to have aided the GCC members further in their cooperation efforts. After the 1984 meeting of the GCC chiefs of staff, the Saudi air force began flying almost continuous patrols over the western shore of the Gulf to protect oil tankers from Iranian attacks.<sup>460</sup>

On the basis of reports submitted by their Defence Ministers in the beginning of 1980s, the GCC leaders concluded that the GCC was not able to build, train, and equip a defence force capable of repelling aggression, not least because of lack of manpower. They decided, therefore, to depend on a highly effective but sophisticated form of defence, centreboard, a land-based anti-aircraft and marine missile defence network. During installation and initially for its operation, the system would require the presence of a considerable number of Western technicians and advisers. This caused considerable soul-searching within the GCC states, which have consistently refused to allow any foreign bases on their territory. However, the system was accepted but only with reluctance because there was no alternative method of organising regional defence in a short time.

More than that of the 1980s, the GCC embarked on a shopping spree in the 1990s for high-technology weapons.<sup>461</sup> The revenues earned from oil exports enabled key members of the GCC to acquire additional weapons. Saudi Arabia took care to buy the best of the weapons, and to build defence programs, such as the Delmon eye project to link Saudi air defence control with Kuwait and Bahrain, thereby contributing to Bahraini and Omani defence.<sup>462</sup> At the GCC summit in December 1990 the rulers commissioned Sultan Qabus of Oman to develop a plan for an integrated GCC military force. Oman proposed a 100,000 man Gulf force under an integrated command, “to allow the first spear until our

friends get here.” As an Omani official put it.<sup>463</sup> But this plan did not materialize, at least not up to 2004.

Table 5-10 Total Armed Forces of the GCC. Including Active Paramilitary Forces.

1975	1981	1990	1994	1999	2001
96	136,000	180,000	243,000	251,000	403,000

Sources: 1975, 1981, 1990, see O’Reilly, *oil Monarchies*, op. cit. *Passim*. And for 1994, 1999, see the *Military Balanc*. 1994-1995; 1998-1999; and 2000-2001.

The Kuwait war was seen by many in the region as a kind of historical turning point that accelerated the process of GCC integration. The member states stood together during the crisis, their common identity strengthened by the hostility they perceived toward them in the many Arab countries.<sup>464</sup> While the GCC could not play a major military role during the war, it did play an important symbolic one. All the GCC states cooperated with the UN coalition, and provided massive aid in the form of basing, fuel, and aid in kind. All of the GCC states sent at least a token force to join the Arab land forces that fought in operation Desert Storm, and all made major efforts to improve both their own defences and their cooperation. Kuwaitis, who had been relatively dismissive of the GCC before the crisis, discovered its importance in a very personal way, as they were welcomed into the other GCC states for the duration of the crisis.

In 1991, the GCC issued the Damascus Declaration. (DD; sometime dubbed GCC+2),<sup>465</sup> calling for the introduction of Syrian and Egyptian ground forces into a joint GCC defence force to serve as a front-line defence against external aggression in the region. Its mission was to hold off an attacker long enough for the US and European forces to augment their land, sea and air forces stationed in the region. However, the main thrust of the DD is not on regional defence only. Rather, it is on enunciating ways to strengthen the strategic and geopolitical dimensions of the eight signatories’ (Their foreign Ministers have to meet every six months) respective interests. To this end, Egypt is seen as bringing significant demographic, political and defence assets to the calculus of GCC power and foreign policy equations. Syria, in turn, brings impressive Arabist credentials to any regional forum, lends balance to the GCC’s interests in the eastern Mediterranean and within the AL, and is viewed as an important geostrategic counterweight to its neighbour Iraq.

In their meeting which held in Doha in November 1998, the Foreign Ministers of the DD states discussed current developments in the Arab arena, the Middle East peace process, means of backing the Arab negotiating position and efforts aimed at convening a pan-Arab summit.<sup>466</sup>

The Foreign Ministers of the DD states convened their 17<sup>th</sup> session in Cairo at the end of October 1999, to resume their consultations to create joint Arab

documents and protocol of mutual commitments among Arab states in the framework of AL. The objective of their meeting was to take unifying stances or avoid surprises from Iraq and certain countries backing it in AL.<sup>467</sup>

In the Riyadh summit of 1993 it was declared that the GCC would focus on helping, developing, and integrating its member states' individual armed forces through such measures as linking their early warning system and reinforcing their existing joint force, the Peninsula Shield.<sup>468</sup>

The Riyadh Declaration of March 1991, by the GCC states, supported the Bush (the father) administration's post-Desert-storm framework for long-term security arrangements between the US and GCC states. The plan included provisions for joint military exercises and a lengthy commitment of the American naval force in the Gulf.<sup>469</sup> Clearly, the GCC states and US are cooperated closely to defend against any future aggression against the six GCC states from hostile quarters.<sup>470</sup>

There is little doubt that Iraq still had some considerable ability to cause trouble in the present, but the possibility of another Desert Storm-like threat in future drove US military planning. In 1996, the US had more or less 20,000 military personnel in the GCC states.<sup>471</sup> Any Iraqi movement of troops near the Kuwaiti borders could be costly; Iraqi troop's movements in October 1994 had the US scrambling to rush a force to the region. The mobilisation cost an estimated \$ 1000 million, most of it paid by the GCC.<sup>472</sup> Moreover, the US showed periodic displays of military force such as the missile attack on the Iraqi intelligence headquarters in Baghdad in June 1993.<sup>473</sup> In the 1991 Gulf war, the US had hundreds of tactical nuclear weapons deployed on warships and air bases in the GCC states, and US military commanders openly considered using them.<sup>474</sup>

Moreover, the perceived threat from Iran appeared to be two fold: Combining territorial claims with religions aggrandizement appeared to have the potential to destabilize the two main pillars of the GCC states; access to the wealth contained in the vast reserves of oil, and religion's legitimacy. Iran's occupation of the islands in the Gulf justified the GCC view that Iranian hoped to dominate the Gulf.

It is true that the Iranian built-up their naval forces and at time both surface and surface-to-air missiles along the Strait of Hormuz and on the islands in that strait.<sup>475</sup> The US used this Iranian build-up to warn of a growing Iranian threat. But the US presence was useful in deterring Iran from trying anything. The US pointed to the potential Iranian threat to justify, in part, its presence; the US presence effectively neutralized any such threat. Through contingency planning and war gaming, the US communicated to Iran that regardless of Iranian public adherence to the non-proliferation treaty, the US would continue preparing for nuclear war against them if they continued developing their nuclear capability.

With the Gulf war victory to its credit the US was in a powerful position to promote its weapons. Only the US had the aircraft carriers and airlift capability to guarantee future security of the GCC states. There was also a powerful argument to be made for standardising equipment and encouraging all the GCC

states to buy US systems for easier integration and to enable effective operation alongside US forces in the future. The GCC drew one simple conclusion from Kuwait war and acted over it; oil consumers will protect the oil. Qatar's oil minister said: "*The industrial world will protect the oil; we believe this is a proper exchange of interest and benefit.*"<sup>476</sup> The GCC could not face a major military threat alone, and the GCC states for some years to come, will find themselves dependent on external defence assistance, especially from the US, until they build up their military capabilities and their joint defence.<sup>477</sup> Moreover, the UAE ambassador in Washington enumerated three requirements for improved security in the region:

- (1) The enhancement of GCC military capabilities and unified defence policy.
- (2) A regional security mechanism involving all Gulf countries.
- (3) Guarantees and respect for such security mechanism by the major world powers.<sup>478</sup>

In 1994, a new post was created in the Secretary-General; Assistant Secretary-General for Military Affairs, recognizing the need for specialized staff to integrate their military forces.

In 1995, the GCC Chiefs of Staff held their meeting in Bahrain and restated their aims; to strengthen, improve and develop their military capabilities, and to integrate and unite their efforts in building up their defence.<sup>479</sup>

In 1996, they held their meeting in Saudi Arabia, and issued a communiqué supporting the UAE in their dispute with Iran, and standing beside Bahrain with its security measures. They suggested some proposals, one of them the Cooperation Belt Project, through which a unified Radar System would be installed in all the GCC states.<sup>480</sup>

In 1997, they met in Doha, and the Chiefs of Staff agreed on implementing the Cooperation Build Project. They also agreed on implementing Secure communications project, joint manoeuvres, and land, naval and air joint training until the year 2001. The meeting's concluding statement said tangible results would be felt in the near future regarding modernizing the forces of the GCC countries, and that unifying the armament system would be a strategic goal, in addition to increasing the fighting capabilities of the GCC armies.<sup>481</sup> In 1997 the Defence Ministers of the GCC held their sixth meeting in the same capital, to discuss the recommendations, submitted by the Chiefs of Staff, on enlarging the Peninsula Shield force by adding one battalion to be stationed in the strategic Saudi town of Hafr al Batten, and building a new base. Forming a unified GCC army besides diversifying their sources of arms purchase were among the other recommendations considered by them. In the same year, the GCC states held their first naval force joint exercise. They were keen to assert their combat efficiency and readiness on both the offensive and defensive levels.<sup>482</sup>

In 1998, the Ministers of Defence held their meeting in Riyadh and discussed

the crisis between Iraq and the UN on the armaments in the GCC countries, as well as some of the joint projects and plan for enhancing their defensive cooperation.<sup>483</sup> The member states owned a joint force, established in this year, known as "al-Jazira Shield." This joint force is composed of 4000 men and used the Hafer al-Batin base on the north-eastern coast of Saudi Arabia as its headquarters. The GCC Assistant Secretary General for Military Affairs, revealed that the year 2000 would witness "*a large live-ammunition exercise to be carried out by 'al-Jazira Sword, deterrent force.*" He added that all branches of the GCC's six-member states' land, air, naval and air defence armed forces were taking part. The manoeuvre aimed at unifying tactics and developing the capability to withstand any possible threats.<sup>484</sup> In their 1998 summit, the leaders of GCC agreed on "practical steps to link GCC states by a secured (military) communication network, radar coverage, early warning and military exercise."<sup>485</sup>

In the period 1999-2004, the GCC states held many military exercises, among them air and naval exercises with a live-ammunition project to confront a presumed naval attack by submarines.<sup>486</sup> In the end of 1999, and in their seventeenth meeting in Abu-Dhabi, the Chiefs of Staff discussed some proposals and suggestions on how to integrate, improve, and develop their military forces.<sup>487</sup> In the same period, their navies concluded two weeks of maritime manoeuvres with live ammunition, which one official described as necessary to confront "any developments in the Gulf whether by Iraq or any country."<sup>488</sup>

In Nov. 17-18 1999, the Defence Ministers met in Dubai (UAE) and ratified two defence drafts, the first of which was to create a system for wire and wireless communications to link the general headquarters of the six countries' armies at a cost of \$ 70 million, while the other draft called for uniting the radar networks of the GCC states at a cost of \$ 88 million.<sup>489</sup> Moreover, the Ministers discussed several defence issues of concern to the GCC, including increasing the number of the al-Jazera Shield forces from 4,000 to 5,000 troops.<sup>490</sup> In their 20<sup>th</sup> summit, on November 27-29, 1999, the GCC leaders endorsed the recommendations forwarded by Defence Ministers regarding the development and follow-up of military cooperation with regard to al-Jazera Shield, the security cooperation zone project, secure communications, the defence policy and the GCC member states' air forces. The council expressed satisfaction at the continuing implementation of all military cooperation programs.<sup>491</sup>

The Defence Ministers concluded their 19<sup>th</sup> session on October 18, 2000, in Riyadh. They discussed a number of military issues, notably security of telecommunications, radar monitoring, and early warning systems as well as the development of the al-Jazera Shield force and to increase it to 22,000 men.<sup>492</sup>

In their 21<sup>st</sup> summit, in December 2000, the GCC leaders called for building up the force to around 25,000-men (eventually to become 100,000-men).<sup>493</sup> And work was begun on a \$ 300 million military base for the force.<sup>494</sup> The December accord called on individual states to build up their militaries and rely less on

foreign soldiers.<sup>495</sup> They signed a defence pact designed to collectively defend them from outside aggression.<sup>496</sup> As General Secretary Al-hujailan pointed out:

*“the GCC achievement of solidarity and joint defence among them explains that any aggression or threat against one country is considered as an aggression and threat to all GCC countries, and they will take any necessary measures according to article 51 of the UN Charter.”*<sup>497</sup>

Moreover, the Supreme Council considered the steps and studies that were accomplished and expressed satisfaction with the course of military cooperation including the boosting of collective defence and military cooperation, and the resolution made by the Supreme Council in respect of the Joint Defence Agreement among GCC states and the signing of this by the leaders of GCC states.<sup>498</sup>

In October 2001, the naval forces of the GCC states started joint military exercises in Kuwait with the participation of 14 naval pieces (first time of this size.) from the six member states aimed at achieving the joint defence strategy among them.<sup>499</sup>

In November 2001 (the 20<sup>th</sup> meeting), the GCC Defence Ministers met in Manama and discussed how to contribute to boosting military cooperation and coordination among the GCC countries. The recommendations (one of them is to have a military satellite, and its defensive role in the Gulf region) and decisions made were to be presented to the GCC leaders at the coming Oman summit in December 2001.<sup>500</sup> Again, in the same month, ‘Hizam Al Taawun’ or Belt of Co-operation Phase one of the GCC joint air defence systems was successfully put into operational mode. The joint defence system provides for co-operative identification and tracking off all aircraft in air space over and surrounding the six Gulf States. The project, signed a few years ago, provides new dimensions to coordination among member states, and is valued at \$160 million plus.<sup>501</sup>

However, Cordesman, a writer and military expert on the Gulf, concludes, very reasonably, that the defence of the GCC states rest on four sets of interrelated measures: (1) Controlling arms build up. (2) Restricting the transferee of equipment and technology. (3) Strengthening the GCC forces. (4) Building up Western power-projection capabilities.<sup>502</sup> But, some officials in the GCC stressed the need for less reliance on major Western powers for protection. They stressed that a key priority for the GCC states was establishing “a joint security system” to achieve the following objectives: (1) Reduce security links with friendly countries to gradually transfer defence responsibilities to the local authorities. (2) Build up defensive preparedness to counter any threat with necessary swiftness and decisive power. (3) Limit the dangers of reliance on friends whose response might not be always assured, or whose intervention might come too late to help in a conflict. (4) Secure a regional balance of power that would guarantee an acceptable level of deterrence in the region.<sup>503</sup>

For the GCC as a whole, defence spending was estimated by an Arab League report at a staggering \$277 billion between 1995 and 2002, accounting for around 12.7 per cent of their gross domestic product during that period, the highest ratio in the world. The expenditure was calculated on the basis that the combined GCC defence spending accounted for nearly 35 per cent of the total spending of around \$793 billion between 1995 and 2002, according to the figures published by the Abu Dhabi-based Arab Monetary Fund.<sup>504</sup> Despite the steep drop in oil prices (in 2002) facing GCC states to slash budgets and cut spending, the GCC arms market remains attractive to international weapon makers. The GCC states are expected to spend \$ 60 to \$ 80 billion on defence equipment between 2000 and 2010.<sup>505</sup> It is a matter of time before the GCC is a strong block, or probably the strongest among the Gulf powers. In 1999, alone, the GCC states spent, on defence, \$ 31 bn., which is 12 % of their GDP and 35 % of their total oil income of \$ 85 bn. in 1999.<sup>506</sup> Defence spending was expected to remain high in the near future and the emphasis of the GCC member states would be on beefing up their naval forces following the delivery of three Russian Kilo class submarines to Iran.

The Defence Ministers of the Gulf Cooperation Council (GCC) states met in Kuwait, in Oct 2004, to review the bloc's defence strategies and prospects of bolstering a joint force. The Minister also called for "*bolstering the Peninsula Shield to become a protective defence for our countries in these delicate conditions in our region*". The GCC Secretary General continued to say, "*That the pace of military cooperation between members of the six-nation alliance would accelerate*". He said, "*The ministers would review several issues including the 5,000-strong Peninsula Shield joint force, safe communications and a cooperation belt*".<sup>507</sup> The GCC has since 1986 had the joint force stationed at Hafr Al-Batin in north-eastern Saudi Arabia, near the border with Iraq. Member states of the bloc have been discussing plans to bolster the number of men to some 22,000. Part of the force was moved to Kuwait in 2003 during the US-led invasion of Iraq. They decided not to send forces to Iraq, and decided to send a satellite to be used for military purposes. The GCC partners have signed a joint defence pact that requires member states to defend each other in case of external aggression. They have also set up a joint defence council to oversee the implementation of the pact. The meeting was the council's annual gathering, which held at the level of Defence Ministers<sup>508</sup>. Kuwait's Defence Minister opened the meeting by backing efforts to "*build defence strategies for our states ... and to achieve capability and readiness to repulse any (external) aggression*".<sup>509</sup>

Analysts, however, do not seem to be convinced that the oil price crisis affected arms purchases. They believed that the governments of the GCC states would somehow find the means to finance their defence requirements, and that the instabilities in the region still dominant and the neighbours were arming



themselves with WMD and other modern weapons. However, as the Crown Prince (2004), Abdullah, of Saudi Arabia put it:

*“Common defence requires a common policy and political agenda first. I emphasized that we have to have a political agreement.”*<sup>510</sup>

This is the subject of the next section; the coordination and integration on foreign policy.

## 5.2 Foreign Policy

The GCC coordination and cooperation on foreign policy has traditionally pursued three primary objectives: security, Islamic solidarity, and pan-Arabism. That is, the pattern of GCC foreign policy guided by the three constants: first, close strategic alliance with the dominant western powers for security, second, emphasis on the primacy for Islam, and third, promotion of moderate or pro-western regimes in the Arab and Islamic countries.<sup>511</sup>

Five members of the GCC states are considered as small states (which were under the British control until the 1960s and 1970s), and to understand the foreign policy of small states, one has to understand the psychology of their leaders and decision-makers, many of whom experienced colonial rule at firsthand. Moreover, important decisions in small states are particularly likely to evolve from personality more than system.<sup>512</sup>

*“We have sought a foreign policy that takes into account the security and integrity of the Arabian Peninsula.”*<sup>513</sup>

The first summit of the GCC communiqué defines the foreign policy of the GCC; it underlined the importance of nonalignment, and policy of self-reliance:

*“On the foreign policy of GCC the heads of state were unequivocal in their adherence to the policy of self-reliance, that we have to rely on our own intellectual, diplomatic, political and military resources in order to ensure the security and stability of the Gulf”*<sup>514</sup>

Moreover, in the 20<sup>th</sup> summit of the GCC states, the Secretary General of the organization, Jamil Al Hujailan said:

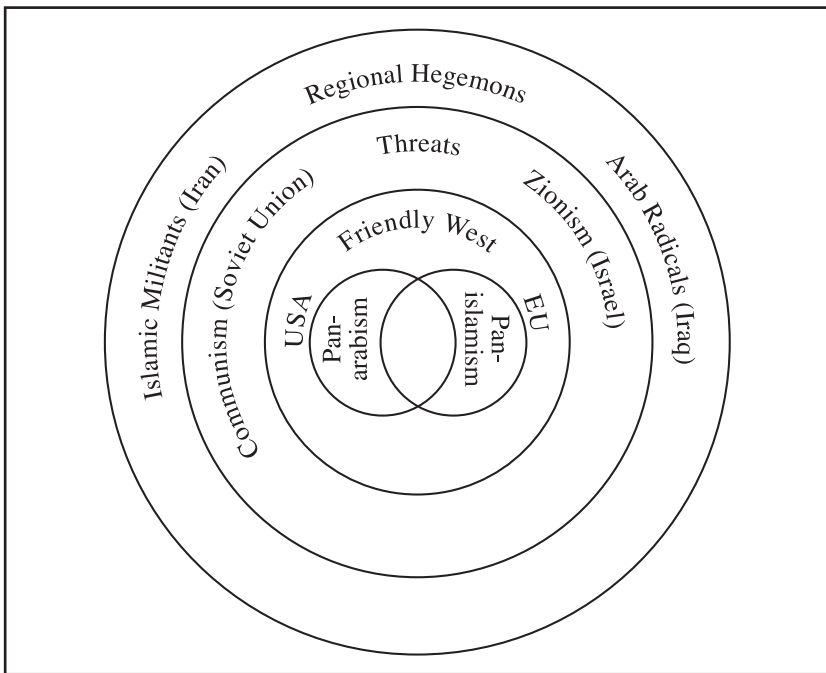
*“The GCC leaders observed that dealing with the powerful forces of globalisation requires the GCC countries to take the initiative and participate effectively in the establishment of the new world order.”*<sup>515</sup>



As an entity, the GCC concerned itself with many international issues that affected the interests of its members, and diplomatic cooperation among the members states meant pushing a common and a coordinated diplomacy with respect to various issues of mutual interest.

The GCC's ability to influence its external environment is based primary on its role as an oil supplier with vast reserves and on its financial power in the global economy. This gives more power in the industrialized, developed world than it does in its immediate regional countries, mainly Iraq and Iran, both of which are oil suppliers.

Figure 5-3 GCC's World View through the Last Two Decades



Source: Derived from the analysis of this section

The GCC's regional influence derives more from Saudi Arabia's perceived ability to significantly influence the major powers, particularly the US (see GCC-USA Relations), to a degree unmatched by other Third World governments.<sup>516</sup> As guardian of Islam's two holiest sites, Macca and Medina, the Saudis have long felt a special responsibility as protectors of the Islamic way of life and the well-being of the Arab and Islamic worlds (see Chapter 6). This sense of guardian-ship and a distinctive worldview are basic factors in setting foreign policy priorities. Saudi

Arabia has traditionally played a prominent role in Gulf affairs, influencing the politics and foreign policies of the neighbouring conservative Arab states (even before the foundation of the GCC). She has been the leading power among them, and more often than not, they have adopted her policies as their own.<sup>517</sup> Saudi Arabia's position in the region was reinforced by her international stature, thank to a sudden surge in Saudi economic and political strength following the 1973 Arab oil embargo and wealth it generated.<sup>518</sup>

The outbreak of hostilities between Iraq and Iran in September 1980 and the ensuing carnage presented a major challenge for the makers of Saudi (and the GCC states after 1981) foreign policy in maintaining a balance of power in the Gulf region.

The member states of the GCC have an institutionalized form of personalized power "patriarchal" or "patrimonial" power over the rational legal forms of infrastructural power.<sup>519</sup> The political power of the executive may be highly personalized, but it is constrained by the extended (ruling) family, often supported by the senior members of the religious establishment and members of prominent families, instead of modern bureaucratic legal institutions. One reason why a decision on vital domestic and foreign policy issues may sometime appear to be emerging very slowly is because these consultative processes can be very time-consuming.

Under an authoritarian rule, such as exists in the GCC states, domestic constraints upon the formulation and pursuit of foreign policy objective are either minimal or virtually absent. The role played by personal leadership is heightened, that is, there is tremendous influence exerted upon the determination and conduct of foreign policy by one man or small group of policy makers. Therefore, because all the GCC states have similar political systems, it is easy for them to agree almost on all issues concerning foreign policy.

However, the GCC rulers not only meet in an annual summit every December (and consultation summit, once a year, since 1999), but their Foreign Ministers get together frequently (they held their 93<sup>rd</sup> regular meeting in Dec. 2004) and consult regularly, by phone, through envoys, or through other means, on key issues.<sup>520</sup> They hold their meetings (the last was Sep. 2004<sup>521</sup>) on the sidelines of the meetings of the UN General Assembly with Foreign Ministers of other countries and regional organizations. These meetings aim at exchanging views between the GCC member states and various international circles on matters of mutual concern as well as on strengthening political and economic relations.<sup>522</sup> Although they do have differences over tactical questions, but they have been rather successful in keeping their overall strategic policies on major issues synchronized and almost uniform in the last two decades

Many GCC policy-makers give priority to the Arabs and Muslim world, for Arabia was both the cradle of Islam and of the Arabs, and thus the two are hardly separable or even distinguishable. The West was preferred more out of necessity than moral choice, and considered as friendly, and they have close cooperation with it. In the last two decades, communism (particularly, the Soviet Union) has

been as a threat to their political system, and their norms, and way of life. The communist revolutionary doctrine, its materialist theory of history and its atheism are morally abhorrent and dangerous to the GCC's policy-makers. Zionism (Israel) a source of tension and aggression, and occupied one of the Muslim holy places, and some Arab territories. The GCC's policy-makers see Iran and Iraq as regional hegmons, Iraq supporting Arab radicals and Iran supporting Muslim militants (particularly the Shia) in GCC states, for keeping, or, competing for, hegemony.

Oil revenues have provided the means through which foreign policy objectives of the GCC have pursued expensive aid programs that provide linkages with countries throughout the Arab and Islamic worlds, and friendly trade relations with the US and the EU.

In geopolitical terms, the two most powerful states in the Gulf by any measure other than economics are Iraq (before 2003) and Iran. Besides such factors as history, population and geographical size, it is because of the current regime character of the two states that they also continue to pose the greatest external military threats to the GCC.

However, how did the GCC assert itself in the immediate region? How did the two regional powers (Iran and Iraq) react to the GCC establishment and their relations with the GCC in the last two decades? How did the member states behave in different situations with other countries and super powers? These are the types of questions around which this section will revolve.

### 5.2.1 *GCC-Iraq Relations*

Iraq, with a population of nearly 25 million (2004<sup>523</sup>), is neither as large nor populous as Iran with over 67 million (2004<sup>524</sup>), but Iraq has potentially far greater oil revenue (reserves are estimated at 100 billion barrels (1993) second in the world only to Saudi Arabia).<sup>525</sup> Iraq, also, has resources for a strong mixed economy; it also has the potential to be a regional military force again, as it was before 1991. Iraq is aware of its basic geostrategic inferiority in relation to Iran and its inability to compete with its Gulf supremacy. While Iran has a Gulf coastline of about 2000 km., Iraq is virtually land-locked, with a Gulf coastline only 15 km. long.<sup>526</sup>

In the 1960s and 1970s, Iraqi foreign policy was characterised by the preponderance of the elements of socialism, revolution and pan-Arabism. Two of the basic considerations underlying the government's foreign policy had a particularly ominous ring for the Gulf monarchies: (a) The requirements of the Arab liberation struggle and its main issues, especially those of Palestine and the Gulf; (b) The need to protect the revolution in Iraq as a fighting base for the movement of "Arab Revolution" in pursuit of the objectives of unity, liberty and socialism.<sup>527</sup>

Iraq shares with the GCC states some interests in maintaining free navigation

in the Gulf. Iraq's efforts at cultivating political influence in the Gulf by any means might be attributed to a gravely felt isolation in the face of a profoundly perceived threat of Iranian hegemony in the Gulf. The Iraqi-Kuwaiti territorial dispute and Iraq's invasion of Kuwait may well be understood in this light, and was as a result of outcome of the Iran-Iraq war. The regime in Iraq was fully aware of its demographic and geostrategic inferiority in relation to Iran throughout the period 1980-1990.

Since the 1958 revolution, Iraq has been on a protracted quest for regional supremacy.<sup>528</sup> Two decades later Iraq declared war against Iran, during which the GCC-Iraq relation improved. But, before that, the Iraq initial reaction to the formation of the GCC was largely negative. As expected, Saddam Hussein of Iraq, who had previously sought to form a similar grouping with Iraq as the pre-eminent member, was undoubtedly disappeared before the first anniversary of the GCC.<sup>529</sup>

The GCC states poured an estimated \$ 40 billion into the Iraq war efforts of the 1980s<sup>530</sup> a war in which Iraq provided the military shield, the GCC states the money, and the US the intelligence data to beat back the Iranian Islamist challenge.<sup>531</sup> The GCC states, along with other members of the AL, supported Iraq in its claim to sovereignty over the Shatt al-Arab river in 1982, which contradicted the terms of the UN Security Council Resolution 598. By supporting Iraq, the GCC states put international law aside.<sup>532</sup>

In his "address to the Nation" Saddam Hussein presented Iraq's conditions for a political settlement with Iran. They included:

- Iran's recognition of Iraq's legitimate right over its land and waters.
- Iran's cessation of its racist aggression and expansionist policies and the end of its interference in the internal affairs of Iraq and the Gulf states.
- Adherence to the principle of good-neighbourly relations.
- Iran's return of the three Arab islands to the UAE.<sup>533</sup>

Although Iraq's invasion of Iran triggered the eight-year conflict, the regime in Baghdad quickly realized that Iraq could not defeat Iran, which had a much larger population and other strategic advantages. Iraq enjoyed superiority in air power only, and used this asset to launch strikes (known as The Gulf Tanker War) against tankers loaded with Iranian oil, as well as Iranian refineries and oil terminals, with disregard to UN Security Council Resolutions, 540 of 1983 and 552 of 1984. Iraq hoped that this pressure would force Iran to end the fighting<sup>534</sup>

However, since the cease-fire with Iran in 1988 Iraq has viewed the region as its "natural" sphere of influence and Saddam appeared at the peak of his popularity at the emergency Arab summit conference convened in Baghdad in late May 1990, where he called for a united front against aggression, the pooling of resources, and the need to match rhetoric with deeds. His own rhetoric stressed heightened Arab coordination and accelerated aid to the Palestinians. But rather

than a united front led by Baghdad, signs emerged that other governments would challenge Saddam's claim to leadership. Even in the Gulf region itself, Iraq felt its influence slipping. The member states of the GCC were moving to normalize relations with Iran with unseemly haste. Kuwait, for example, resumed direct air flights to Iran and signed agreements on shipping and joint investment. However, the GCC states always tried to maintain an Iraq-Iran equilibrium, knowing that the hostility between Iran and Iraq had served to contain each other, as they did for the eight years of their war from 1980 to 1988.<sup>535</sup>

Iraqis seem to have adopted a double standard foreign policy in the two decades prior to 1990. On the one hand, they maintained reasonably proper diplomatic relations with other Gulf regimes on the official level. At the same, Iraq extended rhetorical, and sometimes material, support to clandestine organizations of Arab radicals whose long-range aim was to overthrow such regimes through revolutionary violence.<sup>536</sup>

Iraq recognized the sovereignty of Kuwait two years after its independence, but later reasserted its claim to Kuwaiti territory in 1973 and almost two decades later invaded Kuwait. Iraq's invasion of Kuwait was among other things, a clash between two quite different types of political systems, with enormous consequences for the future of both. One is the Iraqi version of the authoritarian model, with its characteristic combination of developmentalism and would-be totalitarianism, the other, the GCC states, the family-controlled state.<sup>537</sup>

During the occupation of Kuwait, Jordan and the PLO were embracing Iraq and newly-united Yemen welcomed Baghdad's Arab nationalist assertions and its criticism of the wealthy Gulf regimes. But Iraq was pushed out of Kuwait and Kuwait was liberated and since then the GCC states have continued to place Iraq at the top of their annual foreign-policy priorities.

The GCC states, in their own self-interest, sought a semblance of the same kind of security and predictability that characterized much of the world's inter-state relations. From the perspective of their own national interests, needs, and concerns, the GCC states had no difficulty placing themselves in Kuwait's shoes. Behind their continued hard-line support for Kuwait were several considerations: First, virtually every single GCC leader was appalled by the lack of any serious, good faith effort by Iraq to address such issues as compensation for Iraqi aggression against Kuwait; repatriation of the Kuwaiti and other nationals that the Baghdad regime continued to hold hostage in Iraq, and return of the vast amounts of scientific data and equipment, and priceless Arab and Islamic cultural artefacts that Iraqi soldiers looted from Kuwait.<sup>538</sup> Second, Baghdad compliance with UN. Resolutions relating to the dismantling of Iraq's WMD. Programs, equipment and facilities continued to be unacceptable. Third, leaders in the GCC states continued to believe that the lessons learned from the 1990-1991 Kuwait crisis were fundamental and far-reaching, especially in view of the quest for establishing a post cold-war international order.<sup>539</sup>

Although various GCC leaders expressed sympathy for the humanitarian needs

of the Iraqi people, there was no fundamental weakening of the GCC states resolve with regard to insisting that Iraq be made to comply fully with UN mandated sanctions. Nevertheless, on 25 April 1991, the Prime Minister of Iraq announced that Iraq would restore relations with its Arab opponents during the war and promised to cooperate with the GCC states in OPEC affairs.<sup>540</sup>

In 1995, the Security Council unanimously approved Resolution 986, crafted by the US with Omani help, to permit the limited and controlled sale of Iraqi oil for the purchase of humanitarian goods.<sup>541</sup>

During the 16<sup>th</sup> (1995) summit, the leaders of the GCC discussed two aspects of the GCC policy toward Iraq: First, there was uniform support over the harsh conditions in which the Iraqis were living as the UN embargo took its toll. Second, however, was the belief that before the sanctions could be lifted Iraq had to demonstrate that it was abiding by the UN's Security Council resolutions regarding Kuwait and those calling for the complete dismantling of Iraq's unconventional weapons programs and associated delivering systems.<sup>4</sup> To help achieve these goals, the GCC leaders called on international community to force Iraq to pay reparations to Kuwait and to return Kuwaiti prisoners of war. The GCC pledged both political and financial support for the UN Disarmament Agency, which was leading the efforts to destroy Iraq's capacity to produce WMD.<sup>5</sup>

The continuing resolutions (especially, resolution 687, called in its articles 14 for dismantling Iraqi WMD) after 1991, about the extent of Iraq's ambitious WMD development program were one prolonged wake-up call about the danger if such trends were allowed to go unchecked. Iraq's officials repeated denials that such programs existed and their innumerable efforts to deceive UN and International Atomic Energy Agency (IAEA) inspectors continued to have a chilling effect throughout the GCC region.<sup>542</sup>

However, during all these years, most of the GCC states were unwilling to do much of anything to bring Saddam Hussein's regime down, and would to see Iraq remain a counterweight to Iranian influence. As Saudi Crown Prince puts it:

*"Even at the peak of conflict with Iraq we have not agreed with anybody to remove Saddam from power, considering that its an internal matter to be decided by the Iraqi people... We are confident in the ability and courage of the Iraqi people to express their views in all forms and it is up to them to take a decision in this respect. But what the world is looking for is the implementation of UN resolutions by the ruling Iraqi regime."<sup>543</sup>*

Moreover, GCC ambivalence in supporting the Iraqi opposition, the Iraqi National Congress (INC), stemmed primarily from fear that it was a cover for a Kurdish independence drive that it would lead to the fragmentation of Iraq, and Iranian dominance in the south.

In the final communiqué of the 18<sup>th</sup> Summit (Dec 22, 1997), the GCC leaders

expressed sympathy for the Iraqi people suffering under UN trade sanctions, and called on Iraq to take the necessary steps to confirm its peaceful intentions towards the State of Kuwait and states of the region in words and deeds. The GCC statement said Iraq must implement all UN Security Council resolutions related to aggression against Kuwait and renewed its support of the UN Special Commission (UNSCOM) charged with disarming Iraq.

All in all, Iraq with GDP/ capita \$ 200 (compared with almost \$ 3000 before the invasion of Kuwait.) apparently softened its policy and resistance to the status quo and was striving for better relations with the established political order. From the GCC side, one after the other of its members started some connections and re-established some ties with the Iraqis. In 1997, the UAE presented a request to the UN to run the first organized navigation line with Iraq which started in 1998. In the same year, the UAE offered to help sick Iraqis and planned aid for Iraq. The UAE called for lifting the sanctions on Iraq and confirmed solidarity with the Iraqi people.<sup>544</sup> Saudi Arabia refused to convert the Saudi territories as a “starting point” for launching military action against Iraq.<sup>545</sup> Oman, in 1998, participated in the Baghdad International Exhibition, by sending delegations including Omani businessmen and the head of the Omani Chamber of Industry and Trade.<sup>546</sup>

Nevertheless, Iraq has strongly criticized Kuwait for being behind a petition against Baghdad adopted during the 68<sup>th</sup> meeting of Foreign Ministers of the GCC in Saudi Arabia. Spokesman for the Iraqi government said *“the final statement issued at the conclusion of the GCC meeting was full of hatred, and Iraq did not suspend its cooperation with UNSCOM or with the IAEA. It rather halted inspection operations”*<sup>547</sup>. Earlier, the Foreign Ministers of the GCC states expressed deep concern over the decision taken by Iraq to suspend cooperation with UNSCOM experts. It called upon Iraq to give up the suspension decision and stop threatening Kuwait’s security and independence.<sup>548</sup>

The GCC’s 19<sup>th</sup> summit (7-9 Dec.1998) concluded its deliberations in Abu Dhabi with the final statement and “the Abu Dhabi declaration.” The final statement included issues discussed by the summit during its three-day deliberations. The main area of concentration was centred on Iraq’s implementation of UN Security Council resolutions.<sup>549</sup> Before the end of the year, the Qatari Foreign minister, in reply to a question on whether the Iraqi regime constituted a threat, said, *“Militarily speaking no, but on the political level, there is still a strong Iraq. A matter which creates balance between several countries in the region.”* Replying to a question on changing the Iraqi government, the Qatari minister said, *“This is the very right of the Iraqi people.”*<sup>550</sup>

In January 1999, Kuwait’s permanent delegate at the AL.Said that his country refused to participate in any Arab summit attended by the Iraqi government. The delegate also called for not raising the issue of “uplifting sanctions from the Iraq government” in any Arab summit, as this issue was a UN Security Council’s concern.<sup>551</sup> Kuwait called for the UN Security Council to denounce what came



in the article written by the Iraqi Prime Minister in the Iraqi "Revolution" newspaper, alleging that Kuwait was established as an entity by Britain in order to besiege Iraq and deprive it of its coasts, which had been part of it since the Sumerian era.<sup>552</sup>

On 14 January 1999, the Foreign Ministers of the six GCC states concluded meetings aimed at reaching a joint vision of the status of Iraq. Saudi Arabia proposed a step aimed at easing the sanctions imposed on Iraq, a plan in which an embargo would remain on weapons purchases but Iraq would be allowed to sell petroleum and other goods without restrictions in order to ease the effects of the sanctions on the Iraqi people. The Saudi proposal was rejected by Kuwait while it was approved by Qatar and the UAE, and the Iraqi government criticized it.<sup>553</sup> However, all member states of the GCC have agreed that they would not attend an Arab summit if it was attended by the Iraqi government, until Iraq implemented all UN Security Council resolutions concerning the problem. This formed the collective position of the leaders and governments of the GCC.<sup>554</sup>

US Assistant Secretary of State M. Indyk has held talks with leaders of the GCC states to drum up support for Washington's campaign to oust Iraqi president Saddam Hussein. He found little enthusiasm for US policy, with Gulf States stressing their opposition to meddling in the internal affairs of their troublesome neighbour. An official from the Qatari Foreign Ministry told the media *"It is an internal matter for Iraq. We would prefer this matter should be left to the Iraqi people to decide whether want a change or not or whom they want as their leader. Any outside interference will not be in the best interest of anybody."* Iraq condemned Indyk's visit as *"one of a chain of conspiracies"*.<sup>555</sup> Baghdad strongly attacked the GCC states and accused Washington of seeking to divide Iraq.<sup>556</sup>

Threats were made by Iraqi President Saddam Hussein to strike at the US and British forces and the countries he described as "enemies" in the region. Saudi Arabia warned the Iraqi government against the consequences of carrying out its threats against any member of the GCC states, asserting that the Saudis reply would be decisive. Saudis added, "Saudi Arabia will spare no efforts in taking all measures to protect its territories and people, noting that Saudi Arabia has the capabilities to give the Iraqi regime a new lesson." Riyadh denied the Iraqi claim of Saudi participation in an air strike in 1999.<sup>557</sup>

Bahrain's Defence Minister, said that his country opposed striking Iraq or changing its current government. He asserted that, "Bahrain did not and will not allow the use of its lands or skies to achieve these objectives."<sup>558</sup>

On March 1999, Iraqi President Saddam Hussein told a prominent French official about his readiness to take any measure in order to take his country and the other Arab states out of the current bottleneck they were in. It was for the first time for eight and a half years that the Iraqi President admitted that he had made a mistake when he occupied Kuwait and that he was ready to visit any Arab state including Riyadh or Kuwait if such a visit would help push the Arab conditions out of the current deterioration.<sup>559</sup>



At the beginning of 1999, the GCC-Iraq relations have improved in many ways. The Oman Minister of State for Foreign Affairs confirmed that Oman was doing its utmost to end the tensions between Iraq and its Gulf neighbours, saying that Iraq was a legitimate government and had a great role in this respect.<sup>560</sup> Bahrain's Foreign Minister met with the Iraqi Foreign Minister Secretary, and during the meeting the two sides reviewed the Iraqi question already being debated in the UN Security Council in order to reach an agreement in line with which all UN Security Council resolutions would be implemented. Thereby the embargo imposed on Iraq could be eliminated and the sufferings of the Iraqi people alleviated.<sup>561</sup> In their 20<sup>th</sup> summit in Riyadh, in Dec, 1999, (an easing in tensions between GCC States and Iraq was noticed.) the leaders of the GCC blamed Iraqi president Saddam Hussein for what was happening to him and his people, emphasizing that the Gulf states were working on easing the suffering of the Iraqi people.<sup>562</sup> At the end of 1999 a navigation line was opened between Bahrain and Iraq. The two countries agreed in November on running this maritime line, which was considered as complementary to another maritime line that links the UAE and Iraq, along which organized trips was started in November 1998.<sup>563</sup>

At the beginning of 2000, the UAE reopened its diplomatic mission in Baghdad, which was closed in 1990. The UAE following Oman, Qatar, and Bahrain became the fourth GCC member with diplomatic representation in Iraq.<sup>564</sup> The Iraq reopened its embassies in these countries, 10 years after ties between Iraq and these four member states were severed over Iraq's invasion of Kuwait. The <sup>565</sup> Iraqi Trade Minister asserted that Iraq's relations with the GCC member states (with exception of Kuwait) were witnessing a relief. Commercial exchange with the UAE reached more than \$400 million in 1999, \$100 million with Qatar, and nearly \$40 million with Saudi Arabia <sup>566</sup> Iraq placed orders with Saudi firms worth more than \$300 million in 1999, and Saudi Arabia envisaged opening a border post with Iraq to ease the export of goods from the kingdom to its sanctions-hit neighbour, and to allow 8000 Iraqis to perform the Pilgrimage by land in that year (2000). The oil-for-food programme allowed Iraq, under sanctions since 1990, to export crude oil under strict UN supervision and to use the proceeds to purchase essential goods.<sup>567</sup>

The Iraqi Foreign Minister asserted: *"There will be neither security nor stability in the Gulf without lifting the sanctions from Iraq."* He accused the USA of practicing a policy of collective extermination toward the Iraqi people and that it wants to turn Iraq into a US colony, which would never happen. The minister added: *"Iraq welcomes any efforts to reform political relations among the Arab states.... We have been suffering since August, 1991 from daily aggression by the US and British forces more specific to what are called 'no-fly zones'"*<sup>568</sup> The Ministerial Council of the GCC states held its 74<sup>th</sup> session in Saudi Arabia on April 8, 2000. The ministers, again, called on Iraq to implement all UN Security Council resolutions.<sup>569</sup> Iraq strongly criticized the concluding statement issued by the

ministerial meeting for states of the GCC in Saudi Arabia on May 3, 2000 – depicting it as expressing the US stance toward Iraq. The GCC statement placed blame for current sanctions and the solution to Iraq's current problems on the Iraqi government.<sup>570</sup> The Saudi Defence Minister rejected the accusation, addressed by Baghdad to both Saudi Arabia and Kuwait that they refused to lift the sanction imposed on Iraq.<sup>571</sup> The Minister said: *"We do not refuse the lifting of the embargo imposed on Iraq. on the contrary, if Iraq accepts the resolutions of the UN Security Council, it will preserve the interests of its people."* Moreover, Qatar broke ranks as one of the first member state of the GCC to call publicly for an end to Iraq's international isolation, a theme that was picked up by others in the GCC. Foreign Affairs Minister of Qatar said, *"We should find a way to end the suffering of the Iraqi people. With a population of 20 million, Iraq is important for the balance of the Gulf. A solution needs to be found within the context of the Security Council. But we should also maintain a direct dialogue. It is important on all sides to show goodwill when they start negotiating."*<sup>572</sup>

In their 17<sup>th</sup> session, on June 6, 2000, in a joint statement at the end of their meeting, the DD Foreign Ministers stressed the need for Iraq to comply with the UN resolutions relating to its occupation of Kuwait, particularly the release of prisoners of war, and urged Iraq to refrain from any provocative or aggressive actions against any neighbouring country.<sup>573</sup>

On July 25, 2000, the Kuwait Defence Minister said he was ready for talks with the former occupier Iraq in return for the release of some of the 600 people that Kuwait says are being held in Iraqi prisons. The surprise announcement comes almost 10 years after Iraq invaded Kuwait and occupied it for seven months. But the Minister added: *"Kuwait would not accept bilateral talks with Iraq except under the umbrella of allied states that fought the 1991 Gulf War that ended Iraq's occupation of Kuwait."*<sup>574</sup> Moreover, the British Minister of State for foreign office stressed that the Iraqi president Saddam had still: *"the ability to threaten the world and to rebuild his military arsenal. . . that Iraq refuses to give definite evidence on what it has of biological weapons in its arsenal, there is still an Iraqi team working to develop nuclear weapon."*<sup>575</sup>

On the 10<sup>th</sup> anniversary of the Iraqi invasion of Kuwait in August 1990, the Iraqi officials, including President Saddam Hussein, launched verbal attacks on Kuwait and Saudi Arabia, saying the two Arab Gulf states posed a threat to Iraq because they allowed US and British planes based on their territory to launch attacks on it.<sup>576</sup> In August 2000, the 12<sup>th</sup> anniversary of the end of Iraq's war with Iran, he fired a verbal bombardment at GCC leaders and lectured Iraqis on the lessons of war, he said: *"It is they who have sold out their souls and have appointed (the foreigners) to rule over everything that is dear and precious in the values and wealth of their people. . . Whatever they find saleable they have sold to the United States and Zionism, thus becoming mere agents getting commissions that are deduced from the wealth of their own people and getting chairs of dishonourable authority to sit on."*

He listed the gist of 58 “great lessons” ranging from how to treat friends and foes to how to choose your leaders.<sup>577</sup>

In their 76<sup>th</sup> meeting held in September 2000, and their 77<sup>th</sup> meeting held in November of the same year, the GCC Foreign Ministers discussed the progress of Iraq’s implementation of the UN Security Council resolutions. The Council again denounced the Iraqi regime’s insistence on ignoring the UN resolutions, challenging its will, and rejecting Arab and international initiatives aimed at the creation of an acceptable and instrumental mechanism in cooperation with UN to lift the international economic sanctions against Iraq.<sup>578</sup> Iraq strongly denounced the statement, which it said was full of lies and attempts to distort facts. Iraq said that all statements published by the GCC in the past years all aimed at undermining Iraq’s position.<sup>579</sup>

The GCC leaders concluded their 21<sup>st</sup> summit in Manama on 31<sup>st</sup> December 2000. The Supreme Council called upon Iraq to do the following: (1) To resume cooperation with the UN in regard with settling the pending issue concerning WMD and monitoring systems.<sup>580</sup> (2) To enter into a wide scale dialogue with the Security Council for implementing on a fair comprehensive basis the lifting of sanctions. (3) Fully respect the security, independence, sovereignty and territorial safety of Kuwait, and to reach a final solution to the issue of prisoners of war (POW). (4) Adopt the necessary steps that demonstrate its peaceful approach towards the GCC states in a manner that will achieve security and stability in the region.<sup>581</sup>

In January 2001, Qatar, as current chairman of the OIC, as it did on many occasions, tried to mediate between Kuwait and Iraq, but without success. This (mediation) was in line with the resolution adopted at the OIC summit in Doha in November 2000. A number of GCC states (mentioned above) appeared to be reconciled with the fact they have to deal with the regime of Iraq. Kuwait and Saudi Arabia did not approve of the move, but always spoke of the need to alleviate the suffering of Iraqi people.<sup>582</sup>

On March 18, 2001, the GCC Foreign Ministers concluded their 78<sup>th</sup> regular meeting. They reviewed developments in the Kuwait-Iraq situation, and the council strongly denounced statements made by a number of senior Iraqi officials including threats against Kuwait and Saudi Arabia, and the Council reiterated the same demands on Iraq as before.<sup>583</sup> Nevertheless, at that time all of the GCC states were for lifting the sanctions imposed on Iraq, that including Kuwait who welcomed the Arab call in the Amman (Jordan) Arab summit to end Iraq sanctions.<sup>584</sup> In their 79<sup>th</sup> meeting, the Foreign Ministers reiterated that Iraq must implement the resolutions of UN Security Council pertaining to its aggression against Kuwait.<sup>585</sup>

Throughout the 2001 there were many developments and events between Iraq and the GCC states: In May 2001, the Saudi Interior Minister met with the leader of the Higher Council of the Islamic revolution (the opposition) in Iraq.<sup>586</sup> In June 2001, Saudi Oil Minister said his country was ready to compensate for any

shortfall on the world market after Iraq threatened to halt oil exports.<sup>587</sup> Iraq condemned Saudi Arabia for confiscating an Iraqi crude oil pipeline, saying Baghdad would take measures to: "safeguard its property... This act is an illegal act of sequestration and Saudi Arabia has no right to confiscate an Iraqi property,"<sup>588</sup> Moreover, Iraq accused Saudis of obstructing the return of Iraqi refugees stranded in the kingdom since 1991, charging that they were being subjected to "brutal" treatment.<sup>589</sup> Saudi Arabia in a letter to UN Secretary-General K. Annan, said it had taken over the pipeline because Iraq had made threats against it and committed aggression. It said that it seized the \$ 2.25 bn. facility, which had been shut since the 1990 Iraqi invasion of Kuwait, in retaliation for what it said were Iraqi raids on Saudi border outposts.<sup>590</sup> In September 2001, the GCC Foreign Ministers concluded their 80<sup>th</sup> regular meeting in Saudi Arabia. With reference to Iraq's implementation of Security Council resolutions relating to the situation between Kuwait and Iraq, the Council affirmed the importance for Iraq to respect the security and independence of Kuwait as well as its sovereignty and its regional security. It asked Iraq to take measures which reflect its peaceful intention towards the GCC states to achieve security and stability in the region.<sup>591</sup>

In their Muscat summit of 2001, the GCC leaders called on Iraq and UN to resume their dialogue and cooperation in order to achieve a lifting of the embargo slapped on Baghdad in 1990 for invading Kuwait.<sup>592</sup>

From late 2001 to early 2003 relations between Iraq and the member states were unstable and not improving. Again, in their Dec. 2002 summit in Qatar, the leader of the GCC discussed the developments taking place in relation to the standoff between the State of Kuwait and Iraq and the latest developments in the course of Iraq's implementation of the relevant UN Security Council resolutions. Keenly desirous of creating appropriate conditions to prevent any further suffering of the people of Iraq and to firmly establish security, peace and stability in the Gulf region and the world, the Supreme Council renewed its commitment to the resolutions of the Arab summit regarding Iraq in Beirut. In this context, the Council welcomed the unconditional acceptance by Iraq of UN Security Council resolution no. 1441, which provided for the return of international inspectors to Iraq for resumption of their work related to the elimination of Iraqi weapons of mass destruction. The Council urged Iraq to co-operate positively with the international weapons inspectors. It also urged the weapons inspectors to recognize the great responsibility on their shoulders and to observe neutrality and professional objectivity in discharge of their duty.

