

# notes

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## THE GULF COOPERATION COUNCIL ENLARGEMENT: Geopolitics Reconsidered

**Mohammed El-Katiri** Senior Advisor, Conflict Studies Research Centre, Oxford, UK

The Gulf Cooperation Council (GCC) announcement during the Heads of State summit held recently in Riyadh to invite Jordan and Morocco to join their regional organisation has surprised almost everyone; perhaps the biggest surprise was experienced by Moroccan officials, which unlike Jordan never approached the GCC for a membership in the first place. To understand this surprising change in the GCC foreign policy, it is necessary to shed light on some key changes in the regional and global geopolitical landscapes.

The wave of the popular protests and uprisings that has swept through the Arab world since Tunisian protests ousted the country's longstanding president Zin El-Abidin Ben Ali has shaken not only the region's internal politics, but also many geostrategic fundamentals that govern the region's relations with the rest of the world. Many Arab leaders, particularly in the GCC, have felt that there are major internal and external shifts taking place simultaneously that could have profound impact on their political stability and the survival of their regimes. One question is posing itself urgently: are the Arab monarchies still immune to political revolutions and popular calls for more democracy?

Despite counter-revolutionary efforts of Saudi Arabia and other rich GCC countries such as generous welfare packages and government cheques for citizens and financial aid to other Arab governments, their policy-makers are convinced that things will never be the same again. The

Arab world will not return to its former state of decade-long political stagnation. It is difficult to foresee how the Arab revolutions are going to play out in the coming weeks and months, but one thing certain is that young Arabs have broken the fear barrier and aspire for open and progressive political regimes. Post-revolutionary Egypt and Tunisia, and Morocco's proposed constitutional changes will set cases of reference to the rest of the Arab world, including its monarchies.

The outbreak of protests in Bahrain and Oman, and the revival of the sectarianism in Saudi Arabia and Kuwait have alarmed policy-makers in the region. Tensions in Bahrain have not been yet resolved. The implementation of the "national dialogue" initiative is proving difficult since the opposition is fragmented and unstructured. The fear of a spill over of the "revolutionary fervour" to the rest of GCC countries has come to dominate the thinking of policy-makers in the region, as the socioeconomic issues that triggered the unrest in Bahrain and Oman can be found in other GCC countries as well. The Shia minority in Saudi Arabia has suffered from the same grievances as their brothers in Bahrain, they are economically and politically marginalised. The GCC countries have used their financial resources to placate the socio-political demands of their own people. However, buying political allegiance is a short-term strategy. The policymakers are urged to address the economic and political problems in the years ahead, and meet the aspirations of their youth.

The inconvenience of the Arab revolutions is that all directly affected countries are facing critical challenges such as a loose security situation and structural economic problems, which will likely take years before they will have been rectified. The weakening and dismantlement of the “Arab house” is worrisome to GCC regimes, and urges them to undertake an urgent revision of their security calculus. The current situation is a reminder of how the American war on Iraq was of great assistance to Iran by removing one of its military-capable opponents in the region. The Arab uprisings will have the same unintended consequences. Months after the ousting of Tunisian and Egyptian ex-rulers, and the situation in these two countries remains fragile. The march towards democracy has proven to be neither an easy nor a short journey. The interim political structures in both countries are overwhelmed by the reform challenges, and are under immense pressure to meet the popular demands quickly. Their economies face a difficult period as they try to recover from the economic paralysis during the unrest, and the negative impact of their political disarray on tourism, the economic mainstay of both countries. Political turmoil in Yemen, Syria

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and Libya is still an unfinished business and with unknown outcomes. The unrest, rather, appears intensifying, with a risk of a prolonged instability in the case of Libya and Yemen. This is happening in a time when Turkey and Iran are keen to play a role of regional superpower, extending influence to most of Arab countries.

A recent development that is not reassuring for the security in the region is the tough financial and economic challenges of the US and other Western powers, which have always offered security protection. After the implementation of the British austerity plan and defence strategic review, the US is expected to implement its budget cuts, as the US budget deficit is now above what is tolerable and needs urgently to be reduced. These developments send alarming messages to the Gulf strategists and leaders about the ability and willingness of its traditional allies to maintain the level of their security protection. Such fears are not groundless. Indications of military-spending cuts and revising the US foreign policy priorities are now publicly discussed. The president Obama’s defence budget proposal for 2012 seeks a cut of 5% from the current \$700 billion. In a recent speech by the US Defence Secretary, Robert Gates, in Brussels highlighted the risk of America’s shrinking military capabilities in the coming years, and criticised NATO’s European allies for their unwillingness to share the security costs.

