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# REPORT

on European Union relations with the Gulf Cooperation Council  
(2010/2233(INI))

Committee on Foreign Affairs

Rapporteur: Dominique Baudis

Rapporteur (\*):  
Mário David, Committee on International Trade

(\*) Associated committee – Rule 50 of the Rules of Procedure

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on European Union relations with the Gulf Cooperation Council (2010/2233(INI))

*The European Parliament,*

- having regard to the cooperation agreement of 25 February 1989 between the European Union and the Gulf Cooperation Council (GCC),
- having regard to its resolution of 24 April 2008 on the free trade agreement between the EC and the Gulf Cooperation Council<sup>1</sup>,
- having regard to its resolution of 13 July 1990 on the significance of the free trade agreement to be concluded between the EEC and the Gulf Cooperation Council,
- having regard to the Report on Implementation of the European Security Strategy: Providing Security in a Changing World, approved by the Council in December 2008,
- having regard to the EU's strategic partnership with the Mediterranean and the Middle East, approved by the Council in June 2004,
- having regard to the joint communiqué of the 20th EU-GCC Joint Council and Ministerial Meeting of 14 June 2010, held in Luxembourg,
- having regard to its report of 10 May 2010 on the Union for the Mediterranean,
- having regard to the joint communiqué of the 19th EU-GCC Joint Council and Ministerial Meeting of 29 April 2009, held in Muscat,
- having regard to the Joint Action Programme (2010-2013) for implementation of the EU-GCC Cooperation Agreement of 1989,
- having regard to the Commission communication to Parliament and the Council on strengthening cooperation with third countries in the field of higher education (COM(2001)0385),
- having regard to its resolution on reforms in the Arab world: what strategy should the European Union adopt?<sup>2</sup>,
- having regard to the Economic Agreement between the GCC member states, adopted on 31 December 2001 in Muscat, Sultanate of Oman, and to the GCC's Doha declaration on the launch of the customs union for the Cooperation Council of the Arab States of the Gulf, of 21 December 2002,
- having regard to Articles 207 and 218 of the Treaty on the Functioning of the European

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<sup>1</sup> OJ C 259 E, 29.10.2009, p. 83.

<sup>2</sup> OJ C 76 E, 10.5.2007, p. 100.

Union, pursuant to which the Council must request Parliament's consent prior to the conclusion of any international agreement that covers fields to which the ordinary legislative procedure applies,

- having regard to its annual human rights reports,
  - having regard to the Declaration of the UN General Assembly on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognised Human Rights and Fundamental Freedoms of 1998 (also known as the 'Declaration on Human Rights Defenders'),
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Foreign Affairs and the opinions of the Committee on International Trade and the Committee on Industry, Research and Energy (A7-0042/2011),
- A. whereas the Gulf region has to be seen today in terms of the emergence of a new global economic hub comprising the member states of the GCC, noting that the EU is the second largest trade partner of the GCC and that the GCC is the fifth largest export market for the EU,
- B. whereas its geopolitical environment makes the Gulf a focus of security challenges that have global and regional implications (the Middle East peace process, Iran's nuclear programme, the stabilisation of Iraq, Yemen and Darfur, terrorism and piracy); whereas the GCC is still the only stable regional organisation based on multilateralism and cooperation,
- C. whereas the Gulf states' sovereign wealth funds account for more than one third of the world total, and, whereas, in the response to the financial crisis, those funds helped to rescue the global and European financial systems,
- D. whereas the Gulf is a region of crucial importance to the EU and, in a multipolar and interdependent world, such partnerships represent a way of meeting political and security challenges,
- E. whereas the process of structural economic liberalisation and diversification initiated in several GCC member states is producing new internal dynamics, both politically (with constitutional reforms, political participation and a strengthening of institutions) and socially (a voluntary sector is emerging, employers' associations are developing and women are gaining access to posts with responsibility), and this should be encouraged and supported,
- F. whereas the living and working conditions of migrant workers, particularly female domestic workers, are precarious and deplorable, despite the key role they play in several areas of economic activity in the GCC member states and the fact that they constitute 40% of their population and some 80% of the population in certain emirates,
- G. whereas all six GCC member states are hereditary monarchies with limited political

representation, particularly for women, and in the majority of cases no elected parliament,

- H. whereas the scale of investment by GCC member states and of the common challenges facing them in the EU's southern neighbourhood call for cooperative synergies between Europe, the Mediterranean and the Gulf,
  - I. whereas the GCC member states' geo-economic shift of focus towards Asia – in response to the rising demand for oil on Asian markets (in China, India, Singapore, Japan, the Philippines and South Korea) – is currently producing a diversification of commercial and economic relations, backed up by free trade agreements and the development of political dialogue,
  - J. whereas the GCC member states play a key role in the global arena and thus have interests in common with the EU in relation to international stability and global economic governance,
  - K. having regard to the growing influence of the GCC member states in the Arab and Muslim world and the important role they can play in intercultural dialogue,
  - L. whereas the negotiations on a free trade agreement between the EU and the GCC, which were opened 20 years ago, are the longest-running non-concluded trade negotiations that the EU has undertaken,
  - M. whereas the EU must take a clear stand and maintain a lasting commitment in the Gulf region, thus guaranteeing itself greater visibility and a strategic presence in the area,
  - N. whereas political clauses, and especially the human rights clause, are an integral part of all trade agreements concluded between the Union and third parties,
  - O. whereas the Union's presence in the Gulf region is limited and the perception of Europe there is commonly conflated with that of certain EU Member States whose ties with the region are more extensive and older,
  - P. whereas the EU possesses expertise in the fields of institutional capacity building, education and research, the development of renewable energy and the environment, technical and regulatory support, and political and diplomatic dialogue on neighbourhood stability and global security issues,
1. Emphasises that concluding the free trade agreement between the EU and the GCC remains a priority, that failure to conclude it would not be in either party's interests, and that such an agreement will constitute mutual recognition of the credibility of two entities that have chosen the path of multilateralism and integration;
  2. Considers that, given the limited presence of the Union in the Gulf region, as part of the new EU external relations apparatus a policy of integrated communication should contribute to the development of targeted and effective information on the EU in the Gulf countries;
  3. Believes that the EU needs to develop a strategy for the region aimed at strengthening its

ties with the GCC, supporting the regional integration process, and encouraging bilateral relations with the GCC member states;

