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The Union Moment for the GCC

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The Union Moment for the GCC

Anoushiravan Ehteshami

Introduction

The GCC was born in the raging fires of war and revolution and as such was the smaller and more vulnerable Gulf Arab states' defensive response to the cascading insecurities which had been sparked off by Iran's mass revolution, leading to the removal of the Arab monarchies' regional ally in the Shah of Iran. This calamity was followed by the sub-region's first major inter-state conflict (between the heavily-armed countries of Iran and Iraq), the Soviet invasion of Afghanistan (which also posed a direct threat to the security of the Gulf monarchies' south Asian ally, Pakistan), which occurred at the same time as Egypt's unilateral peace with Israel, which led to Cairo's regional isolation and "pariahization" of the Arab monarchies' most important Arab political and security anchor. The Gulf monarchies' palpable sense of vulnerability was compounded further by the violent occupation of the Grand Mosque in Makkah by a group of militant Islamists demanding the establishment of a strict Sunni "Islamic republic" in the Kingdom. The economic impact of the deteriorating security situation was also palpable, for while oil prices rose in response the value of stocks built up by the oil exporters since the early 1970s dropped sharply and prices of other goods and services which they imported began rising.

What started modestly as a small sub-regional club in 1981 grew in significance as the decade wore on – the 1982 war in Lebanon and the birth of Hizbollah as an ideologically-driven Shia Arab militia coincided with Iran’s massive offensive against Iraq and Tehran’s declared aim of replacing the regime of its neighboring Arab republic with an Islamist one¹ raising the geopolitical stakes for the Gulf Arab states. Incidents, such as attacks on commercial shipping by both sides in the conflict, Iran’s military incursions into Kuwait and its alleged support for Shia militants in Bahrain in the early 1980s, plus its brief military brush off with Saudi Arabia, helped give organizational impetus to the GCC in its formative years, bringing Kuwait, Bahrain, Oman, and Saudi Arabia in particular much closer together to try and shape a common GCC platform. The development of a joint air defense system dates back to this period. The first evidence of significant coordinated GCC action occurred in May 1984 in response to Iran’s threat to Gulf shipping lanes. On this occasion, the GCC states requested a meeting of the UN Security Council and for the first time submitted their own draft resolution demanding that Iran “resist forthwith from interfering with shipping [involving] states not party to the hostilities.”² Until the end of the war in 1988, the GCC states continued to display an ambivalent relationship with their most important ally, the United States – ‘be here when we need you but do not stay here’ – which ironically, and despite some American encouragement, did not result in a broader cohesive regional organization. However, the events of the 1980s, serious though they were in terms of their effect on the GCC, paled into insignificance when compared with Iraq’s invasion and occupation of its neighboring GCC country in August 1990. Following that development, the GCC moved from infancy to adolescence and its members grew fully conscious of the organization’s role as an alliance structure and instrument for the defense of its members. Becoming “self-aware” facilitated the GCC’s efforts to cultivate partnerships within and beyond the MENA region. Thus, in 1991 the GCC attempted to create multiple alliances and build closer links with Egypt and Syria (its allies in the war for the liberation of Iraq). At the same time, its member states deepened their security relationships with the Western alliance. Common defense emerged as the central theme of the GCC’s deliberations after 1991 and has continued to preoccupy the Council ever since, having acquired even greater weight after the 2003 Iraq war which caused massive geopolitical disruption in the region. But common defense forms only one

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1. For the Arab side, the strategic consequences of Iran’s advances cannot be exaggerated. As King Hussein of Jordan put it at the time: “I really believe Iraq is very very important to the future of the entire area. It is the [ground] route to Saudi Arabia, the Gulf, to the heart of the region.” *Time*, July 26, 1982, 10.
 2. *The Guardian*, May 26, 1984.

element of the GCC alliance's strategic aims and over time political and economic relationships with the outside world have come to play an equally significant role.

As will be discussed, the need for an operational and effective regional body such as the GCC has never been greater. The geopolitical conditions of its birth and the region's enduring instability provide the GCC with the imperative to deepen its institutions, but it is the effects of globalization (as an overwhelming external force) on the one hand, and the GCC states' survival instincts (in terms of internal and regional challenges) on the other, which makes the GCC's convergence into a more closely-knit organization increasingly desirable, if not inevitable.

