

War when EC leaders became concerned at the strength of Maghreb public opinion against allied intervention and were worried that energy imports might be jeopardised. In 1990 the Commission floated the possibility of a cooperation agreement but, in the aftermath of the war, the Union forsook the multilateral approach and renewed its bilateral approach to the Maghreb in the context of moves towards Mediterranean region-wide partnership (see section on the global Mediterranean policy above).

The same Gulf War pressures led to two other, eventually aborted, multilateral initiatives: the Conference on Security and Cooperation in the Mediterranean (CSCM) (1990/91) and the so-called 'Five plus Five' dialogue (1990/91). The CSCM, which would have included all Mediterranean countries and the Palestinians, was actively promoted by France, Italy and Spain. Its remit would have been to cover arms control, arms proliferation, socioeconomic inequality and migration but talks fizzled out after opposition from some Arab opinion which feared an over-preponderant role for Israel and because of lack of EU enthusiasm at the end of the Gulf War. The Five plus Five arrangement which brought together four member states – France, Italy, Portugal and Spain – plus Malta and the AMU states (called collectively the Western Mediterranean Group) was a Mitterrand initiative and was meant to provide a forum for improved dialogue with the Maghreb. Working-groups on issues including debt, culture, transport and communication, food self-sufficiency and immigration were established. The dialogue petered out, however, after opposition from northern EU states who resented the possibility of paying for policies decided outside Union fora and also because of fears of intra-EU political division, particularly over the inclusion of Libya.

The pressures from powerful member states to isolate Libya had an important consequence for European Union foreign policy towards the Maghreb in that it was impossible for the EU to negotiate with the Maghreb countries as a collectivity. In the Maghreb, therefore, the Union was unable to follow its preferred foreign policy strategy towards the developing world – which was to promote regional integration and multilateral links with the EU. Attempts at promoting sub-regional cooperation and interregional cooperation were therefore eventually abandoned and subsumed into global interregional cooperation efforts with the Mediterranean region as a whole.

Actors, instruments, legal bases and decision-making procedures

Attempts to achieve interregional cooperation were not successful despite a multiplicity of actor involvement. Unlike many other examples of interregional cooperation when the Commission is the most significant actor with support from the Parliament, the Council and the member states, particularly the southern EU states, have played an important role. This is because moves to any form of interregional cooperation that involve Libya were politically sensitive. EC foreign ministers met with their AMU counterparts, for instance in November 1990 and November 1991, and the troika visited Libya in March 1991 to discuss, *inter alia*, the possibilities of interregional cooperation. The Commission has followed the Council's line in the Maghreb and only attempted to pursue the possibilities of interregional cooperation during the Gulf crisis.

EUROPEAN UNION RELATIONS WITH THE MASHREQ AND MIDDLE EAST (EASTERN MEDITERRANEAN)

The Mashreq states (Egypt, Jordan, Lebanon and Syria) and Israel and Palestine have all been subject to British and French colonial rule but it was contemporary political and economic rather than historical factors that forced the Union to give foreign policy priority to the region. EU policy towards the Eastern Mediterranean has been shaped by efforts to support, and sometimes initiate, proposals for resolution of the conflict between Israel and the Palestinians and Israel and her Arab neighbours – Jordan, Lebanon and Syria. It has had to take account of the priority given by the United States to the region and this has occasionally pitted EU interest in maintaining good relations with the Arab world in order to help secure its energy imports, against the necessity to retain a harmonious partnership with its major ally, the United States (see Chapter 5). Although the 'Euro-Arab dialogue' strictly speaking involved Arab states from outside the 'Eastern Mediterranean' region, it is discussed below because it evolved as a result of the Union's efforts to deal with the Arab-Israeli conflict.

