

THE GULF COOPERATION COUNCIL:
A STUDY IN INTEGRATION

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ABSTRACT

The Gulf Cooperation Council was established in May 1981 by the heads of state of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. At the time, Western observers declared security to be the prime consideration of its founders, yet security is not mentioned in the Council's foundation charter. This emphasizes the intention to promote "close coordination in all spheres, especially the economic and social" between the member states; throughout the charter the terms "coordination", "integration", "cooperation", "closer relations" and "ties" repeatedly recur. In consequence, as the Council began to make its existence felt in the international community, its activity raised the question as to whether this demonstrated the development of integration as understood in the West notwithstanding references in the preamble to the charter to concepts of Islamic and Arab unity which predate Western theories of integration.

Accordingly, this study looks at the Gulf Cooperation Council in the light of theories of integration initially elaborated in the light of Western experience in order to establish whether the Council in fact constitutes a fresh attempt to promote Arab unity. It concludes that analysis of its achievements establishes the Council as a cautious and pragmatic instrument to the achievement of Arab unity while at the same time reflecting favourably on Western theories of integration based on the concept of the security community.

Chapter One

INTRODUCTION: THEORIES OF INTEGRATION

The study of international relations in the twenty years following the second world war was distinguished by a debate, sometimes acrimonious, between two schools of thought: those who might be best entitled the political realists, and those who might very loosely be described as the integrationists. The assumptions of the political realists as applied to international relations may be said to be based on the notion that states and nation-states are the only consequential actors in international relations, and therefore the study of international relations should be focused upon the motives and behaviour of states or nation-states or their representatives. It is admitted that other actors exist, but they are consequential only as agents or instruments of states. International relations result from foreign policies directed towards enhancing national security, defined in terms of military might, and territorial and ideological domain. Other goals are pursued by international actors, but these are "low politics" and hence command little priority in foreign policy, and are of little consequence to international relations.

Against this could be arrayed the findings of several of the contributors to the growth in integration studies in the 1950's and 60's. These acted or argued on the assumption that states and nation-states are not the only consequential actors in international relations. Indeed,

some outcomes in international relations can be understood only in terms of the motives and behaviour of international public organizations and bureaucracies, formal and ad hoc coalitions of officials, trans-nationally grouped, trans-nationally organized, non-governmental associations, multi-national business enterprises, international social classes, and other actors traditionally deemed inconsequential. From this it follows that international relations result from foreign policies directed towards enhancing national welfare in terms of per capita income, employment, and general well-being; the importance which governments attach to such goals, and the domestic penalties or rewards surrounding their attainment or sacrifice render their pursuit "high politics"; and within the international system such politics entail integration.

At its most basic, the concept of integration can be defined as the movement of parts into a whole, or the creation of inter-dependence between the parts. In the political sphere, those who rejected the views of the political realist school used the term to denote a relationship of community or strong cohesiveness amongst peoples, and they argued that integration could not only establish the geo-political boundaries of the nation state, but it could also transcend them. They accepted that the historical record was uneven, but insisted that it nonetheless showed integration at the regional as well as the national level. Great Britain, for example, was the outcome of the integration of the peoples of Scotland, England and Wales some centuries before the integration of

the peoples of Italy and Germany. At the regional level, they pointed to the integration of the original thirteen colonies of North America in a federal structure which was so successful in North America that federalism as a theory for the regional integration of Europe was not only advocated in the inter-war years, but found its proponents at the end of the second world war also.¹ Federalism is based on the belief that the surest way to establish political community is by formal political processes culminating in a formal constitution. Such constitutions permit separate states to retain their autonomy, while uniting them in such external political activities as defence and foreign policy, and such internal activities as law and commerce. Proponents of federalism argue that the establishment of common institutions reflect and promote the growth of a sense of community. They concern themselves with the elaboration of written constitutions, the different forms of representative institutions, and the divisions of power between federal and national agencies.

Despite its vitality as a political theory and its demonstrable success in the United States of America, federalism failed to establish itself as an alternative to traditional political structures in the years following the second world war when Europe was reconstructed very much along the lines of pre-World War II Europe. The disappointment of those who advocated a federal united states of Europe on the model of the United States led to a novel approach on the part of those who advocated a new

1 Vide Streit, Clarence, Union Now, London: Cape, 1948.

political structure, one deliberately designed to obviate a recurrence of the warfare which twice in twenty-five years had ravaged the old continent. Given the appalling economic state of Europe following the second world war, which necessitated - at least as far as Western Europe was concerned - the Marshall plan to prevent Western Europe from falling into economic and political chaos, there emerged those who advocated the need for functional cooperation at the economic level, initially on a limited scale, but gradually extending so as to bring about economic unification and the formulation for broader political integration. Amongst the ranks of the theorists of integration, the most elaborate proponent of what became known as functionalism was David Mitrany who dismissed federalism on the grounds that it would not overcome the forces of nationalism and ideology which had been largely responsible for the outbreak of the second world war and indeed of the first world war. Arguing that states would not surrender sovereignty to a federal authority, he asserted that they would transfer authority for specific purposes when they were convinced that the state itself could no longer satisfy the needs and desires of their citizens. According to Mitrany, trade, transport, science and technology would pass into the care of international organizations on a global rather than a regional basis so as to avoid world peace being jeopardized by competition between regions. A functional union, functional integration, would bring about a community of nations with

a vested interest in the maintenance of peace and a burgeoning aspiration for political agreement.²

Mitrany put forward his views in 1943, and his views reflected his concern for the future for world peace, when the then world war was concluded. Later advocates of functionalism were more practically inspired; indeed they had an example of practical functional integration on a more parochial scale in the European Coal and Steel Community, established by treaty in 1951. As analyzed by Ernst Haas, the experiment seemed to indicate that functionalism was rooted in economics; he went on to deduce that step-by-step economic integration would ultimately bring about the establishment of a new supra-national political authority in Europe, however limited the intentions of governments had been at the outset. Economic self-interest would be the motive force for regional integration and the progression from a politically-inspired common market to an economic union, and finally to a political union, would be automatic.³

Functionalism was thus seen as a process; integration theory, as it developed, was directed primarily towards explaining political unification amongst states. While the exact meaning of political unification differed from one theoretical school to another, most imagined the end-product to be an entity similar to a modern nation-state, or a multi-national federation. This being the case, the

2 Mitrany, David, A Working Peace System, London: Oxford University Press for the Royal Institute of International Affairs, 1943.

3 Haas, Ernst B., The Uniting of Europe, Stanford University Press, 1958 (1st edition).

main questions of integration theory were: within what environment, under what conditions, and by what process does a new trans-national political unit peacefully emerge from two or more initially separate and different ones? Mitrany argued that traditional political structures, notably the nation-state, were less and less able to satisfy the needs of their own populations. It followed that new structures to satisfy those needs were required and that such structures would reduce the role of the state and of government. A host of technical bodies would deal with such problems as social welfare, education, transport, and economic production. These organizations would be integrated and the government of men would become the administration of needs. Integration would thus be the transition from an international society composed of territorially based sovereign states, to a global society, whose main actors would be defined by function, actors which had to be global, because any functional integration at less than the global level would permit the possibility of conflict which human welfare demanded be avoided. It thus followed that integration would bring about the gradual removal of the state system and it would be brought about by the attitude of élites engaged in functional activities and by the attitudes they diffused through society by education and their control of the mass media.