Regionalization Apace

The accelerated integration of the world's key economies into an interdependent (and overlapping) mesh of trade and investment regimes has encouraged the emerging economies to cluster around regional platforms, at first defensively and in response to the overwhelming force of globalization. But over time these defensive platforms have emerged as increasingly integrated regional units which proactively defend the interests of their members globally. In doing so, they have also built more vertically integrated organizations. In a dialectical process, globalization has, ironically it might seem, forced the regionalization of the world economy as well. With largely economy focused regional organizations crisscrossing the planet, it is hard to negotiate one's way in the international system without the supportive base of one's own regional bloc, and this is particularly so for the fast-moving emerging and globalizing economies of Asia and Latin America. It is therefore no surprise to find the most integrated and sophisticated regional organizations appearing in the hotbeds of economic activity – southeast Asia, Europe, the Americas, and of course the Gulf. In the case of the Gulf, however, one is speaking of a sub-regionalized sub-region: a two-tier system in which world-worthy economic activity is taking place in the GCC and Iran and Iraq are lagging behind their southern neighbors on virtually every economic indicator.³

Clearly, the GCC countries have actively embraced globalization and have planted roots in virtually all of the economically-dynamic regions and countries of the world.⁴ Their oil wealth has deepened their stake in the prevailing liberal economic order and has enabled them to buy into the major economies of the world and invest in the cutting edge and leading industrial sectors. The GCC states, in this sense, are akin to a natural “predator” which grabs opportunities where it can. This

3. See Anoushiravan Ehteshami, *Dynamics of Change in the Persian Gulf: Political Economy, War and Revolution* (New York, NY: Routledge, 2013).

4. Mehran Kamrava (ed.) *The Political Economy of the Persian Gulf* (London: Hurst, 2012).

behavior belies the origins of the organization as a defensive security-focused sub-regional organization. However, the GCC enjoys many comparative advantages that remain to be exploited. Firstly, in Saudi Arabia it has a member of the G-20 leading group of countries. Saudi Arabia's role as a global economic player is beneficial to the rest of the organization for the Kingdom is uniquely placed not only to project the interests of the GCC as a whole at the top global economic table but also to defend the interests of its fellow Council members. The Kingdom's membership of the G-20 brings direct and indirect (tangible and intangible) benefits to the GCC as a whole.

Secondly, the GCC benefits from having in its midst several of the most dynamic economies of West Asia and the Arab world. Despite their small population base, indeed perhaps because of it, Kuwait, Qatar, and the UAE top the regional chart for economic dynamism and wealth generation. Few regional organizations can boast of having half its member states in the top tier of economic rankings, which the GCC uniquely can do. In 2013, the GCC accounted for half of the MENA region's GDP of \$3.1 trillion, at \$1.7 trillion, and also controlled net total foreign assets of around \$2.0 trillion. This latter sum is greater than the combined GDP of the region's most populous countries. As Table 1 shows, the GCC countries lead the MENA region's economies.

Table 1: MENA key economic indicators, 2013

Country	GDP (\$bn)	Population (mn)	GDP Growth (%)	Foreign Assets as % of GDP
Kuwait	177	1.3	2.0	240
Qatar	204	2.0	5.4	180
KSA	743	30.0	3.9	124
UAE	405	9.2	4.7	123
Algeria	214	37.0	3.9	94
Iran	387	77.8	0.4	15
Iraq	218	34.6	3.0	67
Egypt	268	83.7	2.1	5

Source: Institute of International Finance, IIF Regional Overview on Middle East and North Africa: "Arab Spring" Countries Struggle, GCC Prospects Favorable (Washington, DC: IIF, 2013).

Thirdly, as a consequence of their wealth and position, these countries' collective purchasing power and the nimbleness which arises from their massive liquidity has enabled them to benefit from globalization as a bloc. As a single bloc, they can take

advantage of engagement with leading countries and regions and readily position themselves as an integrated community for the next phase of the sub-region's development and, of course, also for its future engagements with the Asian powers.