Security and Defence

The Middle East has been a foreign policy priority for the Union since it was first able to act as a (more or less) coherent international actor. In 1970 the newly created European Political Cooperation mechanism (EPC) concerned itself with just two issues: the first was

the Conference on Security and Cooperation in Europe (CSCE) and the second was policy towards the Middle East. During the 1967 Arab–Israeli ‘Six Day War’ each of the six member states had taken different positions in terms of who they would support, exposing the wide areas of political disagreement between them and their lack of a common foreign policy. During the October war of 1973, although some tentative rapprochement had been achieved, the now nine member states remained divided and were treated differentially by the Arab states. The Arab states instigated an oil embargo against those member states that supported Israel – principally the Netherlands – and at the same time instituted an oil price hike and production cut-back that affected every member state. EC leaders recognised that the lack of an effective policy towards the Arab–Israeli conflict could have extraordinarily deleterious repercussions for member-state economies and it is this that has since propelled Middle East policy to its position as centrally important to the security concerns of Union foreign policy. The Arab oil embargo eventually petered out but EU efforts to develop a credible Middle East policy continued through the 1970s with various statements issued that repeatedly stressed both Israel’s right to security and the Palestinian right to some form of self-determination. The EC and the Arab League initiated the Euro–Arab dialogue subsequent to the December 1973 Copenhagen Summit where discussions had taken place between the EC Heads of State and Government and a delegation of Arab foreign ministers (see interregional cooperation below). The Euro–Arab dialogue continued to provide a sometimes sporadic forum for multilateral political and economic consultation up until the mid-1990s. It did not provide, however, a base for Union initiatives within the Middle East conflicts – partly because of Israeli and US opposition and partly because of internal disagreement as to what that role should be. European attempts to play a political role in the search for peace were also sidelined by the unexpected Camp David process in which President Sadat of Egypt first visited Jerusalem in 1977 and then signed a peace agreement with Israel in 1979 under the auspices of the United States government. Considerable Israeli, United States and Egyptian pressure was placed on the EC to both support Camp David and to desist from any unilateral intervention.

The EC more or less accepted its subordinate position, although it did issue what became a famous statement of principles in the 1980 Venice Declaration, which reiterated the EC’s commitment to a

settlement of the conflict through adherence to the relevant UN resolutions by all parties, and which restated the EC belief that both Israel’s right to security and Palestinian rights to self-determination should be met in a process in which the Palestine Liberation Organisation (PLO) would be ‘associated with the negotiations’. The EC also promised a new political initiative in the peace process but in practice were unable to offer much of substance given US and Israeli hostility. Instead the EC found itself reluctantly continuing to support US initiatives and gave its backing in 1981 to the decision of France, Italy, the Netherlands and Britain to send troops as part of a US-led deployment of a Multinational Force (MFO) whose objective was to ensure the Israeli military withdrawal from the Sinai agreed under the Camp David process. The EC continued to make diplomatic *démarches*, for example after the 1982 Israeli invasion of Lebanon, which also resulted in agreement to delay signing the Financial Protocol with Israel. In general, however, the EC failed to play a significant part in securing amelioration of the conflict or in making any significant contribution to peace.

The subordinate position of the Union as an actor in the international politics of the Middle East was confirmed after the 1990/91 Gulf War. The United States was the unquestioned major power in the region as it led the postwar peace process between the Palestinians and Israel and the Arab states and Israel. Although the EU made the peace process the subject of a CFSP ‘joint action’, in practice, it had to settle for providing humanitarian and economic assistance, particularly to the newly established Palestinian territories as well as providing technical and financial assistance in the 1996 Palestinian elections. This does not mean that the economic issues in which the EU continued to play a full role were not of immense strategic importance for both the EU and the states of the region. The EU’s policies and activities on trade, investment and future water resources and its contribution to creating a possible Middle East free trade area and market (see trade and interregional cooperation sections below) – providing some political settlement can be maintained – are crucial for both maintaining that settlement and helping to secure EU objectives including the maintenance of peace and stability in the region. More detailed objectives are to try to persuade Israel to change its policies on settlements in the Occupied Territories and to encourage the Arab countries to refrain from trade boycotts of Israel. The EU also declared its intention, in April 1996, to produce a ‘European plan’ for the reconstruction of Lebanon after

the break-out of armed conflict with Israel earlier that year. It also welcomed Israeli withdrawal from southern Lebanon in compliance with UN resolutions in 2000.

