أكاديمية أنور قرقاش الدبلوماسية ANWAR GARGASH DIPLOMATIC ACADEMY

Gulf-Europe Programme

AGDA INSIGHT | APR 2025

The Key Obstacles to the GCC-EU Free Trade Agreement in 2025

Leila-Maria Faddoul

Leila-Maria Faddoul
is an international affairs and legal specialist.

She holds a Bachelor of Law and a Master's in International Affairs from the Lebanese University and the Lebanese American University, respectively. Besides her academic background, Leila has experience in political, legal and security research and analyses in international think tanks, and in the governmental sector in Lebanon.

Summary

- The negotiations for a Free Trade Agreement (FTA) between the European Union (EU) and the Gulf Cooperation Council (GCC) have been a long and complicated process, which was suspended in 2008, almost two decades after its inception.[1]

- The negotiations were hindered because of specific issues that were in vogue at the time. Beyond certain roadblocks associated with EU's insistence on non-trade objectives in the GCC as a precondition for an economic deal, experts say that the oil industry was also one of the main negotiation obstacles. The European petrochemical sector lobby was worried about competition from Gulf states because of the comparative advantage of their oil products, which impacted the EU's strict requirements for the free trade agreement, fearing a flood in its market.[2]

- Today, while the reforms issue has receded to the background, sentiments of fear from market competition in European countries are widely shared among the far-right parties that are rising across the continent pushing for more protectionist measures and promoting economic nationalism.

- This Insight examines the prospects of an EU-GCC Free Trade Agreement through an analysis of the EU's internal political landscape. It concludes that in the current political climate, the EU's potential stance on international trade seems to be influenced by protectionist and Eurosceptic sentiments that may not play in favour of an EU-GCC FTA if analysed in isolation from the current geopolitical factors.

- The Insight then argues that growing geopolitical factors might push the EU to conclude a deal with the GCC, overshadowing the former's internal political dynamics. The factors include:

  - First, the possibility of an agreement on trade liberalisation between the GCC and China concerns the EU as European goods may become less competitive in the markets of the Gulf states.
  - Second, the decline in transatlantic ties with the United States due to various reasons, including the outcome of the presidential election and the growing non-partisan 'America First' policy,[3] signals a further worsening of US-EU trade.[4]

- The Insight suggests that the EU should emphasise its own added value and fortify its position as a reliable security partner to the GCC to finalise a deal. The Insight then recommends the following measures for reflection:

  - The two blocs should maximise their common vision for enhancing cooperation on security issues, which lays the ground for economic agreements by aligning the EU and GCC interests and priorities.
  - The EU should leverage the recently revived diplomatic channels between the two regional blocs, mainly the appointment of a Special Representative of the European Union for the Gulf Region, which in turn enhances trust and advances trade goals.
  - Use the Annual EU-GCC Ministerial Joint Council meetings for policy coordination and strategic engagement and the newly established EU-GCC high-level summit to facilitate trade liberalisation.
  - Capitalise on the increased institutional presence of the EU in the GCC nations.
  - Potentially study if FTAs represent the way forward, especially with some Gulf countries now forging bilateral economic agreements (CEPAs) or borrowing best practices from other FTAs that the GCC countries have signed in recent years.
  - Potentially study benefits of borrowing from the GCC-Asia trade ties template,which has grown exponentially over the last two decades.

The Issue

The negotiation for a Free Trade Agreement (FTA) between the European Union (EU) and the Gulf Cooperation Council (GCC) has been a long and complicated process. Starting in 1990, the talks faced several challenges, which led to their suspension in 2008, almost two decades later. Since then, the talks have been stuck in the negotiation phase, even after a recent attempt to revive them, and officials are not optimistic about the prospect of a breakthrough anytime soon.[6]

The FTA negotiations in their early years were seen as groundbreaking, "the first of its kind between two political and economic blocs," [7] and if ratified, would have been "the first region-to-region FTA ever to enter force worldwide." However, as of 2013, the EU has concluded FTAs with several regional blocs,[8] while the one with the GCC has not materialised yet.[9] This meant that the EU-GCC FTA was no longer at the forefront of these kinds of pioneering deals. [10]

From the outset, the stalling of the FTA negotiations has been attributed to the EU's stance on human and labour rights, as well as the oil industry.[11] The impasse has also been ascribed to the absence of political integration and the increased regional security risks in the Gulf, as well as the misalignment of expectations between the two blocs.[12] Some experts point out that one of the main issues was the difference in the institutional nature of the two organisations with the EU being a supranational entity while the GCC is an intergovernmental one.[13] Scholars also discussed obstacles to the negotiations related to the freedom of movement of people and visa waiver demands.[14]

Today, almost four decades after the start of the negotiations, the FTA is still in a gridlock. Significant changes however have occurred in one of the negotiating partners. The European Union has become increasingly influenced by the far-right. These parties promote protectionism and economic nationalism, aiming to shield national economies and industries from international competition. These widespread sentiments could further complicate trade negotiations with the GCC.

On the other hand, geopolitical factors might push the EU to have more incentives than discouragement in pursuing an FTA with the GCC. In reality, the EU fears a decline in transatlantic ties with the US, fuelled by the outcome of the US presidential election. It also worries about China's greater than-ever influence in the GCC, and amid two wars in the world. Together, the bloc is in desperate need of a reliable economic partner.

This Insight examines the prospects of an EU-GCC Free Trade Agreement through an analysis of the EU's internal political landscape and geopolitical dynamics and how they could affect the negotiations.