Finally, the GCC countries represent the most networked countries of the region whose citizens are digitally well integrated globally. These countries are unique in accessing the digital world and systematically bringing it into their state operations. As a result, they can now claim to be regional leaders in several service industries and indeed have developed an international niche in air and sea transportation, banking and finance, and tourism. The GCC states' success in becoming regional hubs for commerce, investment, tourism, real estate development, ICTs, and innovation has underpinned the importance of a broader 'regulatory' organization to manage the sub-region's affairs internally, and its links externally. Despite its remarkable successes thus far, the GCC can accomplish much more. Yet, it is still to wake up to the pressures that its members' globalization has been placing on the internal cohesion of the Council. Some of the political tensions befalling relations between some of its members are arguably a derivative of political economy rather than foreign policy.

International Context

As noted previously, globalization has arguably accelerated regionalism and the continuing integration of states and economies into the capitalist world economy and has thus encouraged the rise of regional institutions often protective in defense of the interests of its member states. At the same time, virtually every regional organization has been experiencing vertical integration and institutional enhancement in response to the members' needs and fast-changing global relations.

In response to powerful global forces shaping national and local economies, regionalization has been in evidence across many regions, in particular in the Americas, Asia, and of course Europe. In some instances, new regional organizations have emerged to bolster regional cooperation – like the Shanghai Cooperation Organization – and in others pan-regional platforms have come up to drive broader regionalization of geographically-apart countries – the Asia-Pacific Forum, the Trans-Pacific Partnership, and the Transatlantic Trade and Investment Partnership are good examples of this process. By definition, given the range of countries and interests involved, these have, thus far, produced mixed and often inconclusive results. Nevertheless, the existence of such a wide variety of regionally-focused initiatives points to the continuing regionalization of the world and the convergence of states on regionally-based institutional infrastructures.

But it is in the main regional bodies, some born before the increase in the rate of globalization, that one can see the most significant developments taking place. In the Americas, for example, the three-member NAFTA now constitutes the largest free trade area in the world, with a population of 450 million and a collective economy of \$17 trillion. Further south, one can note the growing success of South America's four-member MERCOSUR organization. Since its establishment in 1991 (full 10 years after the GCC) its narrow membership (of Argentina, Brazil, Paraguay and Uruguay, comprising 250 million people) has successfully established a customs union for its member states and has also managed to create a web of regional associations which has firmly tied the fortunes of the region's other economies to its own success. So, while it considers the full membership of Venezuela, MERCOSUR has granted "associated member" status to five other South American countries namely Bolivia, Chile, Colombia, Ecuador, and Peru. By giving them preferential trade and investment status, MERCOSUR has deepened the economic bond between them and its own members, enhancing in the process the space for the expansion of its own member states' trade and investment plans, while also assisting the development of its associate members. MERCOSUR has also taken steps to deepen its own institutions, strengthening its secretariat and empowering it as part of its efforts to pluralise the organization. The cornerstone policy of this process has been the creation of a directly-elected MERCOSUR parliament (to take effect in 2014), the purpose of which is to give the citizens of the member states a direct and perhaps greater stake in the prosperity of the regional organization. At the same time, MERCOSUR has skilfully drawn closer to other regional bodies, namely the Andean Community of Nations, as a way of widening its own influence. Thus, it agreed in 2009 to the creation of a much bigger trade bloc of the Union of South American Nations which has given MERCOSUR greater influence in the shaping of South America's diverse politics and economies.

Member states of Asia's most robust regional organization, ASEAN (with 10 members and a combined GDP of over \$2.2 trillion and a population of 601 million), have also been growing internally. ASEAN agreed at its 2007 summit to forge what it called an "ASEAN Community" by 2015. This forward-looking ASEAN Community strategy is to be constituted around the two central pillars of an "economic community" and a "political-security community." The member states consider these pillars (or baskets) as giving ASEAN a single market and production base as well as a rules-based community to be informed by their shared values and norms. These developments represent a high degree of maturity for the Association, which until today remains wedded to inviolability of memberstates' sovereignty. From a membership of five in 1967, ASEAN has not only grown horizontally (doubling its

membership), but in just 40 years has also begun to take the necessary steps towards its vertical growth – its intensification.