Security concerns also led the Union's approach to Syria, with the United Kingdom insisting on an arms sales boycott and some diplomatic sanctions because of alleged support by the Syrian state for international terrorism. The Union also complained that Syria was not doing enough to allow the full expression of human rights domestically. In 1992, for instance, the European Parliament delayed giving assent to the Syrian financial protocols to protest human rights conditions in Syria. It was because of these overriding security concerns that, although Syria was a participant in the Barcelona process, it remained difficult for the Commission to include Syria in the wave of bilateral negotiations it conducted with the other states involved in the Euro-Mediterranean dialogue. It was only in 1997 that the Commission could suggest that negotiations should be opened with Syria to try to produce a 'Euro-Mediterranean' agreement with discussion continuing through 2000.

Actors, instruments, legal bases and decision-making procedures

The major actors were the member states in the Council with the French and the British playing key roles. Different foreign ministers holding the Presidency have engaged in active diplomacy in visits to the region for instance in the wake of the Venice Declaration in 1980 and 1981. Different troikas have subsequently attempted active intervention, for example with a visit to the region in April 1996 in an attempt to broker a cease-fire between Lebanon and Israel. A special envoy to the Middle East, whose brief was to coordinate Union activity to facilitate the peace process, was first appointed in 1996. The Parliament sent an 18-member Parliamentary delegation to the Mashreq countries and the Gulf states and has issued several opinions on the Middle East conflicts. Instruments ranged from the decentralised use of the military through the four member states (operating in the Sinai) – to active and declaratory diplomacy – to aid, sanctions and trade-related inducements. Member state military forces in the Sinai operated under national flags although EPC 'cover' was provided in the diplomatic statement of support for the action.

The CFSP mechanisms provided a framework for Middle East policy with the October 1993 Brussels European Council agreeing that the proposed Joint Action in the Middle East (agreed in April 1994) should use political as well as 'economic and financial means provided by

the Union in support of a comprehensive peace plan'. The legal bases for Union activity and the ancillary decision-making procedures are located within 'Title V' clauses of the Treaty on European Union although Community competencies provide the legal foundation for the economic instruments utilised to support security objectives. Article 310 (ex 238) provides the basic enabling framework.

Trade

In 1998 Israel was the Union's eighteenth most important export market (around the same level of importance as South Africa and Singapore). None of the Mashreq states were in the top 20 of importing or exporting states to the Union – with Egypt closest at trading partner number 39 in terms of Union imports and placed at 25 in terms of its value as a recipient of exports. The EC signed a free trade agreement with Israel in 1975 and trade agreements with Egypt, Jordan and Syria in 1977 and Lebanon in 1978. The Israeli agreement guaranteed free trade in the industrial sector and it was accompanied by a financial protocol guaranteeing economic aid in the form of loans. In 1978 the agreement was supplemented by an ancillary protocol on industrial, scientific and agricultural cooperation. The Mashreq agreements were similar to those forged with Maghreb states in that they included trade concessions and aid codified in accompanying financial protocols.

In the wake of the new 'Euro-Mediterranean' policy concluded at the 1995 Barcelona conference, the EU focused on trying to negotiate Euro-Mediterranean agreements with Israel, Egypt, Jordan and Lebanon. Trade policy is integral to the Union objective of creating a Euro-Mediterranean zone of peace and stability as the promotion of an ever-widening and deepening free trade area is seen as a crucial underpinning element for political stability.

Israel was the first to sign a Euro-Mediterranean agreement, in June 1995, but ratification was delayed, partly because of French and Belgian concerns over lack of progress in the peace process, and the treaty did not enter into force until June 2000. Jordan signed an agreement in 1997 while negotiations with Egypt were concluded in 1999. In addition the EU signed a 'Euro-Mediterranean Interim Association Agreement' with the Palestine Liberation Organisation (PLO) representing the Palestinian Authority in the West Bank and the Gaza Strip in February 1997, the agreement coming into force in July 1997. Economic and trade clauses were accompanied by commitments to political dialogue. Negotiations have also taken place with

Syria but were partly delayed by the unwillingness of President Assad to sign up to the EU's version of democracy, human rights and the rule of law – a prerequisite of the Euro-Mediterranean accords. These may accelerate in the wake of President Assad's death in 2000 although there still remain differences of political culture and system between the Union and Syria which could mitigate against a speedy improvement in trade relations.