Trade Talks

The economic cooperation between the two regional blocs predates the FTA talks. The GCC has long been a strategic region for the EU in terms of trade, with the former becoming its 6th largest export market and an investment destination for its member states.[15] The EU is also the second-biggest trade partner with the GCC, just behind China.[16]

The relations between the two regions started with formal negotiations in December 1987. [17] The two sides then signed a Framework Cooperation Agreement in June 1988, which established regular trade and investment talks, as well as a dialogue on macroeconomic issues, energy, the environment, and climate change.[18] The agreement also set up a joint Foreign Ministers Council and a cooperation committee.[19]

In May 2017, the two blocs established a more structured but informal dialogue on trade and investment,[20] which concluded its sixth edition in Brussels in early June 2024. [21] This yearly gathering aims to address trade and investment issues between the two blocs and strengthen cooperation in important fields. [22] In May 2022, the two blocs signed a Joint Communication on Strategic Partnership, which also highlighted the importance of trade between the regions, [23] marking the first significant attempt at close cooperation in a long time. [24]

At large, the track of trade talks was distinct from the other areas of collaboration.[25] The 1988 EU-GCC Cooperation Agreement stipulated the need to promote, develop and diversify trade between the two parties to the greatest extent possible and to initiate talks aimed at reaching a consensus on trade expansion.[26] The trade negotiations thus started in 1991 and hoped to culminate in an agreement that improves each bloc's products' access to the other's markets and liberalises trade.[27]

Nevertheless, for 17 years, the negotiations were hindered because of specific issues relevant to the time. At every level, the barriers continued to exist despite multiple summits, initiatives and specialised subcommittees. As a result, the GCC decided in December 2008 to suspend the FTA negotiations.[29]

Nevertheless, repeated assurances and statements intended at the completion of an agreement remained. During the 21st EU-GCC Joint Council and Ministerial Meeting in 2011 for instance, the leaders explicitly reaffirmed their desire to carry out more talks to finalise the Free Trade Agreement "as soon as possible."

Figure 1: EU-GCC Trade Relations Timeline

Source: Author's compilation from various sources.

Obstacles to Negotiations

Since the onset of the negotiations, the EU's demand that the Gulf states establish a customs union has been one of the main roadblocks.[30] This necessitated the unity of customs duties and procedures between these nations' internal and external borders, as well as their integration into a strong economic union. The EU considered this harmonisation to be necessary to negotiate a free trade deal with the GCC as a unified organisation and not as individual nations with different customs laws.

This barrier was eventually removed in January 2003 with the creation of a customs union by the GCC nations, which provided a single international trade policy.[31] This move paved the way for the liberalisation of import and export practices by enabling the GCC countries to negotiate trade and customs agreements with other economic blocs.

After this issue was resolved, the EU added a new requirement stipulating that all GCC countries should join the World Trade Organization (WTO).[32] The pressure was mainly on Saudi Arabia, which was the only GCC state not part of the organisation at the time. In December 2005, Saudi Arabia joined the WTO.[33]

The EU then introduced more demands. These measures encompassed the liberalisation and privatisation of specific economic sectors in the Gulf, their opening to European investment, the removal of price support for specific goods and raw materials, and the resolution of political and social matters like human rights, women's economic involvement, and democracy.[34]

According to representatives at the 19th annual meeting of EU and GCC Foreign Ministers in 2009, a conditional clause stated that the FTA would be suspended if the GCC governments did not uphold human rights.[35] The GCC states were not content with this clause claiming that the EU was "bringing issues to the table that had nothing to do with trade." [36]

In reality, neither side disputes the fundamentals of human rights, and the problem was more related to the fact that the EU needs to be more accommodating to meet the GCC concerns and treat the organisation as an equal partner in negotiations.[37] The GCC countries believed that they were the only party being asked to give in to every demand, and those discussions became more heated as the EU made demands that the GCC bloc was forced to comply with.[38]

Eventually, in 2008 the negotiations were suspended unilaterally by the GCC countries since the EU's lack of flexibility made it impossible for the talks to continue. The GCC economies, however, approved the European demand to continue the consultations until they reached a consensus for resuming the negotiations.[39]

In the following years, the only ways the two regions continued to maintain institutional exchanges were through the annual Joint Council and Ministerial Meetings, several communiqués, and a few expert meetings that were meant to advance cooperation in the fields of energy, education, the environment, and fighting criminal activity.[40]

Beyond these stated reasons, and most importantly, experts say that the hydrocarbon industry was the main obstacle to the negotiations from the perspectives of both the EU and the GCC blocs. From the GCC's perspective, Saudi Arabia declined to cease providing subsidies to its energy sector, while other nations chose to continue charging various prices for gas exports.[41] On behalf of the EU, petrochemical companies pushed against trade liberalisation claiming that the GCC's double-pricing strategy amounted to an implicit subsidy that would permit dumping imports into the EU.[42]

The petrochemical potential of Saudi Arabia further incensed the sector to oppose the FTA. European oil companies thought that the FTA could encourage Saudi national petrochemical companies to expand throughout Europe.[43] Trade integration between the two regions would make it easier for the Saudi petrochemical corporation and the regional hydrocarbon industry in general to acquire cutting-edge technology, which would pose a challenge to the EU's competitive advantage and worldwide market dominance.[44]

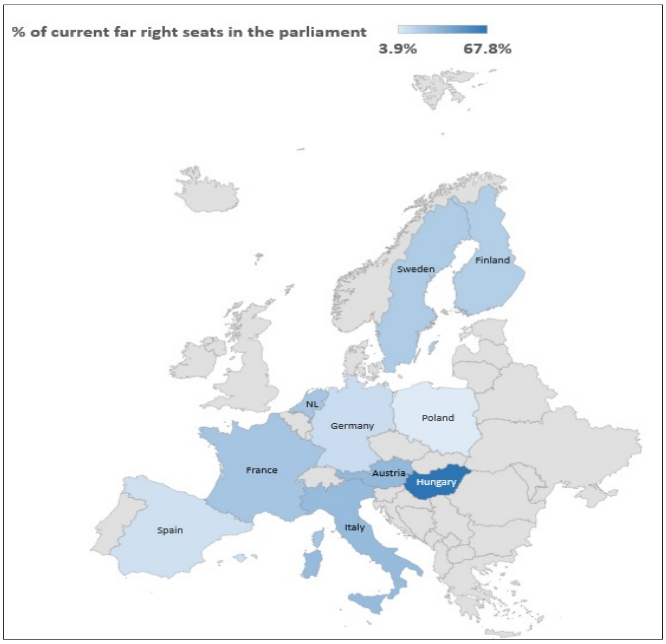
As such, the European petrochemical sector lobby, the Association of Petroleum Producers in Europe, was worried about competition from Gulf states because of their reduced prices for oil products. The lobby spearheaded protests against trade liberalisation and blocked the duty-free entrance of Gulf oil products.[45]

This protectionism is argued to have greatly impacted the EU's numerous requirements for the free trade agreement, and blocked the EU from providing a more generous package, often times by fixating on non-trade issues, like human rights and political reforms.[46]

THE EU'S POLITICAL LANDSCAPE

Today, sentiments of fear from market competition in European countries are widely shared among the far-right parties that are rising across the continent. Whether at the national level, or the EU level, these parties are increasingly pushing for more protectionist measures and promoting economic nationalism, calling for the establishment of trade barriers to protect national economies. Some of them are Eurosceptics, opposing the supranational superstate that the EU bloc constitutes, and they fear undermining the autonomy of member states. Either way, these parties complicate the adoption of an FTA that involves the EU as a partner even if it were for different reasons.