4. Stresses that the objective is a strategic partnership with the GCC and its member states commensurate with the respective roles of the two entities on the international stage; highlights the importance, to that end, of introducing periodic summit meetings of heads of state and government, independently of the progress of ongoing negotiations;
5. Also highlights the importance of an equal partnership in cooperation and dialogue, bearing in mind the differences between the two entities, and the potential for developing cooperation and dialogue in various sectors;
6. Calls for the European External Action Service (EEAS) to devote more human resources to the region and for new EU diplomatic missions to be opened in the GCC member states, thereby helping to raise the profile of the EU, to facilitate political dialogue and to make the Union's efforts more effective; stresses that these resources should stem principally from a reallocation of staff within the EEAS; calls on those EU Member States with diplomatic representations there to act in line with EU policy; stresses that tailored bilateral approaches to GCC member states minded to engage in closer cooperation with the EU can only complement and strengthen the multilateral framework; calls, therefore, on the European and the High Representative of the Union for Foreign Affairs and Security Policy to examine the prospects which such bilateral cooperation would open up;
7. Draws attention to the social and political developments that have taken place in recent years in most GCC member states; encourages all these states to sustain their efforts and to do more to promote human rights, to combat discrimination of all kinds, including discrimination based on gender, sexual orientation and religion; invites the GCC member states to safeguard and promote the rights of minorities – including religious minorities – gender equality, the right to work – including for migrant workers – and freedom of conscience, expression and opinion, calls for continuous dialogue between the EU and the GCC on these issues; invites the GCC member states to interact more positively with civil society and to support the emergence of local structures and associations; calls in particular on the GCC member states to:
  - adopt measures to facilitate women's access to the labour market and to education by tackling all forms of discrimination based on gender and other customs or legal provisions, including all those relating to personal status,
  - abolish the sponsorship system imposed on migrant workers, where it is still enforced, and to pursue labour law reforms in order to ensure that workers, including migrant and domestic workers, enjoy full legal and social protection,
  - create synergies with the EU and its Member States in support of an International Labour Organisation (ILO) convention for domestic workers' rights;
  - combat all forms of impunity, guarantee the independence of the judiciary and the right to a fair and speedy trial and strengthen the role of justice system professionals,
  - take steps to ensure that all human rights standards are widely publicised and are used

in training for law enforcement officials, lawyers and members of the judiciary;

8. Invites the GCC governments to work together and in a spirit of cooperation to tackle human rights concerns in the region, especially in relation to gender equality, the situation of the 'Bidun' group of stateless persons, restrictions on freedom of expression and assembly, including trade union rights, and the need to ensure the independence of the judiciary and the right to a fair and speedy trial; calls for the proposed strengthening of the political dialogue with the GCC to include technical and political dialogue on human rights;
9. Calls on the GCC member states to withdraw any reservations they may still have with regard to the Convention on the Elimination of All Forms of Discrimination against Women and the International Convention on the Elimination of All Forms of Racial Discrimination and to ratify the optional protocols to the Convention on the Rights of the Child and the International Convention on the Elimination of All Forms of Racial Discrimination; also stresses the importance of ratifying and implementing the UN Migrant Workers Convention and ILO Conventions 97 and 143;
10. Encourages the EU to examine and propose, together with the GCC, solutions for removing the obstacles to the full and effective exercise of the fundamental right of religious freedom, both individually and collectively and in both public and private spheres, for members of minority religions in the region;
11. Stresses the importance of intercultural and inter-faith dialogue; recalls that the European Union and the GCC have made a joint commitment to promote and protect the values of tolerance, moderation and coexistence;
12. Encourages the governments and the existing parliamentary assemblies of the GCC to take immediate steps to ratify without reservation the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, as well as to cooperate with the thematic mechanisms of the UN Commission on Human Rights and invite them to visit, in particular the special rapporteur on the independence of judges and lawyers;
13. Restates the EU's opposition to the death penalty and Parliament's call for a global moratorium on it; deplores, in this regard, the continuing retention of the death penalty by all GCC member states; invites them to adopt a moratorium on executions; calls in particular on states practising executions and punishments involving methods such as decapitation, stoning, crucifixion, flagellation or amputation to cease these practices;
14. Notes the three-year Joint Action Programme adopted by the EU-GCC Joint Council and Ministerial Meeting on 14 June 2010 and intended to strengthen cooperation in many strategic areas of mutual interest, including by setting up a network linking researchers, academics and businessmen; finds it regrettable, however, that it does not contain a section providing for open, regular and constructive political dialogue;
15. Considers that the implementation of this Joint Action Programme should be accompanied by a precise and detailed funding scheme and carried out by staff specifically assigned to this task both in Brussels and the GCC member states; stresses the importance of ensuring

the visibility of this programme and the dissemination of a wide range of information accessible to the administrations and institutions concerned; requests that an evaluation of the results be carried out at the end of the three-year period and that, should the results prove satisfactory, an EU-GCC cooperation agency be envisaged;