The Supreme Council reaffirmed its unwavering position on the need to respect Iraq's independence and integrity of its territory and the need to refrain from interfering in its internal affairs. The Supreme Council called upon the international community to enhance their efforts and do all they could to assist both Iraq and the international inspectors in ending the mission as early as possible thereby ensuring the lifting of sanctions from Iraq and ending the

hardship of the Iraqi people and helping Iraq's return to the fold of the international community.

The Supreme Council reviewed with grave concern the message of the Iraqi President Saddam Hussein, which was delivered on the 7th of December 2002. The message contained false claims and slander against the State of Kuwait and its leadership, Government and people, constituting a violation of international and Arab resolutions concerning the need for Iraq to respect the security, independence and sovereignty of the State of Kuwait within its internationally recognized borders. The message incited the Kuwaiti people to rise against their leadership and Government and supported the terrorist activities that took place in Kuwait, acts which were condemned by the whole world. The message confirmed that Iraq was reneging on its commitment to the UN Security Council, GCC and Arab resolutions aimed at eliminating terrorism, cutting off support to terrorism and stopping incitement to perform terrorist acts. The message also contained a threat to the State of Kuwait and the GCC states and amounted to interference in their internal affairs. While strongly disapproving and condemning such fabricated lies and slanders which threatened the security and stability of the region, the Supreme Council called upon the Iraqi government to fully comply with all international and Arab resolutions, particularly those related to the release of prisoners and detainees of the State of Kuwait and other countries. The Council also stressed the need to return all Kuwaiti assets especially those related to the national archives, official documents and registers. The Supreme Council demanded that the Iraqi Government refrain from such activities, which created tension and caused instability in the region and increased the suffering of the brotherly people of Iraq.<sup>593</sup>

In late 2003, the USA invaded Iraq to put an end to the corrupt regime of Saddam Hussein<sup>594</sup> Since that time relations between Iraq and the GCC states have almost returned to normal.

In their 24<sup>th</sup> summit, in Dec. 2003, the GCC leaders supported all diplomatic and political efforts aimed at achieving security and stability in Iraq. They make available to the brotherly people of Iraq security, stability, and prosperity that they yearned for thus making Iraq a positive member of the international community, building its relations with the neighbouring States on the basis of International Laws and showing commitment to implement international obligations.<sup>595</sup>

In the mid and late 2004, Iraqi interim Prime Minister and interim President visited some of the GCC states to ask for support and assistance.<sup>596</sup> However, the GCC states were uncertain regarding the improvement of these relations with a regime facing some popular opposition and some armed resistance against the occupation forces that were protecting it.

The Iraqi invasion of Kuwait, on August 2 1990, forced the GCC to change its foreign policy orientation to an alliance against Iraq. The majority of the GCC states are now (2004) for the reintegration of Iraq, to reactivate the equilibrium

of power.<sup>597</sup> But how the other regional hegmon confronted and dealt with the GCC, namely, Iran's relations with the GCC, is the subject of the next few pages.

### *5.2.2 GCC-Iran Relation*

Iran's population exploded from 30 to 67 million within 25 years (1981-2004). Some 65 percent are under 25, who need to be educated, fed and employed.<sup>598</sup> Iran is adjacent to Iraq, across from the GCC states, and astride the gate to Central Asia. It is the largest and most populous state in the Gulf and contain 10% of the world's proven reserves of petroleum (about 65 billion barrel in 1995), and 15% of the world's proven gas reserves. It also has its share of the petroleum-rich Caspian Sea. Its society is made up of a number of different ethnic groups, including Persians, Kurds, Turks, Bachtiaris, Baluchis, and Arabs, but most Iranians speak Farsi of related dialects, and more than 88% are Shia Muslims,<sup>599</sup> providing a degree of social cohesion.<sup>600</sup>

Iran's involvement in the Gulf has historically fluctuated in intensity, depending upon the character, the fortune and the military capabilities of its rulers.<sup>601</sup> Iran's determination to play the leading role in the Gulf dates back to the late 1950s. The Shah asserted that Iran's supremacy over the Persian Gulf was a natural thing.<sup>602</sup>

By the time of Britain's decision in 1968 to withdraw from the Gulf, Iranian strategic interests in the Gulf centered mainly on three aspects: First, freedom of navigation in this waterway at all times was essential. Second, Iran needed to exploit its offshore oil resources and to protect not only its extensive oil installations, but also its oil cargo for the entire length of the waterway. Third, the preservation of the political status quo in the Gulf was necessary to prevent takeover by revolutionary elements.

But a revolution occurred in Iran, in 1979. According to the Iranian revolutionary regime, 'Islamic unity and brotherhood did not recognize any frontier and nothing could prevent the unity of Muslim peoples.' The regime pointed to the failure of nationalists, Marxist and liberal ideologies and politics, and prescribed Islamic ideology as the only means of salvation for human kind. They advocated exporting their brand of revolution through the Islamic world. Iran, under the rule of the revolutionaries, sought to destabilize the politics of Iraq, Lebanon, the GCC states and many other Islamic countries through the polarization and radicalization of sectarian sentiment. The Iranian political establishment fulminated against the world in the face of foreign threats, real or imagined, and the regime's aggressive and revolutionary stand in the its foreign relations has led to Iran's political and economic isolation in the international community. As Finn Laursen puts it: "*The Gulf States banded together in an effort to prevent Iran from intimidating or attcking them one by one. The GCC could then be seen as a collective*



*defence agreement that blended economic, political and security cooperation to create a united front in dealing with a suddenly threatening Iran.*<sup>603</sup>

The revolutionary Iran confronted the Arab Gulf states with three problems: First, it changed Iran from a strategic shield to a potential threat. Second, it placed these states between two mutually hostile regimes, Iraq and Iran. Third, it constituted an immediate threat to freedom of navigation. Hence, the regional threat shifted, causing a change of alliance from an Iranian-Saudi axis to an Iraqi-Saudi axis.<sup>604</sup>

The relations between Iran and all of the GCC states were not stable during the period 1981-2004. In the 1980s and 1990s, Iran at various times denounced the Gulf's monarchies as un-Islamic, and called for their overthrow. The antagonism deepened after the outbreak of war between Iran and Iraq, with the GCC states giving moral and financial support to Iraq, and Iran issuing threats to extend the war to their own soil.<sup>605</sup> An Iranian threat such the statement made by the Foreign Minister in Tehran in May 1982 which reminded the countries of the GCC; the Minister said: *"The thundering victories achieved by the combatants of Islam and disgraceful defeat and surrender of Saddam's mercenaries are clear signs of the superiority of faith over equipment and indicate the great power of the Islamic revolution. It is appropriate for the countries of the region to go through historical examples of disgraceful defeat inflicted upon the massive machine of world arrogance by the Islamic and popular movements and realize that it would not be possible to guarantee a real stability for the region without taking this power into account."*<sup>606</sup>

GCC member states cannot forget the record of Iran's regionally destabilized behaviour, in the wake of the 1979 revolution. They point to Tehran's strident rhetorical support for the rebels who seized the Grand Mosque in Mecca in the fall of 1979, Iran's complicity in the attempted "coup" in Bahrain in 1981, and the steady stream of invective and other threats that emanated from Tehran toward virtually all of the GCC states throughout the 1980s.

In 1982, the Interior Ministers of the GCC states aware of their vulnerability to Iranian power and spurred by the Iranian backed abortive "coup" in Bahrain, declared:

*"Gulf security is indivisible. An attack on any member of the GCC states is considered an attack on the other member states, and interference in the internal affairs of any member state from whichever source will constitute interference in the internal affairs of all member states."*<sup>607</sup>

The coup in Bahrain was attributed by GCC leaders to revolutionary Iran, and was interpreted as a collective attack on the GCC states to sign bilateral security agreements. Bahrain proposed the formation of an independent GCC RDF.<sup>608</sup> Moreover, during the Iraq-Iran war, the GCC encourage a variety of mediation efforts, but these failed, and for the first time the GCC, at the Foreign Ministers' meeting in Baghdad come out with a declaration condemning Iran.<sup>609</sup>

The GCC states became increasingly embroiled in the Iraq-Iran war (First Gulf War) when Iran started to take revenge for Iraqi attacks on its tankers and oil terminals by targeting ships trading with the GCC states.<sup>610</sup> However, at the same time, that is, in the mid-1980s, Iran and the member states of the GCC attempted to put relations on a more even keel, thanks to mediation by Syria, which enjoyed good relations with both sides.

In July 1984, the Saudis invited Hashemi Rafsanjani, then the speaker of the Iranian Majlis, (parliament) to attend the annual pilgrimage to Mecca and Medina. The move was seen in the other GCC states as an attempt to diffuse tension following the spread of the Iraq-Iran war to include attacks on Saudi and Kuwaiti vessels.

In 1985, GCC and Iran effected a degree of rapprochement with a visit to Tehran by the Saudi Foreign Minister (In addition, the Foreign Ministers of Kuwait and the UAE travelled to Tehran as well as to Baghdad in an attempt to mediate in the dispute between them.). During a return visit by the Iranian Foreign minister, King Fahd spoke of the Saudi government's respect for Iran and its leaders, and declared his belief that the shah's regime had neglected Islam. For his part, Iran foreign minister said that Iran favoured "peaceful coexistence" with the GCC states.<sup>611</sup>

But this did not last; relations took a turn from good to bad. In August 1987, several hundreds of Iranians were killed during clashes with Saudi security forces in Mecca. Iranians participating in the annual pilgrimage (Haj) to Mecca regularly staged political demonstrations, shouting slogans denouncing Israel, the USA and the Soviet Union and, by implication, the pro-Western leaders of the GCC states. Nevertheless, for nearly a decade, (1980-88) Iran's ideological influence in the Gulf, while sometimes effective, generally was limited. Initiated by Saddam Hussein in part to contain the spread of the revolutionary regime's ideas, the GCC states successfully portrayed Iran as an enemy of the Arabs during the Iraq-Iran war.<sup>612</sup>

In 1990-91, Iraq invaded Kuwait, although Iran was against the invasion. At the same time the GCC invited the US and other foreign troops into the Gulf to deal with Iraq. During the Kuwait crisis, the Iranian Foreign Minister visited Qatar, Bahrain, the UAE, and Oman before the 1990 GCC summit. The summit itself duly stressed "its desire to establish distinguished relations with Iran". Iran was keen to persuade GCC states that the real threat to their security and well-being was Iraq and not, as many feared throughout the 1980s the revolutionary Islamic republic.<sup>613</sup> Iran also opposed the 1991 Arab-Israeli peace conference in Madrid, Spain, and subsequent efforts to bring settlement which the GCC supported.<sup>614</sup>

From the eruption of the Iranian revolution in 1979 to the election of President Rafsanjani in 1989, three major factors combined to poison Iran-GCC relations: First, Ayatollah Khomeini's Islamic ideology lay, in part, beneath the confrontational foreign policy, that led Iran to take on both superpowers, especially the



Americans and their friends the GCC states. Second, Iran's domestic politics contributed to hostile relations with the Gulf Arab states in two ways. The crusade to export revolution satisfied not only Iran's ideological quest, but also helped the conservative factions to project domestic problems abroad in order to monopolize power at home. Third, the Iraqi invasion of Iran in 1980, and the bankrolling of Iraq's war efforts by the GCC states.<sup>615</sup>

GCC-Iranian relations began to change for the better as a result of a dramatic shift in Iran's foreign policy orientation from ideological confrontation and war to what may be called "pragmatic peace" during the period 1988-1991.<sup>616</sup>

In May 1991, Muscat was once again the venue of an important meeting of the GCC Foreign Ministers, who issued the clearest statement yet of the GCC states' readiness to accept Iran's role in any future Gulf security scheme.<sup>617</sup> The GCC states saw the end of the war in Kuwait as an opportunity to improve relations with Iran. In their view, Iran had acted responsibly during the crisis over Kuwait. Moreover, since the death of Ayatollah Khomeini, the Islamic republic had downplayed its desire to spread its ideological message across the Gulf by propaganda and subversion. Iran's foreign policy appeared, at times, to have been rather more concerned with stability and trade. Nevertheless, the country had no clear guiding hand, at this time. It is run by interlocking factions that dispute, both on ideological and pragmatic grounds, every step of policy at home and abroad.<sup>618</sup> Moreover, Iran pursued its state interests, albeit often in Islamic guise.<sup>619</sup>

In early 1991, the Saudi Foreign Minister visited Tehran to assure his hosts that Riyadh had no intention of hosting a permanent foreign military presence. The two sides agreed on a framework for cooperation on Gulf, Islamic, and economic issues, continued the GCC-Iranian dialogue on security matters. Iranian Foreign Minister said in an interview that the GCC states: *"have invited us to reassess the status of the members of the Council.... They have somehow come to the conclusion that they must seek Iran's cooperation, or else it will be impossible to defend regional security."*<sup>620</sup>

The GCC Foreign Ministers and the then GCC Secretary General A. Bishara met the Iranian Foreign Minister in New York in 1991. They issued a statement setting out the principles upon which their relations would be based, including the inviolability of recognized international boundaries, no resorting to force or the threat of force, and non-interference in the domestic affairs of others. In the same year, Bishara declared that:

*"Iran is an essential participant with the GCC states in the security of the water of the Gulf. It is impossible to guarantee that security without an understanding with Iran."*<sup>621</sup>

The relations between Iran and all of the GCC states have improved since the Kuwait war and the GCC states are anxious to keep Iran compliant while they face up to Saddam Hussein. Even the GCC made it clear that they would help to

rebuild Iran after the Iran-Iraq war. The UN estimated that reconstruction costs in Iran would total some \$ 97. 2 bn.,<sup>622</sup> but the Iranian action on Abu Musa (UAE) stopped the intended help.

In 1992, Iranian authorities on Abu Musa expelled the workers employed by the UAE agencies; Iran again asserted itself on the island. (See Iran-UAE Dispute) Iranian Foreign Ministry sources were quoted as saying that the continued foreign involvement in the Gulf made it necessary for Iran to strengthen its position on the island. The GCC states made a public issue of the Iranian move. Their worries about Iran's geopolitical ambitions were heightened by what was viewed as a major Iranian rearmament program.

In 1993, improvement in Iranian-GCC relations suffered a further setback during that year pilgrimage, that is, the Iranian pilgrims, again clashed with Saudi security forces over the holding of what the Saudi authorities considered as a political rally. The incident touched off a new round of media accusations between the GCC and Iran. At this time, Iran had no love, and little respect, for the Arab Gulf states. Iranian sees that their revolution carries three significant points of appeal to the lower and middle classes of the GCC states: First, in Iran the masses of people rose successfully and overthrew a navel and repressive traditional patrimonial regime dominated by one family. Second, the Iranian revolution resulted in a system of government whereby the new regime managed to cut its dependence upon outside superpowers, and declare its national independence. The most quoted slogan of the revolution was "Neither East Nor West". Third, the revolution in Iran represented a victory for Islam and relevance of that civilization in the modern world.. The Iranians believed that these three messages carry great potency for those who are dissatisfied and disaffected in the traditional countries of the GCC. Their appeal transcends Sunni-Shia divisions, tribal and ethnic distinctions, and class cleavages.<sup>623</sup>

In December 1995, the eight DD states issued a statement backing the UAE sovereignty over the island of Abu Musa and the Greater and Lesser Tunbs and its demands to refer the row to the ICJ in The Hague.<sup>624</sup> There was a negative Iranian reaction to the DD. Iranian officials condemned what they saw as efforts to isolate their country in the Gulf and reiterated their view that Gulf security was a responsibility limited to the states in the Gulf themselves. In June 1995, the government of Bahrain announced that it had foiled an Iranian-backed coup attempt. An Interior Ministry statement said, "*a serious conspiracy has been uncovered which reveals that an organisation known as the military wing of Hezbollah-Bahrain, together with the Iranian authorities, has been plotting since early 1993 to undermine Bahrain's security and stability and to overthrow the Bahrain government by force and replace it with a pro-Iranian regime.*"<sup>625</sup> Again, Foreign Ministers of the eight DD met in Cairo in December 1996. In statement issued at the end of their meeting, strongly they criticized Iran for allegedly deploying missiles on disputed Gulf islands and posing a direct threat to the GCC states. The

Iranian foreign minister rejected the statement, saying military measures on “Iranian islands” of Abu Musa and two Tunbs were entirely defensive.<sup>626</sup>

The GCC, as a whole, strongly supported the UAE case against Iran. The same consideration dictated that the GCC as a whole, seeks to solve the dispute through dialogue and rather than through resorting to armed force, sobre rattling or inflammatory statements. The UAE insisted on linking its own and the other GCC members’ willingness to expand their relationship with Iran to Tehran’s willingness to engage in meaningful dialogue aimed at settling the dispute peacefully. Moreover, Iran shares borders with all the GCC states, and has tens of thousands of its citizens working in several GCC states. Each GCC member recognizes that one day it, too, could find itself in a situation vis-à-vis Iran, similar to that of the UAE in a dispute over territory or a disagreement about maritime boundaries. Qataris are aware of the potentially dire implications inherent in the development of their gas reserves in the offshore field, lies partly in Iranian waters and is shared with Iran. Potential repeat of the Kuwait-Iraq Rumaila oil field scenario (the reference is to a Kuwait- oil field that lies partly in Iraq, which Iraq cited as one of the reasons for its invasion of Kuwait in 1990) can not be ruled out. In the future Iran could decide to employ a similar rationale for threatening Qatar, thereby constituting a major challenge to the still-evolving system of the Gulf security.

The GCC states believed that Iran was financing operations to undermine the security of some member states, and supporting the opposition groups in these states, especially the Shia of Bahrain.<sup>627</sup> The GCC states supported Bahrain’s claims that “foreign powers” i.e. Iran, were behind the troubles in Bahrain through the 1990s. To prove the point, Bahrain expelled a junior Iranian diplomat in February 1996.<sup>628</sup> Iran responded by expelling a Second Secretary at the Bahrain embassy in Tehran because of alleged “activities incompatible with diplomatic norms.”<sup>629</sup> The GCC made the harshest criticism yet of Iran, accusing it of unjustified amassing of weapons and interfering in the internal affairs of Bahrain. The GCC statement was issued at Foreign Affairs Ministers’ meeting in June 1996. The GCC said it was concerned by Iran’s “*continued keen efforts to acquire and build an armament capability which far exceeds its conventional and legitimate defence needs*”. This posed “*a dangerous threat to the security and stability of the region*”. Denying the accusations, Tehran said “*the statement only consolidated the US role in the Gulf*”.<sup>630</sup>

GCC leaders issued their 17<sup>th</sup> annual meeting’s communiqué, (Doha, December 1996) condemning Iran’s continued occupation and militarization of the three islands.<sup>631</sup> Iran figured prominently in the entire summit’s concluding statements (as far as the issues of the Iran-Iraq war and Iran’s occupation of the UAE’s islands were concerned), with an official expression calling for stronger ties with Tehran based on mutual respect. Moreover, in many communiqués of their summits, the GCC leaders advised Iran to change its ways if it harboured any hope

of establishing and maintaining a relationship of trust and confidence with the GCC states.

In mid-March 1997, the GCC states and Iran appeared to have made progress in their efforts to improve relations in advance of an OIC summit in Iran.<sup>632</sup> A statement issued at the end of the GCC Foreign Ministers meeting in Riyadh on 26 March 1997 said the GCC welcomed the improvement of relations with Iran; they said that the organization was hoping the Iranians would match their words with actions and that the ball was now in Iran's court.<sup>633</sup> The Iranian Foreign Minister toured the six members of the GCC and said: "*The six GCC states have opened a new chapter in regional relations. Tehran's ties with Saudi Arabia are at a potential turning point and the GCC states are willing to expand their relations with Tehran...despite the poisonous US propaganda.*"<sup>634</sup> This Iranian decision, seen as part of an effort to improve relations, was encouraging to the moderate and conservative factions in Tehran which, despite their many differences, agreed that Tehran should pursue a policy of detente in its foreign relations, particularly with the neighbouring states. The factions were at odds with the radicals, who believed that normalisation of relations with the conservative states of the Gulf would amount to capitulation to US strategy in the Middle East and should be avoided at all costs.<sup>635</sup>

Under the presidency of Rafsanjani between 1989 and 1997, the phase of creeping pragmatism in foreign, domestic and economic policy began.<sup>636</sup> But with president Khatami's election in 1997 the process quickened and after the recent (2000) Majlis poll senior reformist figures claimed that the process of change was "irreversible", and no longer needed to be regarded as wishful thinking.<sup>637</sup>

The most significant event in the region was surely the election which brought Sayyid Mohammed Khatami to the Presidency of the Islamic Republic of Iran, representing a silent revolution of young Iranians. Twenty million voters, largely women and the young, or 69 percent of the eligible voters, cast their ballots for him in May 1997 in a universally acknowledged free and fair election.<sup>638</sup> The significance lies in the fact that he turned over a new leaf in Iran's current history by making some important changes in its foreign policy as well as in its relations with the GCC states.<sup>639</sup>

The Foreign Ministers of DD, meeting in Syria on 26 June 1997 expressed satisfaction over calls by the Iranian moderate President Khatami for the opening of a new chapter in Arab-Iranian relations, and stressed that these relations were an important element in establishing regional peace and security. But they also referred to the thorny issue of the three disputed islands which belong to the UAE.<sup>640</sup> The UAE president Shaikh Zayed accused Iran of "trickery", saying "*it offered nothing in its bid to improve ties with Arab states in the Gulf*". He added: "*As we face these tricks [Iran's attempts at rapprochement], we assert that we will not give up one grain of our land to Iran.*"<sup>641</sup>

In the annual summit of the GCC, held in Kuwait on 20-22 December 1997,

unanimity was expressed on relations with Iran. The final communiqué expressed satisfaction at the positive indications of Iranian policy that were demonstrated at the ICO's summit in Tehran, and called for GCC-Iranian relations to be based on "peaceful coexistence, good-neighbourliness, non-interference in internal affairs and mutual interests".<sup>642</sup>

The Foreign ministers of the GCC started the meetings of their 68<sup>th</sup> session in Saudi Arabia to discuss several Gulf, Arab and international issues. Concerning GCC-Iranian relations, the Foreign Minister of Kuwait reiterated the pledge of the GCC member states to support and strengthen relations with Iran, ensuring security and stability in the region. He expressed the GCC's hope that current contacts between the UAE and Iran would lead to an amicable and peaceful solution to their dispute over the sovereignty of the three UAE islands.<sup>643</sup> A week later, the Iranian President M. Khatami asserted his country's desire to strengthen political and economic relations with the GCC states. He categorically denied that his country had geographical and political ambitions in the Arab Gulf states.<sup>644</sup> Moreover, Iran expressed its desire to sign security agreements with all its neighbours, especially with the member states of the GCC.<sup>645</sup>

In November 1998, Bahrain appointed its ambassador in Tehran in the course of restoring diplomatic relations between the two countries to the ambassadorial level (the bilateral relations deteriorated between the two countries in 1996). The improvement of relations resulted in a visit by the former Iranian President to Manama.<sup>646</sup> And at the same time, the Iranian Foreign Minister visited Saudi Arabia. The Saudi-Iranian talks centered on the Iraqi crisis in the light of the tour by the US Secretary of Defence and the possible reactions to the decision adopted by Iraq to suspend cooperation with UNSCOM. They also discussed the means of strengthening bilateral relations, especially on the economic level, and the Afghan crisis.<sup>647</sup>

The President of the UAE opened the 19<sup>th</sup> summit of the leaders of the GCC, held in Abu Dhabi on 7-9 December 1998, in the presence of the summit's guests, the president of South Africa Nelson Mandela, UN Secretary General Kofi Annan, AL. Secretary General Esmat Abdul Meguid and the Secretary of the OIC Azeddine Laraki. In an inaugural speech, President Zayed said: "*this summit should oblige us to meet as Arab and Muslims.*" Speaking about the three UAE islands occupied by Iran he said:

*"Leaders of the GCC will settle this dispute by peaceful means... negotiations are our strongest weapons to achieve peace and development."*<sup>648</sup>

In January 1999, Kuwait appointed its new ambassador in Tehran, who submitted his credentials to the Iranian president. President Khatami asserted: "The need of cooperation among countries overlooking the Gulf region in order to achieve security and stability in this sensitive part of the world... Certain problems and disputes between countries of the region can be dealt with through

dialogue and understanding....We, the same as we condemn the US-British aggression against Iraq, call for the implementation of the UN resolutions in order to achieve security and stability in the region.”<sup>649</sup>

On March 4, 1999 the Foreign Ministers of the member states of the GCC, after meeting in Abu Dhabi in an emergency session, issued a communiqué condemning Iran’s ongoing military exercises in the territorial waters of the three islands in the Arabian Gulf that belong to the UAE. The communiqué called on Iran to immediately and quickly halt these provocative acts that threaten the security and stability of the Arabian Gulf. The Council renewed its rejection of the continuing Iranian occupation to the islands, and stressed the UAE’s sovereignty over them.<sup>650</sup>

The Foreign Ministers of the GCC held their 70<sup>th</sup> session at the headquarters in Riyadh. A statement released at the conclusion of this session said that the GCC Ministerial Council reviewed relations between the GCC and Iran on the grounds of the results of bilateral contacts between the GCC member states and Iran and the stances of the GCC. These were based on the importance of establishing good neighbourly relations with Iran on the grounds of mutual respect, exchanged benefits and non-interference in the internal affairs of each side, not the use of force or threats. The statement called for settling arising disputes by means of dialogue and peaceful means already resorted to among world countries.<sup>651</sup>

In April 1999, Saudi Foreign Minister visited Tehran. In a statement he described relations between Iran and Saudi Arabia as important. He noted that: “The two countries are determinant to foster bilateral relations in all fields, and the visit to Iran comes in the course of continued meetings between the two countries officials to discuss bilateral, regional and international issues. The secretary general Mr. Jamil Ibrahim Al-Hejailan welcomed the positive development in the GCC-Iranian relations:

*“We welcome any indicator that implies a positive development and good neighbourhood between any of the GCC member states and Iran. The only obstacle that hinders what we aspire to in Iran-GCC relations is the occupation of the three UAE islands.”*<sup>652</sup>

The Iranian Defence Minister considered the visit of the Saudi Arabian Defence Minister to Tehran as asserting “the Saudi will” to strengthen relations with Iran. The Iranian Defence Minister, told his Saudi counterpart that he saw “no limit” to ties with the kingdom and went so far as to proclaim that Iran’s entire defence capability would be put at the disposal of its Saudi “brothers”.<sup>653</sup> The Iranian Minister added that the aim was to maintain Saudi-Iranian coordination. He said: “The Iranian military force following the revolution has not made any attacks and pursued no other policy but just completing its defence capabilities in a way to deter aggressions that might be lunched against it following the war with Iraq.”<sup>654</sup>

The statement made by the Iranian Minister came in reply to the concerns shown by the GCC in its periodic statements concerning the Iranian armament. He defended the naval exercises recently carried out near the border with the UAE by Iran saying: “We are making several manoeuvres every year, and they [the GCC states] also do the same. We carry out manoeuvres in which only our forces take part. In our last military exercises observers from Arab states took part.”<sup>655</sup>

In early May 1999, Iranian Foreign Minister asserted:

- The importance of strengthening exchanged confidence between the countries of the Gulf region in order to achieve security and regional cooperation.
- Several stages should pass in order to achieve security cooperation among countries of this region. One of these stages is to strengthen confidence and strengthen economic and cultural cooperation.
- Iran’s readiness to cooperate militarily and on the security cooperation with all countries of the region.
- Iran’s common objective is to establish peace and security and the joint cooperation between the countries of the Gulf is the sole way to ensure regional security.”<sup>656</sup>

Again, in May 1999, Iran and the GCC states made a concerted effort to improve relations after two decades of suspicion. Iranian President Khatami’s visit to Saudi Arabia and Qatar. Discussions during the five-day visit to the Kingdom were extensive, ranging from Gulf security to developing a common approach to international and regional issues. Greater cooperation between them had already produced concrete results on international oil prices and a reduction of regional tension. The situation in Iraq was said to be particularly high on the agenda.<sup>657</sup> In the same month, Tehran also hosted the Bahraini Foreign Minister.<sup>658</sup>

In an interview with the Saudi Arabia a Crown Prince Abdullah, he said the recent visit of the Iranian President Khatami to the kingdom had strengthened the relations between the two countries. He said:

*“Saudi Arabia considered the language of dialogue as the best means for narrowing differences and settling outstanding problems with other countries, rather than the language of weapons.”*<sup>659</sup>

However, relations between Iran and the GCC states witnessed remarkable improvement following the election of Iranian President M. Khatami on May 23, 1997, following a long period of tension between the GCC states and Iran since the establishment of the Islamic republic in Iran in 1979.<sup>660</sup> When Khatami unexpectedly won the Iranian presidential election, hopes ran high that he would take Iran in new policy directions both at home and abroad; at home, that meant a relaxation of some of the strict and intrusive social policies of the conservatives who had monopolized politics since the establishment of the republic. More



attention would be paid to the needs of the youth population and Iranian women. Abroad, Khatami promised to ease tension with the other nations.<sup>661</sup> As the chairman of the Iranian Shoura Council (Parliament) stated, the Iranian foreign policy of Khatami government was as follow:

*“That the main pillars of Iranian foreign policy are built on eliminating tensions in the region. Iranian policy is quite clear in its care to preserve remarkable relations with the Arab and Islamic states in the region.”*<sup>662</sup>

The Saudi foreign minister, in a speech he delivered in the inauguration of the 73<sup>rd</sup> session in Riyadh, said: *“Iranian-Gulf relations have witnessed tangible progress in recent times, thanks to the positive inclination adopted by the Iranian government”*.<sup>663</sup> He also indicated the standing islands crisis between the UAE and Iran, as well as preparing the scene for the start of direct negotiations between the UAE and Iran. The Saudi Foreign Minister continued *“We feel optimistic towards this matter in light of what has been revealed by Iranian president Mohammed Khatami on the keenness to start a new page in the GCC-Iranian relations that are characterized by good neighbourhood, non-interference in internal affairs and fruitful cooperation for the benefits and interests of the two sides.”*<sup>664</sup>

In an interview with Crown Prince Abdullah of Saudi Arabia, he hoped that the improving relations with Tehran would lead to resolving all pending issues including the island row between Iran and the UAE:

*“We are hopeful that the Iranian leadership will understand the views of the kingdom and other GCC states in this respect.... We are partners in this issue not mediators.”*<sup>665</sup>

The UAE Minister of information, in a statement, expressed no concern over the improving ties between Iran and other GCC states in light of the continuing occupation by Iran of the three islands, but expressed concern that Iran may misunderstand the Gulf States' position. He feared misunderstanding by Iran that would make it more intransigent in its position on the disputed islands adding that: *“Tehran always claims that the issue was just a misunderstanding, which I hope could be just that, but we see in reality that the issue is far from what Tehran was claiming.”*<sup>666</sup> The Secretary General of the GCC Al-Hujeilan stated that: *“GCC member states, including the UAE, seek to establish tighter relations with Iran, but Iran must help solve the dispute over the sovereignty of the three Gulf islands with the UAE. Iran knows that the position of the GCC states toward the three islands occupied by Iran is unchanging, and the Council wanted this time to give a chance for a diplomatic solution instead of slogans.”*<sup>667</sup> Hujeilan revealed that a committee from Saudi Arabia, Qatar, Oman, and the GCC Secretary General was formed to start discussions and negotiations regarding the three islands.<sup>668</sup> Furthermore, the Secretary General asserted the importance of developing relations between



the GCC member states and Iran: *“This development falls in the ultimate end in the interests of the countries of the region in settling pending issues, especially the disputes between the UAE and Iran over three Gulf islands”*.<sup>669</sup>

A joint communiqué was issued at the end of the 20<sup>th</sup> session of the GCC Supreme Council held in Riyadh from November 27 to 29, 1999. The participating were the head of the five GCC states and Vice-President of the UAE. The Council reviewed the relations with Iran, and the tripartite committee was assigned the task to create a mechanism to launch direct negotiation between Iran and the UAE on the issue of the three islands. The Council instructed the committee to proceed with its endeavours to pave the way for creating such a mechanism.<sup>670</sup>

In the beginning of 2000, Iran and Saudi Arabia signed a memorandum of understanding between the two countries in the areas of commerce, establishing joint investment companies and coordination of stances in international and regional organizations and circles.<sup>671</sup> The two countries met in Riyadh on March 8, 2000 to review world oil market conditions and outlook and to sustain the process of cooperation and coordination among oil producers for the objective of market stability.<sup>672</sup> At the time, Qatar sought a joint petroleum-marketing consortium with Iran, Qatar and Iran to share a huge gas field in the Gulf.<sup>673</sup>

The GCC states expressed their hopes that the “reformers” victory in the parliamentary election in Iran will be encouraging for rapprochement. However, the GCC countries warned confidence between Iran and its neighbours will only be established after settling a long-continuing conflict between Iran and the UAE over the ownership of the islands. In statement, the Omani Foreign Minister said: *“We hope that the result of the elections will help open dialogue with the Arab Gulf states over the question of the UAE islands. Iran recently asserted its strong intention to contribute to the stability of the region. Hopefully the result of the election in Iran will back this Iranian trend.”*<sup>674</sup>

The Ministerial Council of the GCC states held its 74<sup>th</sup> session in Jeddah, Saudi Arabia, on 8 April 2000, and lasted for two days. The council discussed several issues, foremost being relations between itself and Iran, especially Iran’s occupation of the UAE’s islands.<sup>675</sup> The Ministers called for Tehran to *“respond favourably to the good-intentioned efforts”* to resolve this dispute.<sup>676</sup>

In mid-2000, Saudis and Omanis exchanged military delegations including all branches of armed forces, with Iran. They discussed security agreements and defence-related cooperation.<sup>677</sup> In their second consultation summit in Muscat, the leaders of the GCC discussed the idea of signing limited defence agreements with Iran in future. Earlier, some member states of the GCC signed security treaties concentrated on fighting crime and drug trafficking.<sup>678</sup> Iran desired the evacuation of all Western forces from the Gulf and signed a security agreement with the countries of this area.<sup>679</sup> President Khatami declared the Gulf is a “Persian for eternity,” but called for “regional solidarity” against foreign troops in the area.

*“If we say today that foreign forces must leave the Persian Gulf, it is because this region belongs to the nations and countries of the region.”*<sup>680</sup>

In June 2000, Iran and Oman agreed to jointly develop an offshore gas discovery straddling their maritime boundary at the entrance to the Gulf.<sup>681</sup> A month later, the Emir of Qatar visited Iran and discussed regional and international issues of mutual concern, and signed several agreements and protocols on bilateral cultural, media and health cooperation.<sup>682</sup> At the same time, Qatar announced that Iranians who travel by Qatar air lines need not have a visa. Moreover, Iran, current head (Year 2000) of the OIC (The 56-member OIC represents countries where most of the world's 1. 2 billion Muslims live.), handed over the post to Qatar.<sup>683</sup> Meanwhile, Iran's Foreign Minister has announced his country's readiness to receive members of the three-member GCC committee concerned with finding a mechanism for direct negotiation between Iran and the UAE to settle the issue of the three islands.<sup>684</sup> The Iranian Minister also stressed his country's readiness to find a solution to the question of al-Darra gas field situated between Iran and Kuwait, noting that this can be done through sitting at the table of negotiations in a good spirit.<sup>685</sup> The Iranian Foreign Minister indicated the level of relations existing between his country and Saudi Arabia. He said: *“I completely believe that the future of Saudi-Iranian relations is bright because there is a sincere and real political will between the two leaderships in the two countries.”*<sup>686</sup> He stressed that coordination between the two countries preceding long the right path in the service of the interests of the two peoples.<sup>687</sup>

The Foreign Ministers of the member states of the GCC held their 75th regular meeting (June 3, 2000) in Jeddah, under the chairmanship of the Saudi Arabia Minister of Foreign Affairs Prince Saud Al-Faisal. Addressing the meeting, Prince Saud referred to the second GCC consultative summit in Muscat as evidence of the concern of the GCC leaders for better relations among its members. In the case of Iran, Prince Saud declared that the GCC was concerned that relations with Tehran should be based on the principles of good neighbourliness, mutual respect, non-interference in each others' internal affairs, and resorting to peaceful means to solve disputes. He mentioned the directives from the consultative summit in Muscat to the tripartite committee on the ongoing dispute between Iran and the UAE over the three islands in the Arabian Gulf.<sup>688</sup>

In a statement issued at the end of the 76<sup>th</sup> meeting (September 2, 2000) of the GCC Foreign Ministers, the Council reviewed relations with Iran and the endeavours of the tripartite committee, recalling the bases and pillars which were approved by the GCC Supreme Council and the attitude of the GCC member states towards Iran. The attitude was based on the principles of good neighbourliness, mutual respect, non-interference in the affairs of others, rejection of the use of force or threat, resolution of difference through peaceful means, and promotion of common interests. The Council looked forward to the time

when the tripartite committee would achieve its goals aimed at the creation of a mechanism for direct negotiation between the UAE and the Islamic Republic of Iran in order to resolve the dispute over the three islands<sup>689</sup> However, Iran rejected this committee. In their 77<sup>th</sup> meeting (November 25, 2000); 78<sup>th</sup> meeting (March 17 2001); and 79<sup>th</sup> meeting (June 3, 2001), the Ministers reiterated their support for the UAE and denounced Iranian military manoeuvres on islands and in their territorial waters.<sup>690</sup>

In April 2001, Saudi Arabia and Iran signed a security agreement, during an official visit by Saudi Interior Minister. The Agreement aims at fighting crime and terrorism as well as drug smuggling and this agreement should not be viewed as a regional agreement for defence.<sup>691</sup> The deal is the first between Iran and member of the GCC states.<sup>692</sup> The Iranian President described Iranian-Saudi relations as a “strategic relation” and of having a great effect on the future of the ME region.<sup>693</sup> Moreover, Saudi Arabia and Iran signed an agreement to found a joint Saudi-Iranian bank with Bahrain as the headquarters and branches in other countries.<sup>694</sup>

In November 2001, a session of talks was held between the Interior Minister of Saudi Arabia and the Deputy Interior Minister of Iran in Riyadh. During the talks, they asserted that they would achieve the aims of the bilateral security agreement, in an attempt to put the mechanism to work.<sup>695</sup> And at the end of the same month, the GCC Foreign Ministers held their 81st meeting in Muscat. They debated whether the issue of the three UAE islands occupied by Iran, as a part of the GCC relations with Iran, was to be included in the agenda for the 22<sup>nd</sup> summit.<sup>696</sup>

Iran’s re-election of President Khatami, with about 77 percent of all votes in 2001 (69.1 percent in 1997), will help bolster ties with the GCC states but the moderate leader must act on his reformist intentions to turn his wary neighbours into friends.<sup>697</sup>

In their 23<sup>rd</sup> summit, in Qatar in Dec. 2002, and their 24<sup>th</sup> summit, in Kuwait in Dec. 2003, the GCC leaders discussed the issue of the Iranian occupation of the three islands: the Greater and the Lesser Tunbs and Abu Musa belonging to the UAE. In this regard, the leaders recalled and reaffirmed the previous resolutions. Having reviewed the contacts and exchange of important visits between the UAE and the Islamic Republic of Iran, the leaders expressed their hope that these contacts and visits would culminate in positive and tangible steps, and contribute towards strengthening bilateral relations between the two countries, promote cooperation between the GCC States and Iran and consolidate security and stability in the region. The leaders reiterated their unwavering stand supporting the right of the States of the UAE to sovereignty over the three islands and over regional waters, the air space, the continental shelf and the economic zone belonging to the three islands, as these islands are an integral part of the state of the UAE. After a thorough assessment, the leaders reassigned the Ministerial Council the task of continuing to consider all peaceful means that would lead to

the restoration of the right of the States of the UAE over its three islands.<sup>698</sup> In Dec. 2004, Iran reiterated its claim to the three Gulf islands after the new UAE President Shaikh Khalifa bin Zayed Al Nahyan (the former president Zayed died in Oct. 2004) renewed calls for a resolution to the territorial row.<sup>699</sup>

In 2004, the Iran-GCC relation was one of the issues discussed in the 25<sup>th</sup> summit in Bahrain. Iran's refusal to negotiate with the UAE on the islands dispute and activities, concerning research on nuclear weapons were seen by the GCC leaders as obstacles to good relations between the two sides. A majority of the GCC members were willing to state their very specific fears vis-à-vis Iran's developing its nuclear program. Moreover, few denied that it was one of the GCC's main reasons for stepping up dialogue with the EU. The purpose was to explore ways of stopping the largely Europe –based network that supplied Iran with much of its nuclear materials and technology. The GCC leaders insisted that the Gulf region be made free of nuclear-weapons' development programs by any country, and they condemned Iran's nuclear program.

During the 1980s and the early 1990s, Iran's commitment to export its Islamic revolution was restricted to neighbouring countries and other Arab countries, for example Iranian influence in Lebanon's disintegration, and the forces undermining Palestinian-Israel rapprochement.<sup>700</sup>

At the root of the tension between Iran and the GCC in the economic sphere, in the eyes of many GCC representatives, was Iran's belief that the GCC countries were disproportionately, and therefore unjustly, in control of far too much of the Gulf region's oil resources Iranian (Iran with population of 65 millions in 2004) possess 12 % of the world's proven oil resources whereas approximately GCC with 15 million in 2004) citizens possess 50 % of these resources. At this level, Iran has fashioned a "rich GCC versus poor Iran" differences between their per capita incomes; an average of \$ 500 in Iran and \$ 10,000 in the GCC.<sup>701</sup>

Iran's foreign policy continues to be a *casus belli*. It is reactive and opportunistic as well as ambiguous, revealing a desire to deny extremism while exploiting it. There are ongoing programs to develop a conventional military arsenal and acquire weapons of mass destruction. Iran sponsors extremist groups and covert operations around the world. At least before Khatami, Iran actively attempted to destabilize Arab Gulf states. Iran is attempting to dominate the Gulf by intimidating the GCC countries in order to achieve economic objectives. For example, Iran could claim sovereignty over the oil fields and oil reserves lying within the 12-mile zones of the territorial waters of Abu Musa and the Tunbs.

Iran is challenging the UAE by rekindling the border disputes over the islands, and helping and supporting opposition groups in Bahrain and Saudi Arabia, and Iran's relations with the GCC states in the last two decades has been characterized as unstable, weak and full of suspicion, and by tensions and detente, but Tehran has always sought to increase its influence and intervention in regional squabbles. And while Iran may not invade other Gulf states soon, it has not refrained, and

is not likely to refrain in the future from pursuing aggressive tactics regarding the strategic Gulf islands.

Growing domestic oppositions and the war with Iraq exhausted Iran's resources, and forced part of the leadership to deradicalize Iran's domestic and foreign policy orientation after 1990, in order to improve Iran's commerce and trade relations with the outside world.<sup>702</sup> The end of the Cold War and the Soviet–American competition for world hegemony has laid the foundation for peaceful coexistence and economic cooperation among all members of the international community. Iran can, therefore, no longer rely on the political rivalries between superpowers for the maintenance of its independence and territorial integrity.<sup>703</sup>

To sum up, for 25 years the Iranian government has been charged with supporting terrorism abroad and abusing human rights at home, providing assistance to radical fundamentalist groups in the GCC states and in the Arab world, undermining the peace process between Israel and Palestinians, and stock-piling offensive weapons to dominate the Gulf, while at the same time seeking WMD. It is difficult to say to what degree Iranian foreign policy is truly Islamic, as the regime claims, and the degree to which it is just another form of Persian nationalism. Iran's foreign policy can better be comprehended in terms of exigencies of revolutionary consolidation in a state aspiring to establish itself as a regional power.<sup>704</sup> But, one effect of the Iranian unfriendly foreign policy towards the GCC states was to draw the GCC closer together, and as a group, closer to the USA.