Figure 2: Percentage of Far-Right Seats in National Parliaments of Selected EU Countries (As of January 2025)



Source: Author's compilation from various POLITICO polls. [47]

The National Level

Far-right parties are becoming more represented in national governments across the continent. Governments are either led by hard-right parties, by a coalition that includes them or are preparing for an extreme political shift in their upcoming general elections. As such, the centre's influence on EU politics is bound to diminish in the next few years.

In Italy, Prime Minister Giorgia Meloni and her far-right party Fratelli d'Italia, or the Brothers of Italy, promote patriotic economics, which means that preference and protection are always given to the economy of the country.[48] Since she came to power, concerns have spread about her brand of economic patriotism that could drive Italy to revert on important liberalising reforms. Further, Prime Minister Meloni is motivated by the 'Made in Italy' posturing,[49] and her party by a protectionist, corporatist, statist, and critical view of free market economic theory.[50]

In Germany, the hard-right Alternative für Deutschland, or Alternative for Germany (AfD), follows an economic ultra-nationalism ideology, aggressively pursuing a policy of protectionism when it comes to national markets.[51] In September 2024, AfD won a state election marking the first time since Nazi Germany, a far-right party won a state election. According to some, Germany has become 'normal' since right-wing populists, who are powerful throughout Europe, are also making a big presence in the country.[52] The party also holds 10.3% of parliamentary seats and is also Eurosceptic. In 2021, it decided to pursue a formal exit from the EU, calling for a 'Dexit'.[53] Furthermore, the AfD emphasises less collaboration in the economy and cooperative projects, like border defence and trade agreements, with third nations.

Similarly, France has always been inclined toward protectionist economic policies.[54] Lately, it has aimed to pursue import substitution as a risk mitigation approach, which entails stopping the import of necessary low-cost technologies and manufacturing them in Europe at a higher cost to ensure independence.[55]

Protectionism is further promoted by the emerging far-right party, Rassemblement National (RN), or the National Rally, in the country. In 2017, the then far-right presidential candidate Marine Le Pen ran on an economic nationalism platform stating that "intelligent protectionism [...] will fight against unfair international competition, it will turn the economy around." [56]

More recently, France's snap general elections, triggered by the far-right wins of 30% of the French votes in the EU parliament, [57] revealed that there is a strong desire for change in the country that the centre has led.[58] Although the left, Nouveau Front Populaire, or the New Popular Front coalition, to everyone's surprise, won the snap elections,[59] the results revealed a significant increase in the far-right voter base.[60] The RN now holds more seats in the national assembly than any other single party, [61] and capitalising on its opponents' weakness, its popularity could materialise in the 2027 presidential elections.

Germany, France and Italy are not the only countries in the EU that are shifting to the right. Yet, these three countries are the biggest economies in the bloc,[62] as well as its three most populous nations.[63] Their positions on international free trade have a substantial sway, especially when the total population of the countries in favour of a policy affects its adoption in what is known as a 'qualified majority'. [64]

Qualified Majority in the Council of the EU – an EU institution that votes on international trade policy

"When the Council of the EU votes on a proposal [...] the proposal is adopted if a qualified majority is reached.

A qualified majority is reached if two conditions are simultaneously met:

- 55% of member states vote in favour, in practice this means 15 out of 27

- the proposal is supported by member states representing at least 65% of the total EU population."

The EU Level

This political climate is also reflected at the EU institution level, most recently in the EU Parliament, an institution that has direct involvement in international trade policymaking and ratification. The 2024 EU Parliament elections concluded in June 2024 and revealed gains for the hard right.

In quantitative terms, the centre retained the majority with 188 seats out of 720.[65] Leading the legislative agenda, the centre in the EU Parliament is a strong advocator for free and fair trade, as well as open markets.[66] It is influenced by large corporations,[67] and its voting pattern on FTAs in the parliament shows steady consent including being an avid supporter of the FTA between the EU and the South American trade bloc, famously known as the EU-Mercosur deal.[68]

However, the centre's willingness in recent years to work with the hard right increases the latter's influence on the decision-making process through potential coalition politics. Talks have been looming around the future of the informal centre coalition that was present in the outgoing Parliament. It is predicted that this coalition could no longer prove enough in the 2024-2029 term, with a potential rapprochement of the centre with the hard right.

Further, as previous votes in the outgoing Parliament show, a coalition that includes the centre and the hard right [69] often won on international trade.[70] As such, the protectionist influence of the extreme right might translate into extra protective measures for national economies that complicate the ratification of free trade agreements.

To sum up, not only the rise of the far-right paints a picture of the general mood in Europe but it directly translates into policymaking at the EU institution level, where the trade policy is discussed. In the current political climate, the EU's potential stance on international trade seems to be influenced by protectionist and Eurosceptic sentiments that could be unfavourable to an EU-GCC FTA if analysed in isolation from current geopolitical factors.

Geopolitical Factors

The EU's turn to the extreme right of the political spectrum and its subsequent Eurosceptic and protectionist sentiments may be overshadowed by the growing geopolitical factors that in contrast push the EU to conclude a deal with the GCC. This emerges in the context of the widespread practice of large economic blocs waging trade wars with one another. China's deep economic relations with the Gulf countries, coupled with a decline in EU-US transatlantic ties, and projected to further worsen with President Trump's re-election, signal a need for the EU to finalise the deal.