16. Calls on the EU to focus its cooperation programmes with the GCC member states more on civil society organisations and to support the empowerment of women and youth;
17. Expresses its profound concern at seeing the Gulf region caught up in an arms race; asks the EU to initiate a strategic dialogue with the GCC member states on regional security issues of common interest (the Middle East peace process, Iran's nuclear programme, the stabilisation of Iraq, Yemen and Darfur, terrorism and piracy) and, ultimately, to contribute to building a regional security structure in the Middle East in partnership with the Gulf states;
18. Recalls that the GCC member states are important regional players; emphasises that it is in the common interest of the EU and the GCC to promote peace and stability in the Middle East, North Africa and the Horn of Africa, and globally; urges the partners to strengthen cooperation on this matter of common interest;
19. Reiterates its support for the Arab peace initiative put forward by one of the GCC member states and approved by all the states of the Arab League and the Organisation of the Islamic Conference; calls on the GCC member states to continue their mediation efforts and support for the Israeli-Palestinian peace process; calls on the EU and the GCC to step up joint efforts to bring about a negotiated end to the occupation of the Palestinian Territories, while continuing to provide full support for a two-state solution to the Israel/Palestine conflict; stresses the joint interest of the EU and the GCC in working together to establish a just and lasting regional peace in the Middle East; suggests in this regard more regular cooperation between the Quartet and the Arab League monitoring committee; recalls that the EU is the largest donor of aid to the Palestinian people; recognises the GCC member states' support for Palestinian refugees and their contribution to the United Nations Relief and Works Agency (UNRWA); calls on the GCC member states to contribute more to strengthening Palestinian institutions and to economic development, within the context of the Palestinian Authority's government programme, and to consider paying their financial contributions through existing international aid mechanisms, where appropriate;
20. Welcomes the fact that GCC integration is continuing (through a customs union, a common market and, ultimately, a single currency); encourages the Commission to propose to the GCC Secretariat that the two bodies jointly draw up a framework for cooperation, under which the Commission can share its experience in the areas of institutional consolidation, administrative capacity building and developing machinery for regulation and the settlement of disputes; emphasises that such an approach can help to inspire processes of ownership;
21. Welcomes the decision by the presidents of the parliaments of the GCC member states, meeting in Abu Dhabi on 23 November 2010, to begin monitoring the activities of the GCC and its executive decisions and to establish an annual conference of the parliamentary institutions of GCC member states; welcomes the forthcoming



establishment of an interparliamentary delegation for relations with the European Parliament; is convinced that far-reaching parliamentary cooperation will make a significant contribution to the development of a strategic partnership between the two groups;

### ***Trade relations***

22. Recalls its resolution of 24 April 2008 on the Free Trade Agreement (FTA) between the EC and the GCC, which was supported by 96% of its Members; notes that questions raised in the resolution, such as the need for reciprocal market access, effective protection of intellectual property rights, removal of non-tariff barriers to the provision of services, promotion of sustainable development and respect for international conventions, are still topical;
23. Deeply deplores the fact that negotiations between the EU and the GCC (EU-GCC FTA) have suffered repeated lengthy delays and deplores the GCC's decision to suspend these negotiations in 2008; believes that it is high time to unblock these negotiations so that a definitive solution can be found which offers maximum benefits to the societies and business communities on both sides;
24. Deplores the fact that the region has been neglected by the EU, despite its strategic importance in terms of oil supplies, trade opportunities and regional stability;
25. Notes that, after 20 years of negotiations, the FTA has still to be concluded; is aware that the human rights and illegal migration clauses have been rejected by some GCC member states;
26. Considers that, given the region's strategic importance, the FTA should be seen not only as an instrument to enhance welfare through trade, but also as a tool to foster geopolitical stability;
27. Notes that the GCC is currently the EU's sixth largest export market and that the EU is currently the GCC's main trading partner; notes that, notwithstanding this already intensive level of trade, there is still scope for deepening it, as well as room for greater diversification of trade between the two parties, given the size of the EU market and efforts on the part of GCC member states to diversify their exports; notes that an FTA would also provide new opportunities for technical cooperation and assistance; takes the view that the conclusion of the EU-GCC FTA would foster closer ties and further diversification;
28. Points out that, given that the GCC member states are increasing their economic diversification with a view to reducing their dependency on oil exports, an increase in services trade and investment would help to foster the development of the GCC economies;
29. Welcomes the fact that, over the past two decades, economic relations between the EU and the GCC have been intensifying and that trade volumes between them have increased significantly, despite the failure to conclude an FTA; takes this as a sign that an FTA would further enhance this natural growth and embed it in a more open, predictable

and secure environment;

30. Notes that the bulk of the work on the FTA has already been done, and takes the view that the scope of the FTA as it stands promises great benefits for both parties; calls on both parties, therefore, to look upon this FTA as a major and important endeavour for both regions and their peoples; considers that the EU and the GCC have shared interests and needs and that the EU's experience in regional integration can be a source of inspiration for the Gulf; considers that, in this connection, the EU can provide valuable technical assistance;
31. Stresses that, unless remedied, a lack of transparency in public procurement procedures and barriers to access for foreign investors in the services sector could jeopardise the conclusion of the agreement;
32. Is firmly of the opinion that an EU-GCC FTA would be substantially advantageous to both parties; believes that an FTA with the EU would facilitate the further economic integration of the GCC and that, following the establishment of the GCC Customs Union, it may also lend greater impetus to important projects such as the GCC common market and the completion of a GCC monetary union with a single currency; considers that the GCC could benefit from lessons learned during the formation of a single market and adoption of a single currency by the EU;
33. Strongly supports the message that the High Representative/Vice-President Catherine Ashton sent during the EU-GCC Joint Ministerial Council meeting in June 2010, and more recently on 22 September 2010, during the EU-GCC meeting held alongside the UN General Assembly ministerial meeting, indicating that the EU was ready to make a final effort to conclude these negotiations; also welcomes the reaction of the GCC, which likewise confirmed its wish to conclude the negotiations;
34. Acknowledges the sensitivities of some GCC member states on export duties, but deplores the recent decision by the GCC negotiators to revert to their 2008 position in this regard, i.e. to leave penalties for non-compliance on this issue out of the FTA; is firmly of the opinion that no current FTA can ignore the question of export duties and that WTO rules state that FTAs have to provide for the substantial liberalisation of both imports and exports;
35. Recommends that the EU devote more resources to the GCC via the instrument for cooperation with industrialised and other high-income countries, which should be made more visible and should focus on suitable programmes for training local civil servants, including in trade matters;
36. Recalls that, under the Lisbon Treaty, international trade policy is one of the EU's foreign policy tools and that as such, for the Union, respect for democratic principles and fundamental human rights, together with the social and environmental dimensions, are absolutely essential in all its international agreements; calls, therefore, for any future free trade agreement to include an effective and enforceable human rights clause;
37. Notes that there are 15 million migrant workers in the six GCC member states and that those workers make up 40% of the total population; draws attention to the precarious

situation of migrant workers in the Gulf states, which has been highlighted by the ILO, and supports its call for a minimum wage in the region in order to prevent any further deterioration in the position of domestic and migrant workers; also supports the right of all workers to form and join trade unions in order to defend their interests;