Various ideological issues continue to spoil GCC-Iranian relations, and it is the continued threat of an expanding Iranian military through the purchase and manufacturing of lethal weapons and missiles and a nuclear program that concerns military planners in GCC capitals.<sup>705</sup>

We have discussed and analyzed the GCC relations with two neighbours who have relations characterized by domination and hegemony in the last two decades. Next, we will analyze the GCC relations with the protector of the GCC states, the USA.

### 5.2.5 *GCC-USA Relations*

Even though the Gulf was dominated by several Western powers such as the Portuguese, the Dutch and British until 1971, only the US still plays multiple roles in the area politically, militarily and economically. The others, especially the British who dominated the area for 150 years, have gradually retrenched their activities and presently maintain only normal economic and cultural relations. Currently the US is plying a very extensive role in Gulf affairs, yet this has come about via two distinct stages. The first stage started in 1968 when Britain announced its new east of Suez policy, the second is the one which started after the invasion of Kuwait.<sup>706</sup>

*“Although security considerations may be called the overriding motive for small states allying with great powers, there have been other reasons as well. First, by participating in alliance politics small states may seek to enhance their international status. Second, the prospect of acquiring military and economic aid can be regarded as an important consideration in the alignment process. Third, next to defence against a common external enemy, alliances have also bolstered weak regimes and served essentially domestic purposes.”*<sup>707</sup>

The USA and GCC states have growing strong relations in military-strategic, political and economic arenas.<sup>708</sup> The US and Saudi Arabia have had close ties since World War II.<sup>709</sup> After the British left the Gulf in 1971, the US and other newly independent Gulf states also expanded their ties. When the British withdrew from the Gulf, the US became the principal foreign power in the region. For almost three decades, it has pursued the goal of preserving regional stability, using a variety of means to that end, particularly regarding the northern Gulf powers of Iraq and Iran.<sup>710</sup> A discussion of the GCC-USA relations would not be done without discussing, in some detail, the US policy toward Iran and Iraq in the first place.

States that are creating a new configuration of regional power by definition possess the will, means, and ambition to conduct foreign policy in their own neighbourhood without close regard to the preferences of the US or multilateral organizations, including the UN.<sup>711</sup>

The British withdrawal required some arrangements to protect Western interests. The United States, preoccupied in Viet Nam, opted to rely on its local allies (the Nixon Doctrine) and promoted the notion of formal defence cooperation among them. The Shah, who saw that a regional organization would legitimize Iran's dominance in the Gulf, favoured such a scheme; the Saudis, for the same reason rejected it, and the effort at formal security cooperation foundered. Instead the US settled for a “twin pillar” policy, informal Iranian-Saudi security cooperation, with Iran a much stronger pillar in American eyes.<sup>712</sup>

Interests not altruism, guides American policy in the Gulf.<sup>713</sup> In January 1980, soon after the Soviet invasion of Afghanistan, President Carter said that an attempt by any outside force to gain control of the Gulf region would be regarded as an assault on the vital interests of the US.<sup>714</sup> Such an assault will be repelled by any means necessary, including military force.<sup>715</sup>

United States used two strategies in the Gulf throughout the 1970s and 1980s: First US cultivated local hegemon to help manage regional relations; the use of the Shah of Iran in the 1970s; the alternative broad strategy, historically the most time-honoured, is the preservation of balance of power checking a regionally threatening power by creating local counter weights. Examples of this approach include the strengthening of Iraq against Iran during the 1980s.<sup>716</sup>

In the 1980s, the concern over the security situation in the Gulf had kept US decision-makers awake at night, especially since the Soviet invasion of Afghani-



stan and, the Iranian revolution. The proclamation of the Carter Doctrine committing the US to securing the flow of oil out of the Gulf, the establishment of the RDF and its elevation to CENTCOM laid the ground work of US Gulf policy in the 1980s.<sup>717</sup> President Reagan reviewed Carter's pledge, which was tacitly supported by the GCC leaders who favoured a US military presence in the region as long as it was just over the horizon. At a meeting in Riyadh later in May 1984, the GCC leaders condemned Iranian attacks against their oil tankers. At that point, the GCC opposed direct American involvement and raised the issue before the AL and UN. However, during 1987-88, at the urging of the Kuwaiti government, the US Joint Task Force Middle East (later called RDF) escorted reflagged Kuwaiti oil tankers against Iranian attack. The Bush administration's strategy of exploiting the rivalry between Iran and Iraq was effective in confronting both big powers simultaneously. US-GCC relations continued to develop through 1989 and achieved what one analyst called "honeymoon" status. The GCC's formation and ongoing development provided Washington with increased potential for burden-sharing with GCC states.<sup>718</sup>

The Clinton administration rejected the strategy of exploiting the rivalry between Iran and Iraq. But in 1997 the Clinton administration came up with a policy, directed at both Iran and Iraq, which it called "dual-containment"<sup>719</sup> (the dual containment policy initially involved mobilizing international political opposition against Iran or Iraq, together with limited unilateral economic sanctions.)<sup>720</sup> This was designed to exert economic and political pressure on both countries, including the use of covert CIA operations. In 1996, the CIA spent \$ 20 million on a plot to overthrow Saddam Hussein with the help of opposition group but it was foiled by Baghdad.<sup>721</sup> The CIA did the same thing and for the same amount against Iran.<sup>722</sup>

In the 1990s, the Clinton administration's policy of dual containment was intended to topple the Saddam Hussein regime in Iraq and reform the regime in Iran. The big success story of US policy in the second Gulf war in 1991 was not only a decisive military victory leading to the restoration of Kuwait's independence, but also enhanced at least the short-term security of the GCC states by sharply reducing Iraq's power and influence in the region. Since Iraq with the American help, had diminished Iran's power in the first Gulf war (1980-88), both Gulf super powers were now seemingly contained. American's GCC allies now found themselves almost completely dependent for their security on the US military presence.<sup>723</sup> As one official in the State Department put it:

*"To prevent either regime (Iran or Iraq) from challenging our interests in the Gulf region, this administration developed the strategy of dual containment. We designed this strategy to counter, in the ways most appropriate for each specific threat. In order to maintain our deterrence of Iraq and protect our Gulf allies, the US maintains a significant military presence in the Persian Gulf. Iran has presented us with a different type of challenge, our problems with Iran are based*

*on our concerns about specific Iranian policies, which are judged to be unacceptable to law-abiding nations, and our goal is to convince the leadership in Tehran to abandon these policies and to abide by international norms.”<sup>724</sup>*

However, American policy toward the Gulf region is ensuring the free flow of oil from the Gulf and maintaining regional stability, and defending the GCC from the twin dangers of hegemony and regional conflict. Simply put, US policy toward the Persian Gulf is to lead a confrontation against Iran and Iraq in order to change their behaviour and at the same time to cooperate in variety of ways with the six other states of the region. As Assistant Secretary for Near Eastern Affairs stated it in 1996:

*“Our Persian Gulf policy consists of two elements, of which countering Iraqi and Iranian hegemonic aspiration is only one. The second is to sustain close political, economic and security relations with the states of the GCC.”<sup>725</sup>*

This policy is based on a view held by successive presidents for half a century (especially, every president since Nixon has recognized that ensuring Persian Gulf security and stability is a vital US interest), that there are vital American interests in the Gulf- both economic and strategic- which require the Americans to protect their access to that region and to prevent states hostile to them from dominating it.<sup>726</sup>

If Iraq possesses a clear and relatively simple immediate threat, Iran represents a geopolitical challenge of far greater magnitude and complexity.<sup>727</sup> As far as Iran is concerned, the US government has strongly objected to several aspects of Iranian behaviour: (a) Iran’s support for international terrorism, (b) its backing of violent opponents to the ME peace process, (c) its quest to acquire WMD and the means to deliver them, (d) its acquisition of conventional weapons (e.g. the purchase of Russian submarines), (e) its support for groups opposing secular regimes in the Muslim world, (f) its abuse of the human rights of its citizens, (g) Iran’s Gulf expansionist policy. Americans described Abu Musa and the Tunbs as “occupied”, a term which seemed to imply that Washington was for the first time siding openly with the GCC in rejecting Iran’s hold on the disputed mid-Gulf islands and supporting the UAE’s claim to sovereignty.<sup>728</sup> A statement, released following a meeting between the US Secretary of State M. Albright and her GCC counterpart, said the disputed Gulf islands should be settled according to international law and in the course of good neighbourly relations.<sup>729</sup>

However, the US policy toward Iran is aimed at pressing Tehran to change its unacceptable policies, at putting international economic pressure on Iran and achieving agreement with China and Russia not to assist Iran in the development of nuclear weapons. The current US policy towards the Islamists in Iran is ambiguous, characterized mostly by confrontation. In President Clinton’s words Iran is “a threat to the national security, foreign- policy and economy of United



States.<sup>730</sup> The US still treats Islamist governments and activists as security threats. The Clinton administration applied its “rogue state” doctrine of containment and isolation with vigor to Islamist States such as Iran.<sup>731</sup> In late 2004 the head of Iran’s powerful Revolutionary Guards accused the US of financing rebel groups fighting the Islamic regime and seeking to spark ethnic unrest along its borders.<sup>732</sup> From 2001 to 2004, the Americans had two aims, as far as Iran was concerned:

*“We are determined to bring maximum pressure to bear against Iran’s continuing pursuit of WMD programs, as well as its continuing support for Hezbollah (Lebanon) and the Palestinian extremist groups.”<sup>733</sup>*

Moreover, a CIA report said Iran “vigorously” pursued programmes to produce nuclear, chemical and biological weapons during the latter part of 2003 and was working to improve delivery systems.<sup>734</sup>

As for Iraq, the US confrontation (1990-2003) with Baghdad dates back to the Iraq invasion of Kuwait in 1990. Relations with Iraq had gone through periods of severe tension before, but in the 1980s and until the invasion, they seemed to be improving. In 1990-91, the US took the lead in putting together an international coalition, including key Arab states and GCC states that expelled Iraq from Kuwait. Since the early 1990s, American policy toward Iraq has had one fundamental objective: to deter and eliminate the threat the Iraqi regime poses to the security of the Gulf region and GCC states.<sup>735</sup> The US objects to: (a) Iraq’s threats and attacks on its neighbours, (b) its attempts to acquire WMD, (c) its abuse of its own people and the use of force against them, and (d) its support for terrorism.<sup>736</sup> The US is determined to prevent Iraq from again becoming a serious threat.<sup>737</sup> Iraqi WMD could serve to intimidate the entire Arabian Peninsula. Baghdad’s revisionist agenda explains why the US intends to box in Iraq until someone replaces Saddam.<sup>738</sup> American policy, therefore, should preclude Iraqi attacks upon any of the GCC state<sup>739</sup> Moreover, American policy on Iraq is that Iraq must fulfil all obligations established under the UN Security Council Resolutions passed because of Iraq’s invasion of Kuwait, the US supports the territorial integrity of Iraq.<sup>740</sup> Washington also sought to weaken the Iraqi leader’s hold on power. The US Congress, for its part, had earlier passed legislation providing Iraqi opposition forces with \$97 million in support<sup>741</sup>

US Defence Secretary, W. Cohen stressed that the US will continue its encouragement of changing the government in Iraq. Cohen defended the US containment policy, saying, “*I believe that all countries of the region realize well that Saddam is not able to get out from the box he is in*”. He indicated that the sufferings of the Iraqi people are a result of Saddam Hussein’s policy rather than sanctions.<sup>742</sup> Cohen proposed The Cooperative Defence Initiative (CDI) to the leaders of GCC states.<sup>743</sup> Under this initiative, the United States and its Gulf allies would work together to build and operate defence systems (anti-missile missile system

that is being developed in Israel, called Arrow system) against foes who would use WMD. The US had sought to have the GCC states share in the development cost of this yet undeveloped system as a guard against Iran and Iraq.<sup>744</sup> As Cohen stated it:

*“look at what has been taking place in terms of the technology and the development and proliferation of missile technology. Iran recently tested the Shehab-3 because it has a longer range than it had previously. Other countries are developing longer-range missiles. They are also developing warheads that could contain chemical or biological elements as well as nuclear. Under those circumstances, I think it becomes imperative that countries cooperate and develop a theatre missile protection system for their people and for their forces.”<sup>745</sup>*

The kind of cooperation Cohen is pursuing is to have an early warning system so the allies can share information in the event of a missile strike, and sharing information on consequences management after a strike.<sup>746</sup> Cohen cited America's recently created Joint Task Force-Civil Support as an example of the type of planning expertise the Gulf States will need. The task force is part of US Joint Force Command and plans the type of intelligence, logistics and transportation support civilian authorities would need in the event of a strike.<sup>747</sup>

In March of 2003, coalition forces took action under Operation Iraqi Freedom to remove the Saddam Hussein regime from power in Iraq. A large-scale effort has been under way to find the answers to the many outstanding questions about Iraq's WMD and delivery systems. As the CIA put it:

*“We are not yet (late of 2004) at the point where we can draw comprehensive or final conclusions about the extent of Iraq's pre-war WMD program.”<sup>748</sup>*

Since the liberation of Kuwait, placed a financial burden on Saudi Arabia, and to a lesser extent on the other GCC states, of an estimated \$ 600 billion to \$ 1.5 trillion (Desert Storm), the US has thrown its immense military, diplomatic, and economic weight behind the GCC monarchies.<sup>749</sup> The GCC, though they are 10% of the Arab world's total population, control most its wealth and have 75% of total Arab trade with US.<sup>750</sup> Before the Kuwait crisis, it was difficult for the US to engage in military exercises or even arrange a port call without asking for permission months in advance. Not any more. There is now an effective permanent US military presence in the Gulf with major naval facilities in Bahrain and ground forces stationed in Saudi Arabia. The costs are extraordinary-over \$ 70 billion annually-and are shared by both the US and the GCC states.<sup>751</sup>

The US has a clear strategic imperative to maintain a presence in the Gulf, not because to protect the GCC regimes, not for international law, self-determination and human rights alone, but because of its access to oil, and to gain a strategic hold in the region too. Although the document emphasizes US interests in security in

the region, it does not consider the “promotion of democracy” in the GCC states to be a particular aim. Rather, the regional goal is defined as “peace and stability.” The omission stands in stark contrast to other areas such as Africa and Asia, where the promotion of democracy is a central focus of US policy. That is, the focus of US-GCC policy is not democracy and freedom but stability and control.<sup>752</sup> However, the GCC is compatible with US interest because it strengthens the voice of what Westerners persist in describing as “moderate Arab”. The functioning of the GCC gives an additional dimension to US diplomatic relations with the smaller member states. Kuwait, Bahrain, Qatar, the UAE, and Oman each have security agreements with US. Saudi Arabia has a superficially different approach. Rather than sign a defence pact, it will proceed with existing agreements with US and allow foreign forces to use its air bases and ports and, like the other GCC states, coordinate training and military exercises.

To complement their efforts to counter the threatening potential of Iraq and Iran, the US is maintaining close relations with the GCC states. The US is seeking to bolster the defence capabilities of the GCC states by urging them to work more closely together on collective defence and security. It maintains strong forces in the region by pre-positioning equipment and material, and providing defence articles to the GCC states. It created a new fleet, based in Bahrain, including two nuclear-powered submarines and an aircraft carrier with about 70 aircraft.<sup>753</sup> The US also stands with GCC states as they move to confront a variety of domestic challenges, and cooperates with the GCC on relatively stable oil prices. It is believed that such arrangement will stabilize the entire region until the GCC states can assume the security mantle themselves.<sup>754</sup>

US commercial and economic ties to the GCC go back over 60 years. In 1995, alone, US exported about \$ 10 billion (Arms sales are excluded) to the GCC markets.<sup>755</sup> Many large ventures in ME’s history have taken place between the GCC and the US, including projects worth billions of dollars. Five hundred GCC and American business leaders met in Bahrain to increase US trade with the six GCC members. Total trade between the US and the GCC in 1995 was approximately \$ 21.5 billion; and US-GCC trade is increasing.<sup>756</sup> In 1996, the total US-GCC trade reached almost \$ 25 bn. The American Business Council represented more than 700 US companies operating in the GCC states in 1997.<sup>757</sup> In 1999, the GCC states exports to the US amounted to \$10 bn., and imports of goods and weapons were \$ 17 bn (In 1982 GCC exports were \$10 bn. to US and imports \$11 bn.), Saudi Arabia alone imported \$ 16,863 bn.<sup>758</sup> from the USA and exported 1.5 m BPD of oil to the US.<sup>759</sup> In the same year, the GCC investments in US reached \$ 400 bn. (In 1982, the GCC investment in US was around \$ 4 bn), compared to only \$ 6 bn. American investments in GCC states.<sup>760</sup> Industrial investment in the GCC reached \$ 82.2 bn., \$ 31bn. of it foreign investment, in 1999.<sup>761</sup>

Some Gulf commentators suggested that Washington was exaggerating the real level of security risks in the region to promote its arms industry.<sup>762</sup> When Iraq

invaded Kuwait, the GCC signed contracts, over the period 1990-1996 for \$ 36 bn. of American arms, or 32 % of the 110.8 bn. in US arms exports worldwide over the same period.<sup>763</sup> Moreover, in 10 years, 1987-1997, the GCC states bought American arms for almost \$ 50 bn. (almost 50 %) from the total of \$110 bn the GCC bought worldwide.<sup>764</sup> Nevertheless, the US was involved in the region's defence at the end of 1990s much more than it was in the 1980s, with pre-positioned equipment, regular joint exercise and, in an emergency, easy access to base facilities. To make the co-operation more effective it would be logical for local forces to acquire defence equipment that can be easily integrated with the US forces in the region. For both practical and political reasons the GCC may be obliged to buy more of its military equipment from the US as a quid pro quo for the guarantees of American protection.<sup>765</sup>

The US created strategic petroleum reserves at a minimum of 500 million and a maximum of 1 billion barrels (1994). The main objective behind these efforts was to reduce American vulnerability to imported oil, particularly from the Gulf region. Oil vulnerability and Washington's increasing dependency on the GCC can be illustrated by the widening gap between consumption, which in the year 2000 reached 19.30 million BPD (which will probably reach 21.30 million BPD in 2010), and production, with only 08.00 million BPD (which will be the same in 2010) in the US on the one hand, and on the other hand, by the huge reserves in the GCC states, which reached around 458 billion barrels in 1993 (660 billion barrels in 2000), with only 23.70 billion in US.<sup>766</sup>

Often, in its history, the global oil market has been characterized by structural over-supply. Low-cost producers cannot afford to drive the high-cost suppliers from the market, nor do they have any real incentive to do so. The coincidence of interests between the production and marketing strategies of the GCC states, multinational oil interests and the governments of the consuming nations constitutes the material basis of GCC-US relations.<sup>767</sup> American interests require access to the plentiful energy resources of the Gulf, not only for the US, but more so for its allies. This imperative of US foreign policy, which requires protection of that access from any external threat, has not lessened with the collapse of the Soviet Union. Instead, depletion of oil resources elsewhere and growing US dependence on imported oil are actually increasing the importance of Gulf security to the industrial world and strengthening the relation between the US and the GCC states. However, in the past (see figure 5-1), as far as oil is concerned, history shows that USA has had no permanent friend or enemy. The US was prepared to invade Saudi Arabia and Kuwait to seize their oil fields following the 1973 Arab-Israeli war.<sup>768</sup>

However, conflicts in or adjacent to the Gulf region- the Soviet invasion of Afghanistan in 1979 and its aftermath, the Iran-Iraq war of 1980-88, Iraq's invasion of Kuwait in 1990<sup>769</sup> and last not least, the war on terrorism since 2001, and intensive Iranian research on nuclear weapon in 2003-2004 all these challenged American security interests in the Gulf region, but ended by enhancing them and contributed to building many new links and ties of friendship

between the GCC states (especially Saudi Arabia) and the United States.<sup>770</sup> As Crown Prince of Saudi Arabia put it:

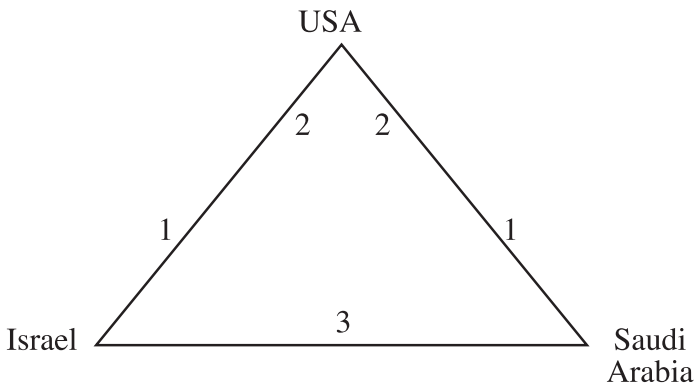
*“Saudi Arabia is a close ally of the US. Nothing will shake the foundation of that. Many have tried to do so, but they have not been successful. We hope America will look out for its interests, because this will serve our interests. We are not seeking aid from America. We are looking for friendship. We hope America will oblige us, as we will pay our way. At the same time, we hope America will consult with us, because we know this region better than the US and better than anyone else does. We will always look out for America, because that is in our interest and in the interest of the world.”<sup>771</sup>*

Moreover, Assistant-Secretary of State, Pelletreau, explained in the House of Representatives:

*“We believe that the Gulf is an area of vital strategic interest to the US; and we have entered into agreements with a number of the Gulf countries that would commit us to consult with them in times of crisis and to act together in deterring threats or in facing threat.”<sup>772</sup>*

Officials from the Foreign ministries in the GCC states and US State department have had periodic (The seventh meeting held in 2004) political discussions that take place every year. Opinions are exchanged concerning the current issues in the Gulf area and international issues of joint concern.<sup>773</sup> The most important issue discussed lately was the Palestinian issue. The GCC member states, especially the Saudis, took a tough stance on the Israeli violence against the Palestinians. The rare and blunt charges reflect deep frustration with what Arabs see as unfaltering US military, political, and financial support for Israel at the expense of the Palestinians.<sup>774</sup>

Figure 5-4 Security Triangle Formula in the Middle East 1981-2004



Source: Derived from the discussion in this section

1+2=3

- 1- US protection of both Israel and Saudi Arabia's security and stability.
- 2- Israel and Saudi Arabia play the role of securing US interests in the Middle East
- 3- Enhancement of mutual security and stability.

Since the start of the Palestinian-Israeli violence, Crown Prince of Saudi Arabia Abdullah has several times warned, including reportedly in a telephone discussion with US President Bill Clinton, that Riyadh would take "decisive measures" if Israel continued attacks on Palestinians

Moreover, a growing opposition of American presence in the GCC states is apparent. In Kuwait, the leader of a mainstream Sunni group slammed the US military presence in the country, saying it had plunged the country into the pre-independence era of foreign domination. Washington, which has a 5,000-strong military contingent in Kuwait (more than 35000 in 2004, see figure 5-5), also signed a defence pact with the emirate in 1991. Kuwait renewed the pact when it expired in 2001.<sup>775</sup> The UAE Foreign Minister said: "All the efforts exerted by the US were blocked by the Israeli aggressive stance in regard to the agreements concerning Jerusalem, refugees, and the basic rights of the Palestinian people." He hoped that the role of the US administration will be more active after the end of the Clinton presidency.<sup>776</sup>

Figure 5-5 USA. Military Presence in the GCC member states in 2003

Country	U. S. Military Presence
Bahrain	Headquarters of U. S. 5 <sup>th</sup> Fleet; and other basing access; approximately 4200 U. S. military personnel
Kuwait	U. S. military base north of Kuwait City, propositioning for two armoured brigades; use of more than 25% of land area for military training; approximately 35,000 U. S. military personnel
Oman	U. S. military access to major airbases and ports; approximately 3000 U. S. military personnel
Qatar	U. S. airbase, command and control centre and propositioning area for up to two armoured brigades; approximately 3500 U. S. military personnel
Saudi Arabia	U. S. airbases, command and control centers, and propositioned equipment; approximately 5,000 U. S. military personnel
UAE	U. S. military access to port and airport facilities; proximately 500 U. S. military personnel

Source: Gregory Gause, III (2004) op.cit.

In Washington, the US-GCC Economic Dialogue, established in 1985, is the primary vehicle through which the GCC and US discuss trade and investment

issues, commercial reforms, and ways to expand their commercial and economic relationship. They held their 14<sup>th</sup> meeting on 2004<sup>777</sup>. In this dialogue, the GCC demanded more US investment in their countries, and they wanted a free trade agreement with the Americans.<sup>778</sup> The American side, as always, urged the GCC to make economic reforms, saying that the regional trade will take place through the private sector, and the private sector could make an approach to Israel.<sup>779</sup> Moreover, the US wants the GCC to make up any potential shortfall in oil supplies in case that Iraq halts its crude production.<sup>780</sup>

The UAE Minister of Economy said: *“The GCC members states realize the fact that the more the economic integration process increased between the two sides, the more they will be able to achieve their objectives and ambitions in building strong economies that effective and stable.”* He expressed his hope that this *“important meeting will result in a continuous and fruitful cooperation with the US”*.<sup>781</sup>

In November 2000, the US defence secretary Cohen said that the US will not leave the region despite the attack on the US warship USS Cole in Yemen on October 12 which resulted in the killing of 17 American navy personnel.<sup>782</sup> In April 2001, the US Secretary of State, Powell, told Kuwait that the US would “always be there” to protect Kuwait.<sup>783</sup> The two countries have agreed to renew a pact signed in 1991, for another 10 years.<sup>784</sup> However, in 2001, the anti-US sentiments were growing in the GCC states because of American (Bush administration in its first year) blind support for Israel.<sup>785</sup> Many GCC leaders condemned the US pro-Israel bias and warned the US that its interests in the region will suffer if it continued with its (inactive involvement) policy of favouring Israel in the ME conflict.<sup>786</sup>

On September 11, 2001, the Osama Bin Laden group, al-Qaida (see figure 5-2), attacked the World Trade Centre and the Pentagon, which killed around more than 2000 people and wounded many of Americans and different nationalities.<sup>787</sup> Next day, the GCC Secretary General Al-Hujeilan declared:

*“The GCC stress condemnation of all aspects and forms of terrorism, extremism and violence and, denounce these attacks on the US. The GCC states express their sympathy with the American people and government, and offer their condolences to the victims of all terrorist actions throughout the world.”*<sup>788</sup>

On September 23, 2001, the Foreign Ministers of the GCC states held their extraordinary meeting in Saudi Arabia. The statement issued following the meeting expressed deep concern over the serious impact of the destructive attacks on economic and government installation in the US.<sup>789</sup> In October 7, 2001, the US and its allies (with the GCC states’ support) attacked and bombed Afghanistan and Bin Laden bases. In Dec 2004, the state-owned giant Saudi oil company Aramco said it remained “on alert at all times” to secure the world’s biggest oilfields, after Osama Bin Laden urged militants to attack Iraqi and Gulf oil facilities.<sup>790</sup>

The GCC states were (in 2004) willing to “go public” with their American



relationship, that is, the non-alignment, and that there would be no bases and, no fleets and foreign troops have not been mentioned any more by the GCC officials and their summit's communiqués since 1991. However, the GCC criticizes (in public) the US bombardment raids on Iraq and at the same time are still strongly linked to Washington.<sup>791</sup> That is, the most important aspect of the GCC states' security strategy is the relation and links with the US. In many ways it is the simplest element; the GCC states want to be protected, and the US wants to protect them. Their shared interests are clear, oil and political stability.<sup>792</sup> Washington developed significant relations with the GCC states, and, in the immediate aftermath of its assistance to Kuwait, stood to gain an enormous economic windfall in all six states.<sup>793</sup> However, American security protection in the Gulf is privately (In some GCC states even publicly) welcomed.<sup>794</sup> In 1997, total US military personnel in the GCC states were 18,550.<sup>795</sup> In 2000, the number decreased to almost 13,000.<sup>796</sup> (In 2003-2004, after America and its allies invaded Iraq (There were more than 150,000 American soldiers in Iraq in 2004) the number has increased enormously see figure 5-5) But, some GCC leaders realized that the Arab "street" resents the need for it because of US favouritism for Israel and the American-backed UN sanctions that have caused so much suffering for the Iraqi people.<sup>797</sup>

The GCC states, fragile as they may seem to outsiders, have survived more immediately threatening circumstances-Nasirist pan-Arabism in the 1960s, the challenge of revolutionary Iran in the 1980, and the Gulf war of 1990-91-than they face now. Given the importance of the oil they sit upon, it is unrealistic to talk about the US distancing itself from them. They are there, they are important, and they are friendlier to US than any conceivable successor regimes would be. While Iraq's invasion of Kuwait and the American invasion of Iraq made the importance of US force projection abundantly clear, GCC leaders will continue to debate the proper size and role of US forces in the region, until they find a force structure that could deter aggressors without inflaming regional political sensibilities. Therefore the American's policy in the Gulf, most likely, will continue to be a commitment to ensuring the security and protecting the interests of its Western allies; protecting the flow of oil; supporting the continuity of the GCC; protecting the regimes from any external or internal threats; and pressuring the GCC states for more political, economic and educational reforms (some of these reforms are unacceptable by some of the member states).

### *5.2.7 GCC- EC/EU Relations.*

As a result of its importance in world energy production, the region has become a major market for the European Union (EU.15 member-states with 330-million in the year 2001, and in 2004 25 member states. with a population of 455 million,



and an economy of \$11.6 trillion).<sup>798</sup> During the past three decades the GCC states have spent enormous sums of money to provide modern educational and medical facilities for their own widely dispersed population, and high-technology defence systems to protect themselves from neighbouring countries, with much larger populations and fewer natural resources. This economic development also has resulted in billions of dollars in contracts for Western suppliers of commercial aircraft, weapons, and consumer goods ranging from automobiles to computers.<sup>799</sup> From 1990-2000, in one decade, the EU members had a trade-balance surplus with the GCC members around \$100 bn.<sup>800</sup> The six members of the GCC account for 40 percent of the total trade of the EU with the Arabs.<sup>801</sup>

The GCC states have gradually been incorporated into the world system since World War 1 and more completely since the discovery of oil, particularly since the 1970s. By 1990, following the Kuwait war, the status of the GCC states as a link in the chain of the world capitalist system was obvious to all.<sup>802</sup> The more integrated the GCC states political and economic structure becomes in the global economy, the more important it is to the EU to maintain their stability even at the price of reinforcing the GCC states' dependency, traditionalism, and backwardness.<sup>803</sup>

*“States that share common economic problems are likely to form economic blocs, trading groups, or diplomatic coalitions that maintain solidarity on trade issues.”<sup>804</sup>*

The creation of the GCC was welcomed by the European Community.<sup>805</sup> At the meeting of the European Council September 1981, the Ministers of Foreign Affairs discussed the relations between the EC and newly established GCC. It was decided to initiate informal preliminary contacts with the secretariat of the GCC in order to examine the scope of the proposed cooperation with the GCC.<sup>806</sup>

Europeans have tended to see the GCC as a market rather than a strategic concern. They do not think—at least since Britain's withdrawal from the Gulf in 1971—that they can or should challenge US supremacy there for a long time. It also true that the GCC states insist on the diversification of their international relations.<sup>807</sup>

*“We believe that what we have achieved so far is an indication of our determination, but it is not an illustration of our ambition. This means that the emergence of the Gulf as one solid economic entity should be taken into consideration by international business communities.”<sup>808</sup>*

Subsequently, the Secretary-General of the GCC A.Bishara paid a visit to the European Commission in 1982. It was decided that more contacts on a technical level between the two sides should take place in order to identify specific subjects

on which concrete cooperation could be developed, including the dispatch personnel for training.

An EEC delegation travelled to Saudi Arabia in 1983 to meet with GCC officials and to be better informed about the objectives and functioning of the GCC, and how the people of the GCC see the Europeans.<sup>809</sup> The Europeans and the GCC agreed in a number of areas, including energy, customs and information. The GCC states felt it would be useful to benefit from the European community's experience in issues of unifying customs tariffs and standardisation.<sup>810</sup>

In 1984, the Assistant Secretary-General of Economic Affairs of the GCC visited the Commission and held discussions. The outcome was an agreement on a continued and expanded program of technical cooperation. In the same year, informal contacts between the two sides took place in Bahrain. The aim was to explore the possibility and to make preparations with a view to launching negotiations to conclude a cooperation agreement.

Again, in 1985, they held another round of exploratory meetings and discussions in the same member state of the GCC. The principal goal of the discussions was to explore further the possibilities for formal negotiations on cooperation agreement between the two sides.<sup>811</sup> After the talks, both sides issued a joint communiqué in which they stated that they agreed that it was in their mutual interests to aim to conclude a comprehensive, mutually beneficial, all embracing agreement to foster the broadest possible commercial and economic cooperation between them. It was suggested that the proposed regime-to-regime cooperation agreement between them should include areas such as access to markets, energy, scientific, technological and industrial cooperation and training, investment and financial cooperation.

In October 1985, the ministerial meeting between the two sides was held in Luxemburg. In the joint communiqué issued at the end of the meeting, the community representatives welcomed the rapid development of the GCC as a regional organization aimed at achieving coordination and integration between its member states in all fields. The GCC representatives acknowledged the important role played by the European Community as a factor of economic and political stability and as an element of balance in international relations. Both sides reaffirmed the friendly and traditional relationship between the two regions. They emphasized the economic and political importance they attached to the future development of their relations, and their common will to deepen and strengthen their relationship.

Negotiations continued until agreement was reached on 15 June, 1988 following the signing of the agreement, a joint political statement was issued, in which both sides stated, inter alia, their determination to take necessary steps to ensure the early entry into force of the cooperation agreement, and pursue with vigour its subsequent implementation.<sup>812</sup>

The security of oil supplies has been a major cause for concern of Western policy-makers. The security issue is posed by the fact that one-quarter of the world's crude oil export currently comes from one member of the GCC, Saudi Arabia.<sup>813</sup> And more than one-half comes through the Gulf. Net oil imports accounted for nearly 40 percent of the EU's primary energy supply in 1994.<sup>814</sup> EU energy dependence on the GCC in the medium term is therefore bound to increase.

The 1988 agreement, which set the scene for trade negotiations to commence in 1990, and comprised the institutional framework for the relationship between the EU and the GCC, stated three general objectives: Relations between the European Community and the GCC countries shall be strengthened by placing them in an institutional framework; economic and technical cooperation relations are to be broadened; and development and diversification in the GCC countries shall be promoted. The agreement called for discussions ultimately leading to the signing of a free-trade agreement.<sup>815</sup> To achieve the stated objectives, a joint Council was established which "shall periodically define the general guidelines of cooperation." Composed of representatives of both contracting sides, this Joint Council acts according to mutual agreement. It is to meet at least once every year, and its decisions are binding.<sup>816</sup>

Two issues have dominated the discussions: first, the inability of the GCC members to establish a full customs union; second, proposal within the EU to levy a carbon tax. The latter caused serious consternation in the GCC, while the former generated impatience at the EU. Another problem was the reluctance of the Europeans to jeopardize their own refining industries by opening their markets to more refined products from the GCC.

There are no European tariffs or quotas on oil or gas imports, but tariffs are levied on oil and petrochemical products. This has caused considerable controversy in the GCC states, especially because Kuwait concentrated on exporting refined oil, and Saudi Arabia has aimed at becoming a major exporter of petrochemicals in an attempt to increase local value added.<sup>817</sup> The major concern for the GCC states was the 23.5 percent tariff that the EU levied on Saudi Arabia and other GCC states petrochemicals, to protect its own industry.<sup>818</sup> Many rounds of talks between the EU and GCC officials failed to resolve the issue, and the main reason was, that, for the EU, a GCC customs union is a prerequisite for reaching a free-trade agreement

In 1990, after prolonged negotiation between the EEC and GCC, a general first phase cooperation agreement between the two regional blocs came into effect at the beginning of that year. This provided a framework for cooperation in economic, industrial, agriculture energy, investments, and technology affairs.<sup>819</sup> In 1991, the EC approved a plan for a more favourable tariff and quota regime for "sensitive" petrochemicals and other imports from the GCC.<sup>820</sup> In 1992, over 400 officials and businessmen from the GCC states and EC held an industrial conference in Qatar. They discussed prospects for increasing trade and investment, and some topics such as obstacles to trade exchange, encouraging joint investments and transfer of technology.<sup>821</sup>

On May 8, 1994, in Riyadh, the fifth meeting of the GCC Foreign Ministers and their counterparts discussed joint cooperation, but no agreement was reached.<sup>822</sup> A year later, one of the GCC Foreign Ministers said that: “the new rules on the Generalised System of Preferences (GSP) introduced at the start of 1995 will restrict GCC exports, and are not in harmony with the GCC’s co-operation agreements with EU”. The ministers issued a statement after two days of talks which ended on March 20, 1995.<sup>823</sup> They called on the EU to look at trade measures which would help GCC exports to continue to benefit from the quality of trade found in European markets. The GSP arrangements enabled the EU to impose tariffs at the request of a member state, whenever an import was seen as competing.

They met again in the Spanish city of Granada in late July 1995, to discuss trade and political issues; among them Bosnia, the ME peace process, and the Mediterranean Conference held in Spain in November in the same year.<sup>824</sup> The Granada Troika Ministerial meeting of July 1995 addressed all three areas; economic, political, and cultural, and made the following recommendations: (1) to strengthen the EU-GCC political dialogue; (2) to increase economic cooperation and propose solutions for unblocking the ongoing free trade negotiations; (3) to develop instruments of cooperation which will promote increased reciprocal knowledge and understanding, especially in the cultural and scientific fields.<sup>825</sup> Moreover, GCC leaders decided to press their European interlocutors on the matter of helping Iran with nuclear technology, since apart from China, North Korea and Russia, Europe is the main source of nuclear technology, equipment and supplies for Iran.<sup>826</sup>

In 1995, the GCC states complained about their overall trade deficit, which increased every coming year, with the EU.<sup>827</sup> Moreover, the GCC states contended that they were already getting less than 25 % of the final price of each barrel of oil sold in Europe.<sup>828</sup>

Table 5-11 GCC Trade-Balance Deficit with EU

Year	Import	Export	Deficit
1989	15.4	11.7	3.7
1995	19.5	11	8.5
1999	31.6	16	15.5
2000	36	17	19
2002	27.9	21.4	6.5
2004	25	22	3

Source: Business Channel (DUBAI), Nov 4, 2000; figure of year 2000, see [www.arabicnews.com/010106/200101621.html](http://www.arabicnews.com/010106/200101621.html); figure of year 2002 [www.gulf-news.com/Articles/news.asp?ArticleID=113874-14-03-2004](http://www.gulf-news.com/Articles/news.asp?ArticleID=113874-14-03-2004), And [www.gulf-news.com/September 13, 2004](http://www.gulf-news.com/September 13, 2004)

Unification of GCC customs tariffs is a key EU demand for a free trade accord between the two blocs. A set of steps for moving forward on trade relations was agreed between the parties at a EU-GCC joint council meeting in April 1996, for the sixth time, and agreed a deadline of two years by which a free trade deal should be concluded.<sup>829</sup> European officials urged GCC states to unify their customs tariffs (which varied from 4 percent to 12 per cent in 1996) which would enable talks directly between the two country groupings.

In their Communiqué on December 22, 1997, the GCC leaders, concluding a three-day summit in Kuwait, they rejected and denounced interference in the judicial systems of the GCC states by the European Parliament and other European international organizations and agencies.<sup>830</sup>

In 1998, they met in London and discussed the free trade accord again. On September 24, the GCC Foreign Ministers met in New York with their counterparts in the EU and discussed political and economic issues of mutual concern.<sup>831</sup> Again, they met in Luxembourg on October 26. The meeting covered a host of regional and international affairs, including the needed steps to establish a common free trade zone and boost bilateral commercial ties, the deadlocked ME peace process and the EU's role in pressing Israel to honour all the agreements it signed with the Arabs.<sup>832</sup> Finally, at the end of 1998, the secretary general of the GCC, al-Hujeilan, met with the EU special envoy for ME. The two sides underlined the importance of committing to the realization of agreements signed between the two sides concerned, in order to achieve a just and comprehensive peace in the ME region.<sup>833</sup> In this year the trade between them reached \$ 40 bn.<sup>834</sup>

Even though the cooperation agreement did not call for negotiation of common political positions among the signatories, the forum provided by the sessions of the Joint Council was used to discuss political issues of mutual concern and to arrive at common policy stances. In 1998, for example, the participants stressed their desire for regional stability. They declared their intention to promote the creation of a zone free of nuclear and WMD in the ME. They urged all states to sign the Comprehensive Test Ban Treaty. They committed themselves to the unity, territorial integrity and sovereignty of Iraq. They called for the full implementation of all Security Council resolutions pertaining to Iraq and discussed the situation of Kuwaiti POW. They supported a peaceful solution between Iran and the UAE over the three disputed islands. They called upon Israel to withdraw its forces from Southern Lebanon. And on the issue of Kosovo, they emphasized the absolute urgency of improving the humanitarian situation in that region. This is consistent with the policies pursued by the GCC states.

After a period of relatively slow progress, agreement had to produce concrete results and the 1997 and 1998 meetings enumerated the areas in which progress had been made on standards, customs, energy, environment cooperation, and an EU-GCC Technology Information Centre. Nevertheless, no progress has been made on the Free Trade Agreement so far.<sup>835</sup>

In 1999, the GCC imported 29 % of their total imports from the EU.<sup>836</sup> In Jan

1999, the exporters of aluminium in the GCC states have established a joint representative bureau in Brussels to protect their interest, namely, trying to abolish the 6 % taxes imposed by the EU on exports of Gulf aluminium.<sup>837</sup> In March, the secretary general of the GCC visited France; his talks in Paris revealed France's intention to continue consolidation of strong ties with the GCC member states in the economic and political fields.<sup>838</sup>

In a statement released at the conclusion of their 70<sup>th</sup> session, the GCC Foreign Ministers praised the decision adopted by the EU in reassuring its rejection of recognizing Jerusalem, including the western part of the holy city, as a capital for Israel.<sup>839</sup> In November 1999, the EU and the GCC held another inconclusive round of their annual talks on setting up a free trade zone. The two sides were deadlocked on the EU call for a Gulf customs union and over an EU tariff on Gulf aluminium imports. A GCC official said the EU demands were unjust "because the EU has bilateral arrangements and has never asked neighbouring states before to form a customs union".<sup>840</sup> On November 29, they held their second conference for a Gulf-European partnership. The conference aimed at discussing opportunities for mutual investment between Gulf businessmen and their European counterparts.<sup>841</sup>

The 20<sup>th</sup> summit of the GCC states' leaders called on the EU member states to continue their endeavours and work for the sake of resuming negotiations on the ME peace process, especially the Syrian and Lebanese tracks.<sup>842</sup>

During their last meeting in Dubai in Nov. 1999, the two sides agreed to step up their efforts to achieve the free trade agreement. The GCC warned at its summit in December 1999 that its customs union would not come into being until March 2005, four years later than originally planned. Once in existence, it would create an import market worth more than \$ 80 bn.<sup>843</sup>

In April 2000, a round of trade talks started in Riyadh between the European Commission and GCC. The talks discussed several trade issues including the free trade agreement between the two sides, and they held negotiations on the lists of the main commodities of the GCC states, including petrochemicals, refined oil products, and aluminium. They also reviewed the latest developments in the negotiations pertaining to Saudi Arabia and Oman joining the WTO.<sup>844</sup> In June 2000, the Foreign Ministers of the two sides held their 10<sup>th</sup> meeting in Brussels. Saudi Arabia, speaking on behalf of the GCC indicated that talks with the EU were not making progress in establishing a free trade zone. The GCC states threatened to stop the talks for lack of progress, threatened to impose higher taxes on EU exports to the GCC unless EU responded to the successive calls to facilitate the entry of GCC commodities to its markets and gave up the policy of protectionism and placing obstacles before the free trade zone.<sup>845</sup> The EU saw the lack of progress as being due to the lack of a uniform GCC customs standard,<sup>846</sup> and the questions of human rights in the GCC states.<sup>847</sup>

The GCC-EU joint council concluded its 11<sup>th</sup> session in Manama on April 23, 2001. The two sides expressed great concern over the policy of escalation pursued

by Israel against the Palestinians, their concern over the grave humanitarian conditions in Iraq, and their determination to support all efforts to establish a zone free from nuclear weapons and other mass-annihilation arms in the ME.<sup>848</sup> Moreover, there were discussions on issues such as: free trade agreement; human rights; and using of the Euro as an international reserve currency by the GCC states.<sup>849</sup> However, the GCC expressed their frustration at the lack of progress involving a long running process (free trade agreement) which went back to the 1980s.<sup>850</sup> In the meeting the GCC states called on the EU to support Saudi Arabia's drive to join the WTO.<sup>851</sup>

On November 15, 2001, Bahrain's Foreign Minister chaired the GCC-EU Ministerial Joint meeting held in New York at the same time as the 56<sup>th</sup> Session of the UN General Assembly. During the meeting, he affirmed the importance of the joint cooperation between the two sides in various fields in order to review and evaluate the current situations and exchange viewpoints on issues of common interest. He also reaffirmed the GCC firm stance on condemning all types of international terrorism and the terrorist attacks in the US on September 11, 2001. He said:

*"The attacks must not be exploited to link terrorism to Islam, a religion of coexistence and tolerance, this would create the danger of stirring up hostility against Muslims and igniting a conflict between religions and civilizations, instead of dialogue and interaction among them for the good of all societies."*<sup>852</sup>

He also tackled other issues relating to situations in the Gulf, such as the Iraqi case and the relation between the GCC states and Iran, in addition to the Middle East Peace Process. He thanked the EU countries for their stance towards the peaceful and comprehensive solution as well as for their support to the establishment of a Palestinian state, repeating them to intensify their efforts to find a solution that will guarantee security and stability in the region.

In Feb. 2002, in Madrid, the Foreign Ministers of the GCC member states held a meeting with their counterparts at the EU to discuss the deteriorated conditions in the occupied Palestinian territories as a result of the Israeli escalation and the aggressive policy pursued by Israel, as well as the policy of economic siege imposed on the Palestinian territories, besides preventing the chairman of the Palestinian Authority Yasser Arafat from leaving his headquarters. The two sides also discussed the efforts made to safeguard the ME Peace process and means of signing the free trade agreement between the EU and the GCC member states.<sup>853</sup> In March, 2003, the GCC Foreign Ministers met, (their 13<sup>th</sup> meeting) in Qatar with their counterparts at the EU. They issued a statement emphasizing that war against Iraq was not inevitable and stressing the importance of using force only as a last resort. At the same time, they called on Iraq to end the crisis by completely and effectively complying with the requirements of the UN Security Council. The two sides confirmed their determination to urge a ban on the proliferation



of weapons of mass destruction, including the eradication of Iraq's through peaceful means and in accordance with UN Security Council resolution No. 1441. They expressed support for the mission of the international arms inspectors in Iraq and urged that they be given enough time to fulfil their job effectively and completely, and that Iraq show them full cooperation. They also called on Iraq to demonstrate greater cooperation in resolving the issue of the Kuwaitis, and others, who have been detained in Iraq since the Gulf War, reiterating commitment to the independence, integrity and sovereignty of the State of Kuwait within its internationally recognized borders.<sup>854</sup> On 17 May, 2004, in their 14<sup>th</sup> meeting in Brussels, the GCC and EU Foreign Ministers met and discussed matters concern their relations in all fields<sup>855</sup> However, they agreed to hold a meeting in April 2005 in Bahrain<sup>856</sup> which, probably, put an end to the twenty years of negotiations on free trade agreement.