The views of Haas and his followers were in some senses more parochial and the modifications they suggested to grander theories of integration led to their being given the title "neo-functionalists". For Haas, political

integration was not so much the result of pressures arising from functional needs, but the result of the inter-action of political forces - interest groups, parties, governments - as well as international organizations, which seek to utilize such pressures in their own interests. According to Haas, political integration was

"the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community super-imposed over the existing ones."⁴

The process rested on functionalism, but Haas asserted that functionalism rested on economic self-interest and that such self-interest was more important than political commitment. According to Haas incremental decision-making was more effective than the construction of elaborate grand designs. The key assumption was that in modern democratic industrial society, particularly that of Western Europe, there was no longer a distinctly political function separate from economics or welfare, and once crucial functions, notably economic, were given to a supra-national body, the inter-dependence of economic processes would produce pressures for the granting of further supra-national power, in order to meet successfully the tasks engendered by the initial shift of power. Thus within Western Europe, agreements involving limited economic sectors, such as coal and steel, increased both trade and common problems; a supra-national bureaucracy would be

4 Ibid, p. 17.

developed to deal with them, and the increasing number of economic activities affected by this growing supra-national jurisdiction with the development of pressure groups, organized across national boundaries in order to be able to influence policy decisions now being taken by supra-national institutions, would increase pressure to integrate. Organized groups, particularly in industry and agriculture, would orient themselves towards the community institutions in order to advance their own interests. Over time such institutions would be given further power and attract political loyalty; thus the outcome would be what the federalist wanted, but what the federalists wanted brought about by the socio-economic pressures on states.

The new functionalist theory of integration developed out of the post-war experience of Western Europe; Haas himself cautioned against applying the European model to less developed areas of the world because of substantial differences in key social and economic structures. He did, however, argue that the lessons of the European experience could be utilized outside Europe if functional equivalents could be identified for such requisites as national bureaucracies, pragmatic interest groups, parliamentary-type government, and a supra-national technocracy. As things turned out, however, the European experience itself was to prove less positive than Haas had forecast and seemed not to be leading towards the political integration which had been the common object of the various theorists. The European Common Market, the different Latin American and African customs unions, and various other regional

adventures in fact turned out not to be examples of political unification, so that using them to generate theories about political unification proved impossible. Ten years after the publication of his original study, The Uniting of Europe, Haas himself acknowledged that the process of economic integration did not lead automatically to political integration. Indeed, he asserted that integration and disintegration exist as two rival social processes simultaneously at work; it was erroneous to assume the permanent superiority of incremental economic decisions over crucial political choices and to find an almost absolute determinism in the European social and economic structures.⁵ The neo-functionalists had not sufficiently reckoned with the nationalism of political actors, nor had they reckoned with their positive anti-functionalism. An outstanding opponent of functionalism, and a determined protagonist for the value of nationalism, was President de Gaulle, who took office in 1958 and who deliberately sought to prevent the emergence of the sort of integrated political community which had previously by the neo-functionalists been held to be an automatic consequence of earlier economic integration. Neo-functionalist theory had argued that integration was bound to spill over from the economic to the political sphere; experience indicated that while spill-over does take place, leading to the modification of national policies in industry, trade, and agriculture, politics still prevails in the fundamental

5 Haas, Ernst B., The Uniting of Europe, Stanford: Stanford University Press, 1968 (2nd edition), pp xxii-xxiii.

area of foreign, defence and monetary policy. Accordingly, "high politics" will persist as long as states continue to compete for power and prestige; from this viewpoint the conditions for the emergence of the European Community were to be found in the temporary decline of nationalism coupled with varying degrees of weakness experienced by West European states as a consequence of the second world war.

Students of international integration realized what was occurring and to the extent that they were working inductively from contemporary cases they agreed that they were not studying political unification, but they then fell into intellectual disarray trying to define exactly what they were studying. Their controversy came to be called the "dependent variable" problem in integration theory; if no end-product of the process afoot in Europe and elsewhere could be defined, how could it be possible to explain transformation towards or away from it? Empirically, how could one measure progress towards an unspecified, perhaps unknowable, end? This dependent variable problem was sufficiently serious to bring productive efforts at formulating a theory of political unification to a halt in the early 1970's. To be sure, since that time the study of the politics of common markets and regional associations has continued, but most analysts are currently more concerned with practical policy issues in regional cooperation than with theoretical generalizations about unification.⁶ To understand why this is so, one must

6 E.g. Wallace, Helen, Wallace, William and Webb, Carole (eds.), Policy-Making in the European Communities, London and New York, Wiley, 1977.

distinguish between integration theory, or theories, as represented by the generalizations of federalists, functionalists, and neo-functionalists about international political unification, and integration studies, as represented by the concerns, questions, observations and findings of all those scholars, including integration theorists, who undertook to discover in the broadest sense what was happening within customs unions, common markets, and other regional associations. Clearly, not all who studied regional cooperation were prompted to do so out of interest in political unification, and many of those who began by seeking insights into unification found in their case-study materials wealths of new and interesting information about cognate occurrences in subject areas variously described as international administration, trans-national and trans-governmental relations, international political economy, and so on. Each of these diversions into cognate areas produced a literature and several led to new bodies of theory. Together they came to constitute integration studies. Whereas the common interest among those working at integration theory was to explain political unification, the common interest among those in integration studies came to centre more comprehensively in explaining collaborative behaviour at the international level.

It is the contention of the writer that no more interesting a focus for integration study could be found than the Gulf Cooperation Council, established in May 1981. To quote its Secretary-General:

"When the Charter of the Gulf Cooperation Council was signed ... that signing of the Charter was accompanied by the adoption by the heads of state of a working paper that laid down the basis for economic integration. There was also a concluding political declaration that defined the foreign policy of the Gulf Cooperation Council. The most salient points of the economic and the political declarations were the emphasis on the integration in all economic fields and on convergence in foreign policy. Immediately thereafter the draft unifying economic agreement was initialed ... it will change the face of the Gulf by transforming it from separate markets and parochial concerns to a large single common market, in which the Gulf nationals can move freely, with full freedom of ownership of properties, and with all the privileges accorded to the nationals of the receiving member state."⁷

Given that the Secretary-General of the Gulf Cooperation Council was speaking only ten months after the formation of the GCC, such optimism may seem remarkable. This said, while the circumstances which led to the evolution of the European Community were not replicated in the circumstances which led to the formation of the Gulf Cooperation Council, its formation seems to reflect favourably on some of the ideas advanced by theorists of integration. The most pertinent of these in relation to the Gulf Cooperation Council is Karl Deutsch, whose most direct statements concerning international integration are set forth in Political Community and the North Atlantic Area, a study written in collaboration with colleagues at Princeton between 1952 and 1956. In this work Deutsch offers an inventory of concepts relevant to the analysis of international relations among countries and peaceful change

7 Abdulla Y. Bishara, 14th January 1982, Bahrain. In The First Five Years of the GCC: An Experiment in Unification (1981-1986), Secretariat-General, Riyadh, 1987. (Henceforth referred to as The First Five Years).

in international relations. Integration, Deutsch specifies, is to be distinguished from amalgamation. The former has to do with the formation of communities and the latter with the establishment of organizations, associations or political institutions. Communities are groups of people who share attributes in common, who display mutual responsiveness, confidence and esteem, and who self-consciously self-identify. A minimum condition of community is a shared expectation among members that their conflicts will be peacefully resolved; this minimum community is called a security community.

According to Deutsch, international communities may be either amalgamated or pluralistic. If amalgamated, the community would look very much like a federation or nation-state, with institutions of central government regulating the internal or external relations of an integrated population. By contrast, the pluralistic international community is a population integrated into at least a security community, but politically fragmented into two or more sovereign states. And it needs to be stressed that for Deutsch both integration and amalgamation are quantitative concepts; both can be measured with regard to degree or intensity, and Deutsch took up the theoretical challenge of establishing the measurement of these degrees of integration and amalgamation. In the event, the quantitative conceptualisation of amalgamation and integration never reached fruition in either Deutsch's own work or that of his students, because the measurement that would permit accurate assessment of degrees of amalgamation

and integration could not be devised. Deutsch sought amongst other methods to establish flows of communications between populations and groups on the assumption that such transactions could be measured and reflected perceptions of the actors being members of a community. Utilizing flows of communications to index attitudes and attitudinal change within and between populations is questionable, however, because questions remain about the connection between communication and attitudes. Amalgamation similarly defies precise quantification, partly because it has no precise definition. Deutsch defined it as

"the formal merger of two or more independent units into a larger unit, with some type of common government after amalgamation."⁸

But what does formal merger mean in an operational sense, and how does one know it when one sees it? Most historical cases intuitively suggest that formal merger tends to take place in a piecemeal fashion, one institution or one institutionalized task at a time. But empirically it remains extremely difficult to determine whether there is more of it or less of it in evidence in particular cases at particular times.