38. Emphasises the need to respect the democratic principles and fundamental rights established by the Universal Declaration of Human Rights; urges the GCC member states to combat discrimination against women and the exploitation of children, in particular on the labour market, and to implement the UN Conventions on the Elimination of All Forms of Discrimination against Women and on the Rights of the Child;
39. Considers that the ratification and full implementation by the GCC member states of the framework established by the UN Convention against Transnational Organised Crime, the UN Convention against Corruption and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families should be a key issue in the FTA negotiations;
40. Believes that the conclusion of an FTA would greatly enhance the current relations between the EU Member States and the GCC member states, and would lend added value to the recent Joint Action Programme, in particular, by strengthening capacities and institutions, including within the GCC Secretariat; deplores the fact that the diplomatic presence of the EU in the GCC member states remains minimal and insists that following the establishment of the EEAS the EU should increase its diplomatic presence in the region, including by setting up a Union delegation in each of the six GCC member states, which would work in close cooperation with the national diplomatic services of EU Member States present in the GCC member states, to make the most of their combined expertise concerning the region; believes that a more significant diplomatic presence would greatly increase the chances of a speedy conclusion of the FTA and its subsequent implementation;
41. Proposes the establishment of a regular heads of state and government summit between the EU and the GCC; stresses that this summit could enhance the political, financial, economic, commercial and cultural ties between the EU and GCC immensely; strongly encourages the EU and the GCC's top political decision-makers to meet on a regular basis in order to jointly define and promote common interests, thus increasing the likelihood of the FTA being concluded and signed as soon as possible; takes the view that both the EU and the GCC's top political decision-makers should seek progress in this regard, regardless of whether the FTA is concluded and signed;
42. Welcomes the fact that over the years the EU and the GCC have become major investment partners and that the GCC, together with Iraq and Yemen, ranked as the top investor in the EU in 2008; takes the view that the conclusion of the FTA, or at least the official reopening of the negotiations, will surely open the way to further agreements which will encourage and facilitate mutual foreign direct investment (FDI) with a view to eliminating obstacles to foreign ownership and investment protection; recalls that, following the entry into force of the Lisbon Treaty, FDI now falls within the competence of the EU and therefore provides further scope for the rapid conclusion of an EU-GCC FTA; notes that any future FTA would open up new investment opportunities for both sides whilst

enhancing the possibilities for the GCC to fulfil the criteria as a candidate for an EU investment agreement within the future EU investment policy;

43. Points out that the lowering of GCC tariffs as a result of the FTA would increase the attractiveness of outward investment by transnational enterprises; is convinced that the FTA will result in an increase in services-related investments which will foster the development of the GCC and of the EU Member States;
44. Suggests the use of the euro in all types of trade between the EU and the GCC; welcomes the fact that, since its inception, the GCC has expressed its determination to create a customs and monetary union; notes that, while the former entered into force in 2009, negotiations on a common currency are currently taking place;
45. Notes that all six GCC member states currently enjoy preferential access to the EU market under the EU's Generalised System of Preferences (GSP); stresses that all GCC member states should, in accordance with Article 15(1) of Council Regulation (EC) No 732/2008 of 22 July 2008, not only ratify but also implement all 27 ILO and UN conventions listed in Annex III to the regulation; takes the view that, given the level of economic progress in the region, the FTA would be a better tool to spread commercial benefits throughout the region;
46. Reaffirms that the EU's primary objective in its relations with the GCC should be to conclude the FTA, which will be a major region-to-region agreement; however, until this happens, and following what some of the GCC's major trade partners have already done, encourages the High Representative/Vice-President and the Commissioner for Trade to assess alternative approaches to future commercial relations with the GCC member states, in the form of bilateral agreements between the EU and the Gulf States that already feel prepared to enter into further commitments with the EU, taking into account the disparities between the economies of the Gulf States, the varied responses of those states to the financial crisis and their relations with other trade partners;

### ***Energy***

47. Hails the significant degree of cooperation between the EU and its Mediterranean partners on energy matters, now extended to embrace renewable energies; considers that synergies must be encouraged here between the three geographic zones on account of their converging interests, technological expertise, sources of funding and abundant resources (sun and wind); welcomes the establishment of the EU-GCC clean energy network, clean energy currently being a prime focus of interest for the GCC member states;
48. Notes that, in view of the strategic, economic, political and cultural ties between the Gulf countries and the countries on the southern shore of the Mediterranean, and also of the growing influence of the Gulf countries on Mediterranean countries, a stronger, structured partnership between the GCC and the Union for the Mediterranean could be envisaged and that the European Union should actively endeavour to promote such a project which will benefit all parties;
49. Commends the work carried out by the EU-GCC Energy Expert Group, in particular on natural gas, energy efficiency and nuclear safety;