The GCC states agreed to launch a media blitz to counter rising anti-Arab publicity following the September attack on America. Information ministers from the GCC states agreed to form a committee to shape their line of defence to counter efforts to tarnish the image of Arabs in the West after the suicide attacks on US cities. GCC Secretary-General Jamil Al-Hujailan said:

*"Arabs and Muslims, especially GCC citizens were transformed over night in the eyes of the West into suspects and wanted people surrounded by fears and suspicion,"*<sup>857</sup>

The ministers proposed that three satellite television channels be set up to woo public opinion in North America and Europe, according to a statement issued after the meeting, Al-Hujailan said:

*"We need a media that reaches the people who have begun to see Arabs as evil and see Islam as against other religions and supporting terrorism and the killing of the innocent,"*<sup>858</sup>

Gulf Arab officials said the proposal, expected to cost hundreds of millions of dollars, would be discussed, among other issues, by the committee.

In order of priority, Gulf security ranks third for Europe, after security in Eastern and Central Europe, and security along Europe's southern flank.<sup>859</sup> The determined and successful efforts of the international community to restore the independence and territorial integrity of Kuwait perhaps suggest that the current territorial definition of the member states is likely to endure in the near future, certainly for as long as the West is prepared to guarantee their shapes and sizes. The bilateral defence pacts between the GCC states and Britain and France, will only add to the security of these guarantees. Moreover, Britain and France participate in the air surveillance over southern Iraq, and both have naval forces patrolling the Gulf. Both these European powers also engage in training exercises with the GCC armed forces, in parallel, though not in coordination, with those



conducted by the US. They are competitors with each other and the US for arms sales in the region's arms market, representing a further European interest in the Gulf, if only at the bilateral level.<sup>860</sup> However, the principal European concerns in the Gulf are in line with those of the US, i.e. the security of energy supplies. Without access to a continuous flow of oil and gas at predictable and manageable prices, Europe's economies and the standard of living of its peoples would be at risk. A related concern is continued access to lucrative markets in the GCC states and the security of European investments there.<sup>861</sup>

As the Second Gulf War revealed, the GCC states now know that they have to rely heavily on a direct and probably permanent protection by the West.<sup>862</sup> France pledged to rush 70,000 troops and over 300 aircraft from its rapid reaction force to the defense of the UAE if it was attacked. The agreement, a follow-up to a January 1995 bilateral defence accord signed in Paris, is the strongest pact yet arranged between a member of the GCC and France, and there has been similar accord with Britain. The UAE's principal concern is Iran's aggressive rearmament campaign. The UAE Foreign Minister told reporters: "*when we raise the voice of peace, Iran raises the voice of war and threats.*"<sup>863</sup> Indeed, in making massive purchases the GCC states are making political as well as military choices, establishing themselves in binding relationships with Western suppliers. Beyond this they must rely on foreign support. This arrangement suits the West too as it can guarantee the safety of its oil suppliers and re-cycle petro-dollars through its weapons industries.<sup>864</sup>

The cooperation between the EU and the members of the GCC rests on three pillars: political cooperation, free trade negotiations and economic cooperation: However, the relations between the EU and the GCC are improving at the political level, and the intention is to strengthen the bilateral political dialogue. In fact, the vision of the "New Middle East" embodied in the Euro-Mediterranean partnership program, and in the EU contribution to the Arab-Israeli peace process, requires links to be made between the Mediterranean and the Gulf.<sup>865</sup>

At the economic level, the idea is to increase economic cooperation and find a solution for unblocking the continuing free trade negotiations. Economic cooperation has covered the areas of energy, environment, industry, standards, customs, human resources and investment. These areas are of varied importance to the EU, and the GCC. But as far as the free trade zone is concerned, the GCC should create a new strategy to determine the cooperation machinery with the EU and stress on it to apply a fair formula toward establishing a free trade zone with the council's states. They may establish it in 2005 but it will be according to the EU conditions to serve the interests of its member countries. The EU is not serious about the free zone with the Gulf Council states, as such an agreement is not among its priorities, because the EU gets the ultimate benefits in its commercial dealing with the GCC states outside the free trade agreement. But in future, probably, the GCC will have the sufficient knowledge and the pressure tools, with

strong coordination among themselves, to persuade the European side to change its position.

At the cultural level, meanwhile, the goal is to develop instruments of cooperation which will promote increased reciprocal knowledge and understanding, especially in the cultural and scientific fields. Cultural cooperation is in its infancy. On the part of the general European population, which is not involved with Middle Eastern culture or Islam, reducing the widespread prejudice against Arabs and Muslims will be much more difficult to achieve and take a much longer time, as it requires a concerted effort on the part of opinion leaders to convey images of the GCC states that promote understanding rather than hostility.<sup>866</sup> The best way to move forward is a three-step process: drawing up separate charters of plans, determining a mutual working agenda, and creating an effective mechanism to realize common goals and aspirations.

The principles of liberty, democracy, tolerance, respect for different cultures, human rights and the rule of law should form the cornerstone of political reforms in the GCC states. The EU could also support reform of the legal and law enforcement systems. Here are some principles suggested for developing GCC-EU relations:

- The EU should facilitate the creation of a Gulf Regional Framework for Cooperation of the GCC states, Iran, (For instance, putting pressure on Iran to stop the development of its nuclear weapons) Iraq and Yemen that will ensure peace and stability in the Arabian Peninsula.
- The EU and the GCC should work together to ensure a quick transfer of power to Iraqis, in view of the regional and global importance of a successful transformation of Iraq.
- The EU must help the GCC states to build a vibrant civil society, civil law, NGOs and civil institutions that could enhance the democratic process.<sup>867</sup>
- The EU and the GCC must encourage closer relations between their respective civil societies to identify common grounds and reduce mutual distrust and increase cultural affinity.

It must be recognized that oil from the GCC states has long fuelled the industrialization in the EU. Indeed, it has helped them attain their present levels of prosperity and affluence. Not only that, their industry is still flourishing on the markets of the GCC, where goods of all sorts enter freely with little if any consideration for price and quality. While the GCC industrial exports seek access to EU markets on a competitive basis, it is important to ensure that these markets are not sealed off to the GCC merchandise. Thus, the success of the GCC efforts at industrialization and the continuity of industrial prosperity in the EU should be seen in a common perspective in which compromises would always be helpful in the growth of the international economy.

### 5.3 Challenges

Internal security in the context of the GCC is directly equated with the continuing stable existence of the present regimes and forms of government in the GCC states. As such, the GCC is a status-quo-oriented organization and views any serious threat to the present political structure in any GCC state as a “terrorist” threat. The GCC states have a deep fear of internal instability. They are beset by the dislocations of rapid development and new wealth, the presence of uneasy religious and ethnic minorities and immigrant workers, conflicting religious and political ideologies, and the fragility of political legitimacy.

Oil revenues received by the GCC states have greatly enhanced their economic development and social modernization, raising the standard of living, and enhancing national security. Nevertheless, in the end these processes tend to undermine the social base and political legitimacy of a traditional political system. Moreover, there are a number of potential sources of internal conflict, of which the most important are the strains associated with rapid economic development. This has created a new middle class, and other groups, that eventually will want to participate in the political process.<sup>868</sup>

The challenge confronting the GCC rulers’ efforts to manage the effects of rapid political and social change is one of creating new political institutions to accommodate pressure for broader participation in political life without establishing a political alternative to their own rule. They have to ensure that change remains evolutionary instead of becoming revolutionary.<sup>869</sup> Simultaneously, they must build a modern military establishment that can effectively protect their border without it becoming a well-armed internal threat to the regimes that created it. These internal problems are often aggravated by regional tensions expressed by propaganda and subversion, and by super powers’ rivalries.<sup>870</sup>

The GCC states are divided on the issue of how collective security could best be achieved. They have spent billions of dollars to buy advanced and sophisticated weaponry, but such weaponry does not guarantee security with certainty, because there are many technical as well as political barriers.<sup>871</sup> They have the challenges of slow movement toward standardization of their military equipment, and manpower problems...<sup>872</sup> They have achieved a lot of cooperation and coordination, but still not enough; they still have, at least in the short term, some difficulties created by their different equipment mixes. Their armies have different force mixes and training patterns, which will make it difficult for them to cooperate under most combat conditions, and they sometime have different arms purchases’ polices. The GCC states have problems in their efforts to create modern armed forces because of their small populations. The traditional sources of manpower are Bedouin tribesmen whose loyalty to the ruling families remains dependable. The Bedouins, however, usually lack the technical and managerial

skills to operate and maintain a modern army. They also disdain the manual labour associated with the rigors of maintaining weapons and equipment. The necessary education, technical skills, and work ethic are usually present in urban social groups that have not been the traditional source of support for the ruling families.<sup>873</sup>

Because of their young military establishments, the GCC could not face a major military threat alone, now or in the near future. The security of the GCC is the responsibility of the GCC states and they cannot reject foreign military presence and military bases in the region. Hence, the main challenge is to free themselves from foreign military support and assistance and to have “sole responsibility” for their defence. One challenge is to create an Arab security arrangement. After the liberation of Kuwait, there were some anticipated regional security arrangements, but these were disappointing. Such a security arrangement, as enshrined in March 1991 with the DD,<sup>874</sup> It rapidly became clear, however, that there existed within the GCC a clear disinclination to trust Syrian and Egyptian military power for GCC security needs. Another challenge is the slowness of the GCC to coordinate their defence, which made them vulnerable to Iraqis and Iranians, in the two cases, namely, the invasion of Kuwait, and the occupation of the UAE’s islands. There is the challenge that the GCC states are not keen to enlarge their mutual defence cooperation. The Omani (1996) proposition calls for a genuine quantitative and qualitative upgrade of joint defence, including an eventual 100,000-man joint force.<sup>875</sup> As Omani Sultan put it:

*“I believe that every effort should be made to further the work of the GCC in strengthening our collective ability to defend ourselves and develop our economic and social progress, all of which are stabilizing factors.”<sup>876</sup>*

There are other problems in defending the GCC states, at least in the present (Year 2004). That is, the small states of the GCC members, along the coastlines, lack any strategic depth; as the invasion of Kuwait showed, they can be occupied within hours. Saudi Arabia has strategic depth, but its most vital resources, the oilfields, are along the coast and highly vulnerable to airborne and seaborne assaults. A more potent ground force could slow down an enemy assault, but perhaps not before the oilfields fell. For these reasons and the concern about the political, standing armies, the member states rely instead on (after many years of integrating their military forces) air and naval forces as both a force multiplier (using technology superiority to offset the manpower of potential armies), and a mean of carrying the battlefield beyond their own territory. Last not least, the inability of the GCC members to resolve all of their border disputes continues to have a direct impact on the nature and extent of their cooperation on pan-GCC defence matters.<sup>877</sup>

Table 5-12 GCC Rapprochement with Five Countries, 1981-2004)

Year/	Country	Russia	Iraq	Iran	Yemen	Israel
1981-1990	GCC Members	Kuwait		Oman Qatar Kuwait	Oman	
1990-1995	GCC Members	Qatar Bahrain UAE Bahrain	Oman Qatar UAE	Bahrain	Qatar UAE Saudi Arabia Bahrain	Oman Qatar Commercial Relations
1995-2001	GCC Members	Saudi Arabia	Bahrain	Saudi Arabia	Kuwait	Bahrain. Rapprochement
2001-2004	GCC Members	All member	All member	All member	All member	Unknown Rapprochement by the three states

Source: The table is derived from above analysis of section 5. 2, Foreign Policy

As far as foreign policy is concerned, the GCC have the challenge of complete agreement on every political issue.<sup>878</sup> Because of little difference in internal and external factors, the GCC member states have a margin of variation in their foreign policy orientations.<sup>879</sup> There is variation in how closely they fit the pattern modelled largely on Saudi Arabia foreign policy behaviour of the last two and half decades, a factor that became evident in their somewhat diverse dealing with the Soviet Union, Iran, Iraq, Yemen, and Israel.

The challenge here is the split of sorts among the member states of the GCC. Kuwait, having suffered since its independence from Iraqi threats, has developed a strong consensus on the need for close ties and relations with foreign powers. Kuwait is the only conservative Gulf state that established a relation with a communist country, Soviet Union, before and after the establishment of the GCC. At the end of 2004 (after forty-two years after Kuwait have established its relation with the Russians in 1962), all of the member states had a relation with Russia.

Three of the GCC states, Oman, the UAE, and Qatar, called for rapprochement with Iraq, and surprisingly, Saddam Hussein received a very friendly letter from Sultan Qaboos of Oman at that time.<sup>880</sup> The mere fact that a GCC ruler responded and congratulated Saddam on Idal Fatir (Muslims major holiday marking the end of an atonement and fasting-period of Ramadan.) was a major

development of Omani attitudes toward Iraq, which was a challenge to the official line of the GCC foreign policy. Qaboos appreciated the critical importance of maintaining a balance of power between Iran and Iraq in the area after the Kuwait war.<sup>881</sup> Qatar is most keen to maintain a dialogue and continuously search for common ground with Iraq, and it has remained on good terms with Iraq and offered its ports to handle goods bought by Iraq in the first half of the 1990s.<sup>882</sup> The President of UAE argued in essence that the time had come to put an end to the debilitating disputes that have plagued the Arab world as a result of the second Gulf war, and that it was unacceptable for Iraqi people to be made to suffer by being subjected to UN sanctions.<sup>883</sup> In the year 2000, Bahrain sent back its ambassador to Baghdad, to normalize its relation with Iraq.

Three members of the GCC; Oman, Qatar and Kuwait, were conciliatory toward the Iranian regime through the first half of the 1990s. Oman, largely because of trade and its neighbourly relation with Iran and Oman's view that sharing interests with Iran will neutralize its disruptive potential.<sup>884</sup> Qatar has maintained good relations with Iran because of its border dispute with Saudi Arabia and Bahrain, unlike many of its other GCC partners, who have accused Tehran of interfering in their internal affairs and posing a threat regional security by acquiring more weapons than its needs. The relation between Qatar and Iran reached its highest level in 1996 when Qatar politely declined an Iranian offer of a bilateral defence pact.<sup>885</sup> Kuwait has improved its relation with Iran since the liberation and the disruption of its relation with Iraq. Bahrain and Saudi Arabia improved their relations with Iran after president Khatemi came to power.

There was disagreement among the GCC during the Yemen civil war. Four of the GCC member states supported the breakaway of South Yemen, and only Qatar stood firm with Oman in supporting the legitimacy of Yemen. However, in 1996 five of the GCC members preferred rapprochement with Yemen.<sup>886</sup> Kuwait, which cut off relations with Yemen, because of the latter's support of the Iraqi invasion of Kuwait, re-established ties in 2000.

Only Qatar and Oman have broken ranks with the GCC members and exchanged representatives with Israel, and opened trade offices. In 2001, Bahrain held secret talks with Israel. The other members reiterated the organization's line that any normalization and full diplomatic recognition must follow the achievement of comprehensive Arab-Israeli peace that includes Syria and Lebanon.

Other challenges should be mentioned here:

- Foreign policy decisions are a closely held preserve of leading members of the ruling families; 2) most of the member states have inexperienced younger ruling family member;<sup>887</sup> as their ambassadors in Washington, their most important foreign relationship.
- The focus of foreign policy is on the regime's dynastic interests. State interest is conflated with regime security.

- Cooperation among the member states in the diplomatic field is a natural thing, but sometime is complicated by historical disputes among the dynasties.
- The lack of firm institutionalized political links between these regimes and the majority of their people open up a new set of threats in the foreign policy sphere.<sup>888</sup>

However, unity within the GCC will be undermined in the future if these differences among the member states continue.

## 5.4 Concluding Remarks

William Tow considered the GCC to be a 'relatively more successful sub-regional security organization.'<sup>889</sup> The GCC member states have achieved remarkable progress and many effective agreements (especially in the period of 1993-2004, see above.) though some problems are unsolved yet, (in 2004). There is no question that cooperation among the member states' armed forces has been a high priority in the field of internal security (This may seem strange from a reading of the GCC charter, for nowhere therein is there the slightest hint that the members intended to deal with military issues.). The GCC was established, mainly, in response to a pre-existing problem: how to maintain the security of the region and to protect the newly independent weak states after the British announced precipitously in 1968 that within three years they would terminate the treaties of protection that they had signed with the Gulf sheikhdoms for 150 years.

The security of the GCC states is (Year 2004) firmly in the hands of the US and its NATO allies after three decades of the British withdrawal from the Gulf. It appears that the regional powers cannot be trusted to safeguard themselves. So long as the two Gulf powers (Iran and Iraq) fought each other in the 1980s, the dangers could be managed. The key was to ensure that neither side defeated the other decisively. Regional tensions are lower now than three decades ago. Yet, the potential threats to countries that account for almost half the world's oil reserves are difficult to understate.

The Kuwait war highlighted the military imbalance among the states of the Gulf. GCC leaders insisted they should never again be in a weak and a vulnerable position comparable to that during July and August of 1990. The need to defend oneself was made amply clear and every GCC state intended to see to it that its security was preserved. However, the war introduced an additional dimension for the GCC military planners. For many the ideal deterrent was to duplicate the abilities of allied forces, even if their option was many years if not decades away. Still, to achieve their goal GCC states were willing to allocate whatever funds were needed. GNP allocation for defence spending told the whole story. Whereas most



Western states devoted less than 5% of their GNP to defence in 1991, several GCC states surpassed the 15% mark.

The GCC larger strategic goal is to slow, if not halt or bring under effective international supervision and control, the WMD proliferation among their neighbors. The member states will be preoccupied for some time building up their military capabilities and concluding arrangements and agreements not only with the USA and Western powers but also with the other Arab states. Egypt and Syria (DD) were geared for Cairo and Damascus to provide the human muscle and the Arab involvement. The US and the West supplied their troops and technical support; and the GCC states provided legitimacy. Presumably, all parties would strive to deter aggression against the six member states, and the GCC states, for some years to come, will certainly depend on this external assistance and support.

Throughout the 1990s, Iraq forces pose no threat, since the GCC had enough to mobilize, and the US with its ally's (British) aircraft regularly flew over both southern and northern Iraq (Operation Southern Watch and Operation Provide Comfort). The certainty of US intervention reduced the threat even further.

Geography and their own growing strength help ensure that GCC states can defend themselves against an Iranian attack. Although Iran's ballistic missile capabilities have grown substantially, its nuclear capability remains nascent-even after it signed a deal with Moscow for light-water reactors- expressing distant intentions that must be taken seriously. It has little effect on contemporary strategic planning, however, since Iran does not possess the ability to challenge the US in or around the Gulf. At present (2004) the US has many warships operating in this strategically vital region, including a carrier group and nuclear-powered attack submarine. Should Iran ever decide to confront American forces directly, it surely will pay a terrible price. Moreover, the GCC states combined air power, and sea power, which includes not less than 1000 advanced fighter aircraft, naval vessels, helicopters, anti-mine systems, and anti-submarine arms systems, is a force to be reckoned with.

The GCC is set to continue to spend massively on advanced weaponry. Nevertheless, the good thing, at present, is that the GCC states are turning these costly armaments programmes into an instrument of technology transfer and economic diversification. They have made it a condition for foreign firms bidding for defence contracts to invest a portion of the value of the deals in joint venture projects with local partners.

In all GCC summit meetings, the subject of stability and security (Table 5-1) in the area is touched on. During the period 1981-2004, the Council was more engaged by the need for internal and regional security coordination and integration, than by the tasks of economic integration. The new security arrangements in the Gulf must aim for deterrence of either Iran or Iraq (since the American invasion of Iraq, in 2003, the balance of power in the Gulf turned in favour of the GCC and Iran) from being a threat to the GCC. With the end of the Cold War the objection to the Western presence, as a source of the introduction of the



superpower conflict, rather than enhancing GCC security, has disappeared. The member states hold many ground, air, and naval exercises in their own territories. Moreover, there are many military manoeuvres taking place frequently between the GCC states and the American, French, and British troops, and they hold other war games with Western allies on a bilateral and multilateral basis.

More cooperation and integration are the only way the GCC states can cope with the forces of change, the dynamics of the military build-up, and the threats in the region. In fact, there is steady increase in cooperation (since Kuwait liberation) in the face of regional threats. since 1990 the GCC states have shown that they understand the threat posed by the Iraq invasion of Kuwait, and Iran's occupation of the UAE's islands, and that regardless of how friendly Iraq and Iran may be in the short run, their instability and emergence as the dominant military powers in the Gulf region are some kind of military counterbalance.

There is a final point about the importance of defence cooperation among the GCC states. Historically the military threats to the GCC members have by and large come from one another, but this had passed into history well before the Council came to life. The quest for Gulf cooperation, unlike the pursuit of a European Community, was not seriously motivated by a felt need to prevent the partners from ever again fighting one another. But against the historical backdrop it is reassuring that GCC Defence Ministers are planning how to protect one another. The essence of the idea of the GCC was that by drawing closer together politically, the six member states would strengthen their collective sense of security and provide a new element of stability in what had become a quite volatile region. Moreover, their cooperation and integration of their military capabilities, and their internal security will strengthen their coordination and cooperation in the foreign policy issues.

The conservative tendency of the GCC states' political systems has shaped their foreign policy orientation. The unchangeable effects of geography and demography-small population; in some cases vulnerable borders, and valuable natural resources- combine with domestic realities to create a GCC diplomatic style and prompted them to pursue policies based on strengthening ties among themselves, and. This style is characterized by reliance on policies of balance and manoeuvre to maintain security, that is, in its policy the GCC has embraced the idea of collective security. It was the prime mover in the establishment of the GCC in 1981. They prefers to pursue balanced and moderate policies in their relationships with neighbours. They have joined in an effort to counter perceived and actual threats to the region's stability and security from the regional hegemonic states, Iran, and before 1991, Iraq.

The member states have coordinated their diplomatic policies vis-à-vis military expansion by neighbouring countries. This was the case in Kuwait in relation to Iraq (1990-91) and in GCC solidarity with the UAE over its position against Iranian occupation of the Tunbs and Abu-Musa Islands (1994). Their collective diplomacy, from 1981-2004, consisted of three tactical moves. These were:

disapprobative; mediatory; and conciliatory in nature. Moreover, the GCC's diplomacy was marked by flexibility, and the strategy pursued by the GCC states during more than two decades of their diplomatic coordination and cooperation was the most ambitious. Throughout the 1980s the Foreign Ministers meetings repeatedly called for a negotiated armistice between Iraq and Iran, and the main diplomatic preoccupation of the Council since its inception and until 1988 was how to end the war between the two states. They stood against Iran during the reflagging of Kuwaiti ships by the US in 1987-1988 and against Iraq after the invasion of Kuwait. Nevertheless, when the crisis passes, they once again seek some regional middle ground, avoiding, if possible, friendships that are too close and enmities that are too intense.

They developed close relationships with Arab and Muslims countries (those are not discussed or analyzed in this thesis), which were necessary and unavoidable because of their wealth and the Islamic holy places in one of the GCC states. Moreover, the GCC's foreign policy is operated in alliance with common interest groups: OPEC, OAPEC, AL, NAM, UN, and friendly allies like the US, the EU, and with other entities to protect and promote the interests of its members. It also expresses views on all kinds of international issues, whether they concern small, medium, or superpowers.

The first Foreign Ministers' meeting was held in February 1981 in Kuwait and was attended by the Foreign Ministers of the states, which later formed the GCC. They issued a communiqué declaring that in the light of their similar systems, Islamic belief, and social, economic and demographic structures, they had agreed to establish a cooperation council. Since the first meeting there have been no less than 93 regular and 26 extraordinary (consultation and coordination meeting) sessions of the GCC Foreign Ministers meetings held up to the end of the year 2004. They (most of them appointed minister for life, and have had a close relationship with each other for many years) also meet regularly in private for consultations, the aim being to improve mutual understanding on all major foreign policy issues and to align and coordinate their positions with a view to common action wherever possible, so strengthening solidarity among themselves. They held meetings collectively and regularly with their counterparts from many countries and organizations parallel with UN meetings. One of the main events of the GCC is the meeting of these ministers for broad consultation on a range of issues affecting the welfare of the six and for hammering out common positions with which to face the world beyond.

The records show that the problems of war and peace in the Gulf absorbed most of the collective diplomatic efforts of the GCC. The Iran-Iraq war and the occupation of Kuwait posed the most immediate and the largest threat to all members of the GCC. Although, they some times lack political cohesiveness, or have some quarrels and political disagreements, they agree on major policies and objectives to be achieved through consultation and consensus, help each other diplomatically, and meet their commitments.

In the last two decades and half 1981-2004, the GCC has accomplished some important specific things on the political and diplomatic fronts:

- Under the banner of the GCC, members were successful in easing and contributing to end long-standing tensions between Oman and South Yemen, Saudi Arabia and YAR, and because of their efforts, the Lebanon civil war ended in a peaceful solution.
- The Fahd Plan was examined carefully by the GCC on its way to becoming the Arab plan for ME peace at the 1982 Arab Summit, and GCC states supported the Palestinians in their struggle to achieve their legitimate rights, through material and diplomatic means.
- The GCC put forth mediation initiatives to the Iran-Iraq war, and its efforts were useful in keeping international attention focused on the danger of this conflict. The GCC carefully asserted its members' rights as non-belligerents.
- The GCC states have joined together on the diplomatic front to counter the Iraqis during the occupation of Kuwait, and gained the support of the great majority of UN members.
- The Americans and Europeans listened carefully to the views of the GCC states on a range of issues: the wars in Afghanistan (under the Soviet occupation, and under the regime of the Taliban); the Palestinians; the war in Bosnia, and in Kosovo; on Russia's ethnic region Chechnya; and on other international issues, which concerning the Muslim and Arab worlds.

During the last twenty-three (1981-2004) years, the collective performance of the GCC as an organization witnessed a very modest concrete progress on the security and political levels. The member states of the GCC have held many (Not less than three hundred, as far as the security and foreign policy issues are concerned.) meetings of the heads of States, foreign ministers, interior ministers, defence ministers and other officials at various levels, with significant achievements on political and security issues, for instance, in 2004, GCC countries were able to deny terrorists the use of their financial facilities and achieve international positive ratings in the fight against money laundering.<sup>890</sup>

The GCC alliance needs courageous decisions by its leaders in order to maintain stability and continuity. Instead of avoiding the issue of democratisation, they need to address the real political needs of their people and start a healing process with their political opponents. Dialogue and mutual recognition must become the order of the day especially when it comes to internal politics. The GCC's ability to influence its external environment is based primarily on its role as an oil supplier with vast reserves and secondarily on its financial power in the global economy. Oil revenues have provided the means through which these policies and their objectives have been pursued. Oil revenues helped to generate extensive aid programs that provided linkages with countries throughout the

Arab, Islamic worlds, and increased their influence in the world, particularly in the West.

The GCC will always be an exclusive club. The question of the possibility that Iraq and Yemen might join the organization is not there in the foreseeable future, (Iraq participated only with its football team in the GCC; Iraq joined, again, the GCC in their annual football competition in the 17<sup>th</sup> Arabian Gulf Cup, in Dec.2004 after a 14-year exile triggered by Saddam Hussein's invasion of Kuwait in 1990.)<sup>891</sup> because of economic reasons, (not to mention the political ones: the political system, democracy, bigger population and etc.) and the economic argument goes as follows: The talks between the GCC states and Yemen, especially with respect to Yemen joining certain GCC joint institutions and adopting the necessary conditions for its integration in the Gulf common market, are facing obstacles arising from the major discrepancy between the six Gulf economies on the one hand and the modest and closed Yemeni economy on the other. In this context, there are two significant trends. The first is an emotional trend that calls for speeding up the process while the other is a rational but slow trend. The former ignores history and does not attempt to benefit from the aborted Arab experiences that have cost the Arab states so much money and effort. The slow, rational trend does realize the extent of such a discrepancy and is well aware that Yemen is in great need of considerable aid and comprehensive reforms to be able to integrate into the overall Gulf economic system. Yemen refused to set up a free-trade zone with the GCC and scrap customs tariffs. It is concerned about the domination of cheaper and high quality Gulf goods in its domestic markets, and demands compensation for the loss of customs duties that constitute major revenue for the budget. In general, the free-trade zone is considered the true beginning of economic integration without which no talk about a common market is possible. What is required is overcoming this obstacle to put the Yemeni locomotive on the right track before taking any other step. Helping Yemen overcome such concerns is possible and essential as some GCC states expressed similar fears in the mid-1980s, i.e., when the free-trade zone was established between the six countries. In this context, it is possible to provide temporary aid to support the country's budget and encourage Yemeni exports to the GCC. This would constitute a vital outlet for Yemeni products.

There is no doubt that economic blocs and common markets do have positive returns for all the parties that join them. Nevertheless, they require concessions to be made by all the parties concerned. To ensure the success of Portugal joining the European Union, the EU states pumped about \$40 billion to develop the Portuguese economy to put it on par with them. The same was done by unified Europe with Greece and it will do the same with the new ten member states that joined later. A total of 24 billion euros will be pumped into these economies, including 8.2 billion into Poland. In turn, the new members are set to launch extensive reforms and will change many laws and regulations to conform to EU

rules. Aid cannot be written off haphazardly as there are common interests to be considered.<sup>892</sup>

The Gulf and Yemeni sides must realize this fact. Gulf aid and investment can flow into Yemen once the country has the laws and legislative infrastructure that is compatible with its Gulf counterparts. In addition, Yemen must embark on a new campaign of reforms that go beyond the old and bureaucratic economic concepts as well as the restrictions imposed upon the flow of trade and capital. Accession to the Gulf common market by Yemen and possibly Iraq is something that can take place if permitted by local and regional conditions. This move, however, needs the financial support of GCC states and radical reforms of the Yemeni and Iraqi economies. The high customs tariffs and state control of the major sectors in both the countries are not compatible with the highly coordinated Gulf markets. With wisdom, thought-full moves and consideration of regional sentiments, the necessary ground can be paved for Yemen to join the Gulf market. The steps taken so far are in the right direction.

There are some challenges in some of the issues of security and foreign policy, and the rulers are aware of these challenges and the forces that could be weakens or lead to the Council's disintegration. There is recognition that the GCC must be strengthened, but that this may only be achieved if the Council is streamlined and politically integrated; Council-wide interests must be permitted to take priority over national ones in these two areas. However, to reach our conclusion of this integrative venture we must look into the GCC's internal integrative and disintegrative variables. This will be the subject of the next chapter.

## CHAPTER SIX

# DISINTEGRATIVE AND INTEGRATIVE FACTORS IN THE INTERNAL ENVIRONMENT

In this chapter an attempt is made to identify factors that have been operating in the internal environment of the GCC states with an impact that is characteristically disintegrative or integrative. There are certain aspects of tribalism, territorial disputes, paternalism, and immigration, which are disintegrative factors, that operate negatively, and in varying degrees of intensity, upon the integrative process. And there are integrative factors like survival, sense of mission, improved standard of life, gradualism, the existence of an overwhelming core, geographical contiguity, and cultural commonality that operate positively upon the process. These factors can hardly be viewed as entirely unique to the region of the GCC states even though they may reflect some characteristics of a special nature owing to the local culture. Tribalism, territorial disputes, and paternalism can not be ruled out as crucial factors in the post-war African integrative ventures, for example. However, they do not appear to have created problems in similar ventures in Western Europe, Latin and Central America, and Asia, where national, rather than tribal, sentiment has been more influential as a disintegrative factor.

As two well-known students of regional integration assert, aspects of integration and disintegration can both operate simultaneously in a dialectical or non-dialectical fashion.<sup>893</sup> Thus, to the extent that the process of European integration is a drive for the realization of federated Western Europe, the expansion of EEC membership from six to twenty five (year 2004) and more members in the near future (the membership could reach twenty seven or more in future) can itself be interpreted as a disintegrative step that occurred simultaneously as members of the community were trying to unify their currencies or widen the scope of authority for the European Parliament.<sup>894</sup> By the same token, the attempts by some countries in Central and Latin America, East Africa and the Arab world, to reduce or eliminate trade barriers among themselves are integrative factors, whereas simultaneous power seizures by military generals or change of leadership may be disintegrative if they bring to power individuals with ultra nationalistic orientations. Recent leaders (year 2000s) in the Arab cooperation Council (ACC) (which, in 2004, did not exist any more, is a second integrative response; creation

of a counter-union according to Mattli.)<sup>895</sup>, and the Arab Magreb Union (AMU or UMA.), (which, in 2004, was facing all kinds of organizational problems, a part of which was the Libyan desire to quit) with their problems, may be cases in point.<sup>896</sup>

Arab politics and political alignments were increasingly defined in ideological terms, setting pan-Arabist, nationalist regimes against status-quo conservative-ones. However, many pan-Arabist attempts for unity were unsuccessful. Indeed, it becomes increasingly evident that these attempts had been at least disguised efforts, and to pursue state or personal agendas under the pretext of Arabism in order to become the hegemon of the region were often the driving motives.<sup>897</sup>

It is perhaps worth noting that the various tribes of pre-Islamic Arabia (pre-600 AD) possessed common unifying elements; climate, language, customs, and pagan worship of similar gods. Yet these pre-Islamic tribes had not coalesced into one Arab community, for tribal *asabeyyah* (tribal-based identity and solidarity) militated against that eventuality. Likewise, today's Arab countries possess a common identity and heritage, yet Arab nationalism has not replaced entrenched regionalist predisposition and interests to forge a single nation. In fact, like tribal *asabeyyah* before it, which precluded a national Arab community, regional *asabeyyah* destroyed the Union between Egypt and Syria, (United Arab Republic or UAR) and frustrated all subsequent moves directed toward Arab unity. The whole concept of the Arab nation proved to be weak when pitted against the deeply rooted regional-particularist that had been marching to the drum beat of Arab cohesiveness that ran counter to existing circumstances. Unable to actualize its promised Arab order, and with no structural foundation to support and sustain itself, Arab national ideology began losing ground.

Other events in the region also weakened Arab nationalist zeal and eclipsed pan-Arabism. The process started with the 1967 Arab-Israel war, and was accelerated by the 1979 Egyptian-Israeli peace treaty and the spread of Islamic fundamentalism propelled by the revolutionary Iranian regime in the 1980s. Then came the Gulf war in 1990. The occupation of Kuwait sealed the fate of Arab nationalist ideology as a force in ME politics.<sup>898</sup> The humbling of Iraq in 1991 by the combined Western-Arab forces and the associated carnage brought down the concept of Arab nationalism. Moreover, the behaviour was perceived to break widely recognized pan-Arabist taboos. The many illustrations of this included Jordan's bloody war against the armed Palestinian presence in 1970-71, Egypt's disengagement from the Arab-Israel conflict after 1975, Syria's confrontation with Palestinian and Pan-Arabist forces in Lebanon in 1976 and its support for Iran against Iraq in 1980-88, Iraqi invasion of Kuwait in 1990, Syrian and Egyptian alignment with United States against Iraq in 1991, and the Palestinian secret negotiations and bilateral accord with Israel in 1993.<sup>899</sup> And last not least, the American invasion of Iraq in 2003, which increased the division of the Arab world and created two camps, one for and the other against Arab unity.

At the same time, with pan-Arabism losing ground and the forces of regional-



ism gaining momentum, that is, the supporters of regionalism believed in a new mode of cooperation, based on mutual benefit and strategic affinity, one logical course for the future was for the Arab countries to form regional groupings -such as the Gulf region, the Nile valley, the Maghrib, and Fertile Crescent- to work out their relations with one another. Economic interdependence would replace the baggage of rhetoric and illusions and provide more tangible convictions based of reciprocal advantage. Ultimately, the primacy of complementary interests would further the chances for regional economic development and progress, which could improve the lot of peoples and lead to emergence of a new Arab order.

However, as far as the GCC is concerned, the supporters of regionalism agree; a strong and solid GCC in this strategic part of Arab homeland might not only protect the eastern flank of the Arab world, thereby preserving the Arab character of the Gulf region, but also serve as an example for other Arab states to emulate. At the other end of the spectrum, the pan-Arabists who primarily believe that step-by-step integration on the regional level is a sign of weakness tantamount to surrendering to narrow parochial interests, and a betrayal of the ultimate Arab goal of total unity. Nevertheless, with the passage of time, most of the Arab foreign policy orientation toward Arab unity changed to emphasize not the one Arab state conception, but a strategy of phases around subgroups; GCC 1981, the 1988 UAM and, the 1989 ACC. Moreover, the emphasis was then on ideological purity rather than on material and pragmatic interests. Both pan-Arabist and regionalists operate within a cultural context that impedes speedy integration of the GCC states.

## 6.1 Disintegrative Factors

Tribalism, territorial disputes, paternalism, and immigration, are the key contributing factors. The first three are socio-political characteristics that are deeply rooted in the cultural milieu of the area. Immigration, on the other hand, is a phenomenon brought about by economic expediencies owing to the discovery and exploitation of oil. These factors anteceded the establishment of the GCC, hence, each is a carry-over from an earlier era, and they are factors which hinder the process of integration. How did these factors develop? Why are they considered disintegrative? How does each one of them affect the GCC nature negatively? These are the types of questions I propose to discuss here.

### 6.1.1 *Tribalism*

Tribal supremacy is founded on the possession of properties and land by a most powerful tribe. Other tribes must succumb to the overpowering one, otherwise they risk being attacked and destroyed. The tribal tradition believes in the theme



“ I and my brother against my cousin, and I and my cousin against the non-relative”. The overpowering tribe considers itself the supreme core of the congregation. The allied tribes who assisted in overpowering other tribes are next in line in terms of favouritism. The overpowered groups are transformed into slaves or semi-slaves, as far as possible. The tribal chief establishes a majlis for his relatives to run the affairs of the congregation. No questions and no debates are encouraged. Instead poetry and statements of glorification for the chief are preferred, which is still performed daily in the GCC states.<sup>900</sup>

For thousands of years the region of the GCC states had had settlements fed by tribes coming from all parts of the Arabian Peninsula. These tribes rapidly converted to Islam in the 7<sup>th</sup> century. The tribal patriarchal characteristics of Hijaze (western region of Saudi Arabia) society were incorporated into the new religion, thus making conversion easier by maintaining the same social structure.<sup>901</sup> Tribalism has been a feature of human existence in the peninsula since time immemorial.<sup>902</sup> The tribe has traditionally served as a cultural and ethnic form of reference for the individual tribesman. The encounter of these tribes with the sea to the east (the Gulf) during the seventeenth and eighteenth centuries led to the gradual rise of a more settled life, characterized by new modes of economic activity such subsistence agriculture, pearling, fishing and seafaring. Many city-states emerged along the tribal lines.

In historical terms, tribalism has traditionally developed certain characteristics that are in harmony with the cultural, physical, and political nature of the environment within whose bounds the tribes have lived. The loyalty of a tribesman has traditionally resided in the family, in the section, in the clan, in the tribe, and finally the state. Another traditional aspect of tribalism in Arabia is geographical mobility. The desert is a seemingly endless expanse of desolate and inhospitable land. The only promise of survival required the nomads to chase pasture whenever and wherever the unstable weather patterns in the area allowed rain to fall. Violence is yet another characteristic of tribal life in Arabia. It was generally part of the quest for survival in view of the scarcity of resources. Another aspect of tribal existence in Arabia is the incidence of tribal flight. This type of contested nobility occurs when a tribe attempts to escape an unfavourable situation by moving en masse away from the jurisdiction of one ruler and into another's.

However, through the custom-honoured and religious-revered practices of Shura (consultation) and Majlis (assembly), a ruler exercised his authority, with the protection of the community and the adjudication of disputes according to Islamic law and tribal customs as the purpose of his rule.<sup>903</sup> This tribal society was further reinforced by the British through their support of the ruling families in these states, and tribal identification and ethos remain a very important element of personal identity in all GCC states.<sup>904</sup>

Figure 6-1 The ruling families in the GCC states and their tribal affiliation.

State	Bahrain	Saudi Arabia	Kuwait	Qatar	Oman	UAE
Ruling family	Al-Khalifah	Al-Saud	Al-Sabah	Al-Thani	Al-Bu Said	Al-Nahyan
Tribal affiliation	Anazah	Anazah	Anazah	Bani Tamin	Al Bu Said	Bani Yas (Abu Dhabi)
Beginning of rule *1783		1792	1754	1878	1744	1855

Source: \* The year of beginning of rule see Society and State in the Gulf and Arab Peninsula: A Different Perspective. By Khaloun Hassan Al-Naqeeb, Routledge, 1990, p.102; Ghabra S. (2000), op. cit., p.11; And Middle East Policy, June 2000, pp. 98-99.

Although tribalism is a fact of life in GCC states, our argument here is that it is an obstacle to integration among the GCC states in at least four of its aspects. First, tribalism is by its very nature functionalistic and divisive. It encourages a sense of mobile parochialism and ethnic (lineal) exclusiveness. Second, loyalty among tribesmen is primarily and firmly a family and tribal preserve. At the state level, it becomes both personal and elusive. Third, tribalism is by nature aversive to any outside central authority. This traditional rejection of control from above is an extension of the tribal traditional of mobility in pursuit of desert sources of life wherever available. Fourth, tribal history in Arabia is replete with incidents of violence of varying magnitude. In the background of this conflictual situation, rivalries, personal and dynastic, have often been a significant factor. Historically, tribes of Arabia fought one another repeatedly for water, territory, glory, and booty. Even now, some of the ruling families in the six GCC states are haunted by lingering rivalries and territorial disputes.<sup>905</sup> Although this pattern of violence is now virtually a thing of the past, the impact on the integration among top political elites of these tribal political units still lingers.

### 6.1.2 Territorial Disputes

In the Gulf region we find a few difficulties of territorial demarcation combined: basic tribal conglomerations which migrate to water wells or grazing land; desert ecology; the colonial power's imposition of European practices on a different culture. With the coming of political independence and establishment of many mini-or family states,<sup>906</sup> territorial demarcation became an increasingly important issue, even if the rise of a militant Islamic Republic in neighbouring Iran forced the other countries to settle their differences, as the deliberations within the GCC showed.<sup>907</sup> However, the last two decades have seen two unsolved (before 2004), territorial disputes, which are considered as one obstacle impeding integration. Behind the territorial disputes between Bahrain and Qatar, and

Qatar and Saudi Arabia,<sup>908</sup> there is an interplay of a variety of variables, traditional, economic and political. As student of the area summarized:

*“The concept of territorial sovereignty in the Western sense did not exist in Eastern Arabia. A ruler exercised jurisdiction over a territory by virtue of his jurisdiction over the tribe inhabiting it. They, in turn, owed loyalties to him and not to the sheikhdom, emirate or sultanate in which they dwelt. Political allegiance to a territorial unit, such as implicit in the European state system, is unknown to the Arabian tribesman. His loyalty is personal to his tribe, his sheikh, or a leader of greater consequence, and not to any abstract image of the state.”*<sup>909</sup>

Throughout the history of Arabia, the tribes and tribal state did quarrelled over grazing ranges and water holes to the extent that such conflicts were often regarded as a justification for violent skirmishes. But it was the potentiality of oil discoveries that aggravated the territorial issue. Britain as the protecting power had made no serious attempt to reconcile conflicting tribal territorial claims. However, border disputes perpetually bedevilled relations between the countries of the Gulf after the foundation of the GCC. Almost all of the disputes have been solved through negotiation, but not the dispute between Bahrain and Qatar (solved by verdict of ICJ in 2001), and the less important dispute between Saudi Arabia and Qatar.<sup>910</sup>

### 6.1.3 Paternalism

In the Gulf society between the sixteenth century and middle of the nineteenth century there was an advanced mercantilism, along with other marginal economic sectors such as simple agriculture, pastoralism, and fishing. The centre of political control was located in the commercial coast cities, and the economy was controlled by patriarchal aristocratic tribal rulers. However, there was a constant circulation of tribal elites in power. These natural conditions collapsed as a result of the hegemony of British imperialism (1839-1920) and the integration of the area into the capitalist world system.<sup>911</sup>

The monarchies of the GCC have been described as anachronistic absolute monarchies in an age of republics and democratic aspirations. All of the GCC states are characterized by the presence of traditional political and social structures that are patriarchal in nature.<sup>912</sup> The six member states share common characteristics; they are intriguing blends of familial, tribal, religious and technocratic rule. This tribal patriarchal feature had been a traditional aspect of life and link between the various components of the social system, before modernization eroded it and rendered it more ceremonial than effective. In the GCC states the tribal system was an effective means of control until the 1930s, but then British institutions gradually shifted the foundation of authority to the new administration.<sup>913</sup>

Previously, the majlis of the sheikh or that of the religious authority gathered the nobles of the society, who in turn presented their needs and grievances (Even in recent time, as an example, Bahrain nobles, demanded political reforms, and gave support to the ruler in his majlis in the year 2001). To some degree the sheikh was in constant contact with the large majority of the society and was privy to their demands. However, with the weakening of the role of the majlis, the religious-cultural characteristics of tribalism remained intrinsic social features and are still often invoked to confirm adherence to tradition.

The traditional political elites in the GCC considered themselves as guarantors of stability and security, and through socioeconomic rewards to their peoples they had a monopoly of legitimate forces, including not only military, police and economic resources, but also a wide range of power to intervene in the lives of their citizens.<sup>914</sup> The ruling family is the cornerstone of the political power structure in the GCC states. The rapid enhancement of the rulers' powers, shared often tensely with close relatives at the outset of the oil era, has been superseded by a gradual diffusion of that power to state institutions.<sup>915</sup> Rentier states emerged in the 1950s as a result of the great increases in oil revenues that the ruling families received from oil companies in the form of taxes. In the GCC states, the state owns the oil revenues and the ruler of ruling family virtually owns the state. The form may differ from one state to another, but the end result is the same. No formal state accounts are kept or made public and no institutional control over state revenue or expenditure is exercised.<sup>916</sup> Full controls by ruling families over economic life, and the absence of diversified sources of income, render these ruling families relatively independent of the society's declining centres of power and authority.

In the next few pages I will discuss the following problems. 1-The problem of succession 2-The absence of political participation 3-The absence of women's participation.

### 6.1.3.1 The Problem of Succession

In the 1960s an authoritarian state began to emerge. As a modern form of a despotic state it sought to achieve effective monopoly over the sources of power and authority in society for the benefit of the ruling elites.<sup>917</sup> The political system of the tribal clan unit, based on a client-patron relationship, might be compared to the feudal system of the Middle Ages.<sup>918</sup> This system can hardly be described as dictatorial in the classical sense. Instead, it represents a brand of authoritarianism, paternalism, and conservatism that characteristically "allows the exaltation of a privileged few with no significant procedure of control by the governed".<sup>919</sup>

An important aspect of this political system is the problem of succession. While still in power, most rulers ordinarily prepare the way for a smooth succession by designating a son, usually the eldest, as the heir apparent. In cases where a ruler

has no male offspring, or if a son has not yet reached maturity, a relative, close or distant, is usually appointed as a deputy ruler.