Actors, instruments, legal bases and decision-making procedures

The Commission takes the lead on trade policy towards the region although it has worked closely with the Council given the inextricably interwoven 'high' and 'low' politics of the Middle East. Similarly to the Maghreb, trade cooperation agreements provided the major instrument of policy, until these were replaced by the Euro-Mediterranean association agreements. Also as with the Maghreb, association agreements are structured around regular ministerial meetings in an Association Council comprising ministers and an Association Committee made up of officials. The legal foundation for trade agreements is Article 310 (ex Article 238).

Development Cooperation

Aid to the Mashreq and Israel, similarly to the Maghreb, was initially channelled through the financial protocols to the trade agreements. Renegotiated agreements with Israel and the Mashreq states after Spanish and Portuguese accession brought increased financial aid so that the Mashreq states received in total just under 2.5 billion ECU in grants and loans up until 1996. Israel was allocated 133 million ECU in the same period. Between 1995 and 1999 a further 4 billion Euros were allocated to Egypt, Jordan, Lebanon, Syria and the West Bank and Gaza – with just over 2 billion as grants from the Union's budget and the balance provided through European Investment Bank loans. By far the biggest tranche of assistance from both the Community's own budget and from the EIB went to Egypt – 40 per cent and 54 per cent, respectively. Regional projects were allocated the next biggest slice of Community funding at 20 per cent, but with nothing for regional projects from the EIB. Syria received the least benefit from the financial protocols – being allocated just 4 per cent of the Mashreq share of financial assistance between 1995 and 1999 and nothing from the European Investment Bank.

The West Bank and Gaza have, since 1995, received around 600,000 million Euros in grants and loans. Israel has not benefited

from the MEDA programme and therefore from the main source of European Union assistance since the mid-1990s – according to the Union because its level of economic development is so high that it does not qualify. Israel is entitled, however, to participate in regional aid through the MEDA programme and does benefit from small-scale assistance through the Union's Investment Partners scheme – designed to encourage small and medium-sized enterprises.

Apart from development aid, the sub-region has also benefited from humanitarian and emergency assistance. The West Bank and Gaza have been major recipients of food aid and humanitarian assistance. In addition, the Commission also makes an annual contribution to UNRWA of just under 50 million ECU for Palestinian refugees. Egypt, Lebanon and Jordan have also received food aid, with Egypt and Jordan being allocated specific assistance in the aftermath of the 1990/91 Gulf War when they had to cope with absorbing returning workers from Iraq and Kuwait and, at the same time, assist in the general refugee crisis precipitated by the war. In total, from September 1990 to the end of 1991, the EC foreign ministers agreed an expenditure of 1.5 billion ECU to assist Egypt, Jordan (and Turkey) – the neighbouring states most affected by the Gulf War.

Actors, instruments, legal bases and decision-making procedures

Actors, instruments, legal bases and decision-making procedures are similar to those involved in relations with the Maghreb. The Commission is responsible for monitoring and implementing development aid along with the European Investment Bank (EIB). The European Parliament has been visible in that it used the competencies first given to it by the Single European Act to make political points in the case of both Israel and Syria; in the case of the former the EP delayed ratification of the 1988 agreement and in the case of the latter the 1992 agreement on financial assistance. In respect of Israel the Parliament was trying to secure fairer treatment for the Palestinians. In the case of Syria the Parliament argued that the Syrian state did not respect human rights. In addition to the distribution of humanitarian aid through the World Food Programme (WFP) and UNHCR, the EU also channels aid through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Non-governmental organisations are also important partners for the EU in the distribution of aid in the region. During the 1990/91 Gulf War the EC and the member states worked closely together with two-

thirds of the aid agreed derived from member states' budgets and one-third from the Community budget. Instruments utilised are the financial protocols, humanitarian and emergency aid including food aid. The legal base and decision-making procedures follow the trade agreements and the ancillary protocols.