50. Calls on the Commission, in the light of the challenge of climate change and the growing energy consumption in both regions, to address energy efficiency as one of the main areas of development and to enhance cooperation on energy efficiency issues;
51. Acknowledges that fossil fuels currently supply most of the EU's energy needs; notes, however, that the EU's future oil demand will be affected by several factors, such as EU energy and climate policies, supply costs, price volatility and industrial progress (in relation to energy efficiency and electromobility, for example), which combine to create long-term uncertainties about future demand and upstream and downstream investment with regard to production capacity;
52. Calls for greater transparency in oil and gas data as regards the future demand and supply scenario, in keeping with the shared interest in predictable oil markets; welcomes, therefore, the Joint Oil Data Initiative;
53. Welcomes the Joint Ministerial Council's determination to work towards closer cooperation on the environment and climate change;
54. Recognises that the GCC's efforts to increase potential natural gas and liquid natural gas (LNG) reserves accord with the EU's desire to diversify energy sources and supply routes; stresses, therefore, the importance of increasing LNG exports to the EU by establishing LNG terminals in the Southern Corridor, and of establishing pipeline links with the GCC, either directly or by connecting up with current and planned pipelines, such as AGP, Nabucco and ITGI;
55. Encourages the GCC member states to coordinate the further development of gas-to-liquid (GTL) technology with their European partners in order better to incorporate GTL into the European energy mix; stresses that the GCC could also use GTL as an alternative to the emission of flare gas into the atmosphere;
56. Emphasises that the EU has opportunities to invest in GCC energy production capacity, using the latest technologies in terms of generation, transmission and interconnection; encourages, in this respect, future cooperation with a particular focus on the integration of electricity networks and smart grid technologies;

#### ***Industry and raw materials***

57. Stresses the importance of a reliable partnership between the EU and the GCC in the use of, and access to, raw materials; favours open markets for goods and the removal of non-tariff barriers; welcomes all efforts already made in free-trade negotiations to guarantee a secure and sustainable supply of raw materials;
58. Calls for joint efforts to address the speculation and price volatility affecting raw materials, through greater transparency and closer supervision of OTC derivatives trading; welcomes, in this context, OPEC's recent call for tighter controls on OTC trading, along with France's efforts to address commodity speculation within the G 20;

#### ***R&D and innovation***

59. Highlights the importance of deepening bilateral cooperation with the GCC on research and technology programmes, with a special focus on new knowledge-based industries in areas such as renewable energy sources, CCS, oil and gas derivatives, energy efficiency and biomass; calls for the establishment of cooperation which combines technology transfer with guarantees of a secure, sustainable supply of raw materials;
60. Calls for the European Research Council (ERC) and the European Institute of Technology (EIT) to step up their collaboration with the GCC in order to foster, and press ahead with, scientific dialogue and cooperation between regions in this field as well;

### ***Education***

61. Notes that the GCC member states have made education a national priority and have extensive requirements in terms of human resources (there are not enough teachers), course content (which has not kept pace with changing labour markets), syllabus quality (teaching methods and materials are out of date) and the use of new technologies; calls for the authorities' efforts to address these shortcomings to be actively supported and proposes cooperation on an ambitious scale in higher, secondary and primary education to promote greater access to education for both men and women;
62. Emphasises that this cooperation should include further support for exchange programmes for students, academics and professionals; deplores the fact that the Erasmus Mundus programme remains virtually unknown in the region as a whole, mainly because of a lack of information; welcomes the initiatives taken by French, British and German universities to establish university partnerships and exchange programmes; recalls, however, that Europe continues to lag behind the United States and Asia in this area; calls on the Commission to organise information days to promote teaching and European scientific research on the spot; insists that these exchange programmes should target students, teachers, researchers and administrative staff, while ensuring balanced gender representation; believes that exchange programmes should be established for younger age groups by targeting secondary school and high school students;
63. Welcomes the Al-Jisr project on EU-GCC Public Diplomacy and Outreach Activities which, with the Commission's support, has proven to be immensely beneficial; encourages, in this connection, the High Representative/Vice-President's staff to consider expanding public diplomacy activities in a region where the EU is still not clearly understood and mechanisms to overcome this deficit are limited; stresses the importance of developing a better communication strategy, including the need to explain EU policies and positions in Arabic, with a view to reaching a wider audience in the region;
64. Emphasises that the lack of cooperation programmes between the EU and the GCC in the field of the media is resulting in an information deficit; calls on the Commission to put forward measures to involve the GCC member states in closer cooperation in this area in order to raise the profile of the Union in the region and promote mutual understanding;
65. Considers it essential to remedy shortcomings in Europe with regard to research into and study of the Gulf states; encourages the establishment in universities of contemporary study programmes devoted to this part of the Arab world; believes that study programmes on the European Union should also be offered in universities in the region;



66. Instructs its President to forward this resolution to the President of the Council of the European Union, the President of the Commission, the Vice-President of the Commission/ High Representative of the Union for Foreign Affairs and Security Policy, the governments and parliaments of the Member States, the GCC Secretariat and the governments and parliaments of the GCC member states.

## EXPLANATORY STATEMENT

### *For an EU strategic partnership with the GCC and its member states*

The EU and the GCC have been negotiating a free trade agreement for some 20 years. These are the longest-running non-concluded trade negotiations that the EU has undertaken. In the course of 20 years, however, the context of the negotiations has changed profoundly.

The GCC's geopolitical environment is characterised by the emergence of a series of security challenges with global and regional implications (i.e. Iraq, Iran, Yemen, Islamist terrorism and piracy). The economies of the GCC member states, which are part of the global economic fabric, are undergoing liberalisation and structural diversification and their range of trading partners is broadening; in 2010, Asia became the lead trading partner of the Gulf region. The GCC member states have substantial financial clout in the form of sovereign wealth funds, which in 2009 were worth USD 1380 billion – more than 35% of the world total<sup>1</sup>. As the current economic powerhouse for the entire Middle East and North Africa, the GCC member states account for more than 40% of the national wealth generated in that region and hold 50% of its official currency reserves, i.e. USD 1070 billion. Moreover, they are currently the main investors in the EU's southern Mediterranean neighbourhood. This active internationalism is not confined to the fields of trade, finance and energy. It is also apparent in the diplomatic arena, with a growing number of mediation efforts, particularly by Qatar and Saudi Arabia, in the Middle East and Africa, and encouragement for initiatives involving dialogue on developing cultural contact and on mutual understanding.