Recognition of the difficulty of quantification, however, need not detract from the value of the concept of the security community; examining the amalgamated security community and the forces that produce and maintain it is tantamount to examining international political unification. In Political Community and the North Atlantic

8 Deutsch, Karl W., Political Community and the North Atlantic Area, Princeton, N.J.: Princeton University Press, 1957, p. 6.

Area the principle empirical focus of the investigation of the amalgamated security community was the Western Europe of the Six. Deutsch and his students and colleagues sought to ascertain the existence of a security community among the peoples of the Six, to establish the degree of political amalgamation in evidence, and to project both integration and amalgamation into the future in order to draw conclusions about European unification.

Apart from their intrinsic importance as attempts to understand better the course of European unification, these exercises were also a test of a developmental model of political unification, devised by Deutsch and initially contained in his work on nationalism.⁹ In this model, international political unification, or the coming into being of amalgamated security communities, is a phenomenon similar to the coming into being of nation-states. What one would observe at the international level as political unification occurs is comparable to what one would observe at the national level when nation-states are born. First, functional linkages develop between separate communities; ties in trade, migration, mutual services, or military collaboration, prompted by necessity or profit, generate flows of transactions between communities and enmesh people in trans-community communication networks. Under appropriate conditions of high volume, expanding substance, and continuing reward over extended periods of time, such interactions generate social psychological processes that

⁹ Deutsch, Karl W., Nationalism and Social Communication, Cambridge, Mass.: M.I.T. Press; New York: Wiley, 1953.

lead to the assimilation of peoples and hence to their integration into larger communities. Once such community formation has taken place the desire of members and the efforts of the élites may be directed towards institutionalizing, preserving and protecting the community's integrity and distinctiveness and regulating internal social relations. Such desires acted upon lead to political amalgamation through the establishment of institutions of government. In overview then, the model posits that political unification - national or international - consists in moving first from communities to community and then from community to state. Integration therefore precedes amalgamation; sentimental change precedes institutional change; social change precedes political change.

For all its intuitive promise, however, Deutsch's developmental model of the unification process has some serious shortcomings. For one thing, the conditions under which people in newly-integrated communities will or will not initiate drives for political amalgamation are never specified; therefore one cannot predict future amalgamations from evidence of present integration, except possibly in terms of probability statements that tend to be so imprecise as to approximate refined guessing. The relationship between integration and amalgamation is certainly not causal, otherwise the pluralistic community could never exist, but there is a contingency linkage between the two which is never exactly specified in either Deutsch's work or that of his students. Political dynamics

are similarly missing from Deutsch's model, and this too seriously affects its explanatory and predictive power. His formulation makes statements about people's attitudes and sentiments, individually and in the aggregate, and also makes statements about governments' policies. What remains undisclosed is how, when and why changes at the social psychological level are converted into changes at the governmental level. Whose change of mind affects whose change of behaviour, how, when and why? In effect, there are no social or political structures or processes in Deutsch's integration models - no groups or classes (except élites and masses, and even these are seldom differentiated analytically), no decision-makers, no decisions, very little voluntaristic behaviour, and no politics. These omissions generated considerable confusion amongst the neo-functionalists in the 1950's and 60's. Their dismay was well-founded, because without a social and political content, the Deutsch model requires inferential leaps of considerable magnitude.

Not only have questions been raised about the relationship between integration and amalgamation in Deutsch's formulations, but time has also exposed problems in the assumed relationship between communication and integration. Recent European experience, for example, suggests that international communications may flow in great volume between and among virtually all strata of population over prolonged periods of time, with perceived rewards to communicators, and yet register minimal effects on people's identifications, symbolic references, and the

like. Communication, in short, does not seem to be creating an international community among Western Europeans, at least beyond minimal definition. The apparent hiatus in political unification in Western Europe, however, need not detract attention and interest in Deutsch's consideration of the security community. While his examination of the amalgamated security community led him into integration theory, his identification of the pluralistic security community points in the direction of much broader concerns. Until the 1980's at least, Western European states and peoples could be said to comprise neither a politically amalgamated international community, nor a traditional unintegrated international state system. What Western Europe had come to resemble most closely was a pluralistic security community - a cluster of non-warring peoples and an arena of peaceful conflict resolution amongst governments, but not a political unit, and certainly not a supra-national state. In recent years, the bulk of research in the field of integration studies has concerned the nature and problems of the pluralistic security community.

Varied as such approaches have been, it is possible to identify generally accepted factors or conditions held to promote the development of pluralistic security communities. Despite the disdain of Mitrany for the activities of the state, the political factor is recognized as being of great importance. It may be economic, technological or cultural pressures which bring about political change, but the change has to be initiated by, or accepted by, or indeed opposed by the state, or rather by

those who act in the name of the state; these élites are the potent decision-makers within the state and accordingly can affect processes of integration by creating or impeding or supporting public will. Indeed, the emphasis on the élite as a dynamic force seems to be borne out when the experience of the European Community is examined. The political élites shape demand and support, or denial and rejection, of policies; they influence the general public through their utilization of the media of communication. This general acceptance of the importance of the political factor in no way contradicts the importance of economic and social pressures. Economic and social welfare considerations may well induce political élites to accept the need for economic and social functions to be carried out by institutions larger than those of the individual state. A high degree of integration thus rests on a high degree of contacts between the élites of the states concerned and the intensity of communication and the mobility of individuals and groups within the community.

It has also been recognized that political integration may be the result of external influence such as apparent political, military or economic threat. The desire for security is therefore a powerful stimulant to integration. To these must be added geographical factors because they lead to an intense volume of contacts; this said, proximity will only ensure contact between peoples when they share the same cultural heritage, cultural traits, values, religious beliefs, or traditions. Similarity of linguistic and ethnic background ensures a degree of cultural

homogeneity which promotes the opportunity for integration between separate political units.

Given that cultural homogeneity is in fact one of the features of the states composing the Gulf Cooperation Council, this is therefore an appropriate point at which to leave this discussion of integration theory and turn to integration in practice, as illustrated in the emergence of the Gulf Cooperation Council. What were the factors which impelled the formation the Council? How does its history bear upon the theories of integration themselves?

Chapter Two

THE FOUNDATION OF THE GCC

The circumstances surrounding the birth of the Gulf Cooperation Council are arresting; the Iran-Iraq war was in full spate and there was virulent Shi'ite propaganda emanating from Iran directed at the traditional states of the Gulf; indeed it was to be suggested that propaganda gave way to direct subversion after the Soviet invasion of Afghanistan in 1979 and the enunciation of the Carter doctrine in the State of the Union message of January 1980, wherein the US President declared:

"Let our position be absolutely clear: an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States. It will be repelled by use of any means necessary, including military force."

This unilateral assertion of super-power involvement in Gulf security was highly unwelcome; writing a year later in a highly respected annual volume of record, one commentator declared that the Gulf Cooperation Council had been created specifically to bring about the coordination of all government policies of the member countries, with a view to safeguarding security and stability in the Gulf.¹ The linkage between instability in the Gulf and super-power involvement was made explicit by the Secretary-General of the Gulf Cooperation Council, Abdulla Bishara. Speaking to

1 Keesings Contemporary Archives, 1981, p. 30982.
(Henceforth referred to as Keesings.)

the Bahraini Engineers' Society in January 1982, he declared:

"The Gulf Cooperation Council came about in order to satisfy the aspirations and expectations of the people of the Gulf, who realise that the absence of a collective decision implies Great Power rivalry with adverse consequences to the national security of the Gulf states. The people wanted unity so as to be able to ward off the Great Powers' rivalry in spheres of influence."²

Three years later, Bishara was to give a more elaborate explanation for the origin of the GCC., quoting changes in the international economic situation, notably in the control of the flow of oil from the companies to the oil-producing states and what he described as:

"the Arabic changes or more frankly the Arabic collapse and corrosion and the downfall of the one Arabic security ... the Iraqi-Iranian war ... the nature of the area and its political and economic values ... [and] problems of development and manpower and foreign migration."³

On this occasion Bishara was speaking to a high-level audience in Riyadh in the presence of Prince Saud Al-Faisal; he was subsequently not to be well served by his translator. What he was trying to convey, however, was that the security of the Gulf was inextricably linked to the security of all Arabs, and not just the inhabitants of the Gulf region. In this respect he was recalling notions of the essential unity of the Arab world which were already in circulation at the time of the Arab revolt a generation earlier. Elsewhere he had referred to the debt that the founders of the GCC owed to early Syrian thinkers:

² The First Five Years, p.11.

