

The GCC in 2017

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Since the Arab uprisings began in 2010, all six Gulf Cooperation Council (GCC) states have been preoccupied with internal economic and social issues and reform. They have also been more visibly engage in projecting power beyond their borders. However, when Saudi Arabia, Qatar, Bahrain, Kuwait and to a lesser extent Oman projected power abroad, they are driven by their own domestic challenges rather than by a Gulf consensus. Consequently, GCC countries have adopted contradictory projects in most Arab countries such as Libya, Egypt, Yemen and Syria.

This resulted in various 'points of tension' in GCC relations, which manifested themselves most visibly when three nations withdrew their ambassadors from Qatar (only to return them a few months later).

On the economic front, many grand GCC-wider policies and plans did not materialize (or were implemented half-heartedly) like customs union, unified currency, GCC Rail, and the Schengen-like unified visa.

More recently, tensions have led to various forms of speculation, including the plans for a Gulf Union (which will exclude Oman). Mr. Ghanem Bouaini, the minister of the Bahraini Shura council, officially noted to Saudi Al-Hayat newspaper on Saturday that the file of the Gulf Union will be ready to be discussed at the GCC council's summit hosted by his country in December. HM the Saudi King went on a GCC tour just before that meeting and did not stop in Oman¹. The meeting took place with virtually no new announcements or policies. In the few days preceding the summit, the Saudi media pumped a huge quantity of articles into newspapers and audiovisual reports on satellite channels as well as social media to promote the idea that the summit will tackle the subject and even announce the establishment of the Gulf Union. There was nothing about the project, not even out of courtesy, as the statement merely stressed on connecting the GCC countries through a transportation network and supporting youth in information and knowledge development.

Observers called it an ordinary meeting in very extraordinary times.

In parallel, and a few weeks earlier, there was an economic push for further cooperation. The Saudi Deputy Crown Prince, Mohammad Bin Salman, announced that the GCC countries could become the sixth international economy. "We are at an era where the economic fluctuations are causing much damage in the world, which means we need to come together at the era of the conglomerates. We want, through this meeting, to launch this committee towards achieving the desired outcomes by the leaders of the GCC".

¹ Oman opposed the formation of such a Union when discussed in the Manama Forum 3 years ago

Globally, the GCC is facing many uncertainties when it comes to past, present, and future allies. With Brexit weighing on the British Government's mind, the UK Prime Minister attended and addressed the recent GCC summit and called for further economic cooperation (only to be countered by one of her cabinet members who accused Saudi – very publicly – of leading proxy regional wars, one day after her visit).

The wider concerns the GCC have today are related to the upcoming Trump presidency. When Donald Trump enters the White House as President of the United States of America in January, the GCC will be faced with an unknown factor on a political level. What is certain is the GCC's concern, born out of his aggressive and divisive notes during the presidential campaign regarding Muslims in general and Saudis in particular.

For their part, Gulf leaders all congratulated Trump on his win and hoped for more cooperation with the GCC and US. However, GCC stock markets all fell on the news. Investors seemed to fear economic and trade turmoil around the world with years of unpredictability on policy. Moreover, there is the potential problem for GCC investors in the US, with billions of dollars at stake. Others also reflected on American business interests which were threatened in the region. Aggressive behavior regarding Muslims in the US (Trump promised to ban and tag Muslims), could impact the tens of thousands of Americans employed by US companies in the Gulf. This will cover the sensitive sectors of oil and defense, with much at stake for both sides.

On a more regional scale, and despite a lot of recent disagreements, it is expected that Egypt-GCC Partnership will continue to be nurtured. Egypt and the Gulf Cooperation Council countries have a complex, but indispensable, diplomatic, military, and political partnership in the contemporary world. Whatever their quiet reservations, the Gulf countries will almost certainly continue to regard Egypt as essentially "too big to fail" and Egypt will continue to regard the Gulf countries as indispensable partners in securing the regional status quo and combating religious and political extremism.

Looking ahead, it remains to be seen whether the collapse of oil prices will eventually slow Gulf interventions in the Arab region. It will also have some impact on expediting some joint (GCC wide) economic decisions, like the introduction of 5% VAT in 2018.

As we enter 2017, we see more signs of this "uncomfortable" cooperation continuing, with balanced tension, mutual interests (security, defense, and – to a lesser degree – economic). This casts doubts on many of the joint regional projects, policies, and positions. What was depicted as a possible global trend of each nation for itself (G-Zero²) might start to become a Gulf reality (loosely held together by the GCC).

² Every Nation for Itself: What Happens When No One Leads the World. Ian Bremmer. 2013