*“In Bahrain, Qatar, and in many emirates of the UAE, the father-son succession pattern is a regular feature of ruling family life. In Kuwait, and in Saudi Arabia, succession has recently been passed laterally among brothers and cousins from different branches of the ruling family. Only in Oman is there no clear succession line established.”*<sup>920</sup>

The relatively settled nature of the succession at this time should not obscure the fact that this issue has been extremely contentious at various times in all the GCC states.<sup>921</sup> The last two successions in Qatar have been Coups de famille; the last one was on 27 June 1995, when the Crown Prince Hamad took over power from his father Shaikh Khalifa, who himself had gained power in 1972 by deposing his uncle.<sup>922</sup> Since the palace coup Qatar has accused several GCC states and their rulers of being too nice to the former amir, or of helping plotters who would like to bring him back. In 1996, the GCC rulers in their summit decided to ask Oman and Saudi Arabia to try once more to mediate.<sup>923</sup> In Saudi Arabia itself King Fahd was incapacitated since his stroke in 1995 and the family was intoxicated by the succession struggle.<sup>924</sup>

In the UAE, the Sheikh of one emirate (Sharjah) removed his brother from the position of crown prince in 1990, after the latter had launched an unsuccessful coup attempt in 1987.<sup>925</sup> Four of the seven rulers of the UAE have acceded to their respective positions by takeovers in the aftermath of assassination”.<sup>926</sup> British pressure led to the successions of Sheik Zaid the president of the UAE and Sultan Qabus of Oman from their hidebound predecessors.<sup>927</sup> The contest of power in Saudi Arabia between the then King Saud and Crown Prince Faysal, from the late 1950s until Saud’s deposal in 1964. In Kuwait (Kuwaiti Crown Prince has been very ill psychologically and psychically, probably in 2005, or near the future, will be replaced by another member of the family) and in Bahrain, through their ruling families’ history, there were full of contests for power, either violently or peacefully.

However, the succession topic cannot be ignored when assessing the political scene, and the integration effort of the GCC states. It should be mentioned here, that (in Qatar, in 2004, the Crown Prince was replaced by his brother, who has more educated -) Crown Princes are more and better educated than the rulers themselves, and they are not against holding opposite views, and not against gradual change, development, and integration. As King Abdullah II of Jordan put it: *“The new leaders of this generation are ones most familiar with the dreams and aspirations of their people, who long to be able to work and live with dignity.”*<sup>928</sup> But, do the new leaders believe in democracy? This is the issue to be discussed in the next few pages.

### 6.1.3.2 The Absence of Political Participation

The political culture of GCC states manifests itself in the rulers employing a political language redolent of Islamic and tribal overtones to convince their citizens of the legitimacy of their political system. The rulers of the GCC governed by decree, managing their political affairs without any control of their authority.<sup>929</sup> They felt their authority and legitimacy should not be questioned. Their upbringing and background gave them a feeling of superiority and of being uniquely qualified to lead their states toward progress and development.

The GCC rulers believe that their consultative councils and their methods of rule are forms of “direct democracy”.<sup>930</sup> In their view, elections and representative assemblies are Western imports which may not necessarily be good for a traditional society of their states. As the ruler of Bahrain once said about having a parliament and democracy: “*imported ideas and practices... dangerous ideological imperialism which can only lead to chaos and ruin*”.<sup>931</sup> They have overseen traditional open majlises (assemblies) “*where all citizens can meet with them and express their concerns about issues and to demand justice in their personal problems*”.<sup>932</sup> Moreover, the rulers believed their states did not have to engage in the kind of political bargaining with society, worked out over centuries and with no small amount of violence, which produced representative governments of the West. The terms of the exchange, from the rulers’ point of view, were simple: citizens would receive substantial material benefits in exchange for political loyalty, or at least political quiescence.<sup>933</sup>

All of the GCC states used to have tribal assemblies, at which all males were present and where opinions of the youngest and least experienced could be weighted against those of the elders, to emerge as a means of gauging public opinion or testing new ideas. All leaders, from village headmen to royal princes, conducted their own majlis of the district governor, and governors would at times attend the royal majlis in cities. It was a system which worked, in some ways, well enough in some GCC states, up to the 1970s, when suddenly increased oil revenues led to the great expansion of building and services, and the development of an urban middle class. The complexity of life made that system less efficient than it was in the past.<sup>934</sup> The governments of the GCC states have had to perform something of a balancing act to accommodate the conservatives groups and the new generation of well educated young citizens, and the result has been the establishment of the majlis alshura, the consultative assemblies.<sup>935</sup>

The machinery and institutions of the state have become more accepted, entrenched and complex, and political participation and representation have necessarily become more formal, and thus the need for national councils representative assemblies or consultative councils with either elected or appointed members. The elite realized that the most immediate internal-security problem it faced stemmed from a reluctance to introduce political reforms based on political participation. In 2001, all of the member states had consultative councils

except Kuwait (and Bahrain in 2003) which had elected parliaments, and Oman which had an elected consultative council. In fact, all of these consultative councils do not represent the majority of the people, but merely serve as organs of the state and represent powerful families, especially among the merchant houses, religious leadership, and allied tribes.<sup>936</sup>

In the 1960s and 1970s, two of the GCC states created institutions in the form of assemblies, such as the Kuwaiti national assembly in 1963, and Bahraini national assembly established between 1973 and 1975. After the invasion of Kuwait and the Gulf war of 1991 there were new political experiences for the GCC states. Political elites had to rethink their approach to politics and seek more extensive domestic support and stronger external alliances.

As domestic, regional and global variables continue to have an impact on the Gulf, the GCC states are being forced to deal with the issue of political participation more seriously than they have in the past. However, the majlis numbers among its members representatives of most of the professions; the armed forces, administrators, journalists and writers, and of the conservative religious establishment. The majlis alshura will have the duty to examine legislation proposed by the governments, to examine treaties and agreements, and to monitor the work of the various ministries, but not the right of veto. The members of the majlis were, in 2004, (with exception of Bahrain, Kuwait and Oman) selected not elected.

However, Kuwait reopened its parliament in 1992, and the 50 strong memberships are now elected for four-year terms. The Kuwaiti emir previously dissolved the Nation's Council three times the first time in 1976, the second in 1986 and the last in 1999, after criticism directed by the deputies against the government.<sup>937</sup> Kuwaiti women are denied the vote. Oman majlis alshura, with a fairly wide representation in 1997 and 2001 when 82 representatives, among them 27 women nominated, of whom 2 women won seats, for the first time in the GCC states' history.<sup>938</sup> Saudi Arabia made its decision to establish its own, the first was with 60 members in 1993, and increased to 90 in 1997 and 120 members in 2001.<sup>939</sup> It is planning for Municipal election in 2005, when half of the members will be appointed, and women will not be allowed to vote.<sup>940</sup> Bahrain's consultative council has 40 members, including 4 women. The council "advises" the emir and the government on issues referred to it by the administration.<sup>941</sup> Political reforms were undertaken by the emir of Bahrain in 2001. More than 98% of Bahrainis voted "yes" in a referendum to support the reforms.<sup>942</sup> The official spokesman for the GCC-EU Ministerial Council said: "*Europe has been monitoring, with great interest and support, the democratic process in Bahrain which might be turned into an outstanding example that can be emulated by other developing countries as a way out of their chronic political crisis.*"<sup>943</sup> In 2002, a pro-government parliament was founded (the majority of the people boycotted the election, because the King introduced his own constitution.

Table 6-1 Consultative or Legislative Assemblies in the GCC States

Country Reign(since)	Ruler Prince	Crown prince	Total pop. (1)	Citizen pop. (1)	National Council	Number of seats	Women Participa- tion 2001	Term Length
Bahrain	Hamad Bin Isa 1999	Salman Bin Hamad (son)	672,000	418,000	Parliament 1973,2002 Shoura Council 1996,2000, 2003	40 seats elected 40 seats appointed	Yes 4 seat in Shoura	4-year
Kuwait	Jaber Al- Ahmed 1979 (ailing in 2004)	Saad Al- Abdullah (cousin ailing in 2004)	2.5mn	1.4mn	Parliament since 1965	50 (elected)	No	4-year
Qatar	Hamad Bin Khalifa 1995	Tamim bin Hamad Al Thani (2nd son 2004)	686,000	240,000	Shoura Council 2004, Municipal Election 1999,2004	35 (appointed)	Yes	4-year
Oman	Qaboos Bin Said 1970	Unknown	2.6mn	2.0 mn	Shoura Council 1997,1999, 2001, 2004	83 (elected)	Yes (2 seats)	3-year
S.Arabia	Fahad Bin Abdula-ziz 1982	Abdullah Bin Abdula-ziz (Brother)	22mn	16mn	Shoura Council 1993,1997, 2001; Municipal Election 2005	120 (appointed) (150 seats in 2005)	No	4-year
UAE	Khalifa Bin Zaid 2004	Mohammed Bin Zaid (Brother)	3.7mn	1.0mn	Federal National Council appointed by seven member emirates	40 (appointed) From 2007 half elected	No	—

Sources: (1) Figures from [library.gcc-sg.org/gccstatvol13/genstat/G1.htm](http://library.gcc-sg.org/gccstatvol13/genstat/G1.htm) population of 2002; 1996. See Sick Gary, *The Coming Crisis in the Persian Gulf*, *The Washington Quarterly*,



spring 1998, p.199, the Massachusetts Institute of Technology; Middle East Report, Winter 1998; and Other resource are derived from the references in this chapter. Saudi Arabia increased the membership from 60 to 90 in 1997 and to 120 in 2001. [www.arabia.com/news/article/english/0,1690,47594,00.html](http://www.arabia.com/news/article/english/0,1690,47594,00.html); Kechichian J. A. (2000), op. cit., p. 48; Bahgat G. H. Johar (1995) op. cit., P. 68; The Economist March 23<sup>rd</sup> 2002 [www.gulfnews.com/Articles/RegionNF.asp?ArticleID=14931726/1/2005](http://www.gulfnews.com/Articles/RegionNF.asp?ArticleID=14931726/1/2005), and...[alayam.com/ArticleDetail.asp?CategoryId=12&ArticleId=21443](http://alayam.com/ArticleDetail.asp?CategoryId=12&ArticleId=21443); 25 Nov. 2006

In the UAE there are no elections, parliament, and formal mechanisms through which the people can participate in public-policy decisions. But, there is a federal national council, whose members are appointed, according to a regional quota system by the ruling sheikhs of the seven emirates.<sup>944</sup>

In 2004, Qatar had an advisory council and a municipal council.<sup>945</sup> Qatar held the first poll in any GCC state in which all adult citizens—including women—could both vote and stand for election.<sup>946</sup> The ruler of Qatar promised his people, a parliament and a permanent constitution in 2002,<sup>947</sup> he said: “*I will be delighted not to have all the power concentrated in my hands.*”<sup>948</sup>

The majority of Gulf intellectuals see that there can be no progress towards GCC unity (not to mention a GCC elected parliament) without domestic political reforms in the member states, including parliaments, freedom of expression, the rule of law, and curbs on the powers and privileges of ruling families.<sup>949</sup> They have called for establishment of constitutional and democratic rule; to ensure equal treatment of all citizens; guaranteeing fundamental human rights; to stop the waste of natural and human resources; to plan for comprehensive development; and to achieve the project of national unity.<sup>950</sup> The concentration of power at the top in each of the political systems in the GCC states underscores the dependency of these states’ interrelations on the personal factors conditioning the rulers’ attitudes toward each other. In the words of one student of politics in the area:

*“A ruling sheikh, for example, perceives his counterparts in the other emirates (state) in terms of such considerations as geographical location, regional trade, kinship links, historical fears and animosities, irredentist sentiments and recent instances of conflict or cooperation at the ruling family or tribal level.”*<sup>951</sup>

However, the GCC leaders resisted American pressure for complete democratic reforms and declared their commitment to “continue the process of comprehensive modernization” in their countries but said democracy “cannot be imported from the outside.” The true essence of democracy comes from within the national spirit and the heritage and history of the GCC states and their peoples,” says the Manama Declaration, which was issued by the six leaders following the end of their 25<sup>th</sup> summit in Dec. 2004. The statement, issued separately of the meeting’s final communiqué to highlight the group’s position on democratic reforms, said: “*The GCC states, taking into account the common political, economical, social and*

*security challenges, would respond [to the calls of reforms] positively on all levels in a way that will preserve the stability, security and the prosperity of the region's peoples."* The six countries *"will continue the process of comprehensive modernization that is compatible with this age and its civilized demands,"* the statement said. The summit's final communiqué said democratic reforms should be introduced "gradually" and according to each country's "conditions and special characteristics". *"Democracy should not be imposed from the outside,"* the Bahrain Foreign Minister said.<sup>952</sup>

The highly personalized patterns of rule in the GCC states make these systems less conducive to the achievement of a smooth and genuine integration. Political power is chiefly concentrated at the top of the social strata in a carefully selected coterie of sons, brothers, cousins and aligned kinsmen, tribal chief, and the leading business and clerical leaders. Nevertheless, some kind of consensus appears to be developing among some of the rulers that democratic practices are indeed good for their countries, albeit a wide spectrum of views on what democracy is, how it should be implemented, and what its implications will be.<sup>953</sup> But all are agreed that for democracy to succeed it must adapt to local traditions, values and circumstances. In part, this consensus is driven by the idea that democratic practices can increase domestic stability by allowing citizens to express and debate their views before dissent reaches a boiling point.

### 6.1.3.3 The Inactive Role of Women

Before Islam, the tribes in the Arabian Peninsula considered females as a shame and infrequently buried women alive. In the past, GCC states' women have often been portrayed as silent shadows or as helpless victims of suppressive customs and traditions, and who are unable to organize or form groups on their own and are prevented from entering fully into public sector of life.<sup>954</sup> In these patriarchal states, the states and their conservative men's groups share hostility to independent women's groups. Such women's groups are considered threatening in conservative regimes.

But, in the last two decades, women in the GCC states have constituted an important group whose presence in national and regional affairs is growing rapidly, thanks to education and economic change. Although the GCC's patriarchal ideology is in place, social practices are contesting the ideology. These are evident in the work place, the home; the court, the political arena, and the religious sphere challenging men, women, and other family members to re-evaluate women's role, status, and leadership potential in the future. Women constitute at least half of the indigenous population of the GCC states today.<sup>955</sup> They are no longer passive accepters of the status quo, of the ideology that men are in charge of women.<sup>956</sup> But in the last two decades, especially in the aftermath of the Gulf War 1991, women of the GCC states have begun their struggle.

In Kuwait, the 1961 constitution grants equal rights to both sexes.<sup>957</sup> But even

until now (2004) women have no voting rights. The National Assembly voted (two times) against a government-backed bill to enfranchise women, despite the fact that, during the occupation, Kuwaiti women were doing the same as the men, for the liberation of their country.<sup>958</sup> All courts have so far (2004) dismissed suits filed by women against the law by the National Assembly banning women from participating in municipal and parliamentary elections.<sup>959</sup> Kuwaiti women form a third of the indigenous workforce and 2000 women graduated from Kuwait University in 1996 compared to 600 men, with women outnumbering men in all fields, including engineering and law.<sup>960</sup> Kuwaiti men have the right to vote in elections for 50 parliament seats, and none for women. However, in late 2004, one Islamist parliamentarian (the Islamists are the majority) explained that his bloc will approve giving women the right to vote but will unanimously reject nominating women in the elections.<sup>961</sup> A Kuwaiti woman journalist known as a veteran women's campaigner was shot dead in the street. She was active in a group working to secure full political rights for women.<sup>962</sup>

In Saudi Arabia, the Saudi cabinet announced it would join the UN Convention on the Elimination of All Forms of Discrimination Against Women, but would not abide by any rules that contradict Sharia (Islamic Laws) which means it would not abide by Article 9's clause 2; the interpretation of any part of the Convention, and clause 1 of Article 29 granting equal rights to men and women in choosing the nationality of their children!<sup>963</sup> Although the women make up 58% of university students in Saudi Arabia, but still these educated women are still not allowed to drive a car.<sup>964</sup> The Saudi Minister of Interior has asserted that Saudi Arabia does not and will not permit women to drive a car.<sup>965</sup>

Women hold only six per cent of the 45,500 top management or business ownership position in the UAE.<sup>966</sup> In Qatar female graduates and post-graduates outnumber men by three to two, but, when women has been nominated to municipal council election, no woman have been elected. In the GCC states, the proportion of working women ranges from 23% in Kuwait, through 12% in Bahrain and 9% in Oman and the UAE, to just 7% in Qatar and Saudi Arabia.<sup>967</sup>

However, women in the GCC states are participating and struggling at every level for jobs, promotions, improvements in standard of living and, political clout. How and why? Why should women, as a group, not be considered for positions of power and leadership in the next decades? Are they not, ideologically speaking, under the control of men, their fathers, husbands and sons, the patriarchy? The answer, quite simply, is that the stated ideology of men dominating women is being contested by social practice.<sup>968</sup>

Nevertheless, a new phenomenon taking place in the GCC states. That the monarchies, the rulers and the rulers' wives (The GCC rulers' wives have very intimate relations with each other privately.), and royal families members, are strongly supporting and encouraging women to challenge men in all fields of life.<sup>969</sup>

Quite aside from the related question of human rights, GCC states cannot

afford to waste, degrade, or marginalize the output of half their labour force. The issues involved in the role of women go far beyond such issues as literacy and social rights. They involve the entire economic future of GCC states. They involve their ability to provide a level of productivity that will allow GCC states to compete with other developing regions. They involve the ability of both men and women to make intelligent choices about birth rates and the nature of the family.<sup>970</sup>

The participants at a conference organised in Manama by Amnesty International said that “*Governments of the GCC must wait no longer to address inherent violence and discrimination against women in their countries*”. They also appealed to the governments to allow women to play a more active role in the decision-making process. At least 60 participants from GCC countries agreed at the end of the two-day conference that the most imperative need, to stop violence against women, was for their governments to amend existing laws that discriminate against women and introduce and implement laws that offer them safeguards.<sup>971</sup>

However, GCC women are overcoming barriers inside their societies and stereotyping outside, and are finally coming into their own. Demanding their rights and political representation, sharing the decision-making and management roles with men, they will be able to build up ties and links with each other through the GCC's integrative processes.

To sum up, the phenomenon of rulership succession is a persistent variable that can affect integration in one way or the other. Patterns of succession in the history of most of the GCC states, whether violent or peaceful, may well bring to power rulers with quite new ideas about the integration effort, or the process and policies of the GCC. Moreover, integration is very closely connected with democratization and the rights of women. One may propose forms of integration that have developed between states that are not democratic, with half of its population economically, politically, socially inactive. The GCC is an example of this.<sup>972</sup> However, there is always necessarily a limit to such integration processes, since eventually the evolution towards unity would entail a loss of power for all except whoever rules the unify entity.

#### *6.1.4 Immigration*

The oil price explosion of 1973-4, and huge increase in revenues which followed, triggered off a massive wave of labour migration to the six GCC states, of a new and unusual type in world history.<sup>973</sup> At least 25 per cent of the 20 million migrant workers in the world in the 1980s were employed in the GCCs.<sup>974</sup> Around 80% of the expatriates working in the GCC are paid about \$ 200 a month.<sup>975</sup> The swift transformation of the economy from an economy based on nomadic trade, fishing and agriculture to an economy based on hydrocarbon, construction and service industries using modern technological production processes, created a need for a new breed of skilled workers not available locally. It consisted first of

Arabs, then increasingly of Asian workers from the Asian countries. Statistical estimates are varied, but by the early 1980s there were probably 6 million foreigners at work in the GCC states, of whom over 2 million were Arabs.<sup>976</sup> Some of the GCC states were employing workers from 90 different countries. Scores of expatriates from widely divergent cultural backgrounds pour into the GCC states with one purpose in mind: to exchange their skill and physical powers for material benefits in substantially capital surplus countries. The majority of foreign workers are Asian, who generally engage in manual labour at the lowest point on the wage scale. At this level, job security is lacking, social conditions are substandard, and discrimination is more than at other levels.<sup>977</sup>

The GCC states have been able to build up rapidly from scratch to an administrative and services sector, and engage in massive infrastructural and residential construction. Their dependence on the inflow of migrant workers is massive, as foreign workers constituted (1997) 36% of the working force in Bahrain, 63% in Kuwait, 69% in Qatar, 26.5% in Oman, 27.3% in Saudi Arabia and 72.4% in the UAE.<sup>978</sup> Moreover, in 2001 foreign workforce, on average made up more than 30% of the population in the GCC states.<sup>979</sup> Foreigners in the GCC sent home \$26 billion each year. In 2000, Saudi Arabia, alone, had almost 7 million foreigners, sending homes \$18 billion.<sup>980</sup> From 1975-2002, foreign workers sent to their home \$ 413 bn. from the six GCC states.<sup>981</sup>

The birth rate in the GCC states is, on average, five times higher than that of Western Europe and North America. This was manageable in the 1970s and 1980s, when oil prices were high. But lower prices have led to unsustainable budget deficits throughout the region, prompting most governments to sharply curtail paternalistic public social spending programmes. Young graduate citizens can no longer be guaranteed jobs in government agencies as once was the case.<sup>982</sup>

Foreign workers have dominated private sector activities while GCC nationals are concentrated in the public sector. This situation has become unsustainable with public sector hiring reaching fiscal and efficiency limits and unemployment increasing among GCC nationals.<sup>983</sup> Unemployment is a relatively new challenge in the GCC states where most people were guaranteed well-paid jobs in the public sector. The GCC states set up a special committee in August 1997, to draw up guidelines for a new worker strategy which was discussed by their Planning Ministry undersecretaries. The strategy was to provide jobs for nationals by replacing expatriate workers with nationals.<sup>984</sup> Officials at the GCC secretariat said a memorandum outlining such a blueprint had been distributed to regional governments, stressing the need for a strategy to redress the demographic imbalance.<sup>985</sup> In October 1999 the GCC industrialists opened a conference in Doha to discuss means of replacing the foreign labour force with a local labour force, gradually.<sup>986</sup>

In Saudi Arabia with 75% of its population under 30 years of age, economists estimate that the economy creates about 30,000 jobs a year for Saudis. While 100,000 Saudis enter the job market in the same period.<sup>987</sup> Considering the small

size of the country, Bahrain's indigenous population is one of the largest local workforces in the Gulf and is set to grow. Between 1994 and 2001, the number of school leavers seeking jobs was over 50,000.<sup>988</sup> It is a startling fact but nevertheless true. Just 1.1 per cent of the private sector's workforce are UAE nationals. Over the next five years the Ministry of Labour and Social Affairs believes it will have to try to find jobs for as many as 100,000 UAE nationals who would otherwise be unemployed.<sup>989</sup> Up to seven million nationals in the six states will seek jobs in the next decade.<sup>990</sup> In 2015, with a population over 40 million, the GCC states will have to create half a million jobs each year for their citizens.<sup>991</sup>

Despite a system of quotas, visa, and work permit requirements, and barriers to permanent residence or property acquisition, as well as the often announced determination of the governments to cut down, foreign labour has continued to grow. The GCC states are thus in the unhealthy position of depending on foreigners to staff technical and skilled jobs; since the GCC states are disdainful of heavy labour, the majority of construction and low-paid workers are also from abroad.<sup>992</sup>

Many have maintained that such immigration is a temporary and disposable phenomenon, but available data show, quite to the contrary, that migrants are displaying a tendency to stabilise, extend their period of residence, establish independent businesses and become self-employed in increasing number.

Denied citizenship and equal access to jobs and social services, the foreign workers have come to constitute an economic underclass. Many of GCC leaderships believe foreigners cannot be trusted fully, especially in a crisis. This attitude is rooted in the essential tribal nature of the GCC states society, where family is primary and foreigners, although treated quite hospitably, are not made part of the family. The foreign workers pose no threat to the Gulf regimes, but are a potential source of political unrest. The obvious internal security problem represented by the number of foreigners in the population has been kept rather carefully under control in these states. But still there is an important threat to long-term survival of the GCC societies because of the presence of millions of foreign workers. Moreover, because of the external threats facing the GCC states, what they spend on one soldier or defence job (an average of \$60,000 per year) could create five civilian jobs.<sup>993</sup>

The Secretary-General Jamil Al-Hujailan said the GCC's six member states (in their December 2000 summit) agreed on: "A series of measures seeking progressively to limit the number of foreign workers and achieve a demographic balance. The measures include the placing of a quota on foreign workers by each GCC country and an increase of taxes in the recruitment of expatriates to dissuade local employers from resorting to this foreign labour".<sup>994</sup>

The foreign presence raises several problems: first, the foreign workers, Arab or non-Arab, have a different, usually more liberal life-style. Conservative elements among the Ulema (religious teachers) fear that their example may lead to desertion of "the old ways". Second, to the extent that Arab immigrants come



from a more radical background they could serve as a catalyst for possible opposition to the current regimes. This danger has been reduced to some extent by the replacement since 1991 of Yemenis and Palestinians workers in Saudi Arabia and Kuwait with Asians.<sup>995</sup> During and after the Gulf crises, almost one million Yemenis were forced to leave Saudi Arabia, and 300,000-400,000 Palestinians were forced to leave Kuwait as a result of political decisions taken by the two governments to avoid potential unrest and trouble.<sup>996</sup> In December 1992, when a mob of Hindus in the Indian city of Ayodhya destroyed the Babri Masjid mosque places, Muslims living in the UAE (mostly Pakistanis) also took to the streets and carried out violent acts against Hindus. These demonstrations lasted only two days, however; the government promptly rounded up several hundred suspects and deported them.<sup>997</sup>

Moreover, there are some problems with the overwhelming number of foreign workers, the problem of unemployment, and there are also cultural issues, like language etc.<sup>998</sup> The large population of foreigners, in many cases amount to actual majorities. A. Bishara, the first Secretary-General of the GCC, admitted that this was a greater problem of Gulf security:

*“Before I confront the Israelis in the Golan, I, as a Gulf citizen, should face a problem that is threatening me and that will make me a victim: the problem of foreign immigration to the region.”*<sup>999</sup>

According to one source, there are more than seven million foreigners (in 1999) among the GCC's ten million labourers, and foreigners make up 90% of the work force in the UAE, 83% in Qatar, 82% in Kuwait, 69% in Saudi Arabia, and around 60% in Bahrain and Oman.<sup>1000</sup> The GCC states' desire to decrease dependence on immigrant labour stems from several factors: the long downturn in petroleum prices, irritation at the growing costs associated with provisioning immigrants, the unsettling imbalance between a public sector bulging with nationals and a private sector dominated by foreign labour and last, but not least, the growing concern over maintaining social stability and labour docility.<sup>1001</sup>

There is no question that the foreign workers have made an enormous contribution to the economic progress of all the GCC states, and, unlike in other regions, labour migration to the GCC states rarely leads to permanent settlement or naturalization, no matter how long a worker has been living and working in these states.<sup>1002</sup> On the other hand, the intense dependence on outsiders for professional and technical skills as well as simple labour presents a major challenge to all the GCC states, and the dependency on foreigners increases the vulnerability of these states. But, there is a question here; why, after decades of educating their own people in the modern way for over half a century do the GCC states still need so many foreigners to make their societies function?<sup>1003</sup>

However, the high supply of local manpower at a time when the rates of economic growth and employment opportunities are decreasing makes it impor-

tant to pay greater attention to the expansion of employment opportunities in different ways, including training, guidance and the replacement of expatriates by GCC citizens. This should be given high priority in the GCC states.<sup>1004</sup>

Before any consideration of negative effects that immigration may have on integration, two general observations on the phenomenon are in order. First, the expatriate communities in the GCC states are extremely heterogeneous, generally unorganized, and largely mobile. Second observation in regard to the expatriate community, its members play crucial roles in each and every facet of economic life in the GCC states. Without their expertise and physical power, socio-economic development in these states would probably come to a halt.

Unlike tribalism, territorial disputes, and paternalism, the phenomenon of immigration in the GCC states is thrust upon the whole system from outside. Its negative effect on integration lies in its potential of creating unfavourable linkages with the external environment, that is, may well be used by external powers, to which these minorities belong, as a pretext for unwarranted interference. Furthermore, immigration acts as important obstacle on the path to integration, because migration has induced states to develop policies to control their borders, and the process has contributed more to territorial integration at the state level.

To sum up, tribalism, territorial disputes (territorial disputes, by the year 2004 almost disappeared as a disintegrative factor, but the Saudi –Qatari borders are still not completely settled.), paternalism, and immigration have all been approached here from the perspective of their negative impact upon the integration of the GCC states insofar as they have an impact on the emergence and realization of GCC political culture and a sense of GCC community. The negative impact of such variables varies: Immigration, its seemingly uncontrollable size and potentially unfavourable linkage with a external environment; paternalism, its precarious nature and effect on the scope of political power; territorial disputes, their magnitude and conflictual linkage to personal and dynastic rivalries; and tribalism's most salient unfavourable aspect is its parochial and functionalistic orientation. As time goes by, some of these variables may get weaker, and others may get stronger or remain the same.

Alongside all of this is a process of interaction with factors of different origin and nature, operating in the environment in varying ways and extents that are generally favourable to integration. The next part concentrates on what these factors are and why they are considered integrative.

## 6.2 Integrative Factors

The main argument of the second part of this chapter is that the seven integrative factors have, in one way or the other, contributed to the formation of the GCC states and, furthermore, continue to be positive aspects in their growth. How and to what extent each operates integratively is what I will attempt to clarify here.



### 6.2.1 *Survival*

Throughout the GCC states a notably small proportion of the world's people sit on a remarkable amount of the world's treasure. This fact creates a sense of vulnerability; this is to large degree what the GCC is about. More important than the basic objectives of the GCC (Integration, strengthen and deepen relations, formulating similar regulations and stimulating scientific and technological progress) which Article 4 of the Charter of the GCC sets forward as the main reason for the foundation of GCC, is the fundamental question of survival.

As long as the British remained in the Gulf, the Gulf Arab monarchies seemed to have little reason to fear external threat. But the British government's decision in 1968 (see chapter 1) to terminate Britain's treaty obligations east of Suez in 1971 caught the rulers of Bahrain, Qatar, Oman and seven rulers of Trucial Oman by surprise. None of them welcomed the decision.

These states were weak, vulnerable and exposed to the threat of stronger powers bent on subverting their independence. Threats to the stability and survival of these regimes came from five possible sources: The first threat was the global militancy of Islam as manifested in Iran after its Shia revolution with its anti-monarchism, and a Sunni fanatical group, Salafis, who want to destroy everything not "real Muslim"; the second threat came from Iraq, which shares border with the Gulf states, with Pan-Arab unification, and thus adopted messianic foreign policies; the third perceived threat was the military power of Israel; the fourth threat was that of the insurgency and disaffection of minority groups and expatriate labour (especially Iranians, Palestinians, and Yemenis) agitated by external forces; and the fifth threat was the imperial expansion of the Soviet Union to control the Gulf petroleum wealth.

*"A great power or any other state having disproportionate military strength may act to deprive in whole or in part a small nation of its physical existence, national identity, or independence. Even if such a direct threat is averted by international pressures, intervention in some form is still a real danger."<sup>1005</sup>*

None of these states had military capabilities and human resources sufficient to defend themselves. Bahrain and Kuwait, for example, each had their very national existence challenged by large neighbours at the time of independence. These neighbours, Iran and Iraq, both claimed that Bahrain and Kuwait were "lost provinces separated from their respective fatherlands by British imperialism".<sup>1006</sup> Most of these states in the 1960s were, in reality, coastal towns and villages (most states of the UAE) that have traditionally subsisted on fishing, limited agriculture, and pearling.<sup>1007</sup> Their evolution into these diminutive conditions may be attributed to cultural characteristics, imperial control, and socio-political organizations. In 1971, another indication of these states' capabilities was the low level of socioeconomic and political development most of them had managed to reach

by Independence Day. The economic conditions, at least of states like Oman and Bahrain, were sufficient reason to support integration in order to organize and defend their independent status, and to feel psychologically secure.

These states were quite vulnerable to external shocks and other vicissitudes emanating from the international environment (like fluctuation of oil prices), far more so than other developing states.<sup>1008</sup> Moreover, perhaps more significantly, the rulers were in search of a tool that could protect their regimes against the domestic threats (see internal security, chapter 5) of Muslim extremists, Arab nationalists, Communists, tribal enmities, and personal rivalries.

The overriding pre-GCC concern of the GCC states with the security and stability, that is survival of the ruling families, no doubt contributed to the creation of the GCC, and the GCC leaders believed that if they did not hang together, they would hang separately, and their integration, coordination and cooperation could perhaps provide a higher sense of purpose under which the status quo might be preserved in the midst of socioeconomic change.

### *6.2.2 Sense of Mission*

Pan-Arab nationalism, a sanctified concept for some thirty years, had lost its meaning by the 1970s and today receives lip service in the interest of the states only. Pan-Arabism is a myth as far as the majority of people are concerned.<sup>1009</sup> Instead, the Arabs are trying to organize themselves in regional blocks. In Africa, the AMU, formed by a February 1989 agreement between Algeria, Libya, Morocco, Mauritania, and Tunisia, has tackled some issues of economic cooperation.<sup>1010</sup> Moreover, the sheer existence of ACC, of which the member countries are Egypt, Jordan, Iraq, and Yemen, revealed an awareness of the necessity to compare opinions on essential economic choices, but in this case cooperation and the ACC itself were early victims of Iraq's August 1990 invasion of Kuwait. However, the basic criteria for evaluating their local grouping's relation to the Arab framework were the role it would play in solving the inter-Arab conflicts, its treatment of Arab nationals, and its participation in the development of the whole Arab world. Efforts to forge all-Arab unity on the basis of the purely inter-governmental AL failed because of irreconcilable aims of the nationally based revolutionary and traditional elites. Member states consistently intervened in each other's affairs rather than making a joint policy.

As far as the GCC is concerned, the preservation of the status quo and traditional rule was a fundamental factor underlying all efforts that led to the creation and emergence of the GCC. The view that such integration and cooperation could somehow fill the void of British protection was not unheard as the rulers struggled to find a framework for their integration. More deeply felt, however was an abstract sense of mission. Traditional elites, too, are generally imbued with a sense of Arab nationalism.<sup>1011</sup>

The GCC, in the general flow of its political, economic and human activities, has become a vital arm of the Arab nation, and it has exerted a negative effect on the old concepts of Arab unity although it has enriched the logic behind regional cooperation. This sense of mission has been expressed time and again by the Secretary General and members of the ruling elite, and it served recurrently as a catalyst in the drive for integration. Like Saudi Crown Prince Abdullah (He is more pro-Arab nationalism than other leaders of the GCC) said:

*“Any success accomplished by any entity in the Gulf, any Arab or Muslim state, is a success for all, because all share common ideals and similarities of culture, history and politics: thus unity and rapprochement are rendered easy to achieve.”*<sup>1012</sup>

The conception of the GCC experiment in wider Arab terms seems logical in so far as the organization is perceived as a factor for stability in this part of the Arab world. The AI's Secretary-General has welcomed the creation of the Council, and President Bourguiba of Tunisia considered it an excellent model to be followed in the Maghrib. The GCC tries to present itself as a step towards Arab unity and a model for the pan-Arab organizations. The first Secretary-General, Bishara, has tried, in a paper published by the GCC Secretariat, to show that GCC would play a leading role in achieving Arab unity. Arabist comments on the presentation were, in general, quite sceptical and accused the GCC of contributing to the demise of old pan-Arabist concepts.<sup>1013</sup> But, the implication is that such an integrative step would only be the beginning and those other Arab states, whether Peninsular, or Levantine and North African, might consider joining is a remote possibility. Two states; Iraq and Yemen, (even Jordan sought, in 2004, to join the organization) sought membership, but without success, because only regimes with similar systems, might consider joining, and even these may not be accepted.<sup>1014</sup>

However, a stronger GCC, with greater economic, political and social cohesion, would be beneficial for the Arab world.<sup>1015</sup> This could provide opportunities for non-oil Arab nations to expand intra-regional trade, and to export labour to the Gulf, thereby earning more foreign exchange. The core member-Saudi Arabia – should seek more influence in international financial institutions, with the aim of assisting less developed parts of the of the Arab world, which remain heavily reliant on external aid and debt relief.

### 6.2.3 *Improved Standards of Life*

The link between oil and political stability in the case of the GCC is at a general level obvious, but specifically more difficult to pin down. These states have built their ruling bargains on oil revenues. Those revenues allow the GCC governments to: 1) Support large government bureaucracies that provide employment to

citizens and monitor their political behaviour. 2) Provide subsidies or free public services to citizens with no taxes. 3) Build capital-intensive militaries that link their security to the interests of important world powers. 4) Provide for the ruler's most important constituency, their own families. Without oil revenues, this ruling bargain would collapse.<sup>1016</sup> One GCC official said: "The goal of improving the standard of living of our people is one of the GCC's most important objectives."<sup>1017</sup> And perhaps the most important test of regime competency in the new century will be their ability to continue to meet public expectations.<sup>1018</sup>

In the GCC states, oil revenues subsidize most of the social and infrastructural services for which the citizens of other countries pay with own incomes (income taxation in the GCC states does not exist).<sup>1019</sup> Revenues from oil resources dramatically increased in the 1960s and 1970s and have made possible substantial alteration in the social and material life of the GCC states inhabitants.<sup>1020</sup> The GCC states had a per capita income averaging \$ 9000 per annum in 1997.<sup>1021</sup> And with a population of 28 million, in 2001, the GCC states' per capita income reached about \$14000.<sup>1022</sup> In 1996, private wealth in the Gulf was \$ 768 bn. held only by 200,000 persons, out of a world total of \$ 16700 bn.<sup>1023</sup> In the same year, GCC states had \$ 350 bn. in overseas assets,<sup>1024</sup> and this sum represents the large part of Arab investments out of the Arab homeland which was US\$ 800- 1,000 bn.<sup>1025</sup> In 2000, the GCC residents spent \$ 27 billion on travel, breaking the world record for staying in first-class hotels and splashing out on average twice as much as Europeans. They made more than 10 million trips in 2000.<sup>1026</sup>

The GCC has been successful in building up the infrastructure and other manifestations of the state along modern lines and provided citizens with a wide range of services such as education, health, social services, even entertainment.<sup>1027</sup> It has also rationalized their legitimacy through these achievements and by building a network of alliances based on tribal and sometime religious or economic interests. Economic favours in the form of money or land donations or control of power-generating posts are some of the means by which these alliances are cemented. In building this legitimacy and power base within their societies, governments continuously use tribal, conservative and traditional relationship and logic.

The improvement of the life standards of every citizen after its emergence may well be the most concrete and reinforcing factor in the existence of the GCC.<sup>1028</sup> To belong to one group may be psychologically gratifying, but it is the flow of material rewards across the GCC states that is more important.<sup>1029</sup>

The GCC objectives and endeavours in the field of socioeconomic development have been dealt with in detail in economic integration (chapter 4) and, hence, need not be repeated here. However, a few observations on their magnitude and effects on integration are appropriate. The transfer of rewards has taken many forms on all levels; three rich member states, Saudi Arabia, Kuwait, and the UAE helps the less rich members, Bahrain and Oman with grants to finance education, health and housing.<sup>1030</sup> However, the more expectations of the peoples

of the less fortunate states rise, the more likely they will look toward the rich ones within the framework of the Council for the satisfaction of such demands.<sup>1031</sup>

Because of oil revenues rulers were able to build up large bureaucratic apparatuses, to distribute benefits to society, and to control political behaviour. The state became stronger relative to potential domestic competitors and constituencies than it had ever been in the past. The strength, however, was of a particular nature. Citizens did not have to pay for increased services through taxation.<sup>1032</sup> GCC governments have to a great degree reversed the famous American dictum: “ask not what you can do for your country, ask rather what your country can do for you.” There is no question that the average GCC citizen is better fed, better housed, better educated, and healthier than ever before, when he compares his lot today with his lot prior to the oil era.<sup>1033</sup>

However, the most important is the attempt by the rulers to compete with each other in order to win the support of their citizens, and to strengthen their traditional control within their respective territories; therefore the rulers have to introduce more developmental programs of a socioeconomic nature that are directly planned, financed and managed by each state for the benefit of their citizens, which will result in all the citizens of the GCC, more or less, being equal, which in its turn, will ease the paths of their integration

#### 6.2.4 Gradualism

The evolutionary approach is perhaps best characterized by the GCC's style, which is cautious, consensus-driven, low-key, and proceeding at the pace dictated by the slowest member.

As we saw, the tribal antagonisms, personal and dynastic rivalries, the low level of socioeconomic development, and the great variation in human and material resources have been traditionally the most salient ingredients of internal tension of the GCC. For this reason, they also account for the suitability of a gradual, step-by-step approach to the GCC integration effort, rather than a comprehensive one. Another important quality in the GCC is flexibility:

*“Flexibility is the basis of cooperation. The heads of state are used to patience, quiet persuasion, consensus-building and cooperative decision-making. These have been our traditional political tools, and they form today the foundation of unity within the GCC and of cooperation in the region. Moderation and flexibility form our natural system of operation. They are our breath, our philosophy.”<sup>1034</sup>*

The Secretary-General Bishara, once, described the approach, which the GCC members follow, as a functionalist approach.<sup>1035</sup> However, the most that can be said for functionalism is that it avoids the perils of premature overall amalgamation, and that it gives the participating governments, elites, and peoples more

time to gradually learn the habits and skills of more far-reaching stable and rewarding integration.<sup>1036</sup>

The process of merging the armed forces in the GCC provides the best illustration of how cautiously the ruler of each country approaches the whole question of their integration. For example, separate defence and security forces that each state insists on and wants to have at least at for the time being; a 20,000 man force (RDF) in the first stage, be enlarged to a100,000 man force in future.

The steps taken along the integrative path in every field have been embraced out of a voluntary acceptance by all rulers. As the Secretary-General puts it

*“There is no imposition or embarrassment to any member state. Instead, we follow a practice of exemption: when consensus is lacking, and one or more members have difficulty with a policy direction, we exempt the issue temporarily and turn to the other area where greater consensus exists. We practice persuasion.”*<sup>1037</sup>

The GCC leaders believed in a steady and frequently painstaking process of forging consensus on a series of issue-specific agendas. For example, in the economic field, the GCC states are integrating their economies in gradual steps, and on the political front the member states are moving carefully towards converging their foreign policy, and by the end of 1997, the six members announced the formation of a 30-member Consultative Council or Adversary Authority (Shura). Each member state nominated five members of the Council, where function is only to advise the leaders on local, regional, and international issues. Representation of the member states by equal members is considered symbolic of their equality in terms of international law, regardless of disparities in size and population.<sup>1038</sup> The Secretary-General Jameel Al-Hujeilan described the new shura Council as:

*“One of the most important achievements of the GCC in its history.”*<sup>1039</sup>

However, all the leaders of GCC states told, their peoples on many occasions that they should not push hard or expect too much too soon if they want to be united socially, economically and politically on strong and proper bases, as these can only be achieved in a gradual and evolutionary manner.

### *6.2.5 The Existence of an Overwhelming Core*

Saudi Arabia with a population of over 25 millions in 2004 (91 millions in 2050)<sup>1040</sup> is a large country, of nearly 839,000 square miles, almost the size of Western Europe. It occupies a key strategic position. It lies across the air routes between Europe and the Far East, and dominates two great sea routes—the Red Sea and the Gulf—through which the West’s oil flows. Saudi Arabia has also inherited

a key political role because of the presence of Mecca and other Muslim holy places. The Saudis are deeply conscious of the responsibilities, as well as the privileges conferred on them by being the guardians of the prophet's birth place.<sup>1041</sup> It is also the centre of conservative and moderate Islamic forces that offer the Arab modernization without radicalization. This position has led the Saudi government to take a pro-Western and anti-Communist stand, and systematically oppose Soviet efforts to expand its influence in the Gulf area and the rest of the Islamic and Arab worlds.

*"If political leaders are willing to initiate an integrative process, the chances of sustained success are greatest if two conditions are satisfied: first, a regional group stands to reap important gains from integration; second, the group is led by a country to serve as an institutional local point and regional paymaster."*<sup>1042</sup>

During the last two decades, Saudi Arabia has flexed its muscles, built an ever-stronger base of support, and moved toward consolidation of its regional power base. Riyadh cajoled Iran, confronted Iraq and protected the conservative Gulf monarchies, and provided spiritual, economic and political leadership throughout the region. Indeed, Saudi Arabia's influence throughout the vast and growing Muslim world is augmented by its impressive economic, political and religious instruments.<sup>1043</sup>

Referring to the Kingdom's role in finding solutions to the major regional conflicts, here are some of them: the Saudis helped the Lebanon warring factions to reach a peaceful agreement (Tariff Agreement); helping Palestinians and exerting pressure on the international community to end the Israeli occupation of Palestinian lands; in 1995, the Kingdom also mediated to ensure reconciliation between Syria and Jordan; the Kingdom was also instrumental in restoring peace between Egypt and Qatar in 1997; helped resolve the Lockerbie crisis in 1999,<sup>1044</sup> and mediated to solve the territorial dispute between Bahrain and Qatar; the effort on the part of the Kingdom and its GCC allies helped the two countries reach a peaceful settlement and accept the ICJ verdict.<sup>1045</sup>

Saudi Arabia's aid fund is the biggest among the GCC's aid funds, almost 33.5 bn (Bahrain does not have aid funds.), and in the last two decades the fund paid more than \$ 46.6bn to Muslim and developing countries. Kuwait comes second with \$ 8 bn. followed by the UAE with \$4 bn see table 6-2.<sup>1046</sup>

In addition to the billions of dollar in the aid fund, Saudi Arabia has made funds available to other regional and international organizations, like the UN Relief and Works Agency, the UN High Commission for Refugees and the Red Crescent. Moreover, the Kingdom has also built at its own cost thousands of mosques, Islamic centres and educational institutions around the globe.<sup>1047</sup>

Saudi Arabia is the most important member of the GCC (The GCC Secretariat is in the Saudi capital permanently.), and is playing a critical role in how it developing. Saudi Arabia's position within the GCC seems to be directly



influenced by the weight of the natural attributes of power controls.<sup>1048</sup> The kingdom controls over 84 percent of the GCC's total area and 71 % of its population. The fact is that Saudi Arabia is bigger in virtually every way than the other five members combined.<sup>1049</sup> It has more oil reserves than the other GCC members put together (about 262 billions barrels).<sup>1050</sup>

Table 6-2 GCC financial aid in millions 1980-2002

	1980-1984	1995-1999	2000	2001	2002	Total
UAE	2768	428	216	208	219	3839
Saudi Arabia	21503	4359	2505	2455	2674	33496
Kuwait	5481	1706	173	225	408	7993
Qatar	692	187	94	129	73	1175
Oman	6	77	24	24	24	155
<b>Grand total</b>	<b>30450</b>	<b>6757</b>	<b>3012</b>	<b>3041</b>	<b>3398</b>	<b>46658</b>

Source: Gulf News Abu Dhabi 03-02-2004

It has gas reserves of 2.15 trillion cubic feet.<sup>1051</sup> It has the largest market and economy in the GCC states. As an example, Saudi banks account for 42 percent of the GCC banks' total assets in 1997.<sup>1052</sup> And in 1998, Saudi Arabia had \$ 100 bn. in the form of investment abroad.<sup>1053</sup> In 1999 Saudi exports were around \$ 50 bn.<sup>1054</sup> It remains the GCC's largest recipient of foreign direct investment, with total stocks of \$ 33.427 million in 1999 equivalent to 74 % of the GCC area's aggregate of \$ 44.731 million of global investment which total \$ 865.48 billion.<sup>1055</sup> Moreover, the Kingdom's imports from the GCC states were worth almost U.S. \$ 2.7 bn in 1999, up from just over U.S. \$ 2.4 billion in 1998. About one third of these imports were national products of the GCC states, and the rest were goods of foreign origin.<sup>1056</sup> It is understood that the new five-year plan to 2005 envisages an average real economic growth rate of 3.8-6 per cent a year, with oil revenues of \$ 77 bn. and with GDP of \$166 bn. in 2000.<sup>1057</sup>

The GCC was a significant accomplishment of Saudi Arabia foreign and security policy, because of Saudi concern with the threat of the Iranian revolution, which was shared by the other GCC's monarchies. The emerging perception of a common threat aided the Saudi bid for leadership.<sup>1058</sup>

By 1981, the Saudis had begun by then to take advantage of Iraq's and Iran's absorption in the war in order to promote, in spite of objections from and fears among some of the states, the first moves toward the eventual creation of the GCC, and then to turn it into a regional security and defence organization.<sup>1059</sup> Such organization was necessary for achieving coordination of anti-subversion measures and providing for mutual regime support, that is, one key feature of the GCC and its first and overriding purpose is security.



