



Photo Source: Gulf Research Center



Gulf Research Center
Knowledge for All

Beyond the Stalemate: Rethinking EU-GCC Trade Engagement

Houda Barroug
March 2025





Beyond the Stalemate: Rethinking EU-GCC Trade Engagement

For more than 20 years, the idea of a comprehensive FTA between the EU and the GCC has remained elusive. Despite occasional bursts of diplomatic initiatives and upbeat rhetoric, substantive progress has been noticeably lacking. The lengthy standstill in FTA discussions contrasts sharply with the dynamic global economic backdrop and both regions' growing strategic interests.

As time goes by, it has become increasingly evident that new avenues for economic cooperation must be explored. While bilateral economic agreements could provide a practical alternative to the seemingly endless multilateral FTA negotiations, they come with their own complications and should not come at the expense of the larger EU-GCC framework. Thus, a dual strategy could be considered to meet regional and individual priorities without jeopardizing group goals.

First initiated in 1990, the EU-GCC FTA negotiations have become a textbook case study of diplomatic inertia. Despite numerous rounds of negotiations and periodic waves of progress, the FTA remains as distant a vision in 2025 as it was two decades ago. Disagreements over export tariffs, differing attitudes to human rights, and competing economic priorities are some of the key obstacles that have persistently undermined progress.

The EU's insistence on conditioning economic concessions to human rights and political reforms has sparked opposition from GCC countries, which see such restrictions as an intrusion on their sovereignty. Furthermore, the GCC's reliance on export duties, notably in the petrochemical sector, is incompatible with the EU's campaign for their elimination. This deadlock indicates deeper structural incompatibilities between the two blocs' economic models and political systems, making a full FTA increasingly implausible in its current conceptualization.

As the stagnation in FTA discussions persists, various initiatives have taken place within the EU and GCC to re-examine their overall engagement agenda, with a particular focus on the economic aspect. For example, the [EU-GCC Dialogue on Trade and Investment](#) was launched in 2017. Since 2019, the [EU-GCC Dialogue on Economic Diversification](#) has been focusing on helping uncover new business prospects and areas of economic collaboration between the two regions, as well as between the EU and individual GCC nations.

A milestone in the reviving efforts of EU-GCC cooperation is the Joint Communication on a "[Strategic Partnership with the Gulf](#)," launched in May 2022. An unprecedented approach in the EU-GCC cooperation framework, this Strategic Partnership aims to accelerate progress in crucial industries while avoiding the political and economic roadblocks that have slowed broader FTA negotiations. It recognizes the GCC countries' different economic landscapes and development agendas, enabling more personalized agreements that meet specific sectoral needs and possibilities.

Recent developments are believed to have opened even more potential opportunities for bilateral economic cooperation between the EU and the GCC countries. Following the first EU-GCC summit in October 2024, both parties reiterated their [commitment to strategic trade and investment](#)



agreement. Potential partnership areas include renewable energy and climate action, digital transformation, collaboration in the health sector, and regulatory cooperation.

As the discussions on an overall FTA gained momentum in late 2024 after the Summit, it has become clear that the challenges and dynamics on the ground seem not to be in favor of a comprehensive FTA. This is mainly because the shift in momentum in both blocs has evolved so massively that the FTA does not fit into the new frameworks, which explains the decline in the appeal of the FTA.

One prime example of the bilateral agreements is the ongoing negotiations between the EU and the UAE. Amidst the stagnation in EU-GCC FTA negotiations, the UAE has been an advocate for bilateral trade talks with its European counterpart. While officially backing the GCC-EU process, Emirati officials continue to discuss the possibility of a bilateral trade agreement in talks with EU colleagues, emphasizing tighter political and economic relations.

The [ongoing negotiations between the EU and the UAE](#) serve as a perfect example of bilateral agreements. Despite the standstill in EU-GCC FTA negotiations, the UAE has advocated for bilateral trade talks with European partners. While publicly supporting the GCC-EU process, [Emirati authorities](#) continue to discuss the potential of a bilateral trade pact with EU counterparts, emphasizing stronger political and economic ties. In parallel, while the EU prefers a broader regional agreement, it is contemplating bilateral agreements due to the strategic importance of the Arab world's largest economies.

Similarly, discussions between the EU and Saudi Arabia continue, with a focus on a bilateral investment agreement that aligns with Saudi Vision 2030 objectives. For example, in December 2024, both parties committed to expanding collaboration in areas such as renewable energy, digital transformation, and socioeconomic development. These bilateral initiatives are undertaken alongside multilateral conversations to ensure that they are consistent with GCC aims and do not undermine regional cohesiveness.