At domestic level, too, the GCC countries have, for some years now, been experiencing new processes of political and social modernisation and, while the pace differs from country to country, these represent home-grown forces that ought to be supported and encouraged. Lastly, the integration process to which the six GCC member states have been committed for more than 30 years now is still the only experiment of its kind in the Arab world. While the intergovernmental nature of its operations, its lack of supranational prerogatives, its inability to adopt or impose binding rules and its structural administrative weaknesses cannot be denied, its establishment of a customs union and then a single market and its ultimate goal of a single currency indicate regional decision makers' desire to press ahead towards integration based on cooperation and multilateralism, an approach which – we would stress – has proven its worth in terms of stability. The EU's experience with such an approach remains a source of inspiration and it has a wealth of expertise to share with the GCC.

Thus, crucial as it may be to conclude the free trade agreement swiftly – and we wholeheartedly urge its conclusion – the Union should already be envisaging post-agreement scenarios. The potential for cooperation between the two regions applies not only in the realm of trade. The two entities have shared interests in international security, in combating terrorism, in diplomatic mediation in Middle Eastern trouble spots, in regional crisis management and in intercultural dialogue and global economic governance.

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<sup>1</sup> Sovereign Wealth Fund Institute.



This own-initiative report is intended as a call by Parliament for the formulation of a more ambitious EU policy towards the GCC and its member states. It would be a pity if the EU and the GCC, as two major political and economic actors at world level, were to take diverging paths at a time when regional arrangements for stability are changing and global economic governance is being redefined. Both parties would benefit from closer and more in-depth relations because the scope for cooperation is so wide-ranging – in fields including education, scientific research and renewable energies, to name but a few – and because, in this regard, the EU has certain advantages to draw on by comparison with many of the new players emerging in the Gulf, provided that, at the highest level, the necessary political will is apparent.

26.1.2011

## **OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE (\*)**

for the Committee on Foreign Affairs

on European Union relations with the Gulf Cooperation Council  
(2010/2233(INI))

Rapporteur (\*): Mário David

(\*) Associated committee – Rule 50 of the Rules of Procedure

### **SUGGESTIONS**

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls its resolution of 24 April 2008 on the Free Trade Agreement (FTA) between the EC and the Gulf Cooperation Council (GCC), which was supported by 96% of MEPs; notes that questions raised in the resolution, such as the need for reciprocal market access, effective protection of intellectual property rights, removal of non-tariff barriers to the provision of services, promotion of sustainable development and respect for international conventions, are still topical;
2. Deeply deplores the fact that negotiations on the EU-GCC FTA have suffered repeated lengthy delays and deplores the GCC's decision to suspend these negotiations in 2008; believes that it is high time to unblock these negotiations so that a definitive solution may be found, in order to reap maximum benefits for the societies and business communities on both sides;
3. Deplores the fact that the region has been neglected by the EU, despite its strategic importance in terms of oil supplies, trade opportunities and regional stability;
4. Notes that, after 20 years of negotiations, the free trade agreement has still to be concluded; is aware that the human rights and illegal migration clauses have been rejected by some Gulf Cooperation Council states;
5. Considers that, given the region's strategic importance, the FTA should be seen not only as an instrument to enhance welfare through trade, but also as a tool to foster geopolitical

stability;

6. Notes that the GCC is currently the EU's sixth largest export market and that the EU is currently the GCC's main trading partner; notes that, notwithstanding this already intensive level of trade, there is still scope for deepening it, as well as room for greater diversification of trade between the two parties, given the size of the EU market and efforts on the part of GCC member states to diversify their exports; notes that an FTA would also provide new opportunities for technical cooperation and assistance; takes the view that the conclusion of the EU-GCC FTA would foster closer ties and further diversification;
7. Points out that, given that the GCC member states are increasing their economic diversification with a view to reducing their dependency on oil exports, an increase in services trade and investment would help to foster the development of the GCC economies;
8. Welcomes the fact that over the past two decades EU-GCC economic relations have been intensifying and that trade volumes between the two sides have increased significantly, despite the failure to conclude an FTA; takes this as a sign that an FTA would further enhance this natural growth and embed it in a more open, predictable and secure environment;
9. Notes that the bulk of the work on the FTA has already been done, and takes the view that the scope of the FTA as it stands promises great benefits for both parties; calls on both parties, therefore, to look upon this FTA as a major and important endeavour for both regions and their peoples; considers that the EU and the GCC have shared interests and needs and that the EU's experience in regional integration can be a source of inspiration for the Gulf; considers that, in this connection, the EU can provide valuable technical assistance;
10. Draws attention to the fact that, unless remedied, a lack of transparency in public procurement procedures and barriers to entry for foreign investors in the services sector could jeopardise the conclusion of the agreement;
11. Is firmly of the opinion that an EU-GCC FTA would be substantially advantageous to both parties; believes that an FTA with the EU would facilitate the further economic integration of the GCC and that, following the establishment of the GCC Customs Union, it may also lend greater impetus to important projects such as the GCC common market and the completion of a GCC monetary union with a single currency; considers that the GCC could benefit from lessons learned during the formation of a single market and adoption of a single currency by the EU;
12. Strongly supports the message that High Representative/Vice-President Catherine Ashton sent during the EU-GCC Joint Ministerial Council meeting in June 2010, and more recently on 22 September 2010, during the EU-GCC meeting held alongside the UN General Assembly ministerial meeting, indicating that the EU was ready to make a final effort to conclude these negotiations; also welcomes the reaction of the GCC, which likewise confirmed its wish to conclude the negotiations;