Interregional Cooperation

There has been no real attempt at promoting regional association among the Mashreq states and, although there have been attempts to develop economic interrelationships between the Arab states and Israel post the Madrid peace process, there are no immediate possibilities of regional integration. The nearest that the EU has come to interregional cooperation with the states of the Mashreq (excluding Israel) is in the Euro-Arab dialogue that started in 1973.

The Euro-Arab dialogue (EAD) involved the EU in cooperation links with all the states of the Arab League but its political focus was that of the Arab-Israeli conflict, most particularly the Palestinian-Israeli conflict. The EC foreign ministers first met Arab League leaders at the December 1973 Copenhagen summit of the Community Heads of State and Government but the institutionalised dialogue between them started in 1975. EC interest in the dialogue was motivated by worries about access to Arab oil exports but the Arab side insisted on political linkage between the Arab-Israeli conflict and economic issues. The EC attempted to handle these alternative emphases by organising economic dialogue through Community and treaty-based competencies and political statements through the mechanisms of EPC.

In practice, however, the EC was propelled into a political position on the conflict which separated it from the United States and Israel in favour of a more conciliatory position towards the Palestinian claims for self-determination (see Chapter 5). In 1975 for instance the EC accepted from the Palestinian Liberation Organisation (PLO) a formula that would allow participation in the Euro-Arab Dialogue (EAD) – at the time an immensely controversial decision. The EAD remained reasonably active in the 1970s in respect of discussions over economic cooperation but virtually ceased to operate after the beginning of the Camp David process in 1979 that split the Arab League. The assassination of Egypt's President Sadat in 1981 consolidated the divisions in the Arab world and progress within the EAD remained slow throughout the 1980s. President Mitterand attempted to reactivate the dialogue in 1989 and an agreement was made to

pursue new economic, social and cultural projects. The agreed restructured EAD did not materialise, however, as the outbreak of the 1990 Gulf War radically changed the international and regional environment. The United States became the unquestioned leader of Western policy towards the Middle East and, in the wake of the war, continued to set the terms of reference for international political and economic cooperation with the Middle East. The EAD was then subsumed by the EU into the new 'Barcelona process' that attempted to develop a pan-Mediterranean partnership with the EU (see above).

Actors, instruments, legal bases and decision-making procedures

Both Commission and Council have been active in the Euro-Arab Dialogue. The EAD established a General Committee to oversee the dialogue – which was supported by a series of working-groups, specialised committees and a coordination committee. The political instruments were those of diplomatic *démarches*. No trade or economic agreements were concluded. Legal bases reflected the respective competencies of treaty and EPC/CFSP modes of operation with the consequent mix of both intergovernmental and supranational decision-making procedures.

EUROPEAN UNION RELATIONS WITH THE GULF REGION

The EU developed a regional approach to the Gulf states and their neighbours in that it has promoted interregional cooperation as a mechanism of policy implementation, particularly with respect to its main concern in the region which is the security of oil supplies. Interregional dialogue with the Gulf Cooperation Council member states of Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates is accompanied by bilateral institutional arrangements with Yemen. Relations with Iraq and Iran have not been institutionalised and have remained conflictual. *Security and defence* concerns have been dominant in the EC/EU's relations with the Gulf and these are in turn inextricably tied up with the EC/EU's concern to maintain the security of its *trade* in terms of energy supplies from the Gulf region. *Development cooperation* is not a priority given the wealth of the Gulf states although Yemen is the exception as an aid recipient and some humanitarian assistance has been given to Iran and Iraq. *Interregional cooperation* has been utilised as a mechanism of maintaining dialogue in respect of Union security concerns and has been organised via institutional cooperation established with the Gulf Cooperation Council (GCC) in 1979. Given the dominant

security motivation for EU policy in this region there remained a significant overlap between all issue-areas and, therefore, the actors, legal bases and decision-making procedures utilised in each issue-area. This overlap is mirrored in the structure of the following sections. The four issue-areas are discussed separately but – given the interrelationship of policy implementation – the subsidiary sections on actors, instruments, legal bases and decision-making procedures are combined and amalgamated.