Saudi Arabia plays the pivotal role in the GCC's effort to create a regional deterrent and develop collective security arrangements. Saudis also took the leadership in swiftly signing bilateral security agreement with them, and subsidized defence expenditures in less rich states, namely Bahrain and probably Oman.<sup>1060</sup> The other member states lacked the present and future manpower and financial resources to compete with the most threatening powers in the region.

Table 6-3 Saudi Arabia's, as a % of the Total

Year	D. Expenditure	M. Manpower	Tanks	C. Aircraft
1985-1986	68 %	30 %	51 %	51 %
1994-1995	70 %	42 %	57 %	51 %

Sources: Figures of 1985-86 see Cordesman (1987), *op. cit.*, p. 4. And figures of 1994-95 Calculated from The Military Balance 1994-95. The Institute for Strategic Studies, London, pp. 121-14.

Table 6-3, provides a tangible illustration of Saudi Arabia's importance to the development of GCC military forces. The table shows that Saudi Arabia is the only GCC state that can adequately fund, arm, and equip modern high technology forces. The security threats posed by the Iran-Iraq war, Iraq's invasion of Kuwait and Iran's seizure of strategic islands belonging to the UAE have kept Saudi Arabia on the alert. Safeguarding the GCC will continue to mean that military expenditure will continue on a reassuringly large scale. Saudi Arabia is looking for greater military integration within the GCC along the lines of NATO. This will require strong leadership from Saudi Arabia (just as NATO has always depended on the strength of US.). What the Saudis would like to see is a permanent GCC military headquarter in Riyadh.

The sources of Saudi political power in the Gulf are economic as well as military and religious, that is, Saudi Arabia is strikingly bigger, richer, more populous, more involved, and influential in dealing with issues in the outside world than the other GCC members. With the world's largest oil reserves (not less than 25 percent), and being the world's leading oil exporter, the kingdom is the most powerful (financially and economically: the Saudis have invested outside their country around \$ 1 trillions in the last two decades<sup>1061</sup> ) member state of the GCC. Saudi Arabia's oil production, capacity and reserves on one hand, and its newly acquired military and political influence after the Gulf two wars on the other, have enhanced its leadership role among its partners in the GCC to the point where it can persuade and even command.<sup>1062</sup> It is an important world economic power, and its leadership in OPEC gives it tremendous leverage over the oil politics of all the GCC states.<sup>1063</sup>

King Fahd of Saudi Arabia asserted the support of the kingdom's government

and people to all sincere work and efforts that would increase amity and closer ties between the GCC states. He said:

*“Links between the countries and peoples of the GCC of ties of amity and sincere brotherhood... The kingdom works and is working sincerely in support of the GCC for the benefit of the GCC peoples and states.”*<sup>1064</sup>

Relations among the GCC states have their historical origins, and the relationship between Saudi Arabia and other GCC members has not been trouble free, but the experience that has produced the GCC suggests a basic harmony between them, including Saudi Arabia acceptance of the right of others to remain independent entities, and the willingness to defend them as it did for Kuwait. Saudi Arabia supplied and liberated (with its allies) Kuwait with men and money because (among other reasons), Al-Saud, the then ruler of Saudi Arabia, attacked what is now Saudi Arabia from Kuwait and liberated it from other tribe. As the Kuwaiti Foreign Minister said: *“Relations between Kuwait and Saudi Arabia are fraternal and Saudi Arabia’s support for Kuwait in confronting the Iraqi aggression is not forgettable.”*<sup>1065</sup> It also reflects the need of the other states for Saudi support, and vice versa; a regional organization led by Saudi Arabia and backed by the world’s largest pool of energy would aid Saudi Arabia’s role in world affairs, particularly in the Arab and Islamic worlds. The Saudi role will remain central to the GCC’s development, particularly with respect to the organization’s increasing focus on security matters.

One of the objectives of Saudi Arabia’s Five-Year-Plan 1995-2000 is to achieve economic and social integration among the GCC states.<sup>1066</sup> The Saudi Minister of Information said: *“Saudi Arabia has reasserted its desire to establish security, stability and peace in all parts of the Gulf region, according to international legitimacy resolutions.”*<sup>1067</sup>

Indeed, it is Saudi Arabia overwhelming wealth, and political and military power that have been largely responsible for the economic and political cooperation and integration as well as to narrowing of gaps between the rich (Kuwait, the UAE, and Qatar) and the less rich (Bahrain and Oman) in the area, and for this reason it is considered here as integrative.<sup>1068</sup> And the Saudis view such a step as an opportunity to assert its (Hegemonial control) relations in a more stable atmosphere. Moreover, Saudi Arabia in 2004 became the second regional power in the Gulf after the complete defeat of Iraq in 2003.

### 6.2.6 Geographical Contiguity

The member states have in common a tribal Islamic heritage and recent past of poverty. Harsh climatic conditions necessitated a nomadic life, with isolated colonies of seafaring settlers on the coast. It is important to state that the GCC

states are fairly small. Their total is less than one million square miles, ranging from Bahrain, the smallest, with an area of 260 square miles, to Saudi Arabia, with an area approximately 865,000 square miles. They stretch along the western coast of the Gulf from Kuwait in the north to Oman in the south. Of course, Saudi Arabia extends across the entire Arabia peninsula and borders on both the Gulf and the Red Sea.

The population of the GCC states (with the exception of Saudi Arabia) has various origins: Arabs of tribal extraction, Arabs from the settler communities of the eastern region in the Arabian Peninsula, Arabs from Iraq, Persian, Arabs came from coastal and inland Iran, in addition to a small number of Bluchis, Indians, and Pakistanis who have lived for generations in these states and have become citizens.

The limited resources of the Gulf region have given a uniform economic history. Agriculture had always been limited; the Gulf people have moved freely, and always engaged in sea trading and pearl diving. These forms of economic activities are prominent and the pre-oil era generated a patriarchal system dependent on the extended family and on intermarriages with defined social classes.

Table 6-4 Population Density,GDP and Per Capita of GCC states,2001

Country	Bahrain	Kuwait	Oman	Qatar	S. Arabia	UAE	Total/ Average per capita
Area km <sup>2</sup>	704	17,818	309,500	11,427	2,255,000	83,600	2,678,049
Population	620,000	1,980,000	2,250,000	520,000	20,000,000	2,620,000	27,990,000
Density/km <sup>2</sup>	880	111	7	45	8	31	179
GDP (\$bn)	6,201	30,749	15,820	12,180	146,494	49,354	260,798
Per Capita \$	10,000	15,529	7,031	23,423	7,324	18,800	13,684.5

Sources: Calculated from MEED, March 1997, pp. 60-64, and from [www.gcc-sg.org/index.html](http://www.gcc-sg.org/index.html) 2001.

However, in the history of regional integration and international amalgamations, physical territorial contact among relevant political units has never been a necessary condition for union or integrative experiment to emerge or to continue to exist. Former East Pakistan, for instance, maintained a quarter century partnership with West Pakistan despite a thousand miles of interposing, generally hostile territory, with religion as the only cultural denominator. However, geographical distance only aggravated the eventual collapse of this union. On the other hand, East Africa and West Africa were not successful despite geographical contiguity. And in the case of the union of the United Arab Republic (between Syria and Egypt 1958-1961); the integrative experiment of the ACC (between

Egypt, Iraq, Jordan and Yemen 1989-1991), geographical distance might have been a contributing factor in the breakup.

All the GCC states are linked to each other by highways. There is a bridge between Saudi Arabia and Bahrain (25 km) and a bridge will be built between Qatar and Bahrain (45 km). The latter will probably be ready in 2006.<sup>1069</sup> In 2004, a new 142 km highway was built between Saudi Arabia and Oman.<sup>1070</sup> Detailed plans are to be drawn up for a 2,000-kilometre railway line from the Iraq-Kuwait border to the Arabian Sea after Gulf leaders gave their go-ahead in their 25<sup>th</sup> summit in Manama, in 2004. The 5.7-billion-dollar line would run from Kuwait to Oman, serving the other four member states of the GCC — Saudi Arabia, Bahrain, Qatar and the UAE.<sup>1071</sup>

The conception of the west coast of the Gulf as one geographical entity might have reasonably crossed the minds of those who negotiated the foundation of the GCC. It is rather paradoxical that geographical contiguity among member states has often been a source of aggravation in their interrelations.

As noted previously, territorial disputes among neighbours play a major retarding role in the development of healthy relations and, hence, are considered as disintegrative.<sup>1072</sup> But the consideration of geographical contiguity here, as an integrative factor, centres on the fact that the member states feel no existence of borders with brotherly immediate neighbours.

### *2.6.7 Cultural Commonality*

Much hinges on whether the participants in regional integration are mutually homogeneous or not. Organizations of a group of states of dramatically different economic developments, political institutions and different culture rarely function harmoniously. That is, the GCC conception of cooperation was aided by the great amount of commonality already in existence: the six states shared a common religion; an Arab heritage; a similarity of regimes; and traditions. Like geographical contiguity, commonality of the culture milieu is a contextual factor that can render a more conducive atmosphere for integration.

Citizens of the Arab countries typically identify with subnational groups defined along ethnic, religious, linguistic and cultural lines, while sometimes they also identify with their country of birth as well as with an Arab dimension.<sup>1073</sup> The GCC states' people use the term: the Arab peoples of the Gulf "Gulfians" (Khalijeen in Arabic) to distinguish themselves from the other Arabs. The people of the GCC states share the same cultural orientation, whether in their religious affiliation, linguistic practices, historical experiences, future aspirations, life-style, or even ethnic makeup. That is to say, the Gulf society has always been a religious and conservative one when compared with other parts of the Arab world.<sup>1074</sup>

The Arabic-speaking peoples represent the most successful case of linguistic unification, in addition, the dialect of the Gulf region has given to the peoples of

the GCC states a sense of belonging to one group in the Arab world, and this cultural unity is graphically expressed by the fact that these are the only states in the Arab world where national dress is proudly worn in daily life by people of every status including rulers and Bedouins.

This manifestation of pride in one's culture, unique in the Arab world, must not be minimized. It is a powerful external symbol of an inner sense of distinctive identity. Islam and Arab nationalism provide for the individual inseparable despite the increasingly apparent conflictual nature of their orientations. The first is a system of spiritual beliefs and ritual, as well as a way of life, with a universal outlook, whereas the second is mostly a secular political ideology with ethnic, exclusivist emphasis. Moreover, the idea of nationhood, civic culture, political socialization, and nation-building are all new concepts in the GCC states.<sup>1075</sup> The GCC states share common social cultural ties and historical circumstances, and they are expanding their ties through institutional forums such as the GCC.<sup>1076</sup>

The first cultural week for the GCC states was held in October 1998 in Tunis. The cultural week include a festivities centre on all walks of life in the GCC states. These included development, the media, plastic art, literature, and folklore.<sup>1077</sup> In their 9<sup>th</sup> meeting in Riyadh, in September 2000, the GCC Culture Ministers discussed several key issues which backed the march of joint cultural cooperation among themselves. Meantime, officials in charge of news agencies in the GCC member states concluded their 8<sup>th</sup> meeting at the GCC premises in Riyadh. The participants discussed issues of concern to the GCC states especially the relations with the world news agencies, and training to prepare cadres to cope in the area of information technology.<sup>1078</sup> In their meeting in May 2001, the ministers in charge of culture adopted a number of resolutions, including the approval of King Fahd's creativity award. The meeting also discussed several issues related to supporting culture in view of the changes and developments globally, such as the establishment of a translation centre.<sup>1079</sup>

As already noted in earlier chapters, the political systems in the GCC states are elitist in the sense that the power base in these systems is extremely narrow. Only a few select groups and related individuals determine choices and make vital decisions with far reaching effects. They have similar views on many things, and political values of conservatism, preservation of the status quo of traditional rule, security, and economic freedom. Such values, for instance, could not be logically shared with the Iraqi revolutionary regime, or that of Yemen (both of them wanted to join the GCC, but were rejected by the six members), in view of the basic ideological differences between the two systems. As one student of the region puts it:

*“Success is basically due to a high degree of similarity in the social fabric, political institutions and ideological visions in the six states.”<sup>1080</sup>*

Traditional elites in the GCC states tend to reflect identical self-image and values from which a common interest in the preservation of a traditional brand of rule emerges. Such ideological compatibility among these elites may well help to create the sort of political atmosphere most conducive to the type of integration and cooperation with which we have been dealing.

To sum up, the survival of the traditional pattern of rule, a sense of higher national purpose, the remarkably extensive tangible benefits enjoyed by some member states, the important role of Saudi Arabia as most powerful member state in this integrative venture, in addition to geographical contiguity and cultural commonality, have all, in varying ways and to certain extents, played a role in the emergence and development of this venture and continue to affect its existence today. Ensuring the survival of the traditional regimes, in particular, has been a sufficient cause behind the conception and consummation of this (integration) experiment in the first place. It must be borne in mind, however, that these factors are neither necessarily exhaustive nor considered integrative except in the sense and to the degrees noted here.



## CHAPTER SEVEN

# CONCLUSION

In recent decades Arab Gulf states have experienced a radical but apparently smooth transition from pearls to petroleum, poverty to prosperity. Oil revenues have fuelled the development of economic infrastructures, new welfare systems, and radically different and at least materially better lives for their inhabitants. Yet these rapid changes have been accompanied by remarkable political continuity at the apex of the system: these six countries continue to be ruled by centuries old tribal elites. Despite the many coups and populist uprisings throughout the Arab world and despite the obituaries regularly written for these regimes, their rulers have survived the arrival and departure of Britain, the trials of independence, and now the challenges of uniting their countries.

The moment was proclaimed as an historical one in the life of the Gulf region. More than two decades later such pronouncements seem justified. The GCC has held together and has made substantial progress towards achieving its goals. It is recognized internationally as an institution to be reckoned with and as a force for comity and cooperation in a quite turbulent and strategically important part of the world. In respect to the GCC cooperation process, the Council is considered a success compared to other entities in Arab or other regions. It is unique; it is neither a federal nor a confederal framework. It is an elastic framework which responds to the changed development and the dynamic of achievements with no limits.

At the time of the founding of the GCC in Abu Dhabi in 1981, there was a great deal of speculation about what was actually being founded. Some saw it as a regional grouping reflecting differences among members within the AL. There were even those who felt that it was yet another group without any significant role to play. It was also said in some quarters that the GCC was a foreign idea imposed upon a weak and shaky portion of the Arab nation. Its purpose was seen as blocking Arab aspirations for the future and perhaps inviting the old imperialists to return to the area in a new and different guise. The GCC, however, soon proved that it was not the tool of foreign agents (although getting strong support from friendly countries) nor was it aimed at dividing the Arabs. It did not stand isolated from the AL, nor was it against any member. Its purpose was to promote the togetherness and brotherhood of Arabs.

There were of course benefits for the peoples of the GCC. Relations were



improved, enhanced coordinated and integrated in all fields including trade, industry, agriculture, environment, education, athletics, social affair, judiciary and justice, internal and external security, and politics. There were a lot of successes, but with them were also some misunderstandings, disagreements differences problems, and challenges. These were only natural and will always be a part of the GCC and other international organizations.

This study has considered the GCC as a successful attempt of six Arab Gulf states to accommodate their historical antipathies as well as their current mutual suspicions and conflicts. The organization assures, at the very least, that none will commit aggression, or cooperate with third parties in acts of aggression or internal subversion against one another. The emergence of the GCC was quite and peaceful. It is, in fact, a successful attempt to cope with post-colonial realities, which represent an obvious contrast to the sad and violent ends of many British colonial presences in Africa and Asia. Violence, disagreements, and separation had immediately followed the departure of the British colonial power.

The remarkable degree of cultural, political, and experimental homogeneity characterizing the GCC is evident by comparing it with other regional groupings. For example, although, a large GCC market has not yet been fully created and a number of impediments to free movement and establishment remain, it seems easier than the EU which has differences of taste, language, custom and behaviour throughout and above all in an enlarged Community of 15 countries (2001) or more than 25 in 2004, and, probably, without limit, bringing together east European and west European; Mediterranean and Nordic people, and Latin-German and Anglo-Saxons with their rich and diversified cultural heritage.

I have attempted, in this study, to trace the background, consummation, and the development of the GCC as a unique integrative venture, and I have identified and discussed the economical and political achievements of the GCC and the challenges facing these states, in these two fields, through the last twenty three years of their integration effort.

I study the GCC as integrative effort in a primarily tribal culture. Tribalism, paternalism, territorial disputes and immigration were considered as influences tending to hinder integration efforts. The quest for survival, rising life standards, the existence of a core, gradualism, the sense of mission, geographical contiguity, and identity of culture were elaborated on as primarily integrative factors.

The twenty three years, 1981-2004, (or twenty five years, since the negotiations started in 1979) of the GCC's existence is a relatively short time, and an observation of such an integration effort can yield conclusions only on a very tentative basis. The propositions introduced in chapter 1 are neither exhaustive nor conclusive. Further studies on the GCC, whether guided by the same set of propositions or not, may well prove capable of challenging the conclusions reached in this study as well as its assumptions. Nevertheless, it now seems appropriate to reintroduce our earlier propositions with a brief examination based upon the data presented in this study

*1) The GCC came into existence mainly as a result of the perception by pertinent political elites of an external military threat posed by the regional and global environments following the British 1968 decision to withdraw from the Gulf in 1971. The threats included the Iranian revolution in 1979; Iraqi expansionist policy in the region; and super powers threats.*

The birth of the GCC reflected a complex conjunction of revolutionary changes (which mentioned in chapters 1, 2, and 5), which were uppermost in the minds of the rulers of the GCC states. This conclusion is supported by much evidence throughout this study. There were ten years of confusion after the British withdrawal. When Iran occupied the islands belonging to the UAE was unrealistic for the UAE to challenge, militarily and politically this regional power alone. Moreover, Iran with the threat of exporting its revolution was taken very seriously by the Arab Gulf states. The Iraq threat to Kuwait was serious through the 1960s and 1970s, and it was impossible for Kuwait to stand up to this principal regional power by itself.

That is, the GCC is a result of the perception by political elites of the inability of the states taken individually to defend themselves after a century of dependence on a foreign power. Thus, pooling military forces for the purpose of a stronger defense was the motivation behind the creation of the GCC. In the period between 1981 and 1993 the organization was concerned mostly with security and behaved like a security alliance. Though in chapter 2 it was characterized as an organization concerned with economic activities, but in the period 1993-2004 it returned to its charter and its objectives which are mostly to do with economic and political integration, However, the best way at present, to protect the six member states from the threat of destruction by external or internal forces is to pool their strength with the help of friendly countries and organizations, like the US and the EU.

*2. The smaller the number of the member units of a prospective integration, the better the chances for its realization, and then growth.*

The GCC stands out as the most prominent example of Arab regional cooperation and integration in an era in which numerous other attempts failed (chapters 5 and 6). This is because the membership is limited to those states that have similar characteristics in almost everything (as noted in chapters five and six). In fact, the integration effort in the Gulf started as a multilateral endeavour among nine states; Bahrain, Qatar, and seven emirates of the present UAE (and there was no objection to further negotiation to enlarge the union by increasing the number of the members to twelve by having Saudi Arabia, Kuwait, and Oman in the proposed union). However, the integration of nine did not go well mainly due to

difficulties in reconciling the disparate and often conflicting views as each state sought to embody in the new entity its own vision. But seven of the original nine formed the UAE in 1971.

On May 25<sup>th</sup> 1981, the GCC was founded by six Gulf Arab states including the UAE as one member, and comprised seven states. Both Yemen and Iraq were excluded, and this decision was, certainly, a factor that contributed to the continuation and success of GCC integration.

*3. The more capabilities a core member in an integration has, the greater the acceleration of integration among its members.*

We mentioned earlier (chapter 6), the wealth, military capabilities, and the role –as the regional power– of Saudi Arabia in an alliance that has one big and many small members. The alliance is not unlike NATO (with US as a core) or the Warsaw Pact was (with Soviet Union as a core) in that respect. The flow of material rewards to Bahrain and Oman, helping Iraq to confront Iran during the Iran-Iraq war, implicitly supporting Israel to destroy the Iraqi nuclear reactor, the liberation of Kuwait and then the invasion of Iraq in 2003, and its influence and interest concerning the internal security of the member states, showed that Saudi Arabia is the most powerful state in the GCC, and with the power to influence the acceleration of GCC integration.

*4. The more varied and developed the means of communication among the member states in an integration venture, the greater are the chances for integration to develop among the same states.*

The GCC's geographical contiguity and relatively small size have made it easier for a communication network to develop. Hundreds of meetings, conferences, and seminars concerning all aspects of life; have taken place in the last two decades. Officials, whether privately or officially, met on occasion, or connected each other by telephone or other ways. Bridges and highways linking the six states were constructed, and financed by all members (chapters 4 and 5). However, improvement and proliferation of telecommunication, too, will in future help undermine parochial attitudes.

*5. The GCC as an integration of mostly small states will hold, and will be protected as long as major Western powers in general, and USA in particular, perceive such an integration to be in their national interests, or at least, not incompatible with those interests.*

Both the US and British support throughout the negotiation that led to the establishment of the GCC was relentless. They advised and encouraged the rulers to put their quarrels aside and to cooperate and integrate their individual capabilities to defend themselves (chapters 2 and 5). American diplomatic missions were upgraded to the GCC states after the Iraqi invasion of Kuwait, and USA, Britain, and France signed defence agreements with every GCC member state (with the exception of Saudi Arabia. There are foreign troops without known agreements) to underscore the Gulf region. The region supplies a highly significant portion of the West's petroleum demand and controls the world's largest known reserves of these vital energy resources, was of a strategic value for the Soviet Union, and later Russia

One of the attributes that makes the GCC unique as a group is their immense strategic value combined with an obvious strategic weakness. In addition, the strategic value of their oil assets and their geographical proximity to vital sea lines of communication in the Red Sea and the Gulf render these a continuing source of interest to the superpowers. Their military weakness and their sea strategic value, which are of importance to Western interests, complicate the GCC's ability to defend themselves for the time being. Hence, these states had to rely on direct US military intervention to defend them against the Soviet Union in the past, and against the regional adversaries in the 1980s 1990s and the 2000s (as happened when Iraq attacked Kuwait and later the invasion of Iraq in 2003), or foreseeable future. The survival of the GCC will probably continue to be as much an international concern as it is regional. Regional powers and superpowers will likely continue to view the GCC in their respective interests. As an example, even after more than two decades since its establishment, Iran has not recognized, in public, the existence of the GCC.

We should return to the question of what is the nature of the GCC. In the light of this study one thing should be absolutely clear by now. The answer is that the GCC was established simply in reaction to perceived threats, mainly the Iranian revolution. Their common interest in opposing these multiple external threats made the rulers of the six states realize that the stability and security of their regimes could best be protected by joint efforts within the framework of regional organization.

My analysis is not only of the nature, creation and the economic achievements of the GCC, but also the major strategies pursued by its members during the twenty three years of its existence. As has been seen, these strategies include efforts of the GCC states to combat "subversion and terrorism", to integrate their economies, and to coordinate their diplomacy. The energy of the GCC states, during the 1980s and the first half of 1990s, was spent on efforts to prevent the spread of the Iraq-Iran war by means of both military deterrence and diplomatic coordination, and to liberate Kuwait from the Iraqi occupation by means of logistical, diplomatic, and financial support to Kuwait.

The GCC has done more than most regional organizations (outside of Europe) in

the field of military cooperation and integration, but the small size of the GCC military forces, despite their possession of sophisticated military equipment, would make it difficult for them to defend themselves without outside assistance. The GCC remains a relatively weak organization in military terms. Yet, the GCC seems to have the will, legitimacy, and financial resources to engage in such collective security. The rate of political integration and the development of defence cooperation and coordination are carefully examined in this study. Certainly, the GCC has demonstrated growth, development, and achievements in the economic field, and economic integration continues to be just as necessary as it was in the last twenty years. Still there remains a lot to be achieved. It is clear, however, that political and military integration will also intensify in the foreseeable future.

GCC achievements are all the more remarkable when one considers that at the time it was founded in 1981, many, if not most, observers (especially neighbours) predicted its speedy demise. It is now into its third decade of cooperation and integration. The GCC in the end of 2004 is active and progressing (though there is, in one or two fields, a slowdown of integrative momentum) and can be reckoned as the most bodily cooperative multinational unit the eastern Arab world has ever attempted.

What is needed here is a renewed effort for further decisions to consolidate what has been achieved, to foster the new developments that are underway, to correct the shortcomings that have emerged and to guide the community cautiously, as reality dictates, toward the ultimate of political union. Seen in this light, GCC integration poses a ceaseless challenge to all those concerned, and its progress and realization depend essentially on the political reforms and participation, and political will of the members' elites.

It is perhaps safe at this juncture to conclude that as an integration venture, the GCC has reached a point from which it is difficult if not impossible to return. The GCC has cut out a lot of ambitious tasks for itself. One might well ask whether it can accomplish all of its goals, including the ultimate one of true political union. Clearly there will be weighty obstacles and causes for delay on the GCC's path to union. But it has accomplished a lot. Its members may find that the solid and often surprising accomplishment of the last twenty three years will serve them in good stead. The GCC integration is the process of transformation from a group of "warring nationalities" to the most advanced scheme of voluntary and peaceful regional integration the world has ever witnessed. Eventually such a profound structural transformation will carry with it the assumption of the end of the nation-state in "new" United Arab States.

The GCC is but twenty three years old (2004), yet it has already proved its worth in serving the security and other common interests of its six member states, and shown more staying power than other combinations and unions of various Arab states made and unmade over the last five decades. The GCC member states can be expected, in the foreseeable future, to continue to rely on a flexible and reactive mix of these elements: self-reliance; regional balancing; and their Western connection.

## EPILOGUE

Since 2004, when this study ends, the leaders of the GCC states have held two summits:

The first summit in December 2005, the 26<sup>th</sup> GCC summit named the 'Fahad Summit' in honour of King Fahad's key role in establishing the Gulf bloc. The summit addressed issues related to the following:

- Combating terrorism and regional affairs, including the situation in Iraq and the tension between Syria and Lebanon.
- Leaders discussed the development of the bloc's common market, which is expected to be formed in 2007, and the monetary union that will be formed in 2010.
- The GCC states have agreed on several key criteria to bring their economic and fiscal policies closer and approved setting up a central bank for the group ahead of a monetary union, and decide to build a regional railway network linking the GCC countries. High-speed rail system can also be connected to Trans-Asian Railway System and Trans-European High Speed Railway Network.
- The GCC was committed to an integrated market. That has been one of the main conditions of the European Union to conclude a free trade deal with the bloc. Talks for a free trade deal between the EU and the GCC began more than 15 years ago. However the deal, probably, would be signed before the end of 2006 the EU-GCC trade volume will more than double from the current \$45 billion if a free trade agreement is reached, at the same time the GCC investments in Eu , which is about \$112 billion in 2006, would, probably, be doubled too.<sup>1081</sup>
- Leaders of the GCC focused on Iran's nuclear ambitions, because Iran's nuclear power programme will affect the environment of neighbouring countries, even without a disaster. Eighty per cent of GCC water is desalinated will be radioactive even without an accident

The second summit in December 2006, the GCC leaders held their 27<sup>th</sup> summit named "Jabber Summit" in honor of the late Emir of Kuwait, they have concluded their summit by taking practical steps toward closer cooperation

among their bloc and making earnest calls for peace and security for the region and beyond. Concluding their summit, they endorsed a number of recommendations that are set to boost the progress of integration in all fields:

- In the field of economic, the summit's resolutions are intended to expedite a number of integration programmes, including a customs union, a common market, a monetary union, and common legislations.
- On the political agenda, the summit's resolutions were related to the following issues: (1) The leaders reiterated its unequivocal support of the right of the UAE to restore its sovereignty over the three islands. (2) On the Iranian nuclear programme, the council called for a peaceful settlement of the standoff and urged Iran to cooperate fully with the IAEA, and to adhere to international security and safety standards and address the environmental concerns. The council also urged Israel to join the nuclear weapons non-proliferation treaty and open its nuclear facilities for international inspection. They also called for keeping the Middle East, including the GCC region, free of weapons of mass destruction, without prejudice to the right of the states of the region to acquiring nuclear knowledge for peaceful purposes within the bounds of international accords. In this respect, the council commissioned a study into creating a GCC programme for nuclear technology for peaceful purposes pursuant to the international standards. (3) On Iraq, the GCC called on all parties to respect and preserve Iraq's unity, sovereignty and identity and to refrain from interfering in its internal affairs. (4) On Palestine, the council decried the persistent Israeli atrocities against the Palestinian people; it urged the international community to take swift action to put an end to these atrocities and to reactivate the peace process based on the Arab peace initiative, the road map, and international resolutions. The council reaffirmed its belief that a comprehensive peace could only be realised by the establishment of an independent Palestinian state, and Israel's withdrawal from the occupied Syrian Golan to the 4th of June 1967 borders and from Sheba's farms in southern Lebanon. In this context, the leaders welcomed the ceasefire between the Palestinians and Israelis as an important step toward dialogue and reviving the peace process <sup>1082</sup>

## NOTES

1 I.E. Okolona, Integrative and cooperative regionalism, the economic community of West Africa States. International Organization. Vol. 39. No. 1, 1985. P.121. According to Okolona, several reasons have been adduced to explain the integration ventures breakdown in developing countries: 1) The relative absence of what neofunctional theorists call favourable “background” conditions for integration. 2) The institutional structures of regional organizations are weak owing to their limited authority. 3) There is often bickering among member states over unequal sharing of economic gains. 4) Nationalism predisposes third world states to considerable reluctance to sacrifice perceived national interests on the altar of regionalism. 5) Related to nationalism with its attendant national rivalries, is the problem of competing ideologies. 6) While it is still a matter of controversy whether strong extra-regional actors promote or hamper progress toward integration. Moreover, interesting analyses of these reasons and other developing countries’ integrative schemes see Christopher CLPHAM, Greg Mills, Anna Morner & Elizabeth Sidiropoulos (2001) edited, Regional Integration in Southern Africa, ISIIA, South Africa, especially pages 59-69. For African, Asian, and Latin American integrative experiences or schemes see Neantro Saavedra-Rivano, Akio Hosono, and Barbara Stallings. (2002) Edited. Regional Integration and Economic Development. Palgrave UK.; Arthur Hazlewood,(1967) edited, African Integration and Disintegration, Oxford University Press, UK; Real Lavergne (1997) edited, Regional Integration and Cooperation in West Africa: a multidimensional Perspective, Trenton N.J, African World Press, especially chapter 3: Theoretical and Strategic Approaches; and about U.S. influence on many of these integrative schemes in the world see Shoji Nishijima and Peter H. Smith (1996), Cooperation or Rivalry: Regional Integration in the America and the Pacific Rim., Westview Press, USA and Jorge Braga de Macedo and Omar Kabbaj. (2002), Regional Integration in Africa, OECD. And for some reasons why some schemes have succeeded while many others have failed see Walter Mattli. The Logic of Regional Integration, Europe and Beyond, Cambridge, 1999, passim.

2 For further elaboration on this issue sees Milner Helen, International Theories of Cooperation among Nations: Strength and Weakness. World Politics April 1992.

3 As of now, will be called only GCC.

4 The Emirates are seven: Abu Dhabi, Dubai, Sharigah, Ajman, Umm al-Guiwain, Fujairah, and Ras al-Khaimah..

5 The Persian Gulf, also known as the Arabian Gulf, is a 600-mile-long body of water which separates Iran from the Arabian Peninsula, and one of the most strategic waterways in the world due to its importance in world oil transportation. At its narrowest point (the Strait of Hormuz), the Gulf narrows to a width of only 34 miles. The terms “Arabian Gulf” and “Persian Gulf” are synonyms. The term “Persian Gulf” was in universal use in the last two centuries or so. In the early 1960’s does a major new development occur with adoption by the Arab states bordering on the Gulf of the expression al-Khalij al-Arabi (Arabian Gulf) as weapon in the psychological war with Iran for political influence in the Gulf. The Arab states passed laws making the use of the term “Arabian Gulf” compulsory in all communication with the outside world bearing reference to the area. Iran on the other hand, was the only country in the area that objected vigorously to the use of a term other than the “Persian Gulf”. I use the name “the Gulf” throughout this study, to avoid confusion, but all uses of the terms “Persian Gulf”, or “Arabian Gulf” in various quotations will remain unchanged. For detailed analysis, see: Al-Baharna H.M. (1968) The Legal Status of the Arabian Gulf States. Manchester U. Press P. 1; Cottrell (1980) The Persian Gulf. op. cit. PP. 17-24. And, Chatterji N.C. (1987) A History of Modern Middle East. Envoy Press, New York. PP. 557-558.



1 Cottrell. (1980) op. cit. PP. 70-72. And for more detailed information, see the following articles: Tuson P. Political and secret Memoranda on the Middle East, and Guide to the Records of the British Residency and Agencies in the Gulf. *Journal of the Gulf and Arabian Peninsula Studies (in Arabic)* Vol. 4. No. 14. April 1978. University of Kuwait; Ismail J.S. British Gulf Policy and Kuwait in the 19th century. (in Arabic ) *Journal of the Gulf and Arabian Peninsula Studies*. No. 16. October 1978. P. 11. and, Amin A. M. British Interests in the Arabian Gulf 1747-1778. (in Arabic ) *Journal of the Gulf and Arabian Peninsula Studies*. No. 15. July 1978. P. 129.

2 Nyrop Richard. ( 1985) *Persian Gulf States, Country Studies*. Library of Congress, P. 27; and see, Khazal H. S. The Gulf History, in the Portuguese Documentations. ( in Arabic ) PP. 241-245. *Journal of the Gulf and Arabian Peninsula Studies*. Vol. 9. No. 33. 1983. Kuwait

3 ORBIS, Full. 1984. Op. cit. PP.463-466. Some of these factors or events are as follows: 1) The establishment of a political relationship with the area's rulers at the beginning of the nineteenth century in order to forestall Napoleon's Eastern ambitions. 2) The gradual imposition of maritime peace in the Gulf during the first half of the nineteenth century. 3) The development of the imperial transport and communications routes through the Gulf in the mid-nineteenth century. 4) The establishment of the treaty relationships with rulers of the Arab littoral in the 1890s, placing them under British protection. 5) The territorial acquisition of formerly Ottoman Mesopotamia ( present-day Iraq ) through conquest in World War I

8 Ibid. PP. 468-469. The most known ways are: 1) London exercised political control over almost all the Arab littoral, dictating not only defence and foreign affairs but increasingly many internal policies as well. 2) While Britain did not control the remaining two states, Iran and Saudi Arabia, it did exercise considerable political influence in these two countries. 3) British interests.

were protected by effective maritime policing; the Royal Navy controlled the sea lanes and policed the approaches to the Gulf and Peninsula. 4) In addition to the maritime policing, Britain relied on air policing to ensure that local rulers and forces complied with British goals. 5) Local security was maintained in some areas by armed forces established, trained, and officered by the British. 6) Britain maintained effective control of oil exploitation through British ownership of the producing companies, except the Bahrain and Saudi Arabia concessions to American companies.

10 Balfour-Paul, Glen.(1991) *The end of empire in the Middle East: Britain's relinquishment of power in her last three Arab dependencies*. Cambridge University PP. 96-107. The British Government established its influence in the Gulf by means of treaties and agreements concluded with the Gulf States between 1853 and 1916. See Al-Baharna,(1968) op. cit. P. 6.

11 ORBIS, fall, 1984. op. cit. P. 569.

12 For further elaboration on this issues see A. M. Khalifa (1979) *The United Arab Emirates: Unity in Fragmentation*. Westview Press Inc. USA. P. 23; Schofield R. (1994) *Territorial Foundation of the Gulf States*. UCL Press. London. PP. 87-91; Cleveland W. L. (1994) *A History of the Middle East*. Westview Press, Inc. Passim; and Zahlan Rosenmarie Said (1989); *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman*, Unwin Hyman London. Passim

13 Amir Abdul Aziz ibn Saud, later proclaimed as King Abdul Aziz, captured the district of Najd in 1902 and district of Al-Hasa from the Turks in 1913, and thus established what came to be the kingdom of Saudi Arabia. The ancestors of king Abdul Aziz, formerly known as the Wahhabi House of Saud, or the Wahhabis (Muslim Unitarians), governed Arabia proper between the middle of the eighteenth and the middle of the nineteenth centuries. In 1871, the House of Saud was driven by the Turks from the province of Al-Hasa. They retreated to Riyadh and central Najd, until its occupation by the House of Al-Rashid in 1891. Between 1891 and 1902, Amir Abdul al-Rahman, the father of king Abdul Aziz, and his family took refuge in Kuwait. In 1902, Abdul Aziz attacked and conquered Najd in his first attempt to regain the lands of his forefather. For detailed analysis of the rise of Saudi Arabia, see Alexei Vassiliev (1998), *The History of Saudi Arabia Saqi Books, London. Passim; Holden D. And Johns R. (1981) The House of Saud. Sidgwick & Jackson. London. PP. 1-109; Hurewitz J. C. (1969) Middle East Politics: The Military Dimension. Pall Mall Press. London. PP.241-252; Rentz G. (1972) Wahhabism and Saudi Arabia. in Hopwood D. ed. The Arabian Peninsula; Society and Politics. G. Allen And Unwin Ltd. Britain. PP.54-67; and, Anscombe F. F.(1997), *The Ottoman Gulf: The creation of Kuwait, Saudi Arabia, and Qatar*, Columbia University Press New York, Passim.*

14 Al-Farsy F. (1978) *Saudi Arabia, a case study in development*. Stackey International, London. PP. 36.37 and Schofield R. (1994) .op. cit. PP. 43-44.

15 The Middle East. December. 1992. P.15, and for more detailed information about the British drawing of the Arabian peninsula borders, see Wikinson J.C.(1991) *Arabian Frontiers; The Story of Britain's Boundary Drawing in the Desert*. I. B. Tauris & Co Lit. London.

16 For the British government in the late 1930s and 1940s. Saudi Arabia was a country of considerable importance. For a detailed analysis of this period, see Silverfarb Daniel. *Britain and Saudi Arabia on the Eve of the Second World War*. Middle East Studies. No.4, October, 1983.

17 For a detailed analysis of the Buraimi issue, see Al-Baharna (1968) op. cit. PP. 196-238; and D. Holden and R. Johns. (1981) op. cit. PP. 49-51.

18 B. Kelly (1980) *Arabia, The Gulf; and The West*. London. PP. 64-74.

19 For this period, see Al-Zayani A. *Saudi Arabia relation with the Gulf States 1964-1974*. (in Arabic) *Journal of the Gulf and Arabian Peninsula Studies*. No. 33. 1983. Kuwait. PP.185-193.

20 Detailed analysis of British withdrawal, see Sirriyeh H. (1984) *US policy in the Gulf, 1968-1972. Aftermath of British withdrawal*. Ithaca Press. London. PP. 1-40.

21 ORBIS Fall, 1984. Op. Cit. P. 570, and Balfour-Paul G. (1991) op. cit. PP. 243-268, and Passim.

22 R. J. Gavin (1975) *Aden under British Rule*. C. Hurst. London. Passim.

23 On the decision and process of withdrawal, see *The Gulf: Implications of British withdrawal*. Centre for Strategic and International Studies February, 1969. Special Report. Series No. 8. Washington: Georgetown University; Holden D. *The Persian Gulf: After the British Raj*. Foreign Affairs. July 1971. PP. 721-735; Luce W. *Britain's Withdrawal from the Middle East and Persian Gulf*. *Journal of the Royal United Service Institution*. March 1969. PP. 4-10; Monroe E. *The Changing Balance of Power in the Persian Gulf*. Report of an International Seminar at the Center for Mediterranean Studies. Rome. New York. American University Field Staff. 1972, and the withdrawal from Aden, see Karl Pieragostini (1991) *Britain, Aden and South Arabia: abandoning empire*. Macmillan, London. Passim.

24 on the regional impact of the British withdrawal, see Anthony J. D. (1975) *The Arab States of the Lower Gulf*. Washington; Middle East Institute. Passim; Head-Bey F. (1982) *from Trucial States to United Arab Emirates*. Longman. London. Passim; Said Z. R. (1978) *The Origins of the United Arab Emirates*. Macmillan London. Passim. And Khalifa A. M. (1979) op. cit. Passim. And for more information about the British involvement in in the Gulf up to 1996 see C. Jones and J. Stone, *Britain and Arabian Gulf: New perspective on Strategic Influence, International Relation*. April, 1997, p. 1-25

25 The word Khalejee might be roughly translated by the word Gulfian (a person who belongs to any one of the member states of the GCC). In Arabic Khalejee in singular, and Khalejeen in plural. The majority of the natives of these states, however, are identifying themselves in this way.

26 Bent Flyvbjerg, "Five Misunderstandings About Case Study Research." *Qualitative Inquiry*, vol. 12, no. 2, April 2006, pp. 219-245

27 Robert K. Yin. *Case Study Research. Design and Methods*. Third Edition. Applied social research method series Volume 5. Sage Publications. California, 2002. passim

28. Siegfried Lamnek. *Qualitative Sozialforschung. Lehrbuch*. 4. Auflage. Beltz Verlag. Weinhnein, Basel, 2005. Passim. And for further readings about case study see the following sources: Charles C. Ragin and Howard S. Becker, eds., *What is a Case? Exploring the Foundations of Social Inquiry* (Cambridge: Cambridge University Press, 1992; Roland W. Scholz and Olaf Tietje. *Embedded Case Study Methods. Integrating Quantitative and Qualitative Knowledge*. Sage Publications. Thousand Oaks 2002, Sage; Robert E. Stake, *The Art of Case Study Research* (Thousand Oaks: Sage, 1995.

29 Lars-Göran Stenelo, *The International Critic: The Impact of Swedish Criticism of the U.S. Involvement in Vietnam*, Studentlitteratur, Lund, 1984, pp. 20-27.

30 Khalifa (1978) op. cit. PP. 27-35.

31 For more detailed information on cooperation among the GCC members, before the intensive negotiations and establishment of the Council, that is, the period 1973-1979, see Cordesman A. H. (1984) op. cit. PP. 625-627. and Keesing's *Contemporary Archives*. March; 16, 1979. P. 29508. London.

32 *Journal of the Gulf and Arabian Peninsula Studies*. Interview with Qabous Sultan of Oman. Vol.3. No. 11. 1977. PP. 187-188.

33 *The Middle East* . April 1988. P. 9.

34 *Journal of the Gulf and Arabian Peninsula Studies*. op. cit. Vol. V. No. 18. 1978. PP. 11-35. (In Arabic) and for more information on these Kuwaiti activities in this period, see E.A. Nakhleh (1985) *The Gulf Cooperation Council: Policies, Problems, and Prospects*. Praeger, New York. PP. 2-3.

35 *Facts and Numbers*. The Secretariat of the GCC. September, 1985. P.1

36 *Keesing's Contemporary Achieves*. op. cit. July, 24, 1981. PP. 30982-3.

37 *Facts and Numbers*. op. cit. P. 14.

38 Ismael T. Y. And Jacqueline S. (1978) *The Political of Social Change in the Arab States*. *The Middle East Journal*, summer. No. 3. PP. 351-354. The Gulf urbanization exemplifies a pattern that is unique in the annals of urban development. The pace of urbanization, with its drastic alteration in such a short period of time, has not been duplicated for any other major region of the world. About this urbanization see, Cottrel A. J. (1980) *The Persian Gulf States: A General Survey*. The Johns Hopkins University Press. PP. 226-278. And for further elaboration on political, social and cultural evolution of the Gulf see Jan Richard Netton. (1986) *Edited. Arabia and the Gulf: From Traditional Society to Modern States*. Croom Helm London

39 *The Arab Gulf Journal*. (1985). No. 1. PP. 37-45. *Oil, Political Change and Social Dynamics of the Arab Gulf States*. London

40 Cordesman A. H. (1984). *The Gulf and Search for Strategic Stability*. Westview Press. P. 44 and P. 3.

41 The geographic area of GCC is 3.4 million square kilometers.

42 *Middle East and North Africa*. (1986). London.

43 *United Nations Monthly Bulletin of Statistics*. September. 1986. New York. see table 1-1 for more information about the population and percapita see economic integration.

44 *The Statesman Year- Book 1986-87*. London. GNP percapita, were given as follows: Saudi Arabia \$ 8000. (1985) Bahrain \$10360. (1983) Oman \$ 6240. (1983) Qatar \$21170. (1983) Kuwait. \$ 18180. (1983) and the UAE \$ 21340. (1983). But after 20 years, in 2003 the GNP percapita of these states shows that Qatar with \$30,410, the UAE \$19,755, Kuwait \$15,600, Bahrain \$11,650, Saudi Arabia \$8,800, and Oman \$8,100, see <http://www.gulf-news.com/> June 12, 2004

45 Cordesman A. H. (1984) op. cit. P. 42. The oil revenues in \$ billions, in 1981, were given as follows: Saudi Arabia 127, 8. Bahrain 0, 6. Kuwait 19, 6. Oman 4, 0. Qatar 6, 4. the UAE 20, 7. And Neutral Zon ( Saudi Arabia and Kuwait ) 6, 4. Total revenues of the six states \$ 185, 5 billions.

46 External factors, is used in the same conception elaborated in Axkine W. A." *South Pacific Region Cooperation in Comparative Perspective. An Analytical Framework*. " *Political Science*. Vol. 1 July 1985. PP. 45-46.

47 Deutsch K. (1979), op. cit. PP. 183-184.

48 *Financial time 820215*. London. Arab Gulf States are eager to achieve economic cooperation. And ORBIS. Fall, 1984. P. 486. Foreign Policy Research Institute. USA. *Defending Arabia. Evolution of Responsibility*.

49 *Theorizing on security* see Björn Hettne and Fredrik Söderbaum, (2001) op. cit Chapter 1. Pp.1-53.

50 Shaun Breslin (2002). op. cit. p.22.,

51 Barnett, Michael and F. Gregory Gause III (1998) 'Caravans in opposite direction: society, state and the development of a community in the GCC' in Adler and Barnett, eds. *Security Communities* (Cambridge: Cambridge University Press)

52 Al-Haj Abdullah Juma. *A Gulf Citizen's Viewpoint of the Gulf Cooperation Council: A critique*, *Journal of South Asian and Middle Eastern Studies* Summer 1999. Pp.60-61.