At the other end of the spectrum, in Europe, the EU has not only expanded its membership but has built robust institutions to drive deeper the internal integration of the continent and also for managing the EU's complex external relations. It is of note that the EU's Higher Representative for Foreign Affairs and Security Policy has since the creation of the post in 2009 been directly involved in international fora as the EU's collective voice. In the '3+3' negotiations with Iran regarding its nuclear program, the Ukraine crisis, the political crises in Tunisia and Egypt, the security crisis in Syria, the Arab-Israeli conflict, in talks with China and Russia, the Higher Representative has been empowered by the 28-member body to speak for it on all such important international issues. As such, this office commands respect across the world. So, despite the backlash across the EU against the EU's continuing vertical integration – as seen in the results of its May 2014 European Parliamentary elections – the organization has continued to evolve and consolidate the Union. The calls for making the Union more accountable and efficient should not be seen as the unravelling of the planet's most successful and innovative regional organization, but as a move to make it more accountable and responsive to local needs.

Taking the long term view, it is apparent that other regional organizations can and do offer interesting modalities for the deeper integration of the GCC. Indeed, a comparison will show that most regional bodies begin to consider deeper integration in their 40s. The GCC has matured enough to take the next step and in this endeavor can learn much from the experiences of ASEAN and MERCOSUR. Indeed, in so many ways and on so many levels, ASEAN has now articulated the processes through which regional bodies such as the GCC can evolve. Given the MENA region's geopolitical conditions, if widening membership is deemed not to be a realistic option for the GCC, then – after 30+ years of existence – vertical integration of the sort planned by ASEAN would appear to be the next evolutionary step for this regional organization. MERCOSUR, on the other hand, charts the way for broader regional governance for the GCC. The GCC too can create “associate membership” status for several of its neighbors, for example, starting with Jordan, and thus bring such neighbors closer to its own orbit of influence. However, the GCC can only do so confidently and methodically with a much more cohesive Council and one that is able to extend a closer institutional net over and across the GCC's membership.

Regional Context

Examples from other regions, coupled with the continuing rapid globalization of the world economy, highlight not only the reasons for regional bodies' internal evolution, but also for their engagement of other (regional or international) actors. Once one puts the GCC in a wider comparative framework, one can easily see not only how far it has travelled since 1981, but also the margin by which it continues to lag behind the other credible regional bodies. There exists, therefore, sufficient international context for the GCC's evolution towards a "Union." It is, however, the regional setting which should compel the Council to move in the direction of a closer union. As was noted at the outset, the GCC is a product of regional insecurities and, as the only functioning regional organization, has had to respond to a series of internal and external challenges since its establishment.

Of course, the Council has always been conscious of the constraints it faces in managing regional crises and is equally aware of the difficulties attached to addressing the many security challenges that its members face. For these reasons, it has tended to seek cooperative arrangements as the best response to dealing with its security concerns; in this it has been an alliance builder and therefore has not hidden the differences in the policy priorities of its members.

Still, one needs to note the geopolitical context as a driver for a step change in the organizational basis of the GCC. The GCC is surrounded by security fissures. On its western border, it has to contend with the ongoing security erosion of "the Sudans", the political instability gripping Eritrea and the turmoil and economic fragility in Egypt; to the north, it has to manage its relations with Iran, articulate a clear policy towards the Iraqi state and its constituent parts, and ensure that instability in Iraq does not spill over to the country's GCC neighbors; it has to ensure that the Hashemite Kingdom to the west remains stable under the mounting internal and external pressures on it and that it does not buckle under pressures arising from the Arab-Israeli theater, the Lebanese political squabbles, and course the Syrian civil war; in the south, it cannot neglect the continuing security crisis in Yemen nor the spread of Jihadists in that country.

As if this was not enough, the GCC states also need to configure their international relations to reflect the growing weight of Asia in their trade and investment strategies and the West's apparent reluctance to bring its full force (that is to say military, economic, diplomatic, and political) to bear on the region's myriad strategic problems. At the strategic level, the growing mismatch between geopolitics and geoeconomics needs to be addressed.