Security and Defence

British colonial dominance of the Gulf region ended with British Prime Minister Harold Wilson's decision to withdraw 'east of Suez' in the early 1970s. Subsequently, during the Cold War, both the US and the USSR attempted to wield influence but, post-1989, the US remains the most important world power in the Gulf and US interest remains high given the importance of Gulf oil imports for the US economy. Within the Gulf, security issues have been characterised by jostling for regional dominance by Iraq, Iran and Saudi Arabia with the additional tensions caused by the persistent Arab–Israeli conflicts making for a backdrop of permanent tension. The Union has not seriously challenged US pre-eminence in the Gulf. It has been prepared to play an ancillary role to the US in respect of security issues, even if it has not always reacted with the alacrity that the US might have wished. In the 1979/80 Iranian hostage crisis, for instance, when over 60 US citizens were held hostage in Teheran by the revolutionary guards, the EC only reluctantly agreed to join the US in implementing sanctions on Iran and then, because of domestic opposition within the member states, had problems in implementing the limited measures agreed.

The two major security issues with which EC/EU members were directly involved were handled outside EC/EU fora. The first was the 1987/88 mine-clearing operation in the Gulf in which British, French, Italian, Dutch, Belgian and German navies (with some financial support from Luxembourg) contributed to safeguarding oil tankers – organised and coordinated by the WEU. The second was the 1990/91 Gulf War – formally led by the UN if in practice by the United States. In the aftermath of the war the EU and the member states continued to support the UN embargo on exports to Iraq – with some exceptions made for humanitarian aid supplies.

The EC imposed limited sanctions on Iran after the taking of the US hostages in 1979 but in 1991, after Iran condemned Iraq's inter-

vention in Kuwait, it restored high-level diplomatic contacts. In 1992, it attempted an independent initiative towards Iran when it experimented with what it called 'critical dialogue' in the hope of safeguarding trade relations at the same time as exerting some diplomatic influence. However, following the findings by German courts in 1997 that the Iranian authorities had been involved in acts of individual terrorism the Union suspended the dialogue, and instituted diplomatic sanctions against Iran. It suspended ministerial visits to and from Iran, agreed not to supply visas to Iranian military and intelligence personnel and attempted to exclude Iranian personnel from entry to Europe. It also confirmed an EU ban on arms sales to Iran. The EU has also engaged in diplomatic representations to Iran – for example in its repeated condemnation of the death sentence imposed by *fatwa* on the British author, Salman Rushdie.

Relations improved again in the late 1990s after the election of President Khatami in 1997, and in 1998 troika meetings at the level of deputy minister started to take place with Iranian counterparts. Political discussions take place in the context of the troika meetings and Iran has requested that the relationship be intensified in the form of a cooperation agreement. Union policy was to argue that if further 'reform' takes place in Iran, a cooperation agreement might be possible.

Trade

European Union trading interests in the Gulf region relate mostly to oil and energy products and are therefore of immense strategic and security importance for EU member states. Only the Gulf Cooperation Council states and Yemen, however, have contractual trade relations with the Union – leaving Iran and Iraq out of the Union's global network of cooperation and association agreements. Because of the high demand for oil and gas in the Union, the lack of contractual relations has not prevented trade in those products. Even trade with Iraq, which suffered international sanctions since the 1990/91 Gulf War, has increased in recent years. Trade between the two virtually ceased between 1991 and 1996 but subsequent to the easing of restrictions in 1997 trade restarted so that by 1998 the Union imported 2.28 billion Euros-worth of Iraqi exports – almost all of this being oil. Exports to Iraq also rose but not to the same levels so that in 1998 the Union sent exports worth just under half a billion Euros to Iraq. In addition, despite the political frictions with Iran, it remains an important source of the Union's oil and natural gas.