All this happening at a time of deteriorating relations with Iran, the main external threat to the Arab Gulf monarchies. Iran is continuing with its uranium enrichment, which is perceived as a serious menace to the security of the GCC countries. Unlike most GCC officials who restrain from making public remarks, Prince Turki al-Faisal, former Saudi intelligence chief and Ambassador to the UK and US, is very outspoken about the GCC countries’ worries of Iranian plans to use enriched uranium to produce nuclear arms. He has also in many occasions referred publicly to Iran’s expansionist aspirations at the expense of its Arab neighbours interests. Every now and again, controversial statements appear in the media to contest the involvement of Iran in Arab affairs. The political unrest in Bahrain has brought back to the surface the underlying tensions between Iran and Saudi Arabia. Iran denounced the sending of GCC forces into Bahrain to quell protesters. The GCC foreign minister in their last meeting in Jeddah on 14 June 2011 renewed their condemnation of continued Iranian interference in their internal affairs and its efforts to promote the sectarian divisions. Iran’s stand on the current Arab uprisings is far from being politically

or ideologically cohesive. It rather reflects its political aspirations for greater influence in the region. For some countries like Egypt, Libya and Bahrain, the Iranian leaders sided with the protestors and encouraged them to overthrow their leaders. In Syria, the Iranian government provides support to Bashar al-Assad’s regime to quell the unrest across the country.

### **Why only Jordan and Morocco?**

There are many factors that explain the decision of GCC countries to extend their membership invitations only to Jordan and Morocco, apart from them being merely the only monarchies left outside the Arab Gulf. Both countries’ political leaders have had a history of excellent diplomatic and personal relations with most of GCC countries’ ruling families. The Al-Saud family’s personal ties with the royal families of Morocco and Jordan reach back decades. Both countries have a fair level of political stability compared to other countries in the region. Their cohesive religious base is an important stability factor. They are both Sunni-dominated countries. Most importantly, none of these countries aspire to challenge the leadership role of Saudi Arabia in the Arab Gulf and Levant. Alliance with Morocco and Jordan is rather seen as boosting the ambitions of Saudi Arabia as pre-eminent Arab leaders in its region.

Both countries have limited relations with Iran, and over the past years cut their diplomatic relations. Morocco severed its relations with Tehran in 2009, accusing the Iranian diplomatic representation in Rabat of engaging in spreading Shiism. For Morocco, combating the spread of Shiism among Moroccans both within Morocco and abroad is a key goal of the religious security policy launched by the King Mohammed VI in 2004.

In addition to the dangers of sectarian tensions, the wide spread of Shiism is also seen as undermining the strategic importance of the Moroccan King's religious authority as the Commander of Faithful, a title he has carried since the country's independence. The Jordanian-Iranian relations have witnessed several crises over the last decade. In 2004, The King Abdullah's warned of a formation of a "Shia crescent" in the region as result of the Iran's growing efforts to spread its religious and political influence. Large Shiite minorities exist in most of the Kingdom's neighbouring countries, specifically Lebanon, Syria and Iraq.

The multi-faceted reform process that Morocco has embarked on for more than a decade now is an inspiring model for many GCC leaders and intellectuals. The prevailing view among many observers is that Morocco's political and economic reforms have made social unrest less intense and unchallenging in comparison to what other countries in the region are facing. These are likely to be key factors that have encouraged Morocco's traditional allies in the GCC to extend their membership invitation.

Security factors also played an important role in this shift of GCC foreign policy. The inception of the GCC integration was triggered by security fears. Concerns about the threats of a revolutionary Iran pushed the GCC countries to establish an alliance in 1981 to cooperate in all fields including security and defence. Not surprisingly, then, the group's proposed extension today follows the same objectives. The region's diversification policy of its security allies from only relying on the British and American forces has started few years ago, following the Iraq war in 2003. Establishing a French military base in Abu Dhabi in 2008, and the opening of a French military school in Qatar are all meant to be a part and parcel of a security hedging strategy.