Rationale

It is abundantly clear that the region has been in flux for some time and the anarchy of the regional order has increased since the 2003 Iraq war, intensifying regional tensions and affecting inter-state relations. Regional volatility has brought to the fore many powerful geopolitical forces for the GCC states to contend with. Some of the rifts arising from regional geopolitical shifts are clearly beyond the GCC's abilities to contain, let alone manage. At the same time, while in the early days of its formation the GCC's main task was to ameliorate the impact of the external geopolitical pressures on its states and societies, arguably from the second half of the 1990s, and often in response to the changing regional conditions, these countries have demonstrated a change of tempo in their foreign policies. With the change in tempo has come a greater degree of proactivity. There are, therefore, a number of critical contextual forces which should be considered as factors shaping the GCC's direction of travel. The first is the multipronged pressures on the Arab region arising from the dynamic changes following the Iranian revolution and the Iran-Iraq war, thus reopening the cracks which had only just begun healing following the death of Gamal Abdel Nasser in Egypt. Revolution and war led to a fragmentation of the Arab order in the 1980s, which in the 1990s resulted in the polarization and ultimate implosion of the Arab order.⁵ Added to these structural tensions are the demise of Iraq as a regional actor, the new regional power dynamics arising from the collapse of the Baath regime in Iraq, and the subsequent rise of Iran as regional power.⁶

The loss of Iraq as a geopolitical counterweight to Iran has had an enduring effect on several GCC states, most notably Saudi Arabia which sees Iran as a clear and present danger to the prosperity of the GCC under Saudi leadership. Smaller GCC countries, Bahrain and the UAE, have also felt Iran's hand in their midst. The complex geopolitical conditions arising from the Arab Awakening have brought their own tensions since 2011, as the Arab region has further fractured. Indeed, the Arab Awakening has made a unique impression on the GCC states, encouraging some of the smaller GCC countries to proactively engage, in an unprecedented manner, with the process of change and transition in the Maghreb and the Arab East. In this, they may have challenged the principal power in the GCC, but at the same time they have also demonstrated the vitality and energy of the regional bloc as a whole.

5. See Paul Noble, "From Arab System to Middle Eastern System? Regional Pressures and Constraints," in *The Foreign Policies of Arab States: The Challenge of Globalization* edited by Bahgat Korany and Ali E. Hillal Dessouki (Cairo: American University in Cairo Press, 2008), 67-165.

6. Joseph Kostiner, "GCC Perceptions of Collective Security in the Post-Saddam Era," in *International Politics of the Persian Gulf* edited by Mehran Kamrava (New York, NY: Syracuse University Press, 2011), 94-119.

It has become a cliché to say that the Middle East is a dangerous and unstable neighborhood; not a day goes by without violent acts being perpetrated by one party or other. It is often the brittle states and the zealous non-state actors who are responsible. Unlike in the past, however, these incidents are not isolated. Indeed, violent acts now permeate the entire region, increasingly regulating state behavior and inter-state contacts. Furthermore, unlike the 1980s, when the geography of violence was largely confined to defined theaters, today violent acts can take place anytime and anywhere in the MENA region and are also much more intensive and indiscriminate. For the GCC states, surrounded by a mix of fragile, weak, or potentially aggressive states, (in)security has never been as great and overriding a priority. The GCC states face complex security challenges encompassing both state and non-state actors. The de-clustering of security threats, moreover, often spreads the risks and acts as a multiplier.

In non-state terms, the GCC countries face the prospects of sectarianism deepening to erode social cohesion and cause polarisation of society. As can be seen in Iraq, once social cohesion is disrupted it is almost impossible to restore, leaving the central authorities weak and exposed. Secondly, terrorism is now an ever present danger and the GCC countries are acutely aware of the designs that various Al-Qaeda offshoots have for the Arabian Peninsula. They have little choice but to be vigilant and to work closely together, and with their allies, to contain this pervasive threat. Thirdly, they have today become sensitive to revolutionary pressures that simply did not exist – in their current form at least – thirty years ago. Radical Islamist forces have tried to spread roots in the GCC countries and in this they have been buoyed by developments elsewhere in the Arab region. This has made the GCC states immeasurably more sensitive to developments elsewhere in the Arab region, but they do not always have the tools and the wherewithal to influence the course of events in the neighborhood. When they can, they do engage, but the absence of an overall GCC strategy means that efforts are either piecemeal or contradictory.