³ Secretariat-General, The Role of the GCC in the realisation of Arab unity, Riyadh: Secretariat-General, n.d., pp. 21-22. (Henceforth referred to as The Role of the GCC.)

"I state with a certain sense of nostalgia that we in the Gulf owe a great deal to the Syrian thinkers of the earlier twentieth century. In 1916, many wise Syrian thinkers yearned for Arab unity. Their dream was to obtain Arab unity regardless of the forces of Arab regionalism or the demands of nationalism. To them, the prescription for a prospective cure to the Arab ailment was Arab unity."⁴

Amongst such was Sati Al-Husri who stressed common language and a shared history as the main characteristics of the Arab nation and who held that:

"unity in these two respects leads to unity of feeling and inclinations, to the sharing of sufferings and hope, and to the unity of culture, and all this makes people aware that they are the members of one nation to be distinguished from other nations."⁵

But Arab aspirations generated by the Arab awakening and the Arab revolt against Turkish rule in 1916 were not translated into a pan-Arabic political framework; the artificial borders and political systems imposed by the European powers highlighted the conflicting interests amongst the emerging Arab political forces themselves. Thus it was that the Arab world became divided and remains un-unified. In consequence other scholars were led to the conclusion that under prevailing circumstances unity could be obtained only by federation:

"the only avenue open to the Arabs now, if they wish to overcome the practical difficulties in the way of unity, is a federal union. Federation may in the end prove to be the best means for unity."⁶

4 Abdulla Y. Bishara, "The GCC: Achievements and Challenges", American-Arab Affairs, No. 7. Winter 1983/4, p. 40.

5 Al-Husri, Sati, Selected Writings, Part I, Beirut: Dar al-Quds, n.d., p. 53.

6 Dirassat Arabiyya [Arab Studies], Beirut: Dar al-'ilm lil-malayin, 1957, quoted in Karpas, Kemal H. (ed.), Political and Social Thought in the Contemporary Middle East, New York: Praeger, 1982, pp. 232-233.

Thus wrote Nabil Amin Ferris, who proposed in 1957 the establishment of a federation linking four geographical areas of the Arab world: the "Fertile Crescent", consisting of Iraq, Syria, Jordan, Kuwait, and Palestine; the Nile valley - Egypt, Sudan and Libya; the Maghreb - Morocco, Algeria and Tunisia; and the Arabian peninsula. The notion of the "fertile crescent" had been espoused by the Iraqi Nuri As-Saud; along with the Hashemite monarch he was swept aside in the July 1957 revolution and the idea itself became little more than a romantic aspiration. Given this background, however, the subsequent formation of the GCC is therefore not to be viewed as an isolated reaction to purely contemporary developments. In addition, commentators stress the common cultural identity of the six GCC states, a common cultural identity mentioned in the preamble to its charter itself. The most outstanding feature is the similarity in their systems of government, a similarity which does not derogate, however, from the unique location that the largest member, Saudi Arabia, holds in the Islamic world by virtue of the position of Mecca and Medina, two of the holiest places in Islam. This endows Saudi Arabia with a preeminent role not only in GCC politics, but indeed in the politics of the Arab world.

It was the 1968 announcement of the British withdrawal from the Gulf which led to the first very limited experiment in federation, the formation of the United Arab Emirates in 1971. Durable as this has proved, precedents for attempts to achieve a larger unification in the Arab world were not promising. The United Arab Republic had been

established in February 1958 by Egypt and Syria, the two states which had cooperated during the 1956 Suez Canal crisis. However, the dominance assumed by President Nasser, and the instability of the Syrian government meant that the UAR began to disintegrate within a year of its foundation. A similar attempt at cooperation between Jordan and Iraq collapsed when the Iraqi monarchy was deposed on 14 July 1958. In 1971, the Federation of Arab Republics was formed by Egypt, Libya and Syria, but this weakened after the 1973 Arab-Israeli war. In September 1980, Libya and Syria entered into a unitary state agreement which has, however, initiated little beyond the already existing ties between the two countries. At the end of the decade which saw the formation of the Gulf Cooperation Council, Egypt, Iraq, Jordan and North Yemen established in March 1989 the Arab Cooperation Council, and in the same month the Council of Ministers of the GCC welcomed the formation of the Arab Maghreb Union, consisting of Algeria, Libya, Mauritania, Morocco and Tunisia.

Impressive as this roll-call might appear, the number of attempts to establish strong cooperative links between separate Arab states raises doubts as to their viability. The two enduring monuments to cooperation within the Arab world have been the Arab League itself, established in May 1945, and the Arab Monetary Fund, established in April 1976. Neither of these are geo-political federations and it has to be acknowledged that neither has had a particularly unifying effect on their members, although they have played

a practical role in coordinating economic aid to developing Arab states.

This said, the mutually compatible systems of the traditional Arab Gulf states themselves prompted initiatives by their heads of state to suggest frameworks for cooperation in the early 1970's. For example, Sheikh Jabir Al-Saba, then prime minister and crown prince of Kuwait, called in May 1976 for -

"the establishment of a Gulf union, with the object of realising cooperation in all economic, political, educational and informational spheres, to serve the interests of the region."⁷

In November 1976, Sultan Qaboos called for the convening of a conference of foreign ministers of the Arab Gulf states with the aim of reaching a collective agreement concerning the security of the Gulf, and also to define areas of cooperation between the countries of the area. The conference was held in Muscat at the end of November 1976; the foreign ministers of Bahrain, Saudi Arabia, Oman, Qatar, the UAE, Kuwait, Iraq, and Iran were present to discuss the Omani suggestion that they should agree on a regional security and defence policy. Sultan Qaboos, in a speech which reflected Oman's recent experience of war in the south and its vital strategic position in the north at the Strait of Hormuz, called for closer cooperation between the countries of the region.⁸ The Shah of Iran was also a keen advocate of regional cooperation, but the rising

7 Gulf Information and Research Centre, The GCC, London: n.p., 1983, p. 15.

8 The Way Forward: Cooperation and Unity in the Gulf, Muscat: Ministry of Information, Sultanate of Oman, 1985, pp. 11-13. (Henceforth referred to as The Way Forward.)

tension between Iran and Iraq at this time was one reason why no concrete progress was made as a result of this conference, at which no final communiqué or resolutions were made public.

In December 1978, a year before the Soviet invasion of Afghanistan, and almost two years before the outbreak of the Iran-Iraq war, the new Kuwaiti crown prince and prime minister, Sheikh Saad Al-Saba visited Saudi Arabia, Bahrain, Qatar, the UAE and Oman. After each visit a communiqué was issued which indicated the continued desire of the six Gulf states to achieve some kind of formal cooperation. Thus:

Riyadh, 6 December 1978.

"After reviewing the prevalent situation in the Arab peninsula and in the Gulf region, the two sides affirm their belief that continuity of positive efforts to strengthen all aspects of cooperation is a natural duty. The two sides affirm their concern that the region should remain a zone of peace and stability removed from international struggles."

Manama, 9 December 1978.

"The critical circumstances in the region warrant speedy action for realising the objective of Arab unity which is dictated by the region's historical bonds and the aspirations of its people for greater progress and prosperity."

Doha, 12 December 1978.