Oman's engagement with the EU is focused on renewable hydrogen initiatives. Following discussions during the [Oman Renewable Hydrogen Summit in December 2023](#), both parties have advanced plans for EU investment and knowledge transfer to boost Oman's hydrogen economy. While this partnership aims to establish Oman as a major exporter of renewable energy to Europe, it is part of a broader initiative within the EU-GCC Strategic Partnership framework, which prioritizes regional collaboration on energy security and sustainability.

The transition to bilateral agreements between the EU and GCC countries has significant geopolitical implications for both regions. These agreements are consistent with the EU's broader "Strategic Partnership with the Gulf," which prioritizes economic diversification, energy security, and the green transition as top priorities. By focusing on bespoke bilateral agreements, the EU can address the unique needs of individual GCC nations while also achieving its own strategic aims, such as lowering dependency on Russian energy imports and boosting renewable energy collaborations.



Furthermore, these agreements solidify the EU's status as a global economic actor in a fast-changing geopolitical environment. With China and other Asian economies gaining influence in the Gulf, the EU's pursuit of bilateral agreements enables it to remain relevant in one of the world's most strategically vital regions. This method also compliments the [EU Global Gateway program](#), which intends to expand sustainable investments worldwide, particularly in GCC nations.

The emphasis on bilateral agreements, however, raises concerns about the future of the broader long-awaited multilateral FTA between the EU and the GCC. Both sides seek to project a unified front in their dealings with external partners. However, individual member states' pursuit of separate agreements threatens to undermine this coherence. For example, the UAE's quest for bilateral trade discussions with the EU has raised concerns about how such efforts would erode the GCC's collective bargaining leverage or cause internal tensions.

Furthermore, varying objectives across GCC governments may result in uneven gains from these agreements. While larger economies like Saudi Arabia and the UAE are better positioned to attract European investments and negotiate favorable conditions, smaller governments like Bahrain and Oman may struggle to achieve comparable benefits. This difference might compound the GCC's existing economic disparities and undermine its capacity to function as a coherent bloc.

Looking ahead, bilateral agreements could serve as the foundation for increased interest in a full EU-GCC FTA. While current trends remain such that a comprehensive FTA is unlikely in the foreseeable future, successful bilateral partnerships could illustrate the reciprocal benefits of stronger economic relations, opening the door for larger regional collaboration.

The key will lie in the flexibility of bilateral arrangements and how they enable both parties to respond to changing economic and geopolitical events without being restricted by the intricacies of a comprehensive FTA. The EU-GCC economic relationship is at a crossroads. While bilateral agreements provide a pragmatic method for addressing country-specific priorities, they must be carefully handled to avoid jeopardizing the larger goals of regional integration and collaboration. Upcoming high-level events, like the [29th Joint Council and Ministerial Meeting in Kuwait](#) later in 2025, could provide more clarification on whether bilateral agreements will complement or replace bigger regional frameworks.

* Houda Barroug is a Researcher at the Gulf Research Center (GRC)

Gulf Research Center
Knowledge for All



مركز الخليج للأبحاث
المعرفة للجميع



**Gulf Research Center
Jeddah
(Main office)**

19 Rayat Alitihad Street
P.O. Box 2134
Jeddah 21451
Saudi Arabia
Tel: +966 12 6511999
Fax: +966 12 6531375
Email: info@grc.net



**Gulf Research Center
Riyadh**

Unit FN11A
King Faisal Foundation
North Tower
King Fahd Branch Rd
Al Olaya Riyadh 12212
Saudi Arabia
Tel: +966 112112567
Email: info@grc.net



**Gulf Research Center
Foundation Geneva**

Avenue de France 23
1202 Geneva
Switzerland
Tel: +41227162730
Email: info@grc.net



**Gulf Research Centre
Cambridge**

University of Cambridge
Sidgwick Avenue,
Cambridge CB3 9DA
United Kingdom
Tel: +44-1223-760758
Fax: +44-1223-335110



**Gulf Research Center
Foundation Brussels**

Avenue de
Cortenbergh 89
4th floor, 1000
Brussels
Belgium



@Gulf_Research Gulfresearchcenter gulfresearchcenter gulfresearchcenter

www.grc.net

مركز الخليج للأبحاث
المعرفة للجميع