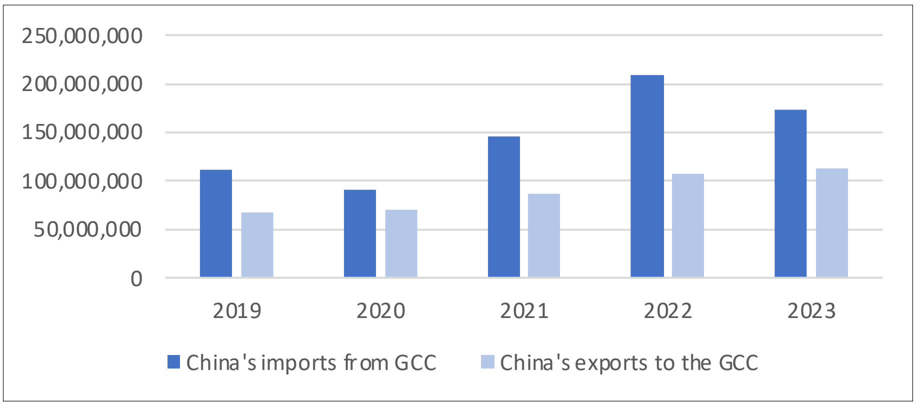
In fact, in the years following 2021, talks about a GCC-EU FTA have been revived. During the high-level dialogue held on the fringes of the 76th UN General Assembly in New York, it was reported that the EU has provisionally reopened negotiations with the GCC over the free trade agreement, due to its significance for both sides.[71] More recently, the leaders of the EU and GCC reaffirmed their shared commitment to a strategic trade and investment partnership at the first-ever EU-GCC summit held at the level of heads of state and government in Brussels in October 2024 during which they also stated their aim to continue talks to reach a regional GCC-EU free trade agreement.[72]

China's Growing Influence in the GCC Region

Concerned about the possibility of an agreement on trade liberalisation between the GCC and China, the EU is keeping a close eye on the negotiations' developments. Now in their 19th year, the free trade talks between China and the Gulf states have advanced significantly, and the beginning of 2024 marked the completion of almost 90% of the conditions outlined in the free trade agreement. [73]

Moving closer to an FTA aligns with China's goals of improving cooperation between the Belt and Road Initiative (BRI) and the Gulf's development plans, especially in the next 20 years.[74] An FTA between the Gulf countries and China is predicted to open up new business prospects in robotics, artificial intelligence, technology, and services, as well as improve relations in logistics, transportation, and infrastructure, which might greatly boost non-oil trade. There are also other opportunities in manufacturing, space exploration, tourism, construction, and connecting financial markets.[75] This scenario is plausible. China and the GCC countries are important contributors to the growth of the global gross domestic product (GDP) and their economies rely heavily on energy.[76] Together, they represent around 22%of the world's GDP.[77] China is the Gulf countries' main trading partner, having replaced the EU in 2020.[78] A clear understanding of trade exchanges between both regions can be gained from the graph below, which displays the value of China's imports and exports from and to the GCC between 2019 and 2023.

Figure 3: Bilateral trade between China and the GCC (USD)



Source: Author's compilation from various ITC indexes.

The United Arab Emirates (UAE) and Saudi Arabia have a comprehensive strategic partnership with China, the highest level of diplomatic recognition and cooperation Beijing can provide a foreign nation. In a similar vein, China has established strategic alliances with Qatar, Oman and Kuwait, which represent China's second-highest degree of international collaboration.[80]

Furthermore, the GCC countries are of high importance to China, especially for its energy security needs.[81] China's imports from the GCC states accounted for approximately one-third of its overall imports in 2023, with 201 million metric tons of crude oil and 18 million tons of Liquefied Natural Gas (LNG) coming from these countries.[82] Saudi Arabia is the region's biggest exporter to China with around 86 million metric tons of exports in 2023.[83] China is the biggest buyer of Omani crude oil, purchasing 78.4% of the country's output.[84] Historically, Oman has been the GCC's second-largest crude oil supplier to China before being overtaken in 2022 by the UAE.[85] In 2023, the UAE exported 42 million metric tons of crude oil to China.[86]

In addition, the UAE is considered China's biggest non-oil trading partner and largest export market in the Middle East and North Africa.[87] China is one of Qatar's main gas consumers as well. In November 2022, Qatar Energy inked the longest-term LNG agreement, a 27-year contract, to provide 4 million tons of LNG to Sinopec, the Chinese oil and gas giant.[88]

These deep economic ties worry the EU as European goods may become less competitive in the Gulf markets. On the other hand, China's 'non-interference principle' [89] and 'no questions asked approach'[90] are more appealing to the GCC economies than the EU's inclusion of non-trade objectives in trade agreements.[91]

In this regard, the GCC countries have previously voiced their frustration with this EU approach when they suspended the FTA negotiations and complained about the EU's "mixing of politics and trade." [92] Former Secretary-General of the GCC, Abdul Rahman Al Attiyah, said during the suspension of the negotiations that "human rights [...] should not be imposed" and that "domestic laws and regulations should not be weakened by [the FTA] agreement because it is a matter of sovereignty." [93]

That said, the EU needs to prepare itself and speed up the free trade deal with the GCC. In recent times, the fear surrounding the Gulf petrochemical industry has been mitigated by advances in the European market.[94] European corporations have begun importing basic resources from elsewhere to manufacture plastic because of the escalating costs of production and energy.[95] Instead of being afraid of trade liberalisation with the Gulf markets, this makes powerful lobbying groups inside the EU more amenable.

Declining EU-US Transatlantic Ties

Another reason behind the EU's need to finalise a deal with the Gulf states can be attributed to a decline in transatlantic ties with the United States (US). The bloc is bracing itself for resident Trump's second term, with nearly every EU nation, the EU Commission and NATO developing back-up plans fearing a serious damage to the Atlantic alliance.[96] Brussels is also developing a strategy that outlines the fallout from the election in November 2024, including economic sanctions should Trump impose his own tariffs on the EU.[97]

A Trump 2.0 sparks serious concerns in the EU. On the one hand, he has declared that he will compel Ukraine to make peace with Russia and give up lands that the Kremlin claims as its own. Regarding his plans for NATO, he has made it his goal to reduce US involvement by boycotting meetings or requiring the US military to skip joint drills.[98]

On the other hand, Europe is worried that he will continue to pursue his isolationist 'America First' policy from his first term,[99] which signals a disaster in the US-EU trade.[100] Trump has pledged to continue on the same course in a second term, declaring that he will challenge Europe on trade.[101] He also attacks free trade, claiming that it has harmed American workers.[102] His protectionist approach puts pressure on the European market for trade diversion whereby goods that were formerly exported to the USA would search for new markets.