The Gulf Cooperation Council states – that is Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates – have much more regular trade relations with the Union than either Iran or Iraq. They provide 23 per cent of total Union oil imports and in addition remain the Union's fifth largest export market – worth around 27 billion Euros in 1999. Exports are composed of machinery, transport equipment, other manufactured goods and food. Frictions persist in the relationship, however – one persistent and unresolved bone of contention being restrictions on access to EU markets for Gulf petrochemical products. The Union has tended to make concessions when precipitated to do so by security imperatives (in 1987/88 at the climax of the Iran/Iraq war and in 1990 during the Gulf War) but once these security crises have been resolved, the EC has pulled back from these concessions.

Perhaps the least security-related of the Union's trade relations with Gulf states are those with Yemen which were institutionalised in a commercial, development and economic cooperation agreement which came into force in 1998. The agreement was concluded in 1998 and provides a framework for trade relations which in 1998 comprised 600 million ECU of exports to Yemen from the Union at the same time as the Union imported about 100 million ECU-worth of Yemeni products.

Development Cooperation

Given the wealth of most of the Gulf region, development cooperation has not been a major feature of the relationship although humanitarian aid, for instance, was donated to Iran in the wake of the March 1997 earthquake. Iran has also been provided with assistance designed to help with its 2 million refugee population. Yemen and Iraq are, however, the major recipients of aid in the region. Prior to the comprehensive agreement of 1998, the Union had signed a development cooperation agreement with the former (North) Yemen Arab Republic in 1984. This agreement was consolidated in an exchange of letters in March 1995 after North and South Yemen came together to form the Republic of Yemen. It has received food aid and has also received development cooperation financing. Between 1977 and 1998 Yemen received around 180 million ECU which financed some 59 development projects – the most important of which are those designed to improve food security.

Since 1991, the Union has provided Iraq with 242 million Euros-worth of humanitarian aid. This assistance has been provided outside

the 'oil for food' facility where the United Nations has allowed Iraq to sell oil to buy food. The Union recognised that this facility has not helped to respond to the basic needs of those suffering from the breakdown of health and social services in Iraq. A Commission document pointed out that 'the end of the embargo is a prerequisite to a solution of the problem it has created'. In 1999 the Commission responded further to these humanitarian concerns by allocating 2 million Euros to supply essential medicines, to help children's institutions and to help provide basic sanitation in Baghdad.

Interregional Cooperation

The Union chose to develop interregional cooperation with the Gulf Cooperation Council states because these countries are important sources of oil and gas supplies – containing 45 per cent of global oil reserves. As the Union, particularly after the Maastricht Treaty, was legally obliged to promote human rights and liberal democratic principles, it would be very difficult for the Union to develop bilateral relations with Saudi Arabia – the most important of the GCC states – because of its problematic human rights record. The Union has attempted to act independently of the United States so as to maintain a distinct and discrete presence as a 'reliable partner' for the Gulf states and to do this has sought an institutionalisation of interregional cooperation with the Gulf Cooperation Council (GCC).

The EC encouraged the Gulf states to form a regional organisation. The GCC was established in 1981 and was dominated by Saudi Arabia which sought to consolidate its regional hegemony in the wake of the start of the 1980–88 Iran/Iraq war. Both Saudi Arabia and the five small emirate states which were the other founder members agreed to exclude Iran and Iraq and the two Yemens – partly because of the then Marxist influence in Yemen but arguably also because Yemen remained poor and undeveloped compared to the rich oil-producing GCC states. All six GCC members were anxious to build an institution that could help prevent insurrectionary 'spill-over' from the post-1979 Iranian revolutionary state. The US which, after the 1979 Soviet invasion of Afghanistan, wanted to find ways to buttress Saudi Arabia, the last remaining US ally of any size and strategic significance in the Gulf region, also supported the formation of the GCC.