13. Acknowledges the sensitivities of some GCC member states on export duties, but deplores the recent decision by the GCC negotiators to revert to their 2008 position in this regard, i.e. to leave penalties for non-compliance on this issue out of the FTA; is firmly of the opinion that no current FTA can ignore the question of export duties and that WTO rules state that FTAs have to provide for the substantial liberalisation of both imports and exports;
14. Recommends that the EU devote more resources to the GCC, i.e. through the instrument for cooperation with industrialised and other high income countries, which should be made more visible and should focus on suitable programmes for training local officials, including in trade matters;
15. Recalls that, under the Lisbon Treaty, international trade policy is one of the EU's foreign policy tools and that as such, for the Union, respect for democratic principles and fundamental human rights, together with the social and environmental dimensions, are absolutely essential in all its international agreements; calls, therefore, for any future free trade agreement to include an effective and enforceable human rights clause;
16. Notes that there are 15 million migrant workers in the six Gulf Cooperation Council states and that those workers make up 40% of the total population; recalls the precarious situation of migrant workers in the Gulf States which was highlighted by the International Labour Organisation (ILO) and supports the ILO's call for a minimum wage in the region in order to prevent any further deterioration in the position of domestic and migrant workers; also supports the right of all workers to form and join trade unions in order to defend their interests;
17. Emphasises the need to respect the democratic principles and fundamental rights established by the Universal Declaration of Human Rights; urges the GCC member states to combat discrimination against women and the exploitation of children, in particular on the labour market, and to implement the UN Conventions on the Elimination of All Forms of Discrimination against Women and on the Rights of the Child;
18. Considers that the ratification and full implementation by the GCC member states of the framework established by the UN Convention against Transnational Organised Crime, the UN Convention against Corruption and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families should be a key issue in the FTA negotiations;
19. Believes that the conclusion of an FTA would greatly enhance the current relations between the EU Member States and the GCC member states, and would lend added value to the recent Joint Action Programme, in particular, by strengthening capacities and institutions, including within the GCC Secretariat; deplores the fact that the diplomatic presence of the EU in the GCC member states remains minimal and insists that following the establishment of the EEAS the EU should increase its diplomatic presence in the region, including by setting up a Union delegation in each of the six GCC member states, which would work in close cooperation with the national diplomatic services of EU Member States present in the GCC member states, to make the most of their combined expertise concerning the region; believes that a more significant diplomatic presence would greatly increase the chances of a speedy conclusion of the FTA and its subsequent

implementation;

20. Proposes the establishment of a regular heads of state and government summit between the EU and the GCC; stresses that this summit could enhance the political, financial, economic, commercial and cultural ties between the EU and GCC immensely; strongly encourages the EU and the GCC's top political decision-makers to meet on a regular basis in order to jointly define and promote common interests, thus increasing the likelihood of the FTA being concluded and signed as soon as possible; takes the view that both the EU and the GCC's top political decision-makers should seek progress in this regard, regardless of whether the FTA is concluded and signed;
21. Welcomes the fact that over the years the EU and the GCC have become major investment partners and that the GCC, together with Iraq and Yemen, ranked as the top investor in the EU in 2008; takes of the view that the conclusion of the FTA, or at least the official reopening of the negotiations, will surely open the way to further agreements which will encourage and facilitate mutual foreign direct investment (FDI) with a view to eliminating obstacles to foreign ownership and investment protection; recalls that, following the entry into force of the Lisbon Treaty, FDI now falls within the competence of the EU and therefore provides further scope for the rapid conclusion of an EU-GCC FTA; notes that any future FTA would open up new investment opportunities for both sides whilst enhancing the possibilities for the GCC to fulfil the criteria as a candidate for an EU investment agreement within the future EU investment policy;
22. Points out that the lowering of GCC tariffs as a result of the FTA would increase the attractiveness of outward investment by transnational enterprises; is convinced that the FTA will result in an increase in services-related investments which will foster the development of the GCC and of the EU Member States;
23. Suggests the use of the euro in all types of trade between the EU and the GCC; welcomes the fact that, since its inception, the GCC has expressed its determination to create a customs and monetary union; notes that, while the former entered into force in 2009, negotiations on a common currency are currently taking place;
24. Notes that all six GCC member states currently enjoy preferential access to the EU market under the EU's Generalised System of Preferences (GSP); stresses that all GCC states should, in accordance with Article 15(1) of Council Regulation (EC) No 732/2008 of 22 July 2008, not only ratify but also effectively implement all 27 ILO and UN conventions listed in Annex III to the regulation; takes the view that, given the level of economic progress in the region, the FTA would be a better tool to spread commercial benefits throughout the region;
25. Reaffirms that the primary objective of the EU in its relations with the GCC should be to conclude the FTA, which will be a major region-to-region agreement; but, until this happens, and following what some of the GCC major trade partners have already done, encourages the HR/VP and the Commissioner for Trade to assess alternative approaches to future commercial relations with the GCC member states, in the form of bilateral agreements between the EU and those of the Gulf States that already feel prepared to engage in a further commitment with the EU, taking into consideration the disparities between the economies of the Gulf States, the varied responses of those states to the

financial crisis and their relations with other trade partners.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	26.1.2011
<b>Result of final vote</b>	+: 15 -: 2 0: 10
<b>Members present for the final vote</b>	William (The Earl of) Dartmouth, Kader Arif, Daniel Caspary, Christofer Fjellner, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Emilio Menéndez del Valle, Vital Moreira, Cristiana Muscardini, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Tokia Saïfi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Iuliu Winkler, Jan Zahradil, Pablo Zalba Bidegain, Paweł Zalewski
<b>Substitute(s) present for the final vote</b>	George Sabin Cutaş, Mário David, Jörg Leichtfried, Miloslav Ransdorf, Michael Theurer, Jarosław Leszek Wałęsa
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Patrice Tirolien

14.1.2011

## **OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY**

for the Committee on Foreign Affairs

on European Union relations with the Gulf Cooperation Council  
(2010/2233(INI))

Rapporteur for the opinion: Angelika Niebler

### **SUGGESTIONS**

The Committee on Industry, Research and Energy calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the adoption of the EU-GCC Joint Action Programme, in particular the fact that it reinforces cooperation in areas of mutual interest in the fields of industry, energy, research, education, science and technology, ICT, investment and climate action; takes the view that any progress achieved by the EU-GCC Joint Action Programme will help to relaunch negotiations on the Free Trade Agreement;