As part of his 'America First' agenda, Trump has consistently emphasised renegotiating trade agreements with America's allies in order to obtain better terms that prioritise US economic interests over those of other countries.[103] In his previous campaign, he made commitments to renegotiate or, if necessary, withdraw from the Trans-Pacific Partnership (TPP), which he managed to terminate,[104] the World Trade Organisation, and the North American Free Trade Agreement (NAFTA),[105] which he revamped into the US-Mexico-Canada Agreement (USMCA).[106]

Further, Trump's return to the White House may spark a new trade tariff war between the US and the EU, after relative tranquillity during the Biden administration.[107] Trump's first mandate was characterised by the imposition of tariffs on several EU goods, such as steel and aluminium and its future trade policy plans announce the implementation of a broad import tariff of 10% on European goods.[108] Additionally, under a second Trump administration, existing transatlantic trade disputes such as the Boeing-Airbus subsidy dispute, steel and aluminium tariffs and European digital taxes will probably worsen.[109]

Beneath the possible foreign policy shocks, the EU fears a global alliance that might come together and provide a platform for European populists to form unique connections with Trump's Washington.[110] The European populist right may become more confident after Trump's re-election and use greater power to impede initiatives and unified EU policies. In fact, Hungary's prime minister, Viktor Orbán, celebrated Trump's win, saying, "History has accelerated" while Geert Wilders, the head of the Freedom party in the Netherlands said, "Patriots are winning elections all over the world." [111] In national elections in 2025, these parties might also try to get US support for far-right parties, such as those in Germany and Poland.[112]

Conclusion

The current political climate in Europe signals a clear shift to the right accompanied by widespread Eurosceptic and protectionist approaches fuelled by the farmers' protests calling for the protection of local businesses.[113] Analysing the internal political dynamics of Europe in isolation points to the conclusion that a free trade agreement with the GCC might not be on the horizon. However, by adding the geopolitical factors to the equation, the free trade agreement is back on the table.

With China's growing influence in the Gulf and complexities projected with the decline in transatlantic ties, the EU should find a way to finalise the free trade agreement with the GCC bloc. To do that, the EU needs to emphasise its own added value and fortify its position as a reliable security partner.

Despite its improving relations with the GCC, China is still considered a "security-free rider" since it cannot and does not want to support Gulf security.[114] In addition, current events seem to suggest that Washington may not be able or even willing to carry out its historical security role in the foreseeable future in the region.[115] On one side, the United States' most recent Middle East endeavours in Iraq and Afghanistan have turned into pitfalls, making it difficult to imagine continuing to be involved in such a way.[116] On the other, Washington proved to have lacked a balanced stance on important matters related to regional security, as the current conflict in Gaza highlights.[117]

As such, Europe is well positioned to be the next important player in contributing to regional security, guaranteeing the stability of regional nations, fostering the prosperity of their peoples, and supporting global peace and security. [118] A further factor that makes Europe a desirable partner is the EU's increasing recognition of the Gulf region's strategic importance and the consequent need for Europe to step up its efforts to forge meaningful cooperation with the GCC states.[119] With this in mind, the opportunity to materialise a FTA could lie in the security imperative and capitalising on the recent strategic engagement between the two blocs. This Insight recommends the following measures for reflection:

- **Maximise the two blocs' common vision for enhancing cooperation on security issues.** The GCC-EU Forum on Regional Security and Cooperation and the EU-GCC Regional Security Dialogue show that regional security issues are being discussed at high levels with shared objectives. Likewise, during the EU-GCC first summit in 2024, the leaders of the two regional blocs declared their agreement to promote together "global and regional security and prosperity." This fosters reliability and lays the ground for economic agreements by aligning the EU and GCC interests and priorities, which makes them more likely to reach equally beneficial trade terms

- **Leverage the recently revived diplomatic channels between the two regional blocs.** This also enhances trust and advances trade goals. The appointment of former Italian Foreign Minister Luigi Di Maio as Special Representative of the European Union for the Gulf Region stands as an opportunity for a focused leadership that helps prioritise common objectives. In fact, during his talk at the Anwar Gargash Diplomatic Academy in July 2024, Di Maio stressed the two region's longstanding strategic ties and expressed the consensus in the EU about the Gulf's significance, which is reflected in his appointment. Di Maio's "energic advocacy" and active political presence in the Gulf have apparently helped gain the trust of Gulf policymakers.

- **Use the Annual EU-GCC Ministerial Joint Council meetings for policy coordination and strategic engagement and the newly established EU-GCC high-level summit to facilitate trade liberalisation.** The latest ministerial joint council held in October 2024, illustrated the commitment of the two blocs to "further strengthen the existing trade and investment dialogue" and that future talks "continue to discuss regulatory cooperation," While during the first-ever EU-GCC head of states and government summit the two sides explicitly declared their willingness to discuss free trade further.

- **Capitalise on the increased institutional presence of the EU in the GCC nations.** The latest opening of an EU office in Qatar was in 2022, and another one is planned for the Sultanate of Oman. Strong institutional ties help better coordinate trade goals and collaborate closer to tackle trade obstacles and discover new avenues for cooperation.

- **FTAs or CEPAs** -- Potentially studying if FTAs represent the way forward, especially with some Gulf countries now forging bilateral economic agreements (CEPAs) or borrowing best practices from other FTAs that the GCC countries have signed in recent years.

- **Exploring adopting best practices from GCC-Asia trade ties.** Potentially studying benefits of borrowing from the GCC-Asia trade ties template, which has grown exponentially over the last two decades.