53 Bishara A. Y. (1987) *The first five years of the GCC: An Experiment in Unification*. The Secretariat General. Riyadh, Saudi Arabia. P. 13. Moreover, a matter of definition: A confederation is a group of sovereign

states sharing some government tasks. America's 13 colonies in 1781-89 were an example. Their members usually have vetoes. To become law, confederal decisions need ratification by national parliaments or governments. Switzerland is called a confederation but is really a federation. In a federation, the central power has law-making and executive authority in some areas, the members (cantons, states, republics) in others. Anti-federalists tend to stress the powers yielded to the centre, pro-federalists those kept by the states. Central decisions involve majority voting (no single state has a veto), and are automatically law throughout a federation. A supreme or constitutional court is usually needed to settle conflict of law between a federation's different bits. For further elaboration on this issue see *The Economist*, November 9th, 1991, P. 42. And for detailed discussion on federal and confederal structures see Dimitris N. Chrysochoou (2001) *Theorizing European Integration* SAGE Publication Ltd. PP:67-71. and Burgess Michael, *Comparative Federalism, Theory and Practice*, Routledge 2006 passim.

2 Ibid. p. 69

54 There is no popular participation in decision-making among the GCC States. The idea (which has been discussed, in many occasions in 2004, among the member states) of creating a joint popular GCC entity is bound to meet with fierce resistance among the members. For more detailed information see [www.bahraintribune.com/ArticleDetail.asp](http://www.bahraintribune.com/ArticleDetail.asp), April 23- 2004 (In English); [www.gulf-daily/Article/78806&Sn=BNEW](http://www.gulf-daily/Article/78806&Sn=BNEW) April 10 2004 (In English); [www.alayam.com/ArticleDetail.asp](http://www.alayam.com/ArticleDetail.asp) April 10-2004, and April 18-2004 (In Arabic); and [www.alwastnews/topic.asp?ID=79049](http://www.alwastnews/topic.asp?ID=79049) & order=03 20-03-2004, and =81594& order 28 11-04-2004 (In Arabic).

55 According to Mattli (1999) op.cit. pp. 99-105 integration is most likely to succeed when two supply conditions are satisfied: 1) "Commitment institutions" such as centralized monitoring and third party enforcement as ECJ and the Commission. 2) "Institutionalized leadership" the presence of an undisputed leader state among the group to coordinate rules, regulations, and policies. As far as the GCC is concerned these two conditions are not necessary because the GCC based on persuasion and consensus. In fact, most GCC members are opposed to the idea to establish an EU-styled commission or supranational court. Moreover, interesting book on the analysis and the explanation of the functions of EU supranational institutions see Mark A. Pollack. *The Engines of European Integration*, Oxford University Press, 2003

56 Bishara A. (1985) *GCC Effort a Step or an Obstacle on the Path of Arab Unity*. Arab Thought Forum. Amman. Jordan. PP. 80-106.; *American-Arab Affairs*. Vol.7. 1983/84. PP. 157-177. And, *The Supreme Council-Rules of Procedure*. PP. 12-20, and *The Commission for the Settlement of Disputes-Rules of Procedure* P.32. Secretariat-General Riyadh. 1990.

57 [www.arabicnews.com/891028/1998102805.html](http://www.arabicnews.com/891028/1998102805.html). The Committee held its second meeting for its fourth term in Bahrain June 2001, discussed many topics presented to the GCC Supreme Council at its summit in the Sultanate of Oman in December 2001. See [www.moi.gov.bh/newspage/englishmain.html](http://www.moi.gov.bh/newspage/englishmain.html). 2001-06-09.

58 [www.imf.org/external/np/sec/decdo/gcc.html](http://www.imf.org/external/np/sec/decdo/gcc.html). 2000-06-11. And [www.gna.bh/gnanews/gnarabic/current/news-13.html](http://www.gna.bh/gnanews/gnarabic/current/news-13.html). (in Arabic), 2001-02-21. and [www.imf.org/external/np/sec/decdo/gcc.htm](http://www.imf.org/external/np/sec/decdo/gcc.htm). 2000-06-11

59 [www.medeabe/en/index063.htm](http://www.medeabe/en/index063.htm)

60 See the closing statements of the nineteenth session in the UAE in Dec 1998, the twenty second session in Sultanate of Oman in Dec 2001 and the twenty third session in Qatar in Dec 2002, in [www.gcc-sg.org/index.html](http://www.gcc-sg.org/index.html)

61 See [www.gcc-sg.org/gcc\\_news/news2k41005.html](http://www.gcc-sg.org/gcc_news/news2k41005.html), 3/10/2004 and held its first in Feb 2003 in Kuwait; the second in April 2004 in Muscat; and the third in May 2004 in Muscat, see [www.gcc-sg.org/gcc\\_news/news2k40414a.html](http://www.gcc-sg.org/gcc_news/news2k40414a.html)

62 Bond D. R. *Regionalism in Latin America; Prospects for Latin American Economic System (SELA)*, International Organization. 32. Spring 1978. P. 404; and complete elaboration on Latin America institutional structures see *The Challenge of Integration. Europe and the Americas*, Edited by Peter H. Smith, USA 1993, especially chapter 12, pp 305-328.

63 Ibid. P. 405.

64 Interesting book on this region integrative efforts see *Regional Integration and the Asia-Pacific*. Edited by Bijit Bora and Christopher Findlay, Oxford University Press. 1996.

65 Interesting analyses on Latin America integrative schemes see Mattli (1999) op cit. Passim

66 Okolo J. E. 1985. op. cit. P. 137

67 For more detailed information about the Supreme Council, see GCC Charter, General Secretariat. Riyadh Saudi Arabia. Articles 7-9.

68 Anthony J. D. (2000), 21st GCC Summit Result, Part One: Economic Issue, [www.arablink.com/GulfWire/Archives2001/GulfWire200108Spec.Supp.html](http://www.arablink.com/GulfWire/Archives2001/GulfWire200108Spec.Supp.html) 2001-01-08. Pp1-10.

69 [www.arabicnews.com./990421/1999042117.html](http://www.arabicnews.com./990421/1999042117.html).

70 [www.gcc-org/gccnew/news\\_2k40517.ht](http://www.gcc-org/gccnew/news_2k40517.ht); [www.saudiembassy/2003news.Index](http://www.saudiembassy/2003news.Index) 682; [www.arabicnews.com/020516\\_11](http://www.arabicnews.com/020516_11)

71 [Ibid./990406/1999040665.html](http://Ibid./990406/1999040665.html); [990419/1999041904.html](http://990419/1999041904.html); [000429/2000042922.html](http://000429/2000042922.html); [www.gna.gov.bn/gnaenlish/current/news-10.html](http://www.gna.gov.bn/gnaenlish/current/news-10.html) 2001-05-13; [www.arabia.com/news/article/english/0,1690,45652,00.html](http://www.arabia.com/news/article/english/0,1690,45652,00.html) 2001-05-01; [www.washington-report.org/backissues/0399/990328.html](http://www.washington-report.org/backissues/0399/990328.html). and table 5-1.

72 GCC Charter, op. cit., Articles 11-13.

73 For further elaboration on Ministerial Council see [www.gcc-sg.org/Organizational%20.html](http://www.gcc-sg.org/Organizational%20.html). 2001-01-06

74 [www.gulf-news.com/Articles/RegionNE.asp?ArticleID=144821](http://www.gulf-news.com/Articles/RegionNE.asp?ArticleID=144821) 22/12/2004

75 Ibid.

76 Anthony J. D. (2000), op. cit. p. 4.

77 [www.arabicnews.com./981209/1998120907.html](http://www.arabicnews.com./981209/1998120907.html). The Muscat summit of 1995 had one unexpected event when a disagreement arose over who would assume the GCC secretary-general during next year's summit (1996) to be held in Doha. Qatar's ruler left Muscat one day early to protest the Council's choice of a Saudi national, Jameel al-Hujailan, instead of Qatar's candidate for the position. The dispute revolved around a parliamentary question as to whether the debate concerning filling the position was "substantive," which would require a full consensus of members, or "procedural," which requires only a majority of members. In the end, the Council decided that it was a procedural issue and the position went to Saudi Arabia's nominee. In response, Qatar referred the issue to the GCC's Legal Committee, although Sheikh Hamad (ruler of Qatar) made it clear that Qatar will abide by the committee's decision. However, Qatar accepted the Saudi in that year. Elaboration on this sees The Washington Report on Middle East Affairs, February/March 1996, p. 108. [www.washington-report.org/backissue/0399/9903028.html](http://www.washington-report.org/backissue/0399/9903028.html); And MEED, 8 March 1996, p.24.

78 [www.saudiembassy.net/press\\_release/01-spa/12-31-GCC.htm](http://www.saudiembassy.net/press_release/01-spa/12-31-GCC.htm). 2002-01-04. at the end of 2004 Al-Ateyyah was still as Secretary-General.

79 [www.tradearabia.com/tanews/newsdetails.asp?Ref=S&Article=79238&Sn=&Cnt=31](http://www.tradearabia.com/tanews/newsdetails.asp?Ref=S&Article=79238&Sn=&Cnt=31) December 21, 2004

80 Ibid. Artikes 14-17.

81 Okolo J. E. (1985) op. cit. P. 139.

82 The GCC Charter. Op. cit. Article 16.

83 Statistics for 1986, obtained from the GCC Secretariat General, see The Secretariat General, "In Brief". Riyadh. June 1986.

84 Anthony J. D. (2000), op. cit. p. 1

85 The Role of the GCC in the Achievement of Arab Unity. The Secretariat General. Riyadh 1985. P. 29.

86 See the Charter of the GCC. op. cit.

87 Cooperation Council of the Arab States of the Gulf. Government Printing Office, Bahrain.(in Arabic) 1983. PP.99-113.

88 Ibid. PP. 99-103.

89 Ibid. PP. 104-110.

90 Ibid. PP. 111-113.

91 The decisions and steps taking to implement the UEA, see The Secretariat-General (special paper). P.7. October 1984.

92 [www.saudiembassy.net/press\\_release/01-spa/12-31-GCC.htm](http://www.saudiembassy.net/press_release/01-spa/12-31-GCC.htm). 2002-01-04.

93 *The way forward : cooperation and Unity in the Gulf*. Sultanate of Oman; Ministry of Information. 1985. PP. 53-63.

94 For more elaboration on the issue of the objectives of the GCC, see Bishara (1985). op. cit. P. 36; Bishara (1987). op. cit. Passim; *The Role of the GCC* (1985). op. cit. P. 27, and *Annual Report* (1985). Secretariat-General. Riyadh. PP. 11-15.

95 *The role of the GCC*. (1985) op. cit. P. 27; and [www.gcc-sg.org/cooperation.html](http://www.gcc-sg.org/cooperation.html), Areas of Cooperation, 10 pages. 2001-01-06.

96 Indeed, such a surrender of sovereignty would conceivably create a problem under the constitutions of Bahrain Art. 1 (A); Kuwait, Art. 1; Qatar, Art. 2; and the UAE, Art. 4. See El-Kuwiz A. *The Gulf Cooperation Council and the Concept of Economic Integration*. *American-Arab Affairs*. No. 7. Winter 1983-84. P. 47.

97 Dankert Pieter. *Journal of Common Market Studies*, Vol. xx1. 1982/83. P. 5. According to the author, Franco-German reconciliation was the driving force behind the emergence of European Coal and Steel Community (ECSC).

98 *Ibid*, P. 7. The formation of the European Economic Community (EEC) which was designed to create, via a customs union, the conditions for a common market.

99 *The Christian Science Monitor*, April 14-20, 1984.

100 For some interesting, articles and books on globalization see Michael Burgess, *Comparative Federalism, Theory and Practice*, Routledge 2006. A definition p 255 and Passim. Moreover, *International to World Society? English School Theory and the Social Structure of Globalization*. Barry Buzan. New York: Cambridge University Press, 2004, pp. 318; *The Miracles of Globalization*, *Foreign Affairs*, Sep.-Oct 2004; Geoffrey Garrett, *Globalization's Missing Middle* *Foreign Affairs*, Nov.-Dec2004; *A False Alarm: Overcoming Globalization's Discontent*, Richard Cooper, *Foreign Affairs*, Jan-Feb 2004. And *Sinking Globalization*, Niall Ferguson, *Foreign Affairs*, Mar-Apr. 2005

101 First wave of these theories, which deal with the relationship between the structure and the process they are the formative theories: Functionalism, federalism, transactionalism and neofunctionalism. And the second wave of theories that theorizing European integration are: confederalism, international regimes, independence, concordance systems and multi-level governance arrangements. Most of these theories aim to explain the nature, conditions and dynamics of European integration. For some interesting literature on integration see Doughery J. E., and Pfaltzrff Jr. R. L. *Contending Theories of International Relations*. New York, 1981, PP417-468. And De Vree J. K. *Political Integration: The formation of theory and its problems*. (The Netherlands 1972.) For more interesting books on theoretical work about European Integration See Ben Rosamond: *Theories of European Integration*, Palgrave 2000. and Walter Mattli. (1999) op. cit; Chrysochoou (2001) Dimitris N. *Theorizing European Integration*, SAGE Publications. London However, more than fifty years of theorizing, as Chrysochoou, on page 9, put it: "the integration theorists should start looking for new regional experiments of comparable conceptual and analytical potential"; and, Helen Wallace, W. Wallace, Carole Webb Edited, (1977) *Police Making in the European Community*, Second Edition, John Wiley, New York.

102 Deutsch Karl. *Political Community and North Atlantic Area*. Princeton University Press, 1957. P5.

103 Deutsch Karl, *Security Communities, International Politics and Foreign Policy*, Ed J. N. Rosenan (New York: The Free Press of Glencoe, 1961), p. 99.

104 *Ibid*. p. 100. The GCC integrative effort can be categorized, in some ways, as one of these security communities.

105 The ten cases are: (1) the emergence of the United States in 1789 and the reunion after the Civil War. (2) The England-Scotland union in 1707. (3) The 1921 breakup of the union between Ireland and United Kingdom. (4) The German unification of 1871. (5) The Italian unification of 1859-1860. (6) The dissolution of the Empire in 1918. (7) The Norway-Sweden union of 1814 and its break-up in 1905. (8) The gradual Swiss integration that culminated in the federation of 1884. (9) The England-Wales union after 11485, and (10) The formation of England in the Middle Ages.

106 Deutsch K. et al. 1957. *Political Community...* op.cit. P.6.

107 Ibid. P.29. And Duetsch K. *Tides Among Nations*.(The Free Press. New York, 1979.) P. 196

108 About the twelve essential conditions, see Deutsch W. K., *Attaining and Maintaining Integration*, in Hodges M. ed. (Penguin Books Ltd.England, 1972), PP. 112-113...

109 Haas Ernst B. *The Uniting of Europe: Political, Economic and Social Forces 1950-1957*, (Stanford University Press. 1958.)P. 16.

110 Hansen D. Roger *Regional Integration; Reflection on a Decade of Theoretical Efforts*. World Politics. Vol. 21. 1968. P.242.

111 Haas E. And Schmitter P. (1964) *Economics and Differential Patterns of Political Integration in Latin America*. International Organization. Vol.18. PP.705-737. About the Neofunctionalist reasoning on spillover and loyalty concepts See Ben Rosamond op. cit PP 58-73

112 For elaboration on neofunctionalism and developing nations integration see *The Political Economy of Regional Cooperation*, comparative case studied, edited by W. Andrew Axline, 1994. Fairleigh Dickinson University, pp. 176-224

113 The integration experiences of Western Europe in the 1960s led Haas to modify the concept of spill-over, and Schmitter has suggested that the spill-over concept must be modify, refined, and qualified in a typology of strategic options available to actors. See, Dougherty J. E. And Pfaltzgraff Jr. R. L., op cit. P.434. The automatic spill-over, and neofunctionalism, became subjected to various lines of criticism. See for example, Pinder J. (1985/86) *European Community and Nation-State, a Case for a Neo-federalism*. International Affairs. Vol.62. No. 1. PP. 43-44.

114 Haas and Schmitter. op cit. P. 726. And Hodges M. (1972) ed. *European Integration*. Penguin Books. PP. 101-107. The comparability of the GCC with EC/EU is thrown into doubt, because it can be established that the EU different in a number of respects However, the founders of integration theory imagined that generalizations would emerge from their intensive case study of the European Communities. The result could then generate hypotheses of the regional integration in a general sense. Such inspirations are made explicit in the work of the early theorists of European integration, such as K.Deutch (1957) E. Haas (1961; 1968, P. Schmitter (1971), and J. Nye (1997)

115 Democracy is important and necessary to the acceleration of integrative process in European integrative schemes, but, unfortunately, it has no place in the case of GCC integration, see chapter 6, disintegrative factors. For an interesting book on democracy and integration see Jeffrey J. Anderson. (1999) *Edited Regional Integration and Democracy. Expanding on European Experience*, Rowman & Littlefield Publishers. INC England.

116 Dougherty J. E. And Pfaltzgraff R. L. op. cit. P. 439.

117 Nye J. (1968) *Comparative Regional Integration: Concept and Measurement*. International Organization. Vol.22. No. 4. P. 858.

118 Ibid. Pp. 865 ff.

119 Ibid. Pp. 868 ff.

120 Ibid. Pp. 868.

121 For interesting analysis on theorizing of regionalism since the beginning of the 1990s, see Björn Hettne and Fredrik Söderbaum in Shaun Breslin, Christopher W. Hughes, Nicola Philips and Ben Rosamond. Edited (2002) *New Regionalism in the Global Political Economy. Theories and Cases*. Routledge. book, pp 33-47

122 Walter Matli (1999) The writer mentioned the GCC only by name, but he never analyzed or explained (as he did with many of the developing nations-schemes) the importance of this scheme and the role played by this organization in international relations and world economic situations in the last twenty three years. However, in some cases Matli recognized that his approach did not work because he suggests that these cases should take into consideration factors such as the countrys socio-political characteristics, or elements that capture the peculiarity of the country. See pp. 91-93.

123 Scott Cooper and Brock Taylor. *Power and Regionalism: Explaining Regional Cooperation in the Persian Gulf*, chapter 5, PP105-124 in Finn Laursen (2003) Edited,. *Comparative Regional Integration. Theoretical Perspectives*. Ashgate, England.



124 Ibid. pp 105-108

125 For GCC security, regional threats (Iran occupation of UAE islands and Iraq invasion of Kuwait) are more important than the internal threat created or influenced by Iran.

126 Ibid. p. 108

127 Pinder J. Op. cit. P.53. About the analyses of the conceptual bases of federalism, federation and evolution of the intellectual debate on federalism see Michael Burgess 2006, *Passim*

128 The four essential conditions present at the time the GCC was formed are: (1) Mutual compatibility of the main values relevant for political behaviour. (2) A distinctive and attractive way of life. (3) Expectations of stronger and rewarding economic ties or joint rewards. (4) A marked increase in the political and administrative capabilities of at least some of the participating units. See Deutsch W. K. (1972), op. cit., PP. 112-113. Moreover, about the helpful conditions, see Deutsch K. (1979) op. cit. P. 190. One of the helpful conditions, the external military threat, is not considered as an essential condition by Deutsch and his coauthors. It was of overriding importance in the emergence of the GCC.

129 Haas M. (1984) *Paradigms of Political Integration and Unification: Application to Korea*. Journal of Peace Research. Vol. 21. No. 1. P. 50.

130 Ben Rosamond op. cit P.75 Moreover, the Functionalists and neofunctionalists have neglected to study the impact of regional integration on the countries outside the integrative scheme. For more detail, see Walter Mattli op. cit. P.59.

131 Chrysochoou Dimitris N. (2001) *Theorizing European Integration*, SAGE Publications. London pp.53-57.

132 See Björn Hettne, Adàs Inotal and Osvaldo Sunkel. (2001) eds. *Comparing Regionalism: Implication for Global Development* Palgrave, UK.

133 Ibid. For definitions of integration by different writers, see pp. 9-14.

134 For theorizing on this matter see Sajal Lahiri.(2001) edited , *Routledge, London Regionalism and Globalization: Theory and Practice*, and Anthony Bende-Nabende (2002) *Globalization, FDI, Regional Integration and Sustainable Development. Theory, evidence and Policy*. Aldershot : Ashgate.

135 For the integration and globalization problems of small countries in the global economy see Dominick Salvatore, Marjan Svetlicic, and Joze P. Damijan edited .(2001) *Small Countries in a Global Economy: New Challenges and Opportunities* Pagrave. UK. p.1, and *Passim*.

136 See the Charter, Article 4, GCC Charter, Secretariat-General, Riyadh Saudi Arabia. For elaboration on Arab sub-regional groupings see Owen Roger (1992), *State, power, and Politics in the Making of the modern Middle East* Routledge, US, *Passim*.

137 Bishara (1987), op. cit., P. 20.

138 Sprout, Harold and Margaret. *The Dilemma of Rising Demands and Insufficient Resources*. World Politics. 20 (1968), PP. 660-693.

139 For detailed information about the GCC economies before the oil era, see M. Mckinnon (1990) *Arabia: Sand, Sea, Sky*. Guild Publishing. London. PP. 200-201; A. Abu-Aiash *Horizons of industrial development in the Arabian Gulf States*. Journal of the Gulf and Arabian Studies. (1979) Kuwait. PP. 19-24. And, for a detailed prehistory of the economics and life style of the Gulf states see D. T. Pott *The Late Prehistoric, Protohistoric, and Early Historic Periods in Eastern Arabia (ca 5000 B.C. - 1200 A.D)*. Journal of World Prehistory, Vol. 7. No. 2. 1993.

140 *The Achievements of the GCC*, in Brief. 1981-1989. (in Arabic) Secretariat-General, Riyadh, Saudi Arabia. 1990.

141 *The Cooperation's decisions*. Secretariat-General of the GCC. (in Arabic) 1989, Riyadh, Saudi Arabia., P. 11.

142 For more details of the aims of the Agreement, see A.I. El-Kuwaiz. *Economic Integration of the Cooperation Council of the Arab States of the Gulf: Challenges, Achievements and Future Outlook*, in J. A. Sandwick ed. (1987) *The Gulf Cooperation, Moderation and Stability in an Interdependent World*. Westview Press. PP. 72-73.



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456 Sandwick (1987) op. cit. pp. 172-173.

457 Holsti (1972) op. cit. pp. 115–16.

458 The Middle East, September 1984, p. 15. In January 1982, the Defence Ministers of the member states held their first multilateral meeting, and created a Military Committee within the GCC secretariat. See Sandwick (1987) op. cit. pp. 172-173 and 194-196.

459 Kechichian (1995) op. cit. p.117.

460 S. A. Yetiv. *The Evolution of U.S.-Russian Rivalry and Cooperation in the Persian Gulf.* *Journal of South Asian and Middle Eastern Studies* Vol. XXI. No. 3, Spring 1998. P. 22.

461 In 1988 it was revealed that the Saudis had covertly bought Chinese CSS-2 long-range ballistic missiles at a cost of \$ 3-3.5 billion. These missiles can reach targets in Iraq and are seen as a potential threat to the regime in Baghdad. See Bahgat. G. (2000) op. cit., p153

462 MEED 17 March 1995, p. 13.

463 *The Economist* Dec. 5th 1992, p. 51.

464 Anthony H. Cordesman. (1993) *After the Storm: The Changing Military Balance in the Middle East.* P. 558. London.

465 D. J. Jones. *Saudi Arabia After the Gulf War.* *International Relations*, Dec. 1995. London. PP. 42-43. Though the GCC signatories to the Declaration made a pledge of \$15 billion to Damascus and Cairo, this figure was reduced to \$ 6 billion less than a year later due to depressed oil prices.

466 [www.arabicnews.com/990809/1999080901.html](http://www.arabicnews.com/990809/1999080901.html)

467 Ibid. 990812/1999081211.html. and 990816/1999081615.html.

468 A subsidy from the GCC of \$ 1800 million (1974-1994) shared between Oman and Bahrain annually. See *The Military Balance 1994-95*, p. 124.

469 Some Americans have advocated the establishment of a Nato-type organization in the region. See *Beijing Review*. March 18-24 1991, China, p. 7.

470 It is the highest level of cooperation in the history of American involvement in the region in such matters as information sharing, joint training and familiarization visits among senior staff. See Anthony J. D. (1996), op. cit. P. 161.

471 L.T. Hadar, *American's Movement in the Middle East.* *Current History*, January 1996. P. 4.

472 MEED, Dec. 1994, pp. 8-10.

473 *Current History* January 1996, P. 3.

474 Iraqi Foreign Minister stated that Iraq had not used chemical weapons in the Gulf war because of fear of nuclear retaliation from the US. See *Middle East Report* Nov/Dec. 1995, PP. 20-23. Moreover, M. C. Dunn, (1996), op. cit. pp. 35-36. There was detailed discussion among US officials about the possibility of using small tactical nuclear weapons against Iraq if Iraq used its WMD in the liberation of Kuwait. See *The Washington Quarterly*, No. 4. 1996, pp. 3-18

475 The US noted that Iran increased its troops on the islands of Abu Musa and the Tunbs islands to 4000 from 700 before 1995, and Iran deployed offensive weapons. The US chairman of the joint chiefs of staff publicly expressed alarm at this build-up and noted that Iran began loading Hawk surface-to-air missiles on launchers. In his visit to the Gulf in 1995, US Secretary of Defence Perry noted that Iran had increased its troops on the islands to 6000 and deployed chemical weapons in the Gulf. However, the GCC started to invest over \$ 34 billion on naval equipment over the years 1995-2000. See *Defence in MEED* 8 Dec. 1995.

476 *The Economist* Dec. 5th 1992. P. 52

477 The US had more than 35 warships, 300 warplanes, 15 cargo ships laden with enough tanks, nuclear submarines, and cruise missiles in the Gulf, in 1996, confronting the Iranian navy. For detailed information see *The Washington Report on Middle East Affairs* April 1996, pp. 80-81. And *Middle East International* 16 August 1996, pp. 3-5.

478 *Ibid.* June 1995, p.12.

479 *Asharq Alawsat Newspaper* (In Arabic) 951207, pp. 1-3

480 MBC Tv. 961113.

481 [www.arabicnews.com/971016/19997101612.html](http://www.arabicnews.com/971016/19997101612.html).

482 *Ibid.* 971029/19997102923.html.

483 *Ibid.* 981110/1998111034.html.

484 *Ibid.* 981118/1998111809.html.

485 Ericsson of Sweden was been awarded \$ 70 million to set up this network, which is principally for military purposes, forming part of GCC plans for an integrated defence system. Under the deal, Ericsson will also maintain the system for the first two years of operation. *MEED* January 1998, p. 21. The communication network, early warning and command and control facilities will cost \$ 500million. See *The Washington Report on ME. Affairs* January/February, 1998, p. 105.

486 [www.arabicnews.com/991004/1999100433.html](http://www.arabicnews.com/991004/1999100433.html); [www.gna.gov.bh/gnanews/gnaenglish/current/news-16.htm](http://www.gna.gov.bh/gnanews/gnaenglish/current/news-16.htm) 2001-01-21 and [www.arabia.com/article/0,1690,News138011,00.html](http://www.arabia.com/article/0,1690,News138011,00.html). 2001.01.21

487 Dubai Tv. 991004.

488 [www.arabicnews.com/991014/1999101452.html](http://www.arabicnews.com/991014/1999101452.html).

489 *Ibid.* 991106/1999110624.html.

490 *Ibid.* 991115/1999111502.html.

491 [www.saudiembassy-net/press\\_release/99-spa/GCC-99.html](http://www.saudiembassy-net/press_release/99-spa/GCC-99.html). 2000-09-12 For further elaboration on military capabilities of the GCC in 1999 see [www.stratfor.com/SERVICES/gulf/111799.ASP](http://www.stratfor.com/SERVICES/gulf/111799.ASP). 2000-06-17

492 *Ibid.*,/00\_spa/10-18-GCC.html. October 2000 list.

493 [www.gulfnew.com/Article/news.asp?ArticleID=20171](http://www.gulfnew.com/Article/news.asp?ArticleID=20171). 2001-06-19

494 Blanche Ed. *GCC Security: New Alliances in the Making?* *The Middle East*, May 2001, PP. 4-8

495 Alousbou AlArabi (in Arabic), 2001-01-08.

496 [www.gna.gov.bh/gnanews/gnaenglish/current/news-11.htm](http://www.gna.gov.bh/gnanews/gnaenglish/current/news-11.htm). 2001-01-05

497 *Ibid.*, -16.htm 2001-01-22

498 [www.gna.gov.bh/gnanews/gnaenglish/current/news-7.htm](http://www.gna.gov.bh/gnanews/gnaenglish/current/news-7.htm). 2000-12-31

499 *Ibid.*,011003/2001100317.html

500 [www.moi.gov.bh/newspage/englishmain.htm](http://www.moi.gov.bh/newspage/englishmain.htm) . 2001-11-05

501 [www.gulf-news.com/Articles/news.asp?ArticleID=31843](http://www.gulf-news.com/Articles/news.asp?ArticleID=31843). 2001-11-08

502 Cordesman (1994) *op. cit.* passim

503 For further elaboration on these points see Blanche Ed. (2001), *op. cit.*, P. 8. For more recent discussion on security see Kenneth M. Pollack (2003) *Securing the Gulf*, *Foreign Affairs*, July/August 2003. And *Security in the Persian Gulf: Origins, Obstacles, and the Search for Consensus*. Edited by Lawrence G. Potter and Gary G. Sick. New York: Palgrave

504 [www.gulf-news.com/Articles/News.asp?ArticleID=81115](http://www.gulf-news.com/Articles/News.asp?ArticleID=81115) March 18, 2003

505 The Middle East, March 1999, pp. 30-32.

506 Business Channel TV, Dubai, UAE, 2000-11-05. And military spending in the GCC has an annual growth of 2 %, Ibid. 2001-03-21.

507 [www.arabnews.com/?page=1&section=0&article=52415&d=5&m=10&y=2004](http://www.arabnews.com/?page=1&section=0&article=52415&d=5&m=10&y=2004) 5 October 2004

508 [www.arabicnews.com/ansub/Daily/Day/041005/2004100517.html](http://www.arabicnews.com/ansub/Daily/Day/041005/2004100517.html) [www.gcc-sg.org/gcc\\_news/news2k41005c.html](http://www.gcc-sg.org/gcc_news/news2k41005c.html) 10/5/2004

509 [www.arabicnews.com/ansub/Daily/Day/041005/2004100517.html](http://www.arabicnews.com/ansub/Daily/Day/041005/2004100517.html) 10/5/2004, and [www.gccsg.org/gcc\\_news/news2k41005c.html](http://www.gccsg.org/gcc_news/news2k41005c.html)

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517 D. E. Long, *Stability in Saudi Arabia*. Current History, January 1991, P. 13.

518 M. A. Faksh. *Saudi Arabia and Gulf Crisis: Foreign and security policy Dilemma*, Middle East Review, summer 1987, No.4. p. 47. Cf. E. (1991), op. cit PP. 40-42.

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520 Dubai TV. 980628.

521 [www.gcc-sg.org/gcc\\_news/news2k40922.html](http://www.gcc-sg.org/gcc_news/news2k40922.html) 2004-09-22.

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525 *The Washington Report on Middle East Affair*, Feb/March 1996. PP. 107-108. But in 1997 the reserve was estimated at 200 billion barrels. MBC. 970217.

526 E. M. Karsh *Military Power and Foreign Policy: the Iran-Iraq War Revisited*, International Affairs No. 1 Winter 1987, The Royal Institute of Int. Affairs, London, p. 85

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529 Nyrop R. (1985) op. cit. p. 482.

530 The Economist May 12 1990, p. 19. The GCC financial aid to Iraq during the eight years Iraq-Iran war was shared as follows: Saudi Arabia \$ 25.7 billion; Kuwait \$ 19 bn.; and other GCC states \$ 5 bn. And for more detailed information see Kechichian (1993) op. cit. p. 9.

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532 Kechichian (1993) op. cit. p. 8.

533 Karsh (1987) op. cit. p. 92.

534 The total number of ships disabled was 463. For a comprehensive account of the Tanker War between Iraq and Iran see El-Sayed El-Shazly Nadia, The Tanker War: Iran and Iraq's Maritime Swordplay, New York: St. Martin's Press, 1998. and for further elaboration on this topic, please refer to Anthony H. Cordesman. The Gulf and the West: Strategic Relations and Military Realities. Westview Press. Boulder, London. PP. 382-399.

535 For a full account of the relation between Iraq and GCC states before the invasion of Kuwait see Anoushiravan E. (1991) op.cit. pp. 35-89.

536 Alexander G. And Darwish A. (1991) Unholy Babylon. N. Gallancz Ltd, G. Britain. Passim.

537 Al-Ngeeb (1990) op. cit. passim.

538 Since 1991 the GCC states, in their summit communiqués (See table 5-1), denounced Iraq in strong terms, accusing it of violating UN resolutions and threatening Kuwait, and implicitly called for the international trade embargo against it to be maintained, and the sanction cost Iraq an estimated \$ 20 billion each year in lost oil revenues, see Hashim H. (1994), op. cit. p. 12. Or, according to the Iraqi Minister of Trade, that the losses incurred by Iraq because of the embargo amounted to nearly \$ 140 billion, which represented the value of its oil exports 1991-1998. See [www.arabinews.com](http://www.arabinews.com). op. cit., 990125/19990146.html. Iraq's Ministry of Health announced in 1996, that 701737 of its citizens died as a result of medical supply shortages stemming from the UN sanction, and that half the casualties were children under the age of five, see The Washington report on the Middle East Affairs, Aug/Sep. 1996, p. 32. And, Middle East Report, Spring 1998, p. 4; 2,440 Iraqis were killed and 7,032 were wounded (Including 420 children under the age of four and 2,010 women.) in bomb explosions dropped by the allies' planes against Iraq during the military operations of the years 1991-2000. See [arabicnews.com/000121/2000012117.html](http://arabicnews.com/000121/2000012117.html). and [/000214/2000021415.html](http://000214/2000021415.html). Moreover, from 1990 to April 2000, the total death under the embargo was 1,294,882, (The Iraqi Ministry of Health's figure is 2,173,000. See [arabicnews.com/000224/00022401.html](http://arabicnews.com/000224/00022401.html).) Half of them were children under the age of five; the number of children have given school was around 110,000; and the mortality rate was 108 per 1000. Before the embargo it was 42 deaths per 1000. For more detailed figures see Gulf Daily News, 14 th April 2000, and [www.arabia.com/article/0,1690,arabiaLife/23185,00.html](http://www.arabia.com/article/0,1690,arabiaLife/23185,00.html). About the attitudes of Iraq's next generation toward the world see Graham-Brown S. Sanctioning Iraq: A Failed Policy, Middle East Report; Summer 2000, pp. 8-11.

539 Anthony J. D. (1996) op. cit. p. 168

540 Kechichian (1993) op. cit. p. 36.

541 In fact, Iraq began exporting oil in the end of 1996, on the following conditions: Iraq had to export \$ 2000 million worth of oil over six months, with the proceeds going towards the purchase of humanitarian goods as well as UN. costs and war reparations: (1) \$ 40-100 million to cover the UN expenses including the disposal of Iraq's WMD. (2) \$ 600 million war compensation. (3) \$ 1300-1360 million for humanitarian relief... See, US Department of State Dispatch, June 3 1996 V. 7. No. 23. USA. In 1999 Iraq was allowed to sell oil for \$ 5000 million, see detailed information about this in Halliday Denis, Iraq and the UN's Weapon of Mass Destruction, Current History, Feb. 1999. Pp. 65-68. On Iraqi oil production 1990-1999 see Bahgat. G.(2000) op. cit., p.150

4 Resolution 687 called for dismantling Iraqi WMD as a start to dismantling all WMD in the Middle East, in remarks to Israeli biological, chemical, nuclear weapons and long-rang missiles. See [Arabicnews.com/981209/1998120924.html](http://Arabicnews.com/981209/1998120924.html). And Security Council Resolutions relating to the oil –for food program, from 1990-1998, are: 661, 687, 706, 712, 778, 986, 1051, 1111, 1129, 1143, 1153, 1158, 1175, 1284, and 1210. See Halliday Denis (1999) op. cit. p. 67. In 1999, the first Gulf (GCC) conference for production of WMD, held in Saudi Arabia. They discussed subjects concerning getting rid of WMD and means of dealing with them, as well as the role of hospitals in treating injuries resulting from them during the three-day conference. See [Arabicnews.com/990925/1999092506.html](http://Arabicnews.com/990925/1999092506.html) and [/000411/2000041113.html](http://000411/2000041113.html)



5 [www.arab.net/arabview/articles/rashed33.html](http://www.arab.net/arabview/articles/rashed33.html)

542 MEED, Feb. 16 1996, p. 23. And June 7 1996, p. 24, and p. 2.

2 Middle East International, 16 January 1998, P. 16.

3 [www.arabicnews.com/981231/19998123126.html](http://www.arabicnews.com/981231/19998123126.html).

4 Ibid.,/981104/1998110423.html.

5 Ibid.,/981027/1998102717.html.

6 Ibid.,/980831/1998083109.html.

548 Ibid.

1 Ibid.,/981210/1998121019.html.

550 Ibid.,/981231/1998123111.html.

551 Ibid.,/990102/1999010217.html.

552 Ibid.,/990116/1999011614.html. The Kuwaiti government stressed its categorical rejection and condemnation of 1999 Iraqi claims and measures, especially those pertaining to its retreat from recognizing the state of Kuwait and the decision on border demarcation between Kuwait and Iraq. A statement by the Kuwaiti Prime Minister said, "These repeated Iraqi statements reflect Iraq ignorance of international legitimacy resolutions, especially UN resolution 833 concerning border demarcations, a resolution previously accepted unconditionally by Iraq through its constitutional system". The statement added that these Iraqi statements were flagrant violations of the UN charter, and "raqi regime's renewal of its expansionist objectives is part and parcel of its foreign policy." See [www.arabicnews.com/990118/1999011810.html](http://www.arabicnews.com/990118/1999011810.html). A bitter war of words broke out between Iraq and GCC states with Baghdad accusing them of helping the US and UK launch their mid-December 1998 air bombardment. For detailed information see MEED 22 January 1999, P. 19.

553 Ibid. 990111/1999011142.html.

554 [www.am-al-yaqeen.com](http://www.am-al-yaqeen.com) 19990528

555 MEED 12 February 1999, P. 13.

556 [www.arabicnews.com/990318/1999031856.html](http://www.arabicnews.com/990318/1999031856.html)

557 Ibid.,/990217/19990217116.html

558 Ibid./990211/1999021121.html

559 Ibid.,/990313/1999031342.html

560 Ibid.,/990303/1999030304.html

561 Ibid.,/990603/1999060309.html

562 Ibid.,/991129/1999112916.html

563 Ibid.,/991228/1999122846.html

564 Ibid.,/000421/2000042115.html and 000424/2000042427.html. These four member states are reopening their embassies, citing "humanitarian ground" as an explanation. See [www.stratfor.com/meat/commentary/0004050136.html](http://www.stratfor.com/meat/commentary/0004050136.html)

565 [www.arabia.com/article/0,1690,News/23488,00.html](http://www.arabia.com/article/0,1690,News/23488,00.html)

566 [www.arabicnews.com/000212/2000021226.html](http://www.arabicnews.com/000212/2000021226.html). The figure between Iraq and the UAE is the highest, with \$400 million. Probably the reason behind this is that Iraq was using companies located in the UAE to purchase weapon platforms and systems from Russian companies. For detailed information see [www.stratfor.com/MEAP/commentary/m991230234/.htm](http://www.stratfor.com/MEAP/commentary/m991230234/.htm). However, the GCC states exported to Iraq goods for \$ bn. 1.721 in the last ten years. Business Channel, Dubai, 2001-01-29. By the end of 2001, Iraq signed a free trade agreement with the UAE which provide that trade exchange between the two states would reach a value of USD 2.5 billion annually. See [www.arabicnews.com/011105/2001110548.html](http://www.arabicnews.com/011105/2001110548.html)

567 Bahrain Tribune Daily Newspaper, May 27, 2000. And [www.bahraintribune.com/busi.asp/art\\_No=4512](http://www.bahraintribune.com/busi.asp/art_No=4512).

568 Ibid. / 000306/2000030666.html. US and British planes patrol no-fly zones over southern and northern Iraq set up after the 1991 Gulf War that ended Iraq's seven-month occupation of Kuwait. Baghdad does not recognize the zones. In 2000, the cost to the US of monitoring the no-fly Iraqi air space in the southern zone alone amounted to \$ 1. 4 billion. See [www.gulf-news.com/Articles./opinion.asp?ArticleID=8355](http://www.gulf-news.com/Articles./opinion.asp?ArticleID=8355) 2001-01-31

569 Ibid.,/ 000408/2000040806.html

570 Ibid.,/000606/2000060617.html.

571 Kuwait had intercepted and seized two Iraqi vessels, one of them trying to smuggle 449 sheep, and the other an oil tanker carrying 650 tonnes of diesel fuel sailing from the Iraqi port of Umm Qasr to the UAE.. At the same time Iraq has accused Kuwait of harassing its fishing boats inside Iraq's territorial waters. See [www.arabia.com/article/0,1690,Business/23646,00.html](http://www.arabia.com/article/0,1690,Business/23646,00.html). On lifting the sanction, the GCC states (particularly Kuwait and Saudi Arabia) demanded that Iraq must accept the resolutions of the UN Security Council, which are concerned, at least, with the following conditions: (1) Iraq must account for Kuwaiti prisoners and missing people. (2) It must return stolen Kuwaiti property. (3) It must recognize the Iraq-Kuwait border. (4) It must end its recourse to terrorism. See Deutsch R., Cordesman A., Magro H., Rugh W, Symposium- The Challenge in the Gulf. Middle East Policy, Vol.V, No.2, May 1997. p. 2.

572 [www.arabicnews.com/000607/2000060706.html](http://www.arabicnews.com/000607/2000060706.html). A Qatari proposal to lift sanctions imposed on Iraq collapsed due to the fact it lacked the backing of Saudi Arabia and Kuwait. See Ibid. /000609/2000060902.html. See MEED 27 August 1999, PP. 9-10. And about many Qatari initiatives see [www.arabia.com/article/0,1690,Business/20250,00.html](http://www.arabia.com/article/0,1690,Business/20250,00.html).

573 [www.saudiembassy.net/press\\_release/00\\_spa/06-06-lead.html](http://www.saudiembassy.net/press_release/00_spa/06-06-lead.html). 2000-10-08

574 [www.arabia.com/article/0,1690,News/25761,00.html](http://www.arabia.com/article/0,1690,News/25761,00.html)

575 [www.arabicnews.com/000526/2000052606.html](http://www.arabicnews.com/000526/2000052606.html). Iraq may be able to produce nuclear weapons in three years (2005) according to a German intelligence. See [www.gulf-news.com/Articles./news.asp?ArticleID=10537](http://www.gulf-news.com/Articles./news.asp?ArticleID=10537). 2001-02-25.

576 [www.arabia.com/article/0,1690,News/27050,00.html](http://www.arabia.com/article/0,1690,News/27050,00.html). (August 15, 2000)

577 The lessons included: -Do not provoke a snake before you make up your mind and summon up the ability to cut off its head.-Guard your secrets carefully. Do not divulge them to anyone. - Let not your enemy hope for your forgiveness, nor your friend lose hope of it.- Do not put your friend and your enemy on an equal footing. ...-When you take a decision, do not regret it but when you find a mistake in it, do not hesitate to rectify it.-keep your eyes on your enemy. Be ahead of him but do not let him be far behind your back.-Do not choose as leaders those who claim higher roles for themselves in the success of victory and disclaim their responsibility for failure or defeat. See Ibid.,/26598,00.html. 2000-08-08. Again, in a speech charged with rhetoric, the Iraqi president said the war that erupted on 17 January, 1991, was a confrontation between good and evil that continues until this day. For full speech see, [www.arabia.com/article/0,1690,News/37780,00.html](http://www.arabia.com/article/0,1690,News/37780,00.html). 2001-01-17. Moreover, Udai Hussein, son of Iraqi President, calling for a new Iraqi map to include Kuwait in its territory .See [www.gulf-news.com/Articles.asp?ArticleID=8465](http://www.gulf-news.com/Articles.asp?ArticleID=8465) 2001-02-02

578 [www.saudiembassy.net/press\\_release/00\\_spa/GCC-foreign-09.html](http://www.saudiembassy.net/press_release/00_spa/GCC-foreign-09.html)And [www.gna.gov.bh/gna\\_news/gnaenglish/current/new-16.htm](http://www.gna.gov.bh/gna_news/gnaenglish/current/new-16.htm).

579 [www.arabicnews.com/000905/2000090507.html](http://www.arabicnews.com/000905/2000090507.html) 2000-10-14.

580 In 2001, Iraq told the UN it had considered making a radiation bomb more than a decade ago but never actually produced or tested the weapon. Further elaboration on the issue of radiological weapons and Iraq see [www.gulf-news.com/Articles.asp?ArticleID=16925](http://www.gulf-news.com/Articles.asp?ArticleID=16925). 2001-05-12.

581 [www.gna.gov.bh/gnanews/gnaenglish/current/new-7.htm](http://www.gna.gov.bh/gnanews/gnaenglish/current/new-7.htm). 2000-12-31.

582 [www.gulf-news.com/Articles.asp?ArticleID=6414](http://www.gulf-news.com/Articles.asp?ArticleID=6414). 2001-01-23. In a interview with GulfWire, the Saudi crown prince said "With regard to Iraq, the primary concern is the well-being of the Iraqi people. Secondly, we are concerned about the unity of Iraq. And we want President Saddam Hussein to comply with all UN Security Council Resolutions. See [www.arabialink.Com/GulfWire/Archives](http://www.arabialink.Com/GulfWire/Archives) 2001/GulfWire20010204Spec Supp.htm. 2001-02-15

583 [www.saudiembassy.net/press\\_release/01spa/03-18-GCC.html](http://www.saudiembassy.net/press_release/01spa/03-18-GCC.html).

584 [www.gulf-news.com/Articles.asp?ArticleID=12560](http://www.gulf-news.com/Articles.asp?ArticleID=12560) 2001-03-21. And [www.arabicnews.com/010327/2001032709.html](http://www.arabicnews.com/010327/2001032709.html). Iraq said that 10,000 people, mostly children, died in February 2001 because of diseases it blamed on a decade of UN sanctions. According to Iraqis 1,471,425 people haddied since the UN imposed sanctions in August 1990. For detailed figures of this period, see [www.gulf-news.com/Articles.asp?ArticleID=13746](http://www.gulf-news.com/Articles.asp?ArticleID=13746). 2001-04-04

585 [www.gulf-news.com/Articles.asp?ArticleID=18873](http://www.gulf-news.com/Articles.asp?ArticleID=18873). 2001-06-04 And [www.saudiembassy.net/press\\_release/01-spa/06-03-GCC.htm](http://www.saudiembassy.net/press_release/01-spa/06-03-GCC.htm). 2001-06-06.

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724 P. Tarnoff. US Department of State Dispatch November 13 1995, p.p. 832-34. and for elaboration on the issue of dual containment see MEED. March 1997; The Middle East in 1997 Economic Survey, and Rugh. W.A. (1997) op. cit. pp. 46-57

725 Jerichow (1998) op. cit. p. 295. A hegemon is any nation state exercising a disproportionate amount of power in its particular global or regional context. The last two decades of this century have witnessed the rise of the US as the unrivalled global hegemon. See Bill J. A., Iran and the United States: A clash of Hegemonies, Middle East Report, fall 1999, pp. 44-46.