At the state level, the GCC states face two rather different sets of challenges: fallout from implosion of weak states on the one hand, and incursion by the power players, on the other. In the former case, Iraq and Yemen are continuing causes of concern and their collapse will – in different ways – threaten the security of the GCC states. In the case of incursion, several GCC states remain highly suspicious of Iran's intentions, its nuclear program, and its regional role. The GCC states accept Iran's place in the region but object to Tehran's subversive acts within the GCC as much as its role in Iraq, Syria, Lebanon, (and also potentially) Yemen. Given the wide range of issues affecting mutual perceptions, it is therefore increasingly difficult for the GCC states to manage their relations with Tehran bilaterally. Collective action is needed

in this regard and also with regard to Israel and its interventions in the Arab region. These countries, in addition to Turkey, pose different kinds of challenges to the GCC.

Beyond the region, the GCC states must also take note of the implications on the MENA region of the “systemic shift” at the global level as well as the role of the increasingly visible Asian powers in West Asia. Systemic shift means displacement of power, which often creates a vacuum. Though systemic shift can be considered as transformational, its implications are not absolute. So, while it is true that the East is rising, it is less certain that this is entirely at the expense of the West, or indeed that the West is necessarily declining. Asia’s rise is not equivalent to the West’s demise. Nevertheless, the rise of China and other Asian economies does have strategic implications for the globalized GCC. One overlooked but important aspect of the growing influence of the East in the MENA is the dangers posed to the latter of Asia’s own security tensions transplanting themselves in the Gulf. The stridency which increasingly characterizes intra-Asian relations is sobering and should alert the GCC to a whole new and rather unpredictable set of security challenges arising from the region on which it is increasingly dependent for trade, markets, and investment. In the unstructured but dense southeast and east Asian regions, interstate rivalry is fuelling tensions and these could spill over to affect the well-being of other countries. The GCC should therefore take collective note while also shoring up its alliance structures. Arguably, a credible strategy would be a “hub-and-spoke” approach – engaging regional and non-regional powers selectively to enhance GCC-level security. This, however, can only be successfully pursued and implemented in a much better integrated organization than hitherto conceived by the GCC.

The GCC states’ policy differences, largely driven by their different national priorities, has evidently created rifts in the bloc, giving rise to the view that the Council may be heading for an implosion because of competing pressures being placed upon it. It is true that the political and foreign policy differences between Qatar and two other GCC states over the influence of the Brotherhood within the GCC have put strain on the bloc, but this and similar other differences have thus far not burst the organization’s institutional seams. Furthermore, Oman’s unilateral dealings with Iran have helped facilitate dialogue with the administration of President Hassan Rouhani and demonstrated to the West the strategic value of the GCC states as partners in addressing regional problems. Despite the tensions, finally, the Council has kept together and the parties have tried to reconcile, though with mixed results, their differences.

Yet, foreign policy plurality, in the context of a close union can – as we have seen in Europe – accrue perceptible benefits to the bloc as a whole. In Europe, acceptance

of common goals has allowed its key members to extend themselves in international fora and thus grow the influence of the EU globally. In the Gulf likewise, the establishment of common goals, arising from their self-evident shared values and common mores, can enable its savvy members to exercise their influence in the wider region in the broad interest of the GCC itself. Arguably, it is in the absence of close coordination at the GCC level that policies of such countries as Oman and Qatar appear anomalous.

As we have seen in Europe, closer union would not necessarily stifle state individuality but it can enhance collective security. In this context, Oman, for example, can then be empowered to cultivate links with Iran in the interest of the union as a whole because it would be expected to do so within the general foreign policy principles agreed upon by the better-integrated organization. Or, Qatar, in the interest of the alliance as a whole, would be able to maintain communication and personnel links with political Islamist forces to ensure that the union would be better prepared to respond to the ideological and operational challenges posed by these sub-state actors. Furthermore, the political tiff between Saudi Arabia and the UAE on the one side and Qatar on the other over their treatment of the Muslim Brotherhood (among other issues) may have focused the GCC's mind sufficiently to seek clearer common ground among its members that in the long run could lead to the consolidation of the organization rather than its rupture.