"The two sides held an identical view on the critical situation prevailing in the region and the need for corrective and speedy action towards unity of its Arab states, which is determined by the nature of their historical relations and similarities, and also to cope with the desire to achieve progress and welfare."

Abu Dhabi, 16 December 1978.

"Reviewing the prevailing situation in the Gulf, the two sides agree on the need for a collective and speedy move to realise unity of the Arab Gulf states, emanating from their religious and natural linkage and to achieve aspirations of their people for progress and prosperity."

Finally,

Muscat, 20 December 1978.

"The two parties after reviewing relations between the Gulf states and the prevailing circumstances, agreed on the need for the closest framework of their Islamic concepts, historical relations and similarity of affairs and in response to the aspirations of the region's people to realise greater progress and stability."⁹

These may be described as a regional response to particular circumstances; in November 1980, however, the 11th Arab Summit Conference was held at Amman in Jordan, and shortly afterwards Sheikh Zayed Al-Nahayan, President of the UAE, declared that the call for Gulf unity was still on the agenda:

"the call for Gulf unity is not merely intended as a declaration of unity reflected in the creation of a single state and in one flag and a national anthem... what is needed is the laying down of foundations of unity relying on sound political, cultural, social and economic principles."¹⁰

To this, Sheikh Isa Al-Khalifa, Emir of Bahrain, said,

"Since this is the age of major powers and nations, there is no place for small countries to survive on their own, and should they try to do so they will definitely experience more backwardness and pressures, while the advanced nations will continue to enjoy more progress and advancement. All this prompts us to believe in the principles of cooperation based on good faith and a clear vision."¹¹

The President of the UAE and the Emir of Bahrain were speaking in radically different circumstances to those prevailing at the time of Sheikh Saad's tour; in January 1979 the pro-Western Shah of Iran had been forced to leave the country by the Islamic revolution fomented by Ayatollah Khomeini. The latter's Islamic messengers were already

9 Kuwaiti News Agency (KUNA), Special Dossier, Kuwait: KUNA, 1984, p. 8.

10 The Way Forward, p. 13.

11 Ibid.

active amongst the Shi'ite populations of the Gulf states, and while many moderate Gulf state citizens had long been chary of the Shah and initially welcomed the change of régime in Teheran, feelings in the Gulf states soon changed as Khomeini's violently anti-Western stance made it rapidly clear that his targets would include what he saw as the pro-Western oil states of the peninsula. At the end of the year which saw the departure of the Shah, a full-scale Soviet invasion took place in Afghanistan. More alarming still, in September 1980 the Iran-Iraq conflict escalated to become by far the closest and thus the most serious threat to the stability and security of the six Gulf states. Shi'ite groups inspired by Iran had already caused unrest in the peninsula, but the bombing of Kuwaiti border posts in December 1980 by Iran left the Gulf states in no doubt that the conflict could spread to their territory, and this at a time when they were actively supporting Iraq. Meanwhile, while the United States was officially neutral, a guided missile cruiser was despatched to the Gulf, and the spectre of super-power penetration added to the discomfiture of the Gulf heads of state.

This radically altered the regional security situation and precipitated discussions concerning the foundation of a regional cooperation organisation at the Islamic summit in Ta'if in Saudi Arabia in January 1981. Saudi Arabia had not only experienced uprisings amongst its Shi'ite population in the Eastern province since the coming to power of the Ayatollah, it had suffered in December 1979 the disastrous occupation of the holy place of Mecca by a group of young

Sunni critics of the Saudi régime. Bahrain had also experienced unrest in its Shi'ite population (which was actually the majority) and even Kuwait, which had been the first Gulf state to send its foreign minister on a goodwill visit to Iran after the fall of the Shah, was forced to expel Iranian religious leaders. Sheikh Jabir Al-Saba of Kuwait had nailed his colours firmly to the mast in insisting that Kuwait was opposed to all foreign intervention in the Gulf no matter what its origin. He was not, however, to be the only one to express his views. In the spring of 1981, John Nott, then United Kingdom Secretary of Defence, visited Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates, and declared that Britain was ready to contribute to the rapid deployment force that had earlier been sketched as a possible solution to Gulf problems by President Carter. At a press conference on 30 March 1981, Nott accepted that Gulf security was the responsibility of the Gulf and insisted that the rapid deployment force would only be used if the heads of the Gulf states requested it. But while accepting that the Gulf states were themselves politically stable, Nott declared,

"The Soviet threat is not going to go away, and unless the Gulf countries show that they do not want to see Soviet expansionism then it will happen."¹²

The Gulf countries did not want to see Soviet expansionism; equally they did not want to see any other form of expansionism and for their own reasons. Speaking to an American audience on the danger of superpower rivalry, Bishara declared that US policy

¹² Keesings 1981, p. 30982.

"suffers from a congenital defect that separates the Gulf from the main Arab concern with the conflict with Israel. President Eisenhower set the fashion of failure when he in 1958 issued his doctrine. The vocation (sic) of that doctrine was to convince the Arabs that international communism was more a threat to the Arabs than Zionism. The doctrine failed. President Carter, in the heat of the American dispute with Iran, and with the Soviets in Afghanistan, came out with his doctrine. The Soviets are a bigger danger than Israel. It failed again and that will be the fate of any doctrine that places more weight on the danger of the Soviets than it does on the danger of Israel."¹³

Nott was speaking in the aftermath of a meeting in early February 1981 between the foreign ministers of the UAE, Bahrain, Kuwait, Qatar, Oman and Saudi Arabia, where it had been unanimously agreed that a Gulf Cooperation Council should be established with the aim of fostering cooperation and coordination amongst the member states and intended to present an unified Gulf position on major political, economic and social issues. The GCC charter was quickly drawn up and the basic structure agreed upon. Three months later, on May 25 1981, the six heads of state met in Abu Dhabi, signed the charter and the GCC come into formal existence.¹⁴ This said, Nott's intervention underlined views presented at meetings of the foreign ministers of the Gulf held before the GCC was formally established. While the charter was being devised these ministers had before them two working papers, one submitted by Kuwait and the other by Oman. The Kuwaiti paper suggested the administrative structure of the organisation and the broad outline of the policies it might follow. In the event the

13 Abdulla Y. Bishara, 22 September 1982, Washington. In The First Five Years, p. 24.

14 See Appendix A for the GCC Charter and Appendices B, C and D for associated Rules of Procedure.

Kuwaiti draft was accepted with only minor alterations and became the blueprint on which the charter was based. The Omani paper, on the other hand, insisted that the greatest need in the Gulf at that time was the closest possible military cooperation leading to the eventual objective of full military integration in command, communications, supply and strategy. This was an ambitious proposal, even an extravagant one, but it was tinged with reality, in that the Omani paper pointed out that the six GCC states, even were they to be fully militarily integrated, were inadequate to defend themselves against a substantial external attack. Consequently, the Omani paper maintained that the GCC should plan its combined military defence in open cooperation with a major friendly power, whose security perceptions were close if not identical with those of the GCC. The only friendly power that fitted this prescription was the United States. The other countries, however, considered the threat of local war to be more pressing than an external attack and that the GCC might be considered by Iran and Iraq to be too pro-Western and too anti-Soviet in the event of the Omani suggestions being carried out. Consequently the Omani proposals were shelved.¹⁵ The preoccupation of the Sultan Qaboos with defence, however, may be deduced from an interview given to a Gulf magazine in the same month as he signed the charter:

"the region is facing threats from all directions. The U.S.S.R. is in Afghanistan, while South Yemen is a Soviet military base in the full meaning of the word. There are thousands of Cuban soldiers in Ethiopia. We are the gateway to Arabia and the oil route. Any

15 The Economist, (London), 30th May 1981.

aircraft in the Horn of Africa, Kabul or Tashkent is capable of covering a distance of 450 miles to drop mines in the Strait of Hormuz, closing the Strait and severing the West's economic artery."¹⁶