Alignment with Morocco and Jordan should be seen in this context. Both countries have well-trained and professional military and security services, and will boost the capabilities of the GCC Peninsula Shield Forces. Adding new forces will overcome a structural weakness of GCC armies, which is a lack of sufficient human resources to control their vast territories and strategic sea passages. The size of the Moroccan military forces and their combating skills are well known and respected among the GCC countries. They have, over years, developed tactics and doctrines from their operational experience nationally and internationally. Jordan cooperation with the allied forces during the Iraq war has enhanced the capabilities of its security apparatus, particularly its special forces, in terms of techniques and equipment. There is a legacy of military cooperation. The two countries have also provided military assistance to GCC countries on many occasions. Morocco has military cooperation agreements with UAE, Saudi Arabia and Bahrain, and, since 2010, with Qatar. Thousands of Moroccan military officers have taken work placement in these countries since the 1980s. Several rulers and princes

from the region have relied on the services of Moroccan bodyguards for their personal protection. Saudi Arabia, in turn, helped financing arms purchases by Morocco during its war in 1970s and 1980s against the Polisario Front.

### Limited popular support within GCC

At the first glance, it may seem that the GCC countries have a unified position on how best to respond to these emerging security threats. Media reports tell a different story, however. The decision to expand GCC membership was a top-level political decision by Saudi Arabia and supported mainly by Bahrain and UAE, with the remaining member countries having shown less enthusiasm. Kuwait's Foreign Ministry officials pledged for a more prudent approach in dealing with the GCC expansion, and asked to conduct first a detailed study. Despite the agreement on the menaces posed by the Iranian regime, the GCC countries have opted for different foreign policy options to handle their bilateral relations with Iran. They hardly speak with one voice as they do on almost

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all matters of regional importance. Qatar and Oman have developed political and economic ties with Iran over the last years. In 2007, Qatar invited the Iranian president Mahmoud Ahmadinejad to attend the GCC summit as a special guest.

The prospect of new members has sparked significant public debate among GCC citizens and in the media, most of whose reporting was negative towards the GCC expansion. In the case of Jordan, the invitation to join the GCC was seen as more logical given the country's shared geographic borders, historical family ties, and socio-cultural similarities with the GCC countries. Jordan has always aspired to join the GCC, given the economic and financial opportunities that the country could gain. The invitation of Morocco, by contrast, has been widely perceived by Gulf commentators as incomprehensible, as the country never showed interest and is geographically remote from the region.

The main issue that has been fuelling the debate on both sides are the economic and socio-political implications on the GCC's economies and social norms, particularly the issue of inward labour migration from Morocco and Jordan. Throughout the GCC countries, unemployment among nationals is an acute socio-economic and policy problem. Despite their financial wealth, the GCC countries suffer from high youth unemployment due to the inability of their economies to generate enough job opportunities. A range of factors has contributed to this problem, including limited levels of eco-

economic diversification, high job expectations by GCC citizens, and the incompatibility of local skills with the private sector requirements. The invitation to Morocco and Jordan to join the GCC, and hence potentially enjoy the same free labour migration rights as current GCC members, has been particularly worrying for many Gulf observers who demand rather the greater nationalisation of jobs in their labour markets.

GCC citizens are hence hardly envisioning any economic benefits from an extended union, but rather see it as an economic burden to their public finances. Their views are fuelled by the macro-economic differences between the GCC countries on one hand, and Jordan and Morocco on the other. This reading is missing that for the GCC, it is mainly political compulsion than economic rationale that has driven considerations of a GCC expansion. Aside from the labour exodus fears, others criticised the way the decision was taken in isolation from all public institutions and other social forces that exist in the region. The lack of consultation is an attitude seen by many as not compatible with the spirit of the recent political reforms

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promises, and contradicting the current democratisation demands raised by the GCC citizens.