For consolidation to take place, the GCC states will need to revisit the principles which led to the establishment of the bloc in the first place – namely, common defense and security – and realize the fact that while globalization has enabled some of them to develop unique global connections, the location of the GCC in this highly volatile and dynamic region means that they will always be vulnerable to geopolitical pressures. These can only be managed in the context of a protective umbrella. Only collectively can these countries reach an accommodation with Iran and, at the same time, make sure that Tehran does not pose a threat to their interests. Only collectively can they manage the blowback from Sunni Jihadi activists operating on their doorstep in Syria, Iraq, Yemen, and Egypt.

In addition to the geopolitical imperatives of a “Gulf Union,” one can also readily cite the economic logic for this. Interestingly, the GCC began its deliberations about monetary union well ahead of other regional organizations in the Global South and, while the launch date of 2010 has come and gone, the pressures of globalization will require the organization to revisit a single currency again soon and address the impact of bilateral free trade agreements being reached by some of its members. It is readily accepted that to prosper in the rapids of the global economy the GCC

countries must work more in unison in order to minimize the risks posed by economic fluctuations and also to maximize the benefits to be had from the opportunities presented by growing Asia and recovering Europe and the United States. Closer union would also help the GCC to try and deal with other currents emerging around it including the trans-Pacific trade partnership and the EU-American free trade area. These are major initiatives which will directly affect the GCC, but no other regional bloc has the financial means to respond to the global challenges and opportunities presented; closer cooperation between these countries can only enhance the benefits to them all. The irony is that while the GCC secretariat can see the benefits arising from monetary union, the financial crisis in Europe and the rapid rise in the key oil exporters' external assets and funds have dampened the enthusiasm for monetary union.

So, the question has to be asked, is this the “union moment” for the GCC? This question was tabled at the GCC's 2011 heads of state summit in Riyadh and was further elaborated upon at the GCC foreign ministerial meeting in Kuwait in 2012. Presented as a “quantum leap in mutual cooperation,” the proposal was a practical one: to build an integrated structure and unified mechanism to strengthen the GCC's ability to respond to geopolitical threats facing the six monarchies. Much discussion of the union concept has followed, and skeptics have tended to focus on the loss of sovereignty. However, for a set of countries already deeply engaged with the essentially “post-modern” world that has been taking shape beyond the Middle East's continuing twentieth-century attachment to sovereign territoriality, such fears can be addressed through the negotiation of the principles of a union which will ultimately balance collectivity with diversity.

Collective sovereignty, to use Prince Turki bin Faisal Al-Saud's words, can actually enhance each state's sense of independence.⁷ Indeed, as we have seen in Europe and Southeast Asia, the creation of a closer community does not have to be made at the expense of nation-states. Indeed, the reverse is true: Close cooperation which facilitates the pooling of resources can help the redistribution of the same in the interest of the community as a whole and thus for the improvement of the more vulnerable and poorer partners.

Having matured into a credible regional body, emerging as the MENA system's most important regional actor, the leading regional body in dialogue with such other regional organizations as the EU and ASEAN, it is perhaps time for the GCC to look inwards and in so doing consider its place in the world of tomorrow. By mid-

7. Cited in Christian Koch, *Constructing a Viable EU-GCC Partnership*, Paper no. 34, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, January 2014.

21st century, the global balance of power will have fundamentally shifted and the center of gravity of the global order will have drawn sufficiently close to the Gulf for the organization to reassess its strategic priorities and, in this, consider what the Council needs to look like in order to ensure the long-term interests and the security of its member states. Given the uneven balance of power in the GCC, it is inevitable that one country emerges as dominant, but as elsewhere dominance rarely means hegemony in a regional organization – German dominance of the EU has not given it *carte blanche* to act unilaterally or to assume that it can get its own way on major issues. Germany has to build coalitions and invest in meeting the interests of its partners as it attempts to push the EU in certain directions. Building close-knit partnerships, even coalitions, across the GCC, far from polarizing the bloc, can create a stable structure and instill in the organization the necessity of taking into its account the interests of the smaller members.

Also, as the GCC contemplates creating a union to succeed the Council, it should be learning from the MERCOSUR experience of creating regional chains of partnerships – through “associate membership” categories and such like – to give the neighboring countries a stake in the stability of the bloc itself. In doing so, the prospective union will also have socialized its associates into accepting the union’s norms and then can directly (and constructively) tackle any potential hostile intentions of the neighbors.

In so many ways, then, and at so many levels, the GCC union moment has arrived.

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