The meeting of the members of the future Council in the course of the Arab summit at Ta'if had reached an understanding that the new organisation should not include Iraq, this due in the main to two factors: the first Baghdad's status as a belligerent; and secondly the fact that Iraq did not share many of the political and social characteristics that bound the Gulf states; indeed its Ba'athist government was opposed to many of their most cherished aspects. Following the Ta'if summit, the foreign ministers of the six states met in Riyadh on 4 February, formally declared their intention to establish an international organisation amongst themselves and set the stage for several meetings of an experts' committee to sort out the substantive and procedural details of the emerging entity. By 10 March the various instruments had been agreed and the foreign ministers ruled that the first Gulf Cooperation Council summit should be held in Abu Dhabi at the end of May. The six heads of state signed the charter and the Council came into being; its Secretary-General was Abdulla Bishara, who had been Kuwaiti ambassador to Brazil and Argentina and a representative of Kuwait at the United Nations. At his first press conference he chose to stress the economic power of the GCC states and the need for a unified economic agreement to replace current bilateral agreements between the separate members. Subsequently he

¹⁶ Al-Mustaqbal, May 1981.

defined the uses to which the power of the Council would be put:

"we have plans for everything that contribute to forging the unity of the Gulf, and that is the uniqueness of the GCC It is not the United Nations, which is an organisation of sovereign member states, nor the Arab League, which is an association of states. We are ahead of that. We are a confederal structure with the dynamics towards unity. We work on that basis."¹⁷

The basic objectives of the Gulf Cooperation Council are set out in article 4 of the charter:

- "(1) To effect coordination, integration and inter-connection between member states in all fields in order to achieve unity between them.
- (2) Deepen and strengthen relations, links and scopes of cooperation now prevailing between their peoples in various fields.
- (3) Formulate similar regulations in various fields including
 - a) economic and financial affairs
 - b) commerce, customs and communications
 - c) education and culture
 - d) social and health affairs
 - e) information and tourism
 - f) legislation and administrative affairs
- (4) Stimulate scientific and technological progress in the fields of industry, mineralogy, agriculture, water and animal resources; the establishment of scientific research centres; implementation of common projects and encourage cooperation by the private sector for the good of their peoples."¹⁸

The first two of these objectives are deliberately general; the latter two focus more on the practical means by which overall unity between the member states may be enhanced. It is this practical approach which distinguishes the GCC from the many other Arab and non-Arab experiments in regional cooperation. The charter and related documents are also important for what they do not contain in terms of language

¹⁷ The First Five Years, p. 14.

¹⁸ Information Department, Secretariat General, Cooperation Council for the Arab states of the Gulf, Riyadh, n.d., p.7.

and concepts involving the objectives of the organisation. No unified state was established; no joint government was proposed; no comprehensive political union was formed; no instant meshing of economic system was mandated; and no surrender of sovereign prerogatives was forced. Rather a system was inaugurated in which increasing cooperation through practical integration could gradually lead to higher levels of inter-state ties. Its structure was simple; at the top a Supreme Council composed of the rulers of the member states, to meet annually; a Council of (Foreign) Ministers, to meet quarterly; and a Secretariat-General. The Supreme Council could become a Commission for the Settlement of Disputes, and each of the three bodies was empowered to establish delegate agencies as necessary. There is no explicit reference to an end-point in the cooperation process described in the charter. In contrast to the United Arab Republic and other similar experiences, the member states have not defined the GCC process in terms of specific political, economic or defence objectives. From the standpoint of defined objectives, there is no indication of what result the extensive cooperation of the GCC is intended to produce.

Yet despite the lack of explicit and long-term objectives, a number of implied channels of cooperation can be deduced from the GCC framework. The most embracing and significant objective elaborated in the charter and elsewhere is the process of integration between the member states. Such integration is designed not to be limited solely to economic or regional political cooperation, but

rather is intended to extend to all spheres of inter-state activity; the other stated objectives of cooperation, coordination and inter-connection must be regarded as the means by which integration can be achieved. Thus the most salient objective of the GCC programme is to achieve a framework in which the political, economic, and social policies of the member states can be gradually integrated. The attitudes underlying this have been described by Secretary-General Bishara,

"despite the fact that the GCC charter does not contain a clear-cut political theory, there is consensus on some form of confederacy between its six member states. Every Arab country is keen to maintain its special characteristics, its independence and legislative authorities, while at the same time the strong desire exists among these states to promote their regional potential within one framework. There is common agreement, that acting under the umbrella of the Council, they will be able to pool their economic, political and other efforts in a confederal manner."¹⁹

Bishara was to proceed even further. Writing in April 1984, he declared of the GCC,

"The frame is not federal nor confederal; it is an elastic frame which responds to the changes of development and the dynamicism of accomplishment. No wedges drag and no poles fetter it."²⁰

This apparent vagueness needs to be set in both the political context and the cultural context of the Gulf. The states concerned are deeply conservative, with the heads of state of the essentially city states of Bahrain and Kuwait as concerned as Saudi Arabia and Oman to maintain the status quo. Frequently rivals in the past, their common language and shared commitment to Islam provide them with a rich political vocabulary which is not replicated outside

19 KUNA, Special Dossier, pp. 8-9.

20 The Role of the GCC, p. 25.

the Arab world. What the charter of the Council and the definitions and glosses of its Secretary-General demonstrate is the essential pragmatism of the GCC; vagueness permits initiative and freedom to manoeuvre in an uncertain world. The articulation of economic and social aims in the absence of political detail in article 4 of the charter establishing the Council's objectives avoided any suggestion that a military alliance was in preparation; given the situation in the Gulf in spring 1981, freedom of political manoeuvre was essential in order to enhance security.

If this is the case, what then is to be made of the suggestion made by Secretary-General Bishara at a seminar on Gulf security held in New York that the Gulf enjoyed more security than was commonly conceded:

"The fact that the GCC is established and is functioning with remarkable speed has generated in the area the feelings of security and order. It is not only a fallback for member states, but it acts with awareness that the Gulf security is inseparable. It has generated the realisation that the security of Kuwait, for instance, cannot be isolated from the safety of a remote village in Oman. The GCC brought about a community of concerns, identity of survival... although our charter does not articulate cooperation on security, yet we realise that economic integration, which is the cardinal element in the GCC., cannot be fulfilled without stability, that economic progress cannot be enjoyed in an environment replete with uncertainties (sic)."21

This linkage of security with stability and stability with economic integration was a shrewd way of papering over differences notably between Saudi Arabia, Oman and Kuwait on the issue of security. Saudi Arabia was concerned about its position in respect to the other powerful Gulf states,

21 The First Five Years, p. 21.

Iran and Iraq. For Sultan Qaboos, however, the fact that the Strait of Hormuz included Omani territorial waters, and that the Iran-Iraq war had produced both the local threat that the straits would be mined as well as the Carter doctrine, with its corollary of the possible formation of a rapid deployment force, meant that the prime task of the Council was to establish a regional protection force. Oman actually favoured an exclusive relationship with America in this respect which Saudi Arabia was reluctant to concede. Reluctance was much more marked on the part of Kuwait which maintained relations with the Soviet Union. For the Kuwaitis the economic aspect was the most significant feature of the Council, and given the different attitudes on security, Kuwait had the satisfaction of seeing the first formal act of the Council being the signature of the United Economic Agreement in the month following its formal inception. This ambitious document covered trade, the movement of capital and labour, development coordination, technical cooperation, transport, communications, and financial and military cooperation.²² It was not to go uncriticised; in late May, Syria, Iraq and the Palestine Liberation Organisation had protested that the GCC would "split the 21 nations of the Arab League into blocks of have and have-not states, instead of promoting unity on Israel."²³ The primacy of security, however, had been addressed by the Gulf heads of state meeting for the first time as the Supreme Council. While affirming

22 See Appendix E.

23 Keesings, 1981, p. 30982.

"the inevitability of economic integration between their countries as well as the social integration between their people"-

they gave more emphasis to their belief

"that the security and stability of the region are the responsibility of its people and states. Furthermore, the Council expressed the will of these states and their right to defend their security and to maintain their independence. They also reaffirmed their complete rejection of any foreign interference in their region, of whatever origin, and called for the necessity of keeping the entire region isolated from international conflicts. They declared that guaranteed stability in the Gulf is tied to the achievement of peace in the Middle East, thereby confirming the necessity for settling the Palestinian question and arriving at a fair settlement which guaranteed the legal rights of the people of Palestine."²⁴

Preoccupation with security, then, reflected the environment in which the GCC was established and in the broad sense of the stability of the existing system was a major factor in its genesis. Beyond the immediately contingent, however, the inception of the Council provided an opportunity to reconsider the earlier theorists of integration and in particular the views of Haas and Deutsch. For Haas, the key to integration was functionalism, and functionalism was ultimately based on self-interest, in particular that of élites engaged in functional activities. For Deutsch, the key to integration lies in the concept of the security community, a relationship which excludes the use of violence between its members. It is clear that the Gulf Cooperation Council exhibits the aspects of a pluralistic security community and not simply because of the rhetoric surrounding its foundation, nor the explicit concern of Saudi Arabia and

24 The Final Communiqués of the First 8 Meetings of the Supreme Council, Riyadh, Secretariat-General, 1988, p. 7. (Henceforth referred to as The Final Communiqués).