It was not until 1988, however, that the GCC–EC agreement was signed – allowing for economic cooperation in agriculture, fisheries, industry, energy, science, technology, investment and trade. The

agreement, concluded in 1989, did not contain any resolution to the petrochemical dispute. In practice, however, the substantive achievement of the dialogue for GCC states was not in the economic clauses of the agreement. Not only did the EU continue to protect its own petrochemical industries against Gulf exports but, in the early 1990s, proposed a carbon/energy tax which GCC states considered would directly reduce demand for their oil, thus damaging their export interests. The GCC/EU dialogue remained, however, a useful venue for the discussion of joint security concerns. The Union, for instance, welcomed the GCC initiative to develop joint security arrangements with Egypt and Syria in 1991 at the end of the Gulf War. The dialogue also provided a forum for exchange of views on security issues in the wider Middle East – for example, the Palestinian issue, Lebanon, the European claims against Libya in respect of the Lockerbie bombing, and instability in north Africa.

Actors, instruments legal bases and decision-making procedures

The initial proposal for EC dialogue with the Gulf region in 1979 came from Hans-Dietrich Genscher the then German foreign minister. Subsequently, both Council and Commission have been involved in their respective spheres of influence – that is in terms of issuing diplomatic *démarches* (the Council) and negotiating the 1988 cooperation agreement (the Commission). There is a Parliamentary delegation to the Mashreq and the Gulf states and the Parliament has occasionally made its views known on issues pertaining to the Gulf, although it has not been a major actor in EU policy towards the region. EU–GCC trade negotiations are carried via the framework of the GCC agreements and political dialogue is undertaken through regular ministerial meetings between EU and GCC foreign ministers. EU–GCC negotiations are conducted via the joint cooperation council set up by the 1988 agreement. EU–Yemeni relations are carried out via the joint EC/Yemen committee in which the EU is represented by a senior official from the Directorate General responsible for external relations. The instruments used have ranged from the diplomatic *démarches* to the use of sanctions (with Iraq and Iran) to aid (to Yemen). The legal base for the 1988 cooperation agreement with the GCC is provided by Article 133 (ex 113) and Article 308 (ex 235). For the Yemen agreement, the legal bases are provided by Article 133 (ex 113) and Article 300 (ex 228).

SECURING OIL AND SECURING PEACE

The objectives of EU foreign policy have been dominated by the twin requirements of securing oil supplies and economic markets, and trying to help bring peace to the region. The Union has more or less accepted its subordinate political role to the United States in this region but that has not prevented it intervening to further its own political and economic interests as far as possible. Policy has been carried out through a range of competencies and different actors have taken key roles depending on the exigencies of policy and circumstance.

Guide to Further Reading for Chapter 6

For a detailed and authoritative work on the aid dimension of EU policy towards the South, which discusses some of the countries mentioned in this chapter and the next, see Enzo R. Grilli, *The European Community and the Developing Countries* (Cambridge: Cambridge University Press, 1993). For a detailed tabulation of EC foreign policy activities from 1958 to 1985 which includes specific reference to agreements entered into with the countries discussed in this chapter and the next see Roy H. Ginsberg, *Foreign Policy Actions of the European Community* (Boulder: Lynne Rienner, 1989).

For a useful review of early EC Mediterranean policy see Kevin Featherstone, 'The Mediterranean Challenge: Cohesion and External Preferences', in Juliet Lodge (ed.), *The European Community and the Challenge of the Future*, first edition (London: Pinter, 1989). For a more theoretical look at the same period see the chapter on 'EC-Mediterranean Basin Relations' (Chapter 5) in Roy H. Ginsberg, *Foreign Policy Actions of the European Community* (Boulder: Lynne Rienner, 1989). For a very comprehensive exposition and analysis of relations with the Arab world see Yousif Maloud Mohammed Shakona, 'The Arab Regional Organizations' Relations with the European Community', University of Kent (unpublished doctoral thesis, 1996). For a review of EU–Mediterranean relations which more or less avoids the stale CFSP/external relations distinction see Richard Whitman, 'Towards a Zone of Stability and Security in the Mediterranean? The EU and the Development of an EMEA', paper presented to UACES research conference, University of Birmingham, September 1995. A thorough background on EPC discussions of the