### **Between Membership or Partnership**

Whatever the reasons that could be behind such invitation, it constitutes an excellent opportunity for Morocco and Jordan to institutionalise and deepen their relations with the currently only functioning Arab regional grouping. Both countries immediately welcomed the GCC invitation. However, Jordan is likely to start negotiating the details of its adherence very soon, as it seems more determined and prepared than Morocco. Jordan has showed interests in joining the GCC at numerous occasions, although it never made an official application. Jordan's desire to access the GCC stems from the economic and political ties it has had with many GCC countries, particularly Saudi Arabia. Jordan, a country with no hydrocarbon resources, is entirely dependent on oil supplies at preferential rates or for free from the GCC oil exporters. Saudi Arabia, Kuwait and UAE are also an import source of development aid to Jordan. Remittances of almost half a million of Jordanians working in GCC countries are an important source of foreign currency. On the political front, Jordan has cooperated with leading GCC countries on regional issues such as the Iraq crisis and the Palestinian conflict. The exceptional relations between Jordan and Saudi Arabia in particular are evident from the number of exchanged visits among their heads of states, as well as military cooperation.

The GCC invitation hence came as a relief to the Jordanian leadership as it faces a delicate socio-economic momentum. The structural economic difficulties of Jordan worsened in recent months as result of the political upheaval in neighbouring countries, while country's the budget deficit is widening as a result of increasing food and hydrocarbon prices. This is happening in a time when the government is under enormous pressure to address the social and economic demands of its people. The political unrest in Syria has disrupted a key trade route between Turkey and Saudi Arabia, depriving the economy from logistics fees and goods. The disruption of gas supplies from Egypt for months, following an attack on the pipeline in February 2011, and Egypt's post-Mubarak regimes demand for a price rise for its gas exports before re-summing supplies have added worries about the country's energy security. It would be naïve to expect accession talks to be straightforward and achievable at no political and economic cost. Jordan's economic cooperation with Israel might be the first victim of its GCC membership.

Morocco offers a completely different scenario. Despite Morocco's efforts, over years, to achieve greater economic cooperation with other Arab countries, it never considered to approach the GCC over membership. The Moroccan foreign relations have been strongly dominated by the geography, and a desire to maintain good relations

with leading global powers, including a certain policy-bias towards Europe and the US. If anything, there is a clear lack of Moroccan policymakers' knowledge and understanding of the GCC as a political and economic entity. Morocco's foreign relation towards the region is based on bilateral relations with almost all GCC countries. This partly explains the Moroccan request for some time to formulate a response. In addition, Morocco has been pursuing its own efforts in deepening its ties with other countries and regional groups such as the European Union and the Maghreb countries, which requires it to make its own due diligence work before formulating a response.

There are many reasons for Morocco, at this point in time, to adopt an evolutionary approach in forging a special and comprehensive partnership with the GCC bloc, rather than opting for a membership status. The GCC governments have over the past three decades made major steps forward in their endeavour to better integrate their economies regionally. The economic convergence within the GCC is now the most advanced in the Arab world. A customs union was established in 2003 with a unified external tariff, and since 2008 the Gulf Common Market came into force allowing free movement of labour and capital. The GCC integration remains nevertheless work in progress. There are major other projects in the pipeline such as the monetary union, and the introduction of value added tax. The membership then will come with its economic strings and will require a complex process of adaptation of Morocco's current economic policies and a compromise on its future negotiations with other partners. From

a technical point of view, adjusting Morocco's foreign trade tariffs and putting customs measures in place is going to be a longsome task. A membership requires that GCC countries take one stand in negotiating economic and trade arrangements with third parties. The negotiation of the Bahrain-US free trade agreement in 2004, for instance, provoked an intense diplomatic and legal discussion within the GCC.<sup>1</sup> Morocco is unlikely to want to engage in such controversies, being economically dependent on the smooth functioning of its export trade in agricultural, industrial and textile products.

On the political front, there is yet the question of leadership. Within the GCC, there are countries that have more political weight than others due to the size of their territories and populations. It will be very difficult to envisage Morocco accepting to play a secondary role in case it decides to join, given its size both in terms of territory and population, and the key role the country and its political leadership have forged in North Africa for decades.

