

# The GCC in 2015: Domestic Security Trumps Regional Integration

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Brief Analysis

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**The conservative Gulf Arab states are functioning more cohesively again after a year of diplomatic tensions, but questions persist about political reform, economic integration, and demographic issues.**

**T**he thirty-fifth annual Gulf Cooperation Council summit, held December 10 in Qatar, was probably the most efficient meeting the group has ever held. With the diplomatic schism between Qatar and Saudi Arabia, the United Arab Emirates, and Bahrain papered over three weeks earlier, Emir Tamim bin Hamad al-Thani hosted the rulers of Kuwait and Bahrain, as well as senior substitutes for the ailing leaders of Saudi Arabia, the UAE, and Oman.

The meeting was purposefully brief, with delegations in and out of Doha in a day. The unity message of fighting terrorism -- via support for military rule in Egypt -- served to cement Qatar's reentry into the brotherhood of Gulf monarchies, while leaving the more pressing matters of economic integration, labor market reform, and political reform off the agenda.

As a relatively new regional organization, the GCC has its share of policy coordination problems, some of which are understandable in historical context. In the European Union's case, for example, gradual coordination of trade issues began in 1957, while member states took over thirty years to include immigration policy, monetary policy, and common parliamentary representation; widespread security and military cooperation emerged only recently.

Yet as local economic development proceeds at a lightning pace, GCC leaders seem to expect regional coordination to move just as quickly. Monetary union is not moving forward, however, while economic integration has been piecemeal and progress on regional trade is poor. GCC economies tend to replicate institutions and business models rather than streamlining them. And agreement on security issues is difficult to implement, particularly as member states disagree on the practical issues of who might host cooperative entities and what collective security entails. Their core goal is the continuance of Sunni tribal monarchies.

The fight against terrorism, as the West knows well, can be a useful political tool for expanding state surveillance, increasing defense expenditures, and stifling political disagreement on other issues. By identifying the Muslim

Brotherhood as the primary obstacle to regional stability, GCC leaders have sought to focus public attention outside of Gulf domestic politics. In doing so, they have created a narrative that equates political competition with economic downturn. In the 2014-2015 "Global Competitiveness" report by the World Economic Forum, the UAE, Saudi Arabia, and Qatar are ranked the top three "competitive" economies of the Middle East/North Africa region. Similarly, 2013 data from the World Bank ranked Saudi Arabia and the UAE as the top two Arab economies in terms of gross domestic product. While Qatar's economy still falls behind Iran, Egypt, and Iraq in size, its openness and potential growth easily outweigh the others given their respective political troubles.

Targeting the Brotherhood and, by extension, political Islam as the radical opposition also allows Gulf states to deescalate rhetoric against Iran, increase repression of any domestic dissent, and generate a logic of intervention in the wider region. The GCC is mapping the MENA region within its sphere of influence, establishing a common threat that is palatable to the West, which in turn facilitates the expansion of Western military bases and security links in the Gulf. For example, the Doha meeting coincided with announcements of a major expansion of British naval forces based in Bahrain, as well as increased Western-backed military training for the Syrian opposition in Qatar and Saudi Arabia.

The official GCC commitment to a new common counterterrorism police force training center in Abu Dhabi is a step below a regional army, which is unacceptable to Oman. Plans for a joint naval force were announced at the summit, but they lack specific details. Police and paramilitary forces have been instruments for intervening in fellow member states in the past, most notably the Peninsula Shield Force in Bahrain in 2011. GCC governments, particularly in Riyadh and Abu Dhabi, are focused on enhancing their ability to contain domestic threats while marketing their concern as a regional foreign policy problem.

Yet the Gulf states face a number of challenges that may be difficult to resolve collectively without shaping a more cohesive pan-GCC Khaleeji (Gulf) political identity. The demographic imbalance of foreign expatriate workers to nationals (most extreme in Qatar and the UAE, whose populations are approaching 90 percent foreigners/noncitizens) is one challenge. The *kafala* system tying expatriate workers to employers has stymied human capital formation and mobility.

The lack of integration in trade, financial governance, and connectivity also impedes growth. In an April 2014 McKinsey study on economic connectivity, the Gulf states and the MENA region as a whole lagged behind others in data and communication flows that facilitate trade and growth. The exception was Dubai, with its combination of sea and airports and communications technology. Similarly, a September report by Steffen Hertog and the Gulf Research Center found that the GCC has a poor record of intraregional trade, which constitutes only 8 percent of its total trade. GCC economies do not coordinate in manufacturing or share complex value chains. Moreover, their institutional structures of financial governance lack complementarity, further encouraging copycat financial zones with differing rules for incorporation, insolvency, and dispute settlement.

To be sure, the differences between GCC states are important, reflecting variations in domestic politics and economic structure; these differences will not disappear. Yet the UAE, Saudi Arabia, and to a certain extent Bahrain have reached a core consensus that opposition politics are equal to terrorism. That is not good news for Western partners, particularly the United States.

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