Endnotes

1. European Commission. (n.d.). Gulf region. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region_en
2. Al-Tamimi, A. (2024, April 25). Major EU-Gulf trade boost revives talk of reducing barriers. Al Majalla. https://en.majalla.com/node/315486/business-economy/major-eu-gulf-trade-boost-revives-talk-reducing-barriers
3. Welsink, J. (2024, January 29). The end of strong Transatlantic Relations? How Trump(ism) could shape the EU's future. European Student Think Tank. https://esthinktank.com/2024/01/29/the-end-of-strong-transatlantic-relations-how-trumpism-could-shape-the-eus-future-2/
4. Rettman, A. (2024, JULY 12). Biden's future in doubt among EU friends after new blunders EU & the World. Euobserver. https://euobserver.com/EU%20&%20the%20World/arab5e35a3
5. European Commission. (n.d.).
6. Sambidge, A. (2024, May 14). GCC-EU trade drops by $8bn as talks pause. AGBI. https://www.agbi.com/analysis/trade/2024/05/gcc-eu-trade-drops-by-8bn-as-talks-pause/
7. Kostadinova, V. (2013). What is the Status of the EU-GCC Relationship? Gulf Research Center. Available at: https://www.files.ethz.ch/isn/167338/EU-GCC_9227.pdf__.pdf Accessed [July 24, 2024]
8. Szecowka, S. (2009, May). GCC-EU FTA hits roadblock again. Gulf Weekly. https://www.gulfweekly.com/Articles/22025//GCC-EU-FTA-hits-roadblock-again
9. European Commission. (n.d.).
10. Kostadinova, V. (2013).
11. Sambidge, A. (2024, May 14).
12. Ibid.
13. Kostadinova, V. (2013).
14. Gulf Cooperation Council. (2024). Negotiations with the EU. https:/www.gcc-sg.org/en-us/CooperationAndAchievements/Achievements RegionalCooperationandEconomicRelationswithotherCountriesandGroupings/Pages/NegotiationswiththeEU.aspx
15. European Commission. (n.d.).
16. Ibid.
17. Gulf Cooperation Council. (2024).
18. European Commission. (n.d.).
19. Gulf Cooperation Council. (2024).
20. European Commission. (n.d.).

21. GCC Standardization Organization. (2024, June 4). GSO participates in the Sixth Trade and Investment Dialogue between the Gulf Cooperation Council and the European Union. https://www.gso.org.sa/en/media/2024/06/gso-participates-in-the-sixth-trade-and-investment-dialogue-between-the-gulf-cooperation-council-and-the-european-union/

22. European Commission. (n.d.).

23. European Commission. (2022, May 18). Joint Communication To The European Parliament And The Council: A strategic partnership with the Gulf. Available at: https://www.eeas.europa.eu/sites/default/files/documents/Joint%20Communication%20to%20the%20European%20Parliament%20and%20the%20Council%20-%20A%20Strategic%20Partnership%20with%20the%20Gulf.pdf Accessed [July 16, 2024].

24. Behr, T. & Genugten, S. (2022, June 1). Can a new EU strategy bring EU and Gulf actors closer together? Middle East Institute.https://www.mei.edu/publications/can-new-eu-strategy-bring-eu-and-gulf-actors-closer-together

25. Gulf Cooperation Council. (2024).

26. Ibid.

27. Ibid.

28. The Economic Times. (2008, December 23). GCC suspends EU free-trade talks. https://economictimes.indiatimes.com/news/economy/foreign-trade/gcc-suspends-eu-free-trade-talks/articleshow/3882329.cms?from=mdr

29. The Council of the European Union. (2011, April 20). 21st EU-GCC Joint Council and Ministerial Meeting Abu Dhabi, 20 April 2011. Available at: https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/121610.pdf Accessed [July 23, 2024]

30. Noureddine, A. (2024, June 10). Gulf-European Trade Liberalization: Motives and Obstacles. Fanack. https://fanack.com/economy/features-insights/gulf-european-trade-liberalization-motives-and-obstacles~267608/

31. Gulf Cooperation Council. (2024). The Customs Union. https://www.gcc-sg.org/en-us/CooperationAndAchievements/Achievements/EconomicCooperation/TheCustomsUnion/Pages/Practicalproceduresfortheestab.aspx#:~:text=On%20January%201st%202003%2C%20the,levied%20on%20all%20foreign%20imports

32. Noureddine, A. (2024, June 10).

33. World Trade Organisation. (2024). Kingdom of Saudi Arabia and the WTO. https://www.wto.org/english/thewto_e/countries_e/saudi_arabia_e.htm#:~:text=The%20Kingdom%20of%20Saudi%20Arabia,WTO%20since%2011%20December%202005

34. Noureddine, A. (2024, June 10).

35. Szecowka, S. (2009, May).

36. Ibid.

37. Ibid.

38. Hashmi, A., Al-Eatani, F. & Shaikh, F. (2014, February). Is There A Need For A Free Trade Agreement Between The European Union And Gulf Cooperation Council? International Business & Economics Research Journal. Available at: https://www.researchgate.net/publication/297898429_Is_There_A_Need_For_A_Free_Trade_Agreement_Between_The_European_Union_And_Gulf_Cooperation_Council/fulltext/56ee535708aed17d09f7c824/Is-There-A-Need-For-A-Free-Trade-Agreement-Between-The-European-Union-And-Gulf-Cooperation-Council.pdf Accessed [July 24, 2024]

39. Gulf Cooperation Council. (2024).

40. Colombo, S. (2014). Bridging the Gulf: EU - GCC Relations at a Crossroads. Edizioni Nuova Cultura. Available at: https://www.files.ethz.ch/isn/182093/iairp_14.pdf Accessed [July 24, 2024]

41. Ayadi, R. & Gadi, S. (2012, December). Trade and Investment Cooperation between the EU and the Gulf Cooperation Council: Current trends and future prospects. SHARAKA. Available at: https://www.iai.it/sites/default/files/Sharaka_C_03.pdf Accessed [July 23, 2024]

42. Ibid.

43. Ibid.

44. Ibid.

45. Colombo, S. (2014).

46. Ibid.

47. POLITICO. (n.d.) Poll of Polls. https://www.politico.eu/europe-poll-of-polls//

48. Leali, G. & Lynch, S. (2022, September 18). Is the eurozone safe with Giorgia Meloni's 'patriotic' economics? POLITICO. https://www.politico.eu/article/is-the-eurozone-safe-with-giorgia-meloni-patriotic-economics/

49. Lazar, M. & Chaney, E. (2022, October 10). What Can the New Italian Government Achieve Politically and Economically? Institut Montaigne. https://www.institutmontaigne.org/en/expressions/what-can-new-italian-government-achieve-politically-and-economically

50. The Economist. (2024, January 23). Georgia Meloni Has Proved the Doubters Wrong. https://www.economist.com/europe/2024/01/23/giorgia-meloni-has-proved-the-doubters-wrong

51. Hohagen, C. (2024, June 14). Will the EU-Mercosur Deal Survive the New European Parliament? Global Americans. https://globalamericans.org/will-the-eu-mercosur-deal-survive-the-new-european-parliament/

52. Stroud, L. (2024, September 3). Germany grapples with far-right surge as AfD wins state election. https://www.euronews.com/my-europe/2024/09/03/germany-grapples-with-far-right-surge-as-afd-wins-state-election