Oman for particular security problems. The decade following the British withdrawal had seen the settlement of long-standing disputes between the future members of the Cooperation Council; Oman and the UAE reached agreement on territorial boundaries; Saudi Arabia and Kuwait on their continental shelf, (a problem which had grown as oil exploration moved from land to sea); Qatar and Bahrain came to terms over the island of Hawar; Saudi Arabia and Abu Dhabi over common borders. The thorniest problem of all, the dispute over the Buraimi oasis between Saudi Arabia, Oman and Abu Dhabi, had origins well back into the 19th century and all parties to the dispute had heavy commitments in terms of prestige; the conflict was finally settled in 1975. It is also clear that the GCC satisfies the criteria defined by Haas for integration based on functionalism. There was already by 1981 a mesh of specific economic arrangements binding various members of the GCC; indeed, at the time of its foundation there were no less than 16 institutionalised Gulf cooperation agencies, ranging from Gulf Air, established as early as 1950, and the Gulf Petro-chemical Industries Company, established in Bahrain in December 1979. Perhaps more importantly, the GCC demonstrates that the neo-functional theory of integration, which developed from the post-war experience of Western Europe, need not be restricted in application to Europe, though some European features, such as parliamentary-style government, are absent. But pragmatic interest groups not only exist, they are identical with the élites, whose support would otherwise have to be engaged

for integration to take place. The economic and social systems within the Gulf states are remarkably harmonious; they are indeed actually integrated in a way which is outside Western experience. The Gulf states share a common language and a common religion; migration across the Arabian peninsula from the early 17th until the first half of the 20th century, whilst giving rise to disputes once territorial boundaries began to become significant with the discovery of oil, meant that nationalism, in the sense of loyalty to a particular state, was absent. It follows then that once the heads of the states concerned had resolved territorial disputes, the essential unity of Gulf society could be recognised. When the GCC held its first summit meeting in May 1981, the heads of state had no firm idea of the organisation's ultimate form. They were not prepared to abandon their sovereignty, which is why the term chosen for the name of the Council was Gulf cooperation, and not Gulf federation or Gulf union. However, shared political, social and economic systems and a common culture provided a firm base on which pressures requiring integration could be accommodated in a pragmatic fashion which respected the instinct for self-preservation on the part of the states themselves.

Chapter Three

THE GCC AND ECONOMIC COOPERATION

In 1980, a year before the foundation of the GCC, the Gulf region contained less than 1% of the world's oil wells, but accounted for 42% of the world's proven crude oil reserves and 25% of world natural gas reserves. GCC oil reserves were equivalent to 53 years of production at the then current rate; Saudi Arabia, by far the biggest oil producer of the six states, was producing 9.9 million barrels a day, or over 70% of total GCC production,¹ an economic preponderance only surpassed by its standing as the guardian of the most sacred shrines of Islam. The Council states might appear at first sight to form an impregnable economic power block, providing as they do a seemingly inexhaustible supply for a product for which there is an apparently inexhaustible demand.

The reality, however, is less simple. Prior to 1973, oil revenues of most of the governments of the region were not sufficient to finance large-scale development effort. It was only following the dramatic rise in oil prices during the period October 1973 to January 1974 and the subsequent increase in domestic ownership of the oil industry that significant amounts of financial capital became available to provide the potential for very rapid economic development. In spite of the massive volume in

1 Kubursi, Atif, Oil, Industrialisation and Development in the Arab Gulf States, London: Croom Helm, 1984, pp. 41-42.

revenues that ensued and the huge accumulations of foreign exchange, the desired pattern of rapid and sustained economic growth did not follow immediately; the savings and exports of the region exceeded by far its investment and import requirements, and a new set of constraints came into effect, generally referred to as "limitations of absorptive capacity". Skill shortages, scarcity of physical resources, inadequate infrastructure, and limited administrative and institutional machinery for monitoring and controlling the economy suddenly came into prominence, and the pace of growth, rapid by any standard, fell far short of the potential that the new levels of oil revenue seemed to offer. Any one of the constraining influences would have been sufficient to thwart the domestic growth process, let alone the full set of them. Consequently, towards the end of the 1970's a careful setting of priorities, and an orderly attack on the problems of limited absorptive capacity came to be recognized as the essential elements of national policies.

Both collectively and individually, the Gulf states came to realize that unless priorities and plans were set with care, their economic development might not be complete before their oil reserves ran out. Oil reserves are not infinite, but finite and non-renewable. As they diminish, recovery methods can become impractically expensive; once they are gone, they are gone forever. Accordingly the GCC states faced the challenge of accumulating enough productive capital in the non-oil sectors of their

economies and of raising productivity in these sectors to offset the depletion of their oil reserves.

Realization that the region has not yet nearly reached the threshold of sustained economic growth independent of oil revenue is, however, coupled with the realization that the necessary rate of sustained growth may be possible only within a framework of regional cooperation and economic integration. The general perception of vulnerability associated with the vast wealth of the region, its limited military capabilities, its relatively small and dispersed population, the extensive land mass of the Arabian peninsula, and the belligerence of some of the neighbouring states added urgency to the quest for cooperation. Thus, in the words of the Secretary-General:

"The GCC's charter was signed on 25 May 1981 ... About 8 months earlier, in September 1980, the Iran-Iraq war was declared and the shadows of instability loomed large in the region. Yet despite this, the GCC heads of state opted for economic integration rather than military cooperation to achieve regional stability. Only 2 weeks after the signing of the GCC's charter, the Council's Unified Economic Agreement was announced."²

The Economic Agreement (EA) consisted of 7 chapters comprising 28 articles; its major elements focussed on :

1. a free trade area within the region, with no tariffs on regional products, and a common tariff on non-regional outputs;
2. coordination of commercial policy when dealing with trading partners outside the region;

2 Abdulla Y. Bishara, 1 December 1983, London. In The First Five Years, p. 29.

3. the creation of a common market area in which citizens of the Council member countries would be free to move, work, own, inherit and bequest within each and every country of the Council;
4. the harmonization of development plans, with the aims of complete integration;
5. the formulation of a common oil policy and a coordinated policy of industrialization based on oil resources;
6. a special emphasis on establishing and promoting joint projects in all sectors with the aim of tying the production chains of the region into a common development sequence;
7. cooperation in the development of local technology and the joint acquisition of foreign technology;
8. the coordination of manpower policies to prevent harmful competition for scarce labour;
9. linking the region through roads, rail, air and water transportation networks;
10. a common legal framework for trade and investment in the region; and finally -
11. a common development aid policy.

Ambitious as is the EA, it rests upon economic cooperation between the Arab Gulf states which preceded the formation of the GCC, under five broad heads. The first was the extension of direct financial aid for the development of financial institutions in one Arab Gulf state or area by another. For example, the General Board of the South and Arab Gulf, established by Kuwait in 1953, was designed to

assist the southern Arab Gulf states. Implicit in this programme was the realization that the economic condition of the region as a whole was critical to the viability of each of its parts. The programme also reflected the natural propensity of the Gulf states to provide assistance to other Gulf states presented with economic difficulties.