Having said that, it is not difficult to see the appeal for Morocco to seek an enhanced and comprehensive partnership with the GCC countries – which remains critically separate from full GCC membership. From an economic point of view, Morocco's foreign policy is based on pursuing free trade arrangements with other countries and trading blocs. It has already signed bilateral agreements with different countries in the Euro-Mediterranean area, the US and with other Arab countries including UAE. Signing a comprehensive trade arrangement with the GCC will prove lucrative to both sides. For Morocco, the GCC countries are rich in hydrocarbon resources, possess important financial resources that are mostly managed by their Sovereign Wealth Funds, and have a prosperous market that can absorb many of Morocco's exports. According to recent International Monetary Fund forecasts, the GCC economies are projected to register 7.8 % growth in 2011 as result of high oil prices.<sup>2</sup> Furthermore, a trade arrangement will boost Morocco's position as an export platform and an attractive investment destination. For the GCC economies, setting up a comprehensive investment legal framework will offer a secure alternative to their investments in different sectors. Morocco with its agricultural "Green Plan" offers an opportunity to serve, to some extent, as a secure food basket for the GCC.

Forging a partnership with this exclusive rich group of states offers a security valve for the political regime in Morocco.

Despite the absence of institutionalised economic and financial instruments in place to help less wealthy members, the recent financial help accorded to Bahrain and Oman from other wealthy GCC states is an example of the solidarity benefits that could be attained. The \$20 billion economic aid package promised to help Bahrain and Oman for the coming decade reinforces the view that GCC countries are willing and able to take tangible steps to help their partners when they need them.<sup>3</sup>

The timing is also crucial for Morocco. The invitation has arrived at a time when many of its trading partners are facing challenging times. The ramifications of negative economic performance in Tunisia, Libya and Egypt are going to be felt by the Moroccan exporters. In Europe, many southern countries and Ireland are going through difficult economic and financial cycles. The crisis will likely bring change to their socio-economic policies. Fears over risks of trade protectionism and tough immigration regulations are mounting among observers.

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On the political side, an enhanced partnership is likely to include putting in place a framework for institutionalised security and military cooperation. Consolidating security and diplomatic capabilities is a pressing matter for the GCC countries. The region faces two main acute challenges. Firstly, the GCC countries are concerned about the increasing military capabilities of Iran with its nuclear programme on one hand, and its aspirations for the entire Middle East on the other hand. Secondly, the risk of potential civil unrest within the GCC countries is more likely now with the people power sweeping across the Arab world. A security and defence partnership is also beneficial for Morocco, which is still not a full member of any defence and security structure. The Moroccan position in the Western Sahara dispute will likely benefit from any mutual defence agreement, diplomatically and militarily. Most GCC countries support the Moroccan claim on Western Sahara and its proposed autonomy plan. It is likely that a partnership will alter Qatar's stand on the dispute towards the position of most GCC countries. With the spread of unrest, their supportive stance might increase to avoid any further pressure or the collapse of the Moroccan regime. Unsurprisingly, the GCC invitation to Morocco has alerted the Algerian regime, since any alliance will sig-

1. Dominic Evans "GCC Partners Urge Bahrain to Drop Free Trade Pack with the US" Arab News, 24 November 2004. <http://archive.arabnews.com/?page=6&section=0&article=54971&d=24&m=11&y=2004>

2. International Monetary Fund, "Regional Economic Outlook: Middle East and Central Asia", April 2011.

3. Caryle Murphy "GCC to set up \$20bn bailout fund for Bahrain and Oman" The National, 11 March 2011. <http://www.thenational.ae/news/worldwide/middle-east/gcc-to-set-up-20bn-bailout-fund-for-bahrain-and-oman>

nificantly change the power balance in the region. Abdelaziz Belkhadem, Secretary General of Algeria's National Liberation Front, commented on the GCC invitation that it was "strange and incomprehensible".

A defence alliance is also beneficial from an economic perspective. It will allow greater synergies in terms of defence procurement and improvement of capabilities. Furthermore, geopolitics is also forcing Morocco to seek enhanced military alliances. The global political order is transforming rapidly towards a multipolar system with all the challenges and possibilities it poses.

Building a special partnership with the GCC is not going to be a replacement for Morocco's negotiations with Europe in the framework of an "enhanced status". Europe is and will remain the main financial and economic partner of Morocco. Establishing the Maghreb Arab Union remains a priority for Morocco, despite the difficulties. The Moroccan Ministry of Foreign Affairs' communiqué in response to GCC invitation highlighted the importance of the Maghreb integration project for Morocco's foreign policy.