726 There is very real challenge to US hegemony and the American role as guardian of the West's oil, although it does not lie primarily in the sands of GCC states. The key geopolitical shift has been the resolution and after-effects of the Cold War. About this issue see Simon Bromley (1998), op. cit., pp. 19-21. And Georges Corm. Avoiding the Obvious. Arab Perspectives on US Hegemony in the Middle East, Middle East Report, fall 1998, pp. 23-25.

727 Brzezinski (1997) op. cit. P. 21.

728 R. Peuetreaw. Development in the Middle East, US Department of State Dispatch, June 24 1996. And Middle East International, March 31 1996. p. 11. For more detailed and elaborated information on US policy toward Iran see P. Power. Middle East Nuclear Issue in Global Perspective, Middle East Policy September 1995. From the Iranian side, the Iranians say that the US is trying to make war with Iran Islamic Republic, because of its Islamic regime. But during most of the Cold War period, Islam was considered as an ally by the Americans. Islamic regimes were, by definition enemies of "godless Communism" and the US exploited it, most notably in Afghanistan where the "Freedom fighters" received an estimated \$ 3 billion from the CIA alone in the battle to expel the Russians. For a complete Iranian view see A. L. Lowrie. The Campaign against Islam and American Foreign Policy, Middle East Policy September 1995, p. 210, and Amuzegar A. (1995) op. cit. pp. 215-20.

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730 Ramazani (1998) op. cit. p.45.

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746 For detailed information on this issue see [www.Defenselinkmil/news/Oct1999/n10201999\\_9910202.html](http://www.Defenselinkmil/news/Oct1999/n10201999_9910202.html)

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- 786 The leaders of the UAE, Saudi Arabia, Oman and Bahrain have slammed US "bias" toward Israel. See [www.arabia.com/article/0,1690,News/35411,00.html](http://www.arabia.com/article/0,1690,News/35411,00.html). And [www.gulf-new.com/Articles/news.asp?ArticleID=14035](http://www.gulf-new.com/Articles/news.asp?ArticleID=14035) 2001-04-08 And Crown Prince of Saudi Arabia turned down invitations to visit the US in protest at US's policies in the ME. See [www.arabia.com/article/english/0,1690,47179,00](http://www.arabia.com/article/english/0,1690,47179,00) 2001-05-27
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- 793 Kechichian J. A. (1993) op. cit. pp. 111-112. And especially the good relations between Saudi Arabia and US. With coordination and cooperation on many international issues like Bosnia, Kosovo, Chechnya and other problems concerning Muslims See [www.arabicnews.com/991109/1999110937;990402/199904235.html](http://www.arabicnews.com/991109/1999110937;990402/199904235.html) and [991228/1999122861.html](http://991228/1999122861.html); and ANNTV.19990527.
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814 European oil imports from the GCC certainly will increase in the next century, probably in dramatic fashion, due to the depletion of non-Middle East sources and availability of very large reserves and relatively low cost of production in the Gulf. See *Middle East Journal*, Spring 1994, p. 243. In addition, in 1996, the GCC states had the largest oil resources in the world, nearly 50 %, and 14.5 % of the world natural gas reserves. See *International Affairs*, January 1997, pp. 25-27.

815 Saleh, N. (1999), op. cit. p. 50.

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818 *Middle East Journal*, Spring 1994, p. 275.

819 MEED, December, 1992. P. 34 The GCC countries tend to have a trade-balance surplus with the world, but a trade-balance deficit with the EU. In 1990 this totalled \$ 30, 7 bn., underlines the great stakes to play for, since EC exports to GCC totalled \$ 17. 8bn. compared with imports of \$ 12. 8 bn., leaving a trade surplus of \$ 5 bn

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821 *Ibid.*

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837 [www.arabicnews.com/990120/1999012039.htm](http://www.arabicnews.com/990120/1999012039.htm). The GCC states produced 715.000 tons of aluminium in 1998, that is 3.1 % of world production, and the GCC local markets consumed only 4 % of this production. See [www.gna.gov.bh/gnanews/gnaarabic/current/news-14.html](http://www.gna.gov.bh/gnanews/gnaarabic/current/news-14.html). The countries of the GCC include two of the 12 greatest aluminium companies in the world. They are Dubai's Aluminium Dubai and Bahrain's Aluminium Alba. See [www.arabicnews.com/000425/2000042513.html](http://www.arabicnews.com/000425/2000042513.html).

838 [www.arabicnews.com/990313/1999031345.html](http://www.arabicnews.com/990313/1999031345.html)

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846 [www.bahraintribune.com/local.asp/Art\\_No=4750;www.arabicnews.com/000513/2000051314.html](http://www.bahraintribune.com/local.asp/Art_No=4750;www.arabicnews.com/000513/2000051314.html). And/000601/20000601.html. The GCC states agreed to unify their tariffs between 5.5 percent and 7.5 percent before 2005. Business Channel 8-10-2000.

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861 Europe is the second foreign investor in the region, and in the GCC states, which receive the greatest volume and Arab foreign investment. The European investment in the Arab world in the 1980s ranged between \$ 620-675 bn., which is an important factor on determining the European policy in the Gulf and ME. See [www.arabicnews.com/.010106/2001010621.html](http://www.arabicnews.com/.010106/2001010621.html). And Koch C. and Long D. E. (1997) *op. cit.* p.5.

862 Al-Haj (1999) *op. cit.* p. 66.

863 *The Washington Report on the Middle East Affairs*, February/March 1996, p. 31. In the agreements between the GCC members and Britain and France, there are no explicit provisions in the text for European forces to intervene in the face of external threats or to guarantee the territorial integrity of the GCC states. Yet there can be little doubt the GCC states have seen the conclusion of these agreements as considerably enhancing their security in the face of perceived regional threat from Iran and Iraq. See Schofield R. (1994), *op. cit.* p. 32.

864 Barzagan Darius. *Strength in Unity?*, Middle East, September 1997. Pp.14-15.

865 In June 2001, the Saudi Crown Prince urged Europe to play a more effective and balanced role in the ME peace process and to honour human rights in the occupied Palestinian territories, and he also stressed his country's commitment to maintain the stability of the world oil market. For details see [www.arabicnews.com/010626/2001062607.html](http://www.arabicnews.com/010626/2001062607.html) 2001-06-28

866 For an interesting book about the European prejudice against Arabs and Muslims see Huntington S. P. *The Clash of Civilizations? Foreign Affairs*, summer 1993, or [www.foreignaffairs.org/search /document\\_briefings.asp=1993601FAE5188.xml&nb=70](http://www.foreignaffairs.org/search/document_briefings.asp=1993601FAE5188.xml&nb=70).

867 for elaboration on these principles see [gulfnews.com/Articles/news.asp?ArticleID=109145](http://gulfnews.com/Articles/news.asp?ArticleID=109145) 27-01-2004

868 *Current History*, February 1986, p. 76. And [www.vob.org/arabic/article/quds27sep.htm](http://www.vob.org/arabic/article/quds27sep.htm)

869 on some issues some of these states were prepared to engage in integrative and cooperative activities (low politics) but were not willing to compromise their national sovereignty (high politics) on other issues. About low and high politics, as far as integration theory is concerned, see Ben Rosamond *op. cit.* pp78-79.

870 About regional security challenges see Gause F. (1993), *op. cit.*, pp.166-174, and about domestic challenges facing the GCC states see pp. 146-160.

871 Jones D. (1995), *op. cit.*, p. 108.

872 Gordesman (1984), *op. cit.*, pp. 620-622.

873 Snider L (1988), *op. cit.*, p. 465.

874 *Middle East Journal*, spring 1994, p. 254.



875 The Washington Report on Middle East Affairs, October/November 1995, p. 98. In their 21st annual summit in Manama December 30-31, 2000, they decided to increase the number of soldiers in the Shield to a minimum of 25,000 troops. See The Washington Report on Middle East Affairs, March 2001, p. 38.

876 Joyce Anne. Interview with Sultan Qaboos Bin Said Al-Said, Middle East Policy, April 1995. PP.1-6

877 On the challenges to resolving, pan-GCC defence needs satisfactorily see Anthony J. D. (1996). op. cit. 161.

878 For the first time the GCC Foreign Ministers ended their repeated (in duration of 10 days) meeting without statement, because of the disagreement between (for the first time in the history of GCC) Bahrain and Saudi Arabia. Concerning Bahrain signing with USA on Free Trade Agreement. See [www.alwasatnews.com/topic.asp?tid=27620&mydate=12-20-2004](http://www.alwasatnews.com/topic.asp?tid=27620&mydate=12-20-2004)

879 The variables which influence the foreign policy of the GCC states are similar, but with little degree of difference, they are: 1) domestic factors: a) the role of the population in national security; b) oil and development; c) tribalism; d) Islamic revivalism. 2) External factors: a) the dominant Gulf powers; b) the influence of the superpowers. For elaboration on these issues see Al-Alkim (1994) op. cit., pp.17-31.

880 Differences occurred sometimes within the group (GCC) on some issues in some ways, this was healthy and positive. For Oman approaches to Iraq as an example see Munro Alan (1996), op. cit. PP. 151-152.

881 Kechichian J. A. (1993), op. cit., p. 37. And on foreign policy of Oman see Kechichian J. A. (1995), op. cit., passim. In some cases, Oman has its own way, as far as foreign policy is concerned. According to Omani officials, Oman's foreign policy since 1970 is based on four tenets: 1- The development and maintenance of good relations with Oman's neighbours. 2- An outward looking and internationalist outlook, as befits long-standing maritime traditions. 3- A pragmatic approach to bilateral relations, emphasising underlying geostrategic realities, rather than temporary ideological positions. 4- The search for security through cooperation and peace, rather than conflict. See [www.omamet.com/foreign\\_affairs.htm](http://www.omamet.com/foreign_affairs.htm) 2001-12-06.

882 The Middle East, September 1996, p. 25.

883 Middle East International, November 3, 1995, p. 9. And the Washington Report on Middle East Affairs, December 1995, p. 23.

884 Middle East International, January 1994, p.13. For further elaboration on the split of the GCC collective Iran policy see [www.stratfor.com/meat/commentary/0004050136.htm](http://www.stratfor.com/meat/commentary/0004050136.htm).

885 The Middle East, April 1996 p.25.

886 Kechichian J. A. (1995), op. cit., p. 93.

887 Important ministerial posts (the dominant ministries, like Foreign Affairs, Interior, and Defence), are always held by members of the ruling families. For elaboration on this issue see Al-Naqeeb (1990), op. cit., pp. 101-105. It is not unusual to find the key offices of governments of these countries filled in large part by close relations, presumably because kinship ties in some contexts are assumed to be a guarantee of loyalty. See Eickelman Dale F. (1989), op. cit., p. 153.

888 Ibid. pp. 119-123.

889 Tom W.T. (1990) Subregional Security co-operation in the Third World (Boulder;Co: Lynne Rienner).P. 8. And Shaun Breslin (2000) op.cit p. 204.

890 [www.gulf-news.com/Nov. 28, 2004](http://www.gulf-news.com/Nov.28,2004)

891 [www.thepeninsulaqatar.com/Display\\_news.asp?section=Sports%5FNews&subsection=Football&month=December2004&file=Sports\\_News200412090569.xml](http://www.thepeninsulaqatar.com/Display_news.asp?section=Sports%5FNews&subsection=Football&month=December2004&file=Sports_News200412090569.xml) 10-12-2004

892 [www.gulf-news.com/July 11, 2004](http://www.gulf-news.com/July11,2004)

893 Joseph Nye and Ernest Haas, The uniting of Europe and the Uniting of Latin America, Journal of Common Market Studies 5, No.4, June 1967, p. 315

894 For more recent, easy to follow, facts and figures on the EU see European Documentation. Collection published by Office for Official Publications of the European Communities, Luxembourg. And Collection published by EU-Upplysningen Sveriges riksdag SE-100 12 Stockholm.



895 See Walter Matli (1999) op.cit.

896 The last meeting of the foreign ministers of AMU, in 1996. see [www.arabicnews.com/010319/2001031927.html](http://www.arabicnews.com/010319/2001031927.html). ; [/010213/2001021321.html](http://010213/2001021321.html). And [/010327/2001032721.html](http://010327/2001032721.html) And about the ACC see Ryan R. Curtis, Jordan and the Rise and Fall of the Arab Cooperation Council, Middle East Journal. Summer 1998, pp.386-401 one problem, among others, the Arab countries (excluding the GCC members) had was the level of public debt, which reached \$ 375 bn. or 41 %of their global GDP. The figure included \$ 156 bn. in foreign debt. See [www.arabia.com/article/0,1690,Business\30744,00.html](http://www.arabia.com/article/0,1690,Business\30744,00.html). 2000-10-15 On the latest about the AMU see <http://www.arabicnews.com/ansub/Daily/Day/041126/2004112628.html>

897 About more discussion on the issue of Pan-Arabism see Kedourie Elie (1980), Islam in the Modern world, London, pp. 75-83.

898 Faksh M., Withered Arab Nationalism, Orbis, Summer 1992, p. 431.

899 Middle East Journal, Summer 1994, p.24.

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931 The Economist, March 13th 1999, p. 54. later the son of the Emir (became a King) of Bahrain came with so-called political reforms, but he still holds absolute power in 2004.

932 There are six GCC leaders and about 31 million citizens (subjects) in 2004. On the subject, one opposition leader has written "*These open malaises have been unable to solve one single important problem, so how can the amir, through the majlis, solve all the problems with each visitor? Modern life requires a change in means [of government]. The British Prime Minister does not have enough time to receive more than 60 million Britons. Their political institutions and their system [of government] reach people's opinion through modern methods*". See Bahry L., The opposition in Bahrain: A Bellwether for the Gulf? Middle East Policy May 1997, P. 52.

933 The general argument has been that democracy is a Western concept. On this issue see Alnajjar Ghanim, The Challenges Facing Kuwaiti Democracy, Middle East Journal, spring 2000. pp. 243-258. The complex

relationship between democracy (liberal) and integration, and how democracy accelerates the integrative process see Jeffrey J Anderson op. cit. passim.

934 Al-Hassan Omar, Saudi Arabia and the New World Order, *International Relations*, April 1994, p. 65.

935 The GCC 'Parliaments' (Assemblies) general secretaries met in Oman for the fifth time in 2001 to discuss cooperation among them and unify the administrative structure. See [www.gna.gov.bh/gnaarabic/current/news-1/.html](http://www.gna.gov.bh/gnaarabic/current/news-1/.html). 2001-05-02. and in 2004 they met for the eighth time, the focus on different subjects, and their next meeting is to be held in 2005. [www.gulfnews.com/Articles/NationNE.asp?ArticleID=149813](http://www.gulfnews.com/Articles/NationNE.asp?ArticleID=149813) Published: 30/1/2005,

936 Many observers believed that these assemblies had the effect of consolidating the ruling families' centrality to political life, rather than broadening meaningful participation. see Okruhilk(2001) op. cit. Passim.

937 Kuwait suspended its parliament in the past; Bahrain has suspended its parliament since 1975. See *The Middle East*, October 1996, pp. 24-25; [www.arabicnews.com/990505/1999050553.html](http://www.arabicnews.com/990505/1999050553.html). And about the history of Kuwaiti democracy see Alnajjar Ghanim (2000), op. cit., pp. 243-247.

938 MBC, London, 15.10.1997. And O'Reilly Marc J., Omani balancing: Oman Confronts an Uncertain Future, *Middle East Journal*, Winter 1998, p.18.

939 MBC, London, 6. 7. 1997. About Saudi Arabia policy towards the opposition see Al-Rasheed M.and L. (1996), op. cit., pp. 96-119. And about its council and its structures and functions see Dekmejian R. H., Saudi Arabia's Consultative Council, *Middle East Journal*, Spring 1998, pp. 204-218. The Council has the following characteristics: 1-The council has only an advisory role. 2-Its members are appointed by the King and therefore they are accountable only to him. 3- The number of its members is not representative of the population. 4- The powers delegated to the council must be endorsed by the King and are subject to his approval. See Al-Alkim (1994), op. cit., P.57.

940 <http://www.akhbar-alkhaleej.com/ArticlesFO.asp?Article=113245&Sn=moda 27-12-2004>

941 Bahry L. (1997), op. cit., p. 51.

942 [www.arabia.com/article/0, 1690, NewsI40158, 00.html](http://www.arabia.com/article/0, 1690, NewsI40158, 00.html). And [www.arabia.com/article/0, 1690, NewsI35664,00.html](http://www.arabia.com/article/0, 1690, NewsI35664,00.html)

943 [www.gulfnews.com/Articles/news.asp?ArticleID=15223](http://www.gulfnews.com/Articles/news.asp?ArticleID=15223). Bahrain was the first GCC state that promised its people to have some political parties (should not be based on sectarian or racial bases) to participate in free election in 2004. See Amir Spokes on Democracy in Bahrain. [www.moi.gov.bh/newspage/englishmain.htm](http://www.moi.gov.bh/newspage/englishmain.htm). 2001-10-13.

944 Rugh William A., *The UAE.! What are the Sources of its Stability?*, *Middle East Policy*, Vol. V, No. 3 September 1997, p. 19.

945 Qatar is the first GCC state to abolish government censorship of the press, and to lead the way in political experiments in the GCC states. See Bahry Louay, *Election in Qatar: A Window of Democracy Opens in the Gulf*, *Middle East Policy*, June 1999, pp. 118-127. and in fact, Qatar has influenced the development of political reforms in the region by supporting and financing the Aljazeera TV, which broadcasts provocative criticism of the regimes in the region because of the enmity that existed in the past between Qatar on one side and Saudi Arabia and Bahrain on the other. See chapter five.

946 *The Economist*, March 13th 1999, p. 54.

947 *The Washington Report On Middle East Affairs*, March 1999, p.39.

948 [www.arabia.com/article/0, 1690, NewsI40910,00.html](http://www.arabia.com/article/0, 1690, NewsI40910,00.html)

949 Kechichian J. A.(1993), op. cit., p. 76. And on the issue of democratic experiences in the Gulf states see Ghabra S., *Democratization in a Middle East State: Kuwait 1993*, *Digest of Middle East Studies Voö.11, No. 1 Winter 1993*

950 Barakat Halim (1993), op. cit., pp. 275-6.

951 Anthony J. D. (1975), op. cit., p.25.

952 [www.gulf-news.com/Articles/print2.asp?ArticleID=144820 22/12/2004](http://www.gulf-news.com/Articles/print2.asp?ArticleID=144820 22/12/2004)

953 For example, the elements of democratic practices found in Kuwait should not obscure the fact that political parties are banned, the broadcast media are run by the government, the amir retains significant legislative and administrative powers, and, of course, only men can vote. From the Western perspective, this is not democracy, nor is it under any prevailing scholarly definition of democracy. For elaboration on this issue see Yetiv Steve (1999), op. cit., p.71 And [www.arabia.com/article/0,1690,News1444/5,00.html](http://www.arabia.com/article/0,1690,News1444/5,00.html), April 17 2001.

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956. Fernea Elizabeth, The challenges for Middle Eastern Women in the 21th Century, *Middle East Journal*, spring 2000. Pp.185-193.

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959 [www.gulf-news.com/Articles/news.asp?ArticleID=80/6](http://www.gulf-news.com/Articles/news.asp?ArticleID=80/6), 2001-01-28. More than half of the 825,000 Kuwaitis are women. About 113,000 Kuwaiti men are eligible voters. See the same, [ArticleID=123/4](http://www.gulf-news.com/Articles/news.asp?ArticleID=123/4), 2001-03-19

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962 Ibid., [Article/ ID=12552](http://www.arabicnews.com/ansub/Daily/Day/041029/2004102915.html).

963 *The Washington Report On Middle East Affairs*, October/November 2000.p. 38-39.

964 Thomas Karen (2000), op.cit.p. 43-45.

965 [www.Arabicnews.com/010126/2000101260.html](http://www.Arabicnews.com/010126/2000101260.html).

966 [www.gulf-news.com/Articles/news.asp?ArticleID=13532](http://www.gulf-news.com/Articles/news.asp?ArticleID=13532)

967 Thomas Karen (2000), op.cit. 43. In the year 2000-1, women in UAE, Bahrain and Oman won the right to drive taxis. See [www.arabicnews.com/010517/2001051734.html](http://www.arabicnews.com/010517/2001051734.html)

968 On this social practice see Fernea Elizabeth (2000), op. cit., pp 186- 192.

969 Clearly, it is a political game played by the rulers to divide the people if any political, social, economic, and gender issues are discussed in a future parliament, and to prevent men in opposition to dominate the legislation!!

970 On the issue of the role of women see Cordesman A.(2001) *Passim*

971 [www.gulf-news.com/Articles/print2.asp?ArticleID=1472901](http://www.gulf-news.com/Articles/print2.asp?ArticleID=1472901) 1/1/2005

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974 Mellahi K. and Al-Hinai S., *Local Workers in GulfCo-operation Countries: Assets or Liabilities?*, *Middle East Studies* , July 2000, p. 177.

975 Mian Yawar, *Running a Tight Ship*, *MEED*. 11 December 1998, pp.21-34.

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The Middle East, June 1999. pp.27-28. 90 % of the foreign labour force in the GCC states came from developing countries, and 10 % only came from industrial countries. See [www.gna.gov.bh/gnaarabic/current/news-11.html](http://www.gna.gov.bh/gnaarabic/current/news-11.html), 2001-05-04.

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978 Figures are from 1992-1994. See Middle East Studies, July 1997 p.23. In 1975, the total population of the GCC states was estimated to be little more than 6 million. In the mid-1990s, the total was to 18.1 million of whom 10.2 million were national (57%) and 7.8 million were foreigners (43%). See Winckler O. The Immigration Policy of the GCC states, The Middle East Studies No. 3, July 1997, Frank Cass, London. In 2001, the number of expatriates in the six GCC states reached over 11 million, and constituted 33.33 percent of the total population in the GCC states See [www.arabnews.com/Article.asp?ID=659](http://www.arabnews.com/Article.asp?ID=659). 2001.03.20

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980 Dubai Television, Business Channel, the UAE. 20010421. Saudi Arabia has a plan to reduce the foreign labor force from 7 million to 1 million in a 30 year period. See [www.arabicnews.com/010509/2001050914.html](http://www.arabicnews.com/010509/2001050914.html). 2001-05-09.

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982 Martin Josh, Gulf States Lunch Trade Initiative, The Middle East, September 1997. pp.22-23. About the impact of lower oil prices on the economic and social situations in the GCC states see Page John., The Impact of Lower Oil Prices on the Economies of Gulf States, Middle East Policy, June 1999, pp.59-68.

983 MEED. July 2000, p.37.

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985 [www.arabicnews.com/970710/1997071043.html](http://www.arabicnews.com/970710/1997071043.html) the population of the GCC states at present rates could reach at least 100 million by the year 2050. See Koch C. and Long D. E. (1997), op. cit., p. 241.

986 [www.arabicnews.com.991021/1999102103.html](http://www.arabicnews.com.991021/1999102103.html).

987 [www.Gulfnews.com/Article/news.asp/ArticleID=1312](http://www.Gulfnews.com/Article/news.asp/ArticleID=1312). And The Washington Report On Middle East Affairs, March 1999, p. 38.

988 [www.arab.net/bahrain/business/bn\\_workforce.html](http://www.arab.net/bahrain/business/bn_workforce.html)

989 [www.gulfnews.com/Articles/news.asp?ArticleID=13386](http://www.gulfnews.com/Articles/news.asp?ArticleID=13386), and ID=21812. 2001-07-11

990 Ibid. ArticleID=1312. And with current trends the GCC population will rise to 39.4 million by 2010, with the number of those under 19 rising to 21 million. See Taylor Julian, Finding Jobs for GCC Nationals, The Middle East November 1998, p. 19.

991 Taylor Julian, Countdown to the Millennium. The Middle East, January 1999. pp. 4-7. Moreover, a study by the Arab Labor Organization said that the number of the GCC population will be 39.4 million in 2010 in comparison to 25 million in 1995. The study added that there will be some 8 million job seekers in the GCC member states during the 15 coming years. A matter which requires providing 533,000 job opportunities annually to meet this demand. [www.arabicnews.com/011210/2001121011.html](http://www.arabicnews.com/011210/2001121011.html) and [www.alwasatnews.com/topic.asp?tid=18836&mydate=15-10-2004](http://www.alwasatnews.com/topic.asp?tid=18836&mydate=15-10-2004)

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994 [www.arabia.com/article/0,1690,Business\38491,00.html](http://www.arabia.com/article/0,1690,Business\38491,00.html), Moreover, in the GCC 20th summit, in 1999, the member states agreed to ease of movement of GCC manpower among the member states, see GCC's Summit Issue Joint Communiqué, November 1999 in [www.saudiembassy.net/press\\_release/99\\_spa/GCC\\_99.html](http://www.saudiembassy.net/press_release/99_spa/GCC_99.html). And [www.gna.gov.bh/gnaenglish/gnaenglish/current/news-7.html](http://www.gna.gov.bh/gnaenglish/gnaenglish/current/news-7.html) 2000-12-31

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1001 Ibid. p.18.

1002 On the issue of foreign workers' social and economic situation see Longva Anh, Keeping Migrant Workers in Check, Middle East Report, summer 1999. Pp.20-22. And, about local workers, their cultural values and social attitudes towards certain works practices see Mellahi K. and Al-Hinai S.(2000), op. cit., pp.177-190.

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1009 Tawfic 11 F. and Yasumasa (1987), op. cit., p. 62.

1010 Korany Bahgat (1993), op. cit., passim. And for more discussion on the issue of cooperation before the foundation of AMU see Edwards Maud (1985), Samarbete I Maghreb, Statsvetenskapliga Institutionen, Stockholm.

1011 Interesting GCC's views on Arab unity see Bishara A. Y. (1990), op. cit., passim.

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1013 Ibid., pp. 33-39.

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1019 Snider L.W. (1988), op. cit., p. 3. In 2001, the IMF has urged GCC states to introduce income taxes to increase their revenues and guard their economies against unpredictable oil export earnings, and it calls on regional governments to end their hesitancy and begin levying taxes. See [www.gulfnews.com/Articles/](http://www.gulfnews.com/Articles/)

news.asp?ArticleID=29354. 2001-10-16

1020 Eickelman Dale F. (1989), op. cit., p. 9. In 1979, the combined oil revenues of Saudi Arabia, Kuwait, and the UAE reached \$ 186 billion. See Kostiner J. (1997) op. cit., p. 790. Gulf sources expect that the amount of spending by the governments of the GCC during the coming ten years will amount to nearly \$ 200 billion, which equals what was expended in the last quarter of this century. See [www.arabicnews.com/990312/1999031231.html](http://www.arabicnews.com/990312/1999031231.html). 1999-03-12

1021 The Middle East, January 1998, p. 27.

1022 See Table No. 6-3.

1023 MEED. 14 February 1997, p.9.

1024 The Washington Report on Middle East Affairs, June/ July 1997, p. 38. The wealth of the members of the royal families is not included here.

1025 [www.arabicnews.com/011105/2001110515.htm](http://www.arabicnews.com/011105/2001110515.htm).

1026 [www.gulfnews.com/Articles/news.asp?ArticleID=14607](http://www.gulfnews.com/Articles/news.asp?ArticleID=14607). 2001-04-15

1027 In Kuwait, the state even provides its citizens with electricity and water with no charge. See [www.arabia.com/article/0,1690,Business\35679,00.html](http://www.arabia.com/article/0,1690,Business\35679,00.html). 2000-12-18. Moreover, every year, Kuwait puts 10 per cent of its state revenue in its Fund for Future Generation. See [www.bahraintribune.com/busi.asp/Art\\_No-4986](http://www.bahraintribune.com/busi.asp/Art_No-4986). 2000-06-11

1028 In 1995, life expectancy (72 years) in the GCC countries was higher than the world's average (66 years). Other social indicators are also very favorable. The literacy rate exceeds 70 percent; infant mortality rate is less than half of the world average; the physician population ratio is about 7 times better than the world average; and primary school enrolment corresponds to 90 percent of school-age population, with female enrolment being almost equal to that of males. For more detail on these figures see [www.imf.org/external/pubs/ft/policy/box1.html](http://www.imf.org/external/pubs/ft/policy/box1.html). 2000-06-14. But there is a serious threat posed to society: It is the road accidents. Road cost the Gulf countries □ 7.5 billion or 1.5 per cent of their GNP every year. See [www.gulfnews.com/Articles/news.asp?ArticleID=15895](http://www.gulfnews.com/Articles/news.asp?ArticleID=15895). 2001-04-30

1029 For these rewards, and the welfare in the GCC states see chapter four, economic integration.

1030 The GCC officials, in all fields, have held hundreds of meetings through the last two decades. For instance, the Health Ministers held their 54<sup>th</sup> meeting in April 2000; and the foreign ministers held more than 81 regular meetings before the end of 2001. See [www.gna.gov.bh/gnaarabic/current/news-5.html](http://www.gna.gov.bh/gnaarabic/current/news-5.html). 2001-04-15, It reached 93 regular meetings in Dec. 2004, and about Foreign Minister meetings see chapter 5.

1031 This is one of Ernest B. Haas' neofunctionalist hypotheses. Haas E. (1958.), op. cit., Chapter 8.

1032 Gause Gregory (1994), op. cit., p. 75. On the issue of political reasons for why the GCC states do not tax their citizens see Gordon M. No Representation without Taxation. The Middle East, March 1999, pp. 19-20.

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1034 Bishara A.(1987), op. cit., p. 95.

1035 Bishara A.(1990), op. cit., P. 28.

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1037 Ibid. pp. 103-104. In 2004, there was a popular demand for a GCC elected parliament, representing all citizens of the member states. See [www.gulf-news.com/Articles/RegionNE.asp?ArticleID=144173](http://www.gulf-news.com/Articles/RegionNE.asp?ArticleID=144173) 17/12/2004

1038 Middle East International, 16 January 1998, p. 15.

1039 The Washington Report On Middle East Affairs, December 1997, p. 38.

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1041 International Herald Tribune, 22-07-22, p. 10. And general information about Saudi Arabia. See Rembe Malena, *SaudiArabien-Kungadöme I Kris, Utrikespolitiska Institutet Stockholm*, 1998. (In Swedish).

1042 Matli (1999), op. cit. pp. 64-65. And 159-161.

1043 Kechichian J. A.(2000), op. cit., pp. 47-51. Elaboration on Saudi Arabia influence and involvement with Muslims and their problems and wars in Europe and Russia see: [www.arabicnews.com/990413/1999041308.html](http://www.arabicnews.com/990413/1999041308.html); [990427/1999042715.html](http://990427/1999042715.html); [991230/1999123060.html](http://991230/1999123060.html); [www.saudiembassy.net/press\\_release/PR\\_Kosovo\\_aid\\_042299.html](http://www.saudiembassy.net/press_release/PR_Kosovo_aid_042299.html), 2000-12-13; Saudi Arabia, in 2001 received 2.5 million pilgrims from all over the world for Haj season. See [www.arabicnews.com/0102215/2001021518.html](http://www.arabicnews.com/0102215/2001021518.html) And about Saudi Arabia influence around the world see Michael Scott Doran *The Saudi Paradox Foreign Affairs*, January/February 2004

1044 [www.arabnews.com/Article.asp?ID=454&Ary=2001&Arm=8&ArD=9](http://www.arabnews.com/Article.asp?ID=454&Ary=2001&Arm=8&ArD=9). 2001-08-17

1045 [www.arabia.com/qatar/article/0,5508,News\20833,00.html](http://www.arabia.com/qatar/article/0,5508,News\20833,00.html). 2000-08-28

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1047 Saudi Arabia tops the list of countries in terms of developmental assistance as a percentage of GDP. It has given more than SR263 bn., about \$66 bn. in aid to 72 developing countries. For elaboration on this sees [www.arabnews.com/Article.asp?ID=454&Ary=2001&Arm=8&ArD=9](http://www.arabnews.com/Article.asp?ID=454&Ary=2001&Arm=8&ArD=9). 2001-08-17 In 2004 the GCC aid reached 117 bn. See [www.alwasatnews.com/topic.asp?tID=89181&mydate=20-3-2006](http://www.alwasatnews.com/topic.asp?tID=89181&mydate=20-3-2006)

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1055 Siddiqi. M., *Economic Report on the GCC, The Middle East*, January 2001, p. 30

1056 [www.saudiembassy.net](http://www.saudiembassy.net). July 16, 2000

1057 Kemp Peter, *Gulf Economies are Looking Good, MEED*. 7-04-2000 pp. 20-22. and *The Middle East*. January 2001, pp.27-30. And *Business Channel Dubai* 23-9-2000.

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1061 [www.alwasatnews.com/topic.asp?tID=22944&mydate=14-11-2004](http://www.alwasatnews.com/topic.asp?tID=22944&mydate=14-11-2004)

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1065 [www.midleastwire.com/kuwait/stories/20010805\\_3\\_meno.shtml](http://www.midleastwire.com/kuwait/stories/20010805_3_meno.shtml)

1066 MEED. 11 November 1994, pp. 29-30.

1067 [www.arabicnews.com/990223/1999022320.html](http://www.arabicnews.com/990223/1999022320.html)

1068 Throughout the 1980s and 1990s, Saudi Arabia funded half the Bahraini budget. See The Middle East, February 1997, p.26. Moreover, a causeway, built at Saudi expense, links Bahrain to Saudi Arabia, and allows Bahrain to keep the revenues from the Abu Safa offshore oil field, which lies in Saudi waters, with a production of 140,000 b/d of oil, and also import around 200,000 b/d from the kingdom, which is refined at the Bahrain refinery. See O'Reilly Marc J. (1999), op. cit., p. 80. And MEED. 26 February 1999. p. 17.

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1071 [www.bahraintribune.com/ArticleDetail.asp](http://www.bahraintribune.com/ArticleDetail.asp) December 24, 2004

1072 Anthony J. D. (1975), op. cit., p. 109.

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1074 Seikaly May (1994), op. cit., p.424.

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## APPENDIX 1: ADDITIONAL ACHIEVEMENTS 1981-2004

### *1- Economic achievements*

Additional to those achievements mentioned earlier, the following are some more of the important economic achievements occurred in the period 1981-2004:\*

- 1981 Unified Economic Agreement
- 1982 Transit Law
- 1982 Founding Charter of and Agreement on the Gulf Investment Authority
- 1984 Agricultural Quarantine Law
- 1984 Veterinary Quarantine Law
- 1984 Standards & Specifications for the Construction of Link Roads & Main Roads in the GCC States Appendices
- 1984 Rules and Regulations Governing Seaports
- 1984 Draft Law on Thermal Insulation
- 1984 Regulation of Real Estate ownership by GCC citizens
- 1985 Goals & Policies of Development Plans 1985 Internal Rules for the Technical Communications Office of the GCC States
- 1985 Fertilizers Law on Pesticides
- 1985 Law on Veterinary Drugs and the Rules of handling them 1985 Law on Preservation of Water Resources
- 1985 Unified Law for the Exploitation and Protection of Live Water Resources
- 1985 The Constitution for the GCC Specifications and Standards Authority
- 1985 Unified Strategy for Industrial Development in the GCC States
- 1985 Common Agricultural Policy
- 1986 The Constitution for Regional GCC Committee on High Tension Electric Power
- 1986 Model Bylaw for Desalination of Water by Thermal Means
- 1986 Model Bylaw to Regulate Water Supply to Buildings and internal supplies

- 1986 Model Bylaws for Steam Generation Stations
- 1986 Unified Rules for Giving Priority to National Products and Products of National Origin in the GCC States
- 1986 Regulations for Engaging in Commercial Activity (Retail & Wholesale)
- 1986 Law on the Centralization of Risks
- 1987 Unified Model Law for the Commercial Agencies
- 1987 Regulations for the Practice of Economic Activities by the GCC Citizens in the Member States
- 1987 Law on the Practice of Freelancing by the GCC citizens
- 1987 Law on Lending Petroleum between GCC States
- 1988 Regional Emergency Plan for Petroleum Products
- 1988 Unified Law for the Protection of Products of National Origin in the GCC States
- 1988 Principles of Coordinating and Promoting Industrial Ventures in the GCC States
- 1988 Unified Rules for the Ownership of Shares by GCC citizens and Transfer of Ownership
- 1989 Unified Law for Foreign Investment of Capital in the GCC States
- 1991 Rules for Granting Permission to the Manufacturing Units and Companies to open Commercial Representation Offices in the GCC States
- 1992 Unified Commercial Registration Law for the GCC States
- 1992 Unified Trade Law for the GCC States
- 1993 Unified Patents Law for the GCC States
- 1993 Constitution of the Patents Office
- 1993 Bylaw on Issuing Fitness Certificates for the Export of Foodstuffs, and Issue of Certificates of Fitness of Exports
- 1993 Law on Adequacy of Capital, Asset Risks, and the Law on Credit Concentrations in the GCC Banks
- 1993-2004 see the detailed discussion above.

## APPENDIX 2: POLITICAL ACHIEVEMENTS

Additional to those achievements mentioned earlier, the following are some more of the political achievements. The following are some of these achievements occurred in the period 1981-2004:\*

- 1984 Agreement on the Privileges and Immunities of the GCC
- 1987 Model Regulation for the Nationality and Passports
- 1987 Comprehensive Security Strategy
- 1988 Collection of Statistical Data of the Traffic Accidents Occurring in the GCC States
- 1988 Model Traffic Guide for the GCC States
- 1988 Cooperation Agreement between GCC States and the European Community
- 1989 Unified Model Traffic Law for the GCC States
- 1989 Site Agreement between the GCC and the kingdom of Saudi Arabia
- 1992 Approval of the Law for Setting up a Permanent Mission of the GCC to the European Community in Brussels
- 1993 Signing of the Agreement for Establishing a Permanent Mission to the European Community in Brussels
- 1993 The Documentary Book on the Traffic Weeks in the GCC
- 1993 Equality between GCC Citizens Working in the GCC States after Recruitment
- 1994 Unified Model Law on Penal Institutions of the GCC States
- 1994 Unified Model Law on the Civil Defence in the GCC States
- 1994 The Unified Law on Volunteering and the Training of Volunteers
- 1994 Unified Law on Weapons and Ammunitions in the GCC States
- 1994 Unified Law on Explosives in the GCC States
- 1994 Unified Model Law for Inspection and Monitoring of Wooden Ships in the GCC States
- 1997 Constitution of the Consultative Commission of the GCC Sates
- 1998 Unified Model Law for the Prevention of Crime and Monitoring Suspects

- 1998 Unified Model Regulations for the Copying of keys
- 1998 Unified Regulations for using Colour Photocopiers; Unified Law on Volunteering and the Training of Volunteers for Civil Defence; Unified Model Law for the 1998 Combating Drugs and Brain Stimulants; Unified Rules and Procedures to be Applied on the Fishing and Picnic Boats, which cross territorial Waters, belonging to GCC States, and in the same year there were five more laws. And of period 1999-2004 see the achievements mentioned in this section.

## THE UNIFIED ECONOMIC AGREEMENT BETWEEN THE COUNTRIES OF THE GULF COOPERATION COUNCIL

With the help of God the Almighty; The Governments of the Member States of the Arab Gulf Cooperation Council; In accordance with the Charter thereof, which calls for closer relations and stronger links; and , desiring to develop extend and enhance their economic ties on solid foundations, in the best interest of their peoples and for the sake of working to coordinate and standardize their economic, financial and monetary policies, as well as their commercial and industrial legislation, and Customs regulations have agreed as follows:

### CHAPTER ONE

#### TRADE EXCHANGE

##### ARTICLE 1

- a. The Member States shall permit the importation and exportation of agricultural, animal, industrial and natural resource products that are of national origin. Also, they shall permit exportation thereof to other Member States.
- b. All agricultural, animal, industrial and natural resource products that are from Member States shall receive the same treatment as national products.

##### ARTICLE 2

1. All agricultural, animal, industrial and natural resource products that are of national origin shall be exempted from reciprocal charges.
2. Fees charged for specific services such as demurrage, storage, transportation, freight or unloading, shall not be considered as customs duties when they are levied on domestic products.

### ARTICLE 3

1. For products of national origin to qualify as national manufactured products, the value added ensuing from their production in Member States shall not be less than 40% of their final value as at the termination of the production phase. In addition Member States citizens' share in the ownership of the producing plant shall not be less than 51%.

2. Every item enjoying exemption hereby shall be accompanied by a certificate of origin duly authenticated by the appropriate government agency concerned.

### ARTICLE 4

1. Member States shall established uniform minimum Customs tariff applicable to the products of countries other than G.C.C. Member States.

2. One of the objectives of the uniform Customs tariff shall be the protection of national products from foreign competition.

3. The uniform Customs tariff shall be implemented gradually within five years from the date on which this agreement becomes effective. Arrangements for its gradual implementation shall be agreed upon within one year from the said date.

### ARTICLE 5

Member States shall grant all facilities for the transit of any Member State's goods to other Member States, exempting them from all duties and taxes whoever, without prejudice to the provisions of Paragraph 2 of Article 2.

### ARTICLE 6

Transit shall be denied to any goods that are barred from entry into the territory of a Member State by its local regulations. Lists of such goods shall be exchanged between the Customs authorities of the Member States.

### ARTICLE 7

Member states shall coordinate their commercial policies and relations with other states and regional economic groupings and blocs with a view to creating balanced trade relations and equitable circumstances and terms of trade therewith. To achieve this goal, the Member States shall make the following arrangements:

1. Coordination of import / export policies and regulations.
2. Coordination of policies for building up strategic food stocks.

3. Conclusion of collective economic agreements in cases where joint benefits to Member States would be realized.

4. Taking of action for the creation of collective negotiating power to strengthen their negotiating position vis-à-vis foreign parties in the field of importation of basic needs and exportation of major products.

## CHAPTER TWO

### THE MOVEMENT OF CAPITAL AND INDIVIDUALS AND THE EXERCISE OF ECONOMIC ACTIVITIES

#### ARTICLE 8

The Member States shall agree on executive principles to ensure that each Member State shall grant the citizens of all other Member States the same treatment as is granted to its own citizens without any discrimination of differentiation in the following fields:

1. Freedom of movement, work and residence.
2. Right of ownership, inheritance and bequest.
3. Freedom of exercising economic activity.
4. Free movement of capital.

#### ARTICLE 9

The Member States shall encourage their respective private sectors to establish joint ventures in order to link their citizen's economic interests in various spheres of activity.

## CHAPTER THREE

### COORDINATION OF DEVELOPMENT

#### ARTICLE 10

The Member States shall endeavour to achieve the coordination and harmonization of their respective plans with a view to achieving integration in economic affairs:

#### ARTICLE 11

1. The Member States shall endeavour to coordinate their policies with regard to

all aspects of the oil industry including extraction, refining, marketing, processing, pricing, the exploitation of natural gas, and development of energy sources.

2. The Member States shall endeavor to formulate united oil policies and adopt common positions vis-à-vis the outside world, and in international and specialized organizations.

#### ARTICLE 12

To achieve the objectives specified in this Agreement, the Member States shall

1. Coordinate industrial activities, formulate policies and mechanism which will lead to industrial development and the diversification of their products on an integrated basis.

2. Standardize their industrial legislation and regulations and guide their local production units to meet their needs.

3. Allocate industries between Member States according to relative advantages and economic feasibility, and encourage the establishment of basic as well as ancillary industries.

#### ARTICLE 13

Within the framework of their coordinating activities, the Member States shall pay special attention to the establishment of joint ventures in the fields of industry, agriculture and services, and shall support them with public, private or mixed capital in order to achieve economic integration, productive interface, and common development on sound economic bases.

### CHAPTER FOUR

#### TECHNICAL COOPERATION

#### ARTICLE 14

The Member States shall collaborate in finding spheres for common technical cooperation aimed at building a genuine local base founded on encouragement and support of research and applied sciences and technology as well as adapting imported technology to meet the needs of the region and to achieve the objectives of progress and development.

#### ARTICLE 15

Member States shall establish procedures, make arrangement and lay down terms for the transfer of technology, selecting the most suitable or introducing such changes thereto as would serve their various needs. Member States shall also,



whenever feasible, conclude uniform agreements with foreign governments and scientific or commercial organizations to achieve these objectives.

#### ARTICLE 16

Members States shall formulate policies and implement coordinated programs for technical, vocational and professional training and qualification at all levels and stages. They shall also develop educational curricula at all levels to link education and technology with the development needs of the Member States.

#### ARTICLE 17

Member States shall coordinate their manpower policies and shall formulate uniform and standardized criteria and classifications for the various categories of occupations and crafts in different sectors in order to avoid harmful competition among themselves and to optimize the utilization of available human resources.

### CHAPTER FIVE TRANSPORT AND COMMUNICATIONS

#### ARTICLE 18

Member States shall accord passenger and cargo transportation belonging to citizens of the other Member States, when transiting or entering its territory, the same treatment they accord to the means of passenger and cargo transportation belonging to their own citizens, including exemption from all duties and taxes, whatsoever. However, local means of transportation are excluded.

#### ARTICLE 19

1. Member States shall cooperate in the fields of land and sea transportation, and communications. They shall also coordinate and establish infrastructure projects such as seaports, airports, water and power stations and roads, with a view to realizing joint economic development and the linking of their economic activities with each other.

2. The contracting states shall coordinate aviation and air transport policies among them and promote all areas of joint action at various levels.

#### ARTICLE 20

Member States shall allow steamers, ships and boats and their cargoes, belonging to any Member State freely to use the various port facilities and grant them the same treatment and privileges granted to their own in docking or calling at the ports as concerns fees, pilotage and docking services, freight, loading and unloading, maintenance, repair, storage of goods and other similar services.

## CHAPTER SIX

### FINANCIAL AND MONETARY COOPERATION

#### ARTICLE 21

Member States shall seek to unify investment rules and regulations in order to achieve a joint investment policy aimed at directing their domestic and foreign investments towards serving their interest, and realizing their peoples' aspirations for development and progress.

#### ARTICLE 22

Member States shall seek to coordinate their financial, monetary and banking policies and enhance cooperation between monetary agencies and central banks, including the endeavour to establish a joint currency in order to further their desired economic.

#### ARTICLE 23

Member States shall seek to coordinate their external policies in the sphere of international and regional development aid.

## CHAPTER SEVEN CLOSING PROVISIONS

#### ARTICLE 24

In the execution of the Agreement and determination of the procedures resulting therefrom, consideration shall be given to differences in the levels of development as between Member States and the local development priorities of each. Any Member States may be temporarily exempted from applying such provisions of this Agreement as may be necessitated by temporary local situations in that state of specific circumstances faced by it. Such exemption shall be for a specified period and shall be the Supreme Council of the Cooperation Council of the Arab States of the Gulf.

#### ARTICLE 25

No Member State shall grant any non-member state any preferential privilege exceeding that granted herein.

#### ARTICLE 26

a. This Agreement shall enter into force four months after its approval by the Supreme Council.

b. This Agreement may be amended by consent of the Supreme Council.

ARTICLE 27

In case of conflict with local laws and regulations of Member States, execution of the provisions of this Agreement shall prevail.

ARTICLE 28

Provisions herein shall supercede any similar provisions contained in bilateral agreements. Drawn up at Riyadh on 15 Muharram 1402, corresponding to 11 November 1981.

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