The second channel of cooperation took the form of collective infrastructure programmes in the areas of education, transportation, communication and industrial development. Initially efforts were aimed at increasing public welfare through various parts of the region, most particularly in joint educational institutions such as the Gulf Technical College, the Arabian States Education Bureau, and the Higher Education Council. The most notable cooperative programmes in the fields of transportation and communication were Gulf Air, the United Arab Shipping Company, the Gulf Ports' Union, and the Gulf News Agency. In addition, the Arab Gulf states joined in a number of bilateral and multilateral industrial and other ventures. At the bilateral level, enterprises such as the Saudi-Kuwaiti and Saudi-Bahraini cement companies were formed. The Gulf International Bank had the sponsorship of states throughout the Gulf with the exception of Oman. These areas of cooperation took into account the economic consideration that resource commitments would be maximized through collective participation.

The third area of cooperation consisted of bilateral and multilateral trade and economic treaties, such as brought about the Gulf Organization for Industrial

Consulting (GOIC) established in 1976 by Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, intended to encourage cooperation in petro-chemical and other industrial projects. Meetings among representatives of the various Gulf governments had examined economic planning from the standpoint of the entire region; as early as 1977, a meeting of ministers of economy considered a proposal to establish a common market in the Gulf, while ministers of planning decided in 1979 to treat the Arabian peninsula as single economic entity.

Fourth, the Arab Gulf states cooperated in a number of international organizations involving other states. This primarily took the form of cooperation with other oil-exporting states, under the auspices of both the Organization of Arab Petroleum Exporting Countries (OAPEC) and the Organization of Petroleum Exporting Countries (OPEC). Furthermore, the Arab Gulf states participated in various Islamic forums, the most significant of which was the Organization of the Islamic Conference (OIC) whose first conference was held in Saudi Arabia in March 1970. Finally, the development of technology, and in particular modern transportation and telecommunication systems, enabled public and private sector representatives from the Arab Gulf countries to come into far greater contact with one another; the impact of this heightened personal contact cannot be overestimated, even in the culturally homogeneous environment of the Gulf.

The economic programme embraced through the Gulf Cooperation Council must therefore be viewed as an

extension of years of growing interaction between the member states. Implicit in this trend of growing economic cooperation was the view that coordination was critical to the success of the development efforts following the oil price increase of 1973. Economic coordination would lead to less duplication of large-scale economic programmes, and as a result remove the potential of competing interests amongst the states. Because of the structural similarities between the Arab Gulf economies, and the inherent risk of generating competing and therefore less efficient economic sectors, close regional economic cooperation was required to achieve the longer-range economic objective of sector diversification. Such cooperation would reduce possible friction between the states over access to limited national markets and competition for foreign markets and the limited financial resources of exhaustible oil resources would be more fully optimized. Second, because of the disproportionality of economic structures in the Arab Gulf, closer cooperation would provide for a compensatory régime that would seek to promote even development throughout the region; such a régime would seek to compensate for the economic dominance of Saudi Arabia and provide opportunities to less resource-rich states - Bahrain and Oman in particular - to develop industrial and other economic programmes that would not generate needless competition with existing industries in the region. Thirdly, increased cooperation would allow for unified positions on economic issues in dealing with third parties. The limited scope of the Arab Gulf markets themselves, and

the consequent emphasis on the export of value-added products necessitated the opening of established foreign markets; a collective position among the Arab Gulf states therefore would assist in countering economic and political obstacles that could arise on securing access to such markets. Finally, the mechanics of enhanced cooperation, including data collection and standardization and the monitoring of economic trends necessarily implied an institutionalized and centralized framework for cooperation.

It has to be recognized, however, that there is a wide range of possible instruments or patterns for economic cooperation between countries, even countries so homogeneous as those of the Arab Gulf. These instruments extend all the way from customs unions to full integration, and even a cursory inspection of the EA indicates that the GCC took into account this range of possibilities. Nonetheless, the most distinctive feature of the agreement is its clear commitment to gradualism, so that cooperation is expected to proceed pragmatically and cumulatively rather than abruptly. Furthermore, the Economic Agreement stipulates an important role for the private sector in the implementation and maintenance of economic inter-relationship. The framework of cooperation is a dynamic one: the emphasis on a coordination of investments, of development effort, and of complementary activities takes its context from a desire to foster growth and development by reaping the benefits of rationalization of production and inter-regional specialization. This accepted, the

Agreement recognizes the formidable barriers to market integration imposed by the physical environment of the region. Thus markets and production activities are to be integrated by deliberate linking of road, rail and air transport networks; the economic autarky of the area can be eliminated only as national infrastructures come to be joined and integrated within a common regional framework.

The common characteristic of an overwhelming and continuing dependence on oil may be related in some measure to the small size of the individual economies of the GCC member states. This limited size may have inhibited economic diversification of the national economies in the past; collectively, though, the countries of the GCC seek to develop and sustain a much more diversified economic base. Not only is the market greater; so are the pools of national resources and the bargaining power of the countries when they act in concert.

To this end, the Council has been concerned to take stock of the region's natural resources and of its external sources of supply as an essential step in the planning of a diversified, resource-based programme of industrial development.³ The strategy of basing industrial development on advanced stages of processing of natural resources is motivated by the desire to capture the high added value component of such activities, to diversify production and exports, and to exploit such comparative advantages as may

3 Secretariat-General, The Resource Base for Industrialisation in the Member States of Cooperation Council of the Arab States of the Gulf, Riyadh: Saudi Arabian Standards Organization, 1985.

exist in the production of competitive commodities. Industrial processing may also contribute to several other development goals. Processing often entails high degrees of utilization of capital and energy, which fits well with the resource endowments of the GCC region and with a desire to avoid increased dependence on an already scarce supply of labour, especially skilled domestic labour. The diversification of exports is important, because the markets in which these products can be sold are more diversified geographically than those of crude oil and minerals. Hence, processing before export, or before re-export, might allow the GCC to capture some of the monopoly profits formerly absorbed by the heavily concentrated buyers of crude minerals and other raw materials. When the processing of raw materials is carried to the fabricating or manufacturing stages, it may also encourage local production of products not related to the original raw materials. In this way forward and backward integration of the input-output structure of the economy lessen the GCC's dependence on crude oil and thus promote more generally the important objective of industrial diversification.

Access to expertise and technology is required for the design and implementation of investment programmes and for the operation of new plant and equipment. Furthermore a market for the output must be assured. The collaboration of Trans-National Corporations (TNC's) may be necessary as these often hold strong monopoly control over technology and markets, but TNC's are not easily persuaded to relinquish their monopoly power and they may be unwilling

to share their knowledge with developing countries. Moreover, the governments of industrial countries are anxious to protect the interests of their labour and capital employed in processing within their own territories, and in this their aims coincide with those of the TNC's. Such protection is commonly ensured by imposing tariffs that rise with the degree of processing. In many cases the effective tariff on value added in processing is so high as to make profitable processing in developing countries very difficult.

When foreign support has to be called in, and where the level of national skill in relevant fields is low, it may be necessary to conclude a comprehensive management contract with a TNC to ensure efficient operation. In other cases resources available within the region may be sufficient for local staffing of the venture, but foreign support may nevertheless be needed for special tasks, such as supervising technical installations or seeking out the best sales opportunities in the international market. Sometimes, when foreign services are needed on a comprehensive basis and the suppliers are in a strong position to dictate their own terms, the way out is to pay the foreigner by assigning to them part-ownership of the venture. The major conclusion here is that independence in industrial processing presupposes the development of national competence in the form of skilled and knowledgeable individuals and institutions. The advantage of industrial development to a nation tend to be much reduced in the absence of such competence.

The present world allocation of processing activities is, to some extent, the outcome of the biased structure of transport costs. The savings in transport costs for reduced volume and weight of processed products is not often fully reflected in reduced transport charges imposed by shippers, especially conference shippers. The development of their