53. The Strait Times. (2024, February 1). Turning Back the Clock: Germany's AfD and the economy. https://www.straitstimes.com/world/europe/explainer-turning-back-the-clock-germanys-afd-and-the-economy

54. Steinbach, A. (2023, July 8). 'France is traditionally more inclined to protectionist economic policies than Germany'. Le Monde. https://www.lemonde.fr/en/opinion/article/2023/07/08/france-is-traditionally-more-inclined-to-protectionist-economic-policies-than-germany_6046276_23.html

55. Ibid.

56. Reuters. (2017, April 14). France's Le Pen says protectionism can spur GDP growth to 2.5 percent by 2021. https://www.reuters.com/article/world/france-s-le-pen-says-protectionism-can-spur-gdp-growth-to-2-5-percent-by-2021-idUSKBN17F2O8/

57. Kroet, C. & Schickler, J. (2024, June 10). EU elections: Meet the winners and losers in Brussels and across Europe. Euronews. https://www.euronews.com/my-europe/2024/06/10/eu-election-results-hang-in-the-balance-as-polls-close

58. Beattie, A. (2024, July 1). Le Pen brings protectionism home to the French border. Financial Times. https://www.ft.com/content/0ccd2e2c-04e1-4acd-89b9-f62d0738d95a

59. Tidey, A. (2024, July 8). Far-right loses France's snap elections but sets sight on 2027 presidential vote. Euronews. https://www.euronews.com/my-europe/2024/07/08/far-right-loses-frances-snap-elections-but-sets-sight-on-2027-presidential-vote

60. Hird, A. (2024, July 2). Results from first round of France's snap elections mapped out. Rfi. https://www.rfi.fr/en/france/20240702-tues-8am-results-from-first-round-of-france-s-snap-elections-mapped-out-rn-far-right

61. Mallet, V. (2024, July 13). Marine Le Pen had victory snatched away — but the far right has momentum. Financial Times.https://www.ft.com/content/a7aca213-a8e6-4926-8f4d-2640b284b9cc

62. Rao, P. (2023, February 1). These are the EU countries with the largest economies. World Economic Forum. https://www.weforum.org/agenda/2023/02/eu-countries-largest-economies-energy-gdp/

63. McEvoy, O. (2024, July 4). Population of Europe in 2023 by country. Statista. https://www.statista.com/statistics/685846/population-of-selected-european-countries/#:~:text=In%202022%2C%20Russia%20had%20the,and%20France%20at%2065.6%20million

64. European Council, Council of the European Union. (2024, June 28). Qualified majority. https://www.consilium.europa.eu/en/council-eu/voting-system/qualified-majority/

65. European Parliament. (2027, July 16). 2024 European election results. https://results.elections.europa.eu/en/index.html

66. European People's Party. (2024). International Trade. https://www.eppgroup.eu/what-we-do/foreign-affairs/international-trade

67. Barcena, L. (2024, May 29). EU Parliamentary Elections. Transnational Institute. https://www.tni.org/en/article/eu-parliamentary-elections

68. Hohagen, C. (2024, June 14).

69. Hegedus, D. (2024, June 6). Cutting Across the Center, Cooperation With the Radical Right Becomes the Main Cleavage in EU Politics. German Marshall Fund. https://www.gmfus.org/news/cutting-across-center-cooperation-radical-right-becomes-main-cleavage-eu-politics

70. Cunningham, K. et al. (2024, January 23). A sharp right turn: A forecast for the 2024 European Parliament elections. European Council on Foreign Relations. https://ecfr.eu/publication/a-sharp-right-turn-a-forecast-for-the-2024-european-parliament-elections/

71. Arab News. (2021, September 30). GCC and Europe to revive free trade deal talks: EU Ambassador. https://www.arabnews.com/node/1938636/business-economy

72. European Council, Council of the European Union. (2024, December 16). First EU-Gulf Cooperation Council summit, 16 October 2024. https://www.consilium.europa.eu/en/meetings/international-summit/2024/10/16/

73. Habtor, A. (2024, January 30). Beijing: China, GCC Complete 90% of Free Trade Agreement. Asharq Al-Awsat. https://english.aawsat.com/business/4822066-beijing-china-gcc-complete-90-free-trade-agreement

74. Barhouma, M. (2024, May 20). Potential GCC-China Free Trade Agreement: Cementing Partnership 'Beyond Oil'. Emirates Policy Center. https://epc.ae/en/details/brief/potential-gcc-china-free-trade-agreement-cementing-partnership-beyond-oil-

75. Ibid.

76. Raffoul, A. & Keller, K. (2024, April 10). As China-Gulf relations deepen, here are 3 key sectors for growth. World Economic Forum. https://www.weforum.org/agenda/2024/04/3-key-sectors-poised-for-explosive-growth-as-china-gcc-cooperation-deepens/

77. Keller, K. & Simpfendorfer, B. (2023, August 14). Why China and the Gulf's deepening economic ties are about more than just oil. World Economic Forum. https://www.weforum.org/agenda/2023/08/why-china-and-the-gulfs-deepening-economic-ties-are-about-more-than-just-oil/

78. Tang, F. (2022, June 12). China meets Gulf oil bloc with sights set on free-trade agreement and energy security. South China Morning Post. https://www.scmp.com/economy/china-economy/article/3163121/china-meets-gulf-oil-bloc-sights-set-free-trade-agreement-and

79. International Trade Centre. (n.d.). Trade Map. https://www.trademap.org/Index.aspx

80. Barhouma, M. (2024, May 20).

81. Webster, J. & Pelayo, J. (2023, August 5). China is getting comfortable with the Gulf Cooperation Council. The West must pragmatically adapt to its growing regional influence. Atlantic Council. https://www.atlanticcouncil.org/blogs/menasource/china-is-getting-comfortable-with-the-gulf-cooperation-council-the-west-must-pragmatically-adapt-to-its-growing-regional-influence/

82. Keju, W. (2024, May 25). China ready to boost oil ties with GCC. China Daily. https://www.chinadaily.com.cn/a/202405/25/WS665145caa31082fc043c9112.html#:~:text=In%202023%2C%20China%20imported%20about,to%20data%20from%20the%20administration.