### **ENERGY**

2. Commends the work carried out by the EU-GCC Energy Expert Group, in particular on natural gas, energy efficiency and nuclear safety;
3. Calls on the Commission, in the light of the challenge of climate change and the growing energy consumption in both regions, to address energy efficiency as one of the main areas of development and to enhance cooperation on energy efficiency issues;
4. Welcomes the establishment of the Clean Energy Technology Network project; commends in particular activities supporting policy development for the promotion and uptake of renewable energy sources and energy efficiency;
5. Acknowledges that fossil fuels currently supply most of the EU's energy needs; notes, however, that the EU's future oil demand will be affected by several factors, such as EU energy and climate policies, supply costs, price volatility and industrial progress (in



relation to energy efficiency and electromobility, for example), which combine to create long-term uncertainties about future demand and upstream and downstream investment with regard to production capacity;

6. Calls for greater transparency in oil and gas data as regards the future demand and supply scenario, in keeping with the shared interest in predictable oil markets; welcomes, therefore, the Joint Oil Data Initiative;
7. Welcomes the Joint Council's determination to work towards closer cooperation on the environment and climate change;
8. Recognises that the GCC's efforts to increase potential in natural gas reserves and LNG accord with the EU's desire to diversify energy sources and supply routes; stresses, therefore, the importance of increasing LNG exports to the EU by establishing LNG terminals in the Southern Corridor, and of establishing pipeline links with the GCC, either directly or by connecting up with current and planned pipelines, such as AGP, Nabucco and ITGI;
9. Encourages the GCC member states to coordinate the further development of gas-to-liquid (GTL) technology with their European partners in order to better incorporate GTL into the European energy mix; stresses that GCC could also use GTL as an alternative to the emission of flare gas into the atmosphere;
10. Recognises that the potential synergies in renewable energy sources such as solar, wind, biomass and new clean coal technologies offer considerable prospects for technological, industrial and policy cooperation between the EU and the GCC;
11. Emphasises that the EU has opportunities to invest in GCC energy production capacity, using the latest technologies in terms of generation, transmission and interconnection; encourages, in this respect, future cooperation with a particular focus on the integration of electricity networks and smart grid technologies;

## **INDUSTRY AND RAW MATERIALS**

12. Stresses the importance of a reliable partnership between the EU and the GCC in the use of, and access to, raw materials; favours open markets for goods and the abolition of non-tariff barriers; welcomes all efforts already made in free-trade negotiations to guarantee a secure and sustainable supply of raw materials;
13. Calls for joint efforts to address the speculation and price volatility affecting raw materials, through greater transparency and closer supervision of OTC derivatives trading; welcomes, in this context, OPEC's recent call for tighter controls on OTC trading, along with France's efforts to address commodity speculation within the G 20;

## **R&D AND INNOVATION**

14. Highlights the importance of deepening bilateral cooperation with the GCC on research and technology programmes, with a special focus on new knowledge-based industries in areas such as renewable energy sources, CCS, oil and gas derivatives, energy efficiency

and biomass; calls for the establishment of cooperation which combines technology transfer with guarantees of a secure, sustainable supply of raw materials;

15. Reiterates the need to provide better information on the existence of EU exchange programmes such as Erasmus Mundus to GCC students and teachers; encourages, therefore, participation by GCC students and teachers in existing EU exchange programmes in order to deepen cultural dialogue and to promote common understanding;
16. Calls for the ERC (European Research Council) and EIT (European Institute of Technology) to step up their collaboration with the GCC in order to foster, and press ahead with, scientific dialogue and cooperation between regions in this field as well;

#### **EU REPRESENTATION IN THE GCC COUNTRIES**

17. Calls for improvements in the work on EU visibility carried out by the single delegation covering the six Gulf countries; advocates, therefore, the establishment of five new delegations in the remaining countries and the opening of five new offices.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	10.2.2011
<b>Result of final vote</b>	+: 62 -: 3 0: 2
<b>Members present for the final vote</b>	Gabriele Albertini, Dominique Baudis, Franziska Katharina Brantner, Frieda Brepoels, Arnaud Danjean, Mário David, Michael Gahler, Marietta Giannakou, Ana Gomes, Andrzej Grzyb, Takis Hadjigeorgiou, Richard Howitt, Anna Ibrisagic, Anneli Jäätteenmäki, Jelko Kacin, Ioannis Kasoulides, Tunne Kelam, Nicole Kiil-Nielsen, Maria Eleni Koppa, Andrey Kovatchev, Paweł Robert Kowal, Wolfgang Kreissl-Dörfler, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Ulrike Lunacek, Barry Madlener, Mario Mauro, Kyriakos Mavronikolas, Francisco José Millán Mon, Alexander Mirsky, Annemie Neyts-Uyttebroeck, Norica Nicolai, Raimon Obiols, Kristiina Ojuland, Ria Oomen-Ruijten, Vincent Peillon, Alojz Peterle, Hans-Gert Pötering, Cristian Dan Preda, Libor Rouček, Werner Schulz, Marek Siwiec, Charles Tannock, Zoran Thaler, Inese Vaidere, Johannes Cornelis van Baalen, Geoffrey Van Orden, Boris Zala
<b>Substitute(s) present for the final vote</b>	Charalampos Angourakis, Elena Băsescu, Emine Bozkurt, Nikolaos Chountis, Philip Claeys, Georgios Koumoutsakos, Monica Luisa Macovei, Carmen Romero López, Marietje Schaake, Indrek Tarand, Traian Ungureanu, Janusz Władysław Zemke
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Spyros Danellis, Ismail Ertug, Eider Gardiazábal Rubial, Jolanta Emilia Hibner, Rodi Kratsa-Tsagaropoulou, Jaroslav Paška