83. Textor, C. (2024, July 10). Crude oil import volume in China 2022-2023, by country. Statista. https://www.statista.com/statistics/1310953/oil-imports-by-country-china/

84. Abdel Ghafar, A. (2022, June 1). Sino-GCC Relations: Past, Present, And Future Trajectories. Middle East Council on Global Affairs.

85. Webster, J. & Pelayo, J. (2023, August 5).

86. Textor, C. (2024, July 10).

87. Abdel Ghafar, A. (2022, June 1).

88. Bachulska, A. & Binaco, C. (2023, February 21). An open relationship: What European governments can learn from China-Gulf cooperation. European Council on Foreign Relations. https://ecfr.eu/article/an-open-relationship-what-european-governments-can-learn-from-china-gulf-cooperation/

89. Webster, J. & Pelayo, J. (2023, August 5).

90. Ibid.

91. Christen, E. et al. (2022, October). The Brussels Effect 2.0 How the EU Sets Global Standards with its Trade Policy. Research Centre International Economics. Available at: https://www.econstor.eu/bitstream/10419/278200/1/1819336239.pdf Accessed [July 7, 2024].

92. The Economic Times. (2008, December 23).

93. Reuters. (2008, December 28). Row stalled Gulf-EU talks. https://www.bilaterals.org/?row-stalled-gulf-eu-talks

94. Noureddine, A. (2024, June 10).

95. Blas, J. (2023, November 20). Europe's Petrochemical Industry Is Heading for Death Row. Bloomberg. https://www.bloomberg.com/opinion/articles/2023-11-20/europe-s-petrochemical-industry-is-heading-for-death-row

96. Klaus, L. (2024, May 13). The Looming Danger of Transatlantic Disunity. Georgetown Journal of International Affairs. https://gjia.georgetown.edu/2024/05/13/the-looming-danger-of-transatlantic-disunity/

97. Ibid.

98. Moens, B. (2024, April 24). How a second Trump presidency could tear Europe apart. POLITICO. https://www.politico.eu/article/donald-trump-second-term-presidency-united-states-tear-europe-eu-apart/

99. Welsink, J. (2024, January 29).

100. Rettman, A. (2024, JULY 12).

101. Serhan, Y. (2024, July 8). 'It's Nearly Impossible to Prepare:' How Europe Is Bracing for a Potential Trump Return. TIME. https://time.com/6995863/trump-europe-nato-summit/

102. Barichella, A. (2017, January 16). The Trump Presidency: what consequences will this have on Europe? Foundation Robert Schuman. https://www.robert-schuman.eu/en/european-issues/417-the-trump-presidency-what-consequences-will-this-have-on-europe#ancre_7

103. Ibid.

104. Jaeger, M. (2024, May 13). On Trade, a Return of Trump Would Spell Trouble for EU. Internationale Politik Quarterly. https://ip-quarterly.com/en/trade-return-trump-would-spell-trouble-eu

105. Barichella, A. (2017, January 16).

106. Chatzky, A., McBride, J. & Sergie, M. (2020, July 1). NAFTA and the USMCA: Weighing the Impact of North American Trade. https://www.cfr.org/backgrounder/naftas-economic-impact

107. Sanchez Alonso, A. & Hardy, E. (2024, January 17). Should the EU fear a Trump return to the White House? Euronews. https://www.euronews.com/my-europe/2024/01/17/should-the-eu-fear-a-trump-return-to-the-white-house

108. The Brussels Times. (2024, February 7). If re-elected, Trump will target EU with trade sanctions. https://www.brusselstimes.com/914767/if-re-elected-trump-will-target-eu-with-trade-sanctions

109. Jaeger, M. (2024, May 13).

110. Belin, C., Ruge, M. & Shapiro, J. (2024, June 12). Imagining Trump 2.0: Six scary policy scenarios for a second term. European Council on Foreign Relations. https://ecfr.eu/publication/imagining-trump-2-0-six-scary-policy-scenarios-for-a-second-term/

111. Rachman, G. (2024, November 11). Trump's European allies think history is turning in their direction. Financial Times.https://www.ft.com/content/629b3f03-4363-4232-adf2-ddb4ade9bbe7

112. Ibid.

113. Abnett, K. (2024, April 3). Europe's restless farmers are forcing policymakers to act. Reuters. https://www.reuters.com/world/europe/europes-restless-farmers-are-forcing-policymakers-act-2024-04-03/

114. The Arab Gulf States Institute in Washington. (2021, September 24). The European Union and Gulf Cooperation Council: a new path for cooperation? [Video]. YouTube. https://www.youtube.com/watch?v=1Qxv_uRHBGM

115. Koch, C. (2024, April). Europe and Regional Security in the Gulf. Gulf Research Center. Available at: https://www.grc.net/documents/6626484a12932EuropeandRegionalSecurityintheGulf2.pdf Accessed [July 16, 2024]

116. Ibid.

117. Ibid.

118. Ibid.

119. Ibid.

120. Mazzucco, L. (2024, November 18). First EU-GCC Summit Charts Course for Strategic Partnership. Arab Gulf States Institute in Washington. https://agsiw.org/first-eu-gcc-summit-charts-course-for-strategic-partnership/

121. European Council, Council of the European Union. (2024, December 16).

122. Anwar Gargash Diplomatic Academy. (2024, July 2). Two Years Young: GCC-EU Strategic Partnership. https://www.agda.ac.ae/media-centre/agda-events/event-details/2024/07/02/default-calendar/two-years-young-gcc-eu-strategic-partnership

123. Mazzucco, L. (2024, November 18).

124. European Council, Council of the European Union. (2023, October 10). Co-Chairs' Statement of the 27th GCC-EU Joint Council and Ministerial Meeting. https://www.consilium.europa.eu/en/press/press-releases/2023/10/10/co-chairs-statement-of-the-27th-gcc-eu-joint-council-and-ministerial-meeting/

125. European Council, Council of the European Union. (2024, December 16).

126. EEAS. (2021, October 13). The European Union and the State of Qatar. https://www.eeas.europa.eu/qatar/european-union-and-qatar_en?s=207

127. Bianco, C. (2023, May 3). The EU's Strategic Partnership With The Gulf: One Year On. Brussels International Center. https://www.bic-rhr.com/research/eus-strategic-partnership-gulf-one-year#:~:text=The%20document%20called%20for%20opening,now%20been%20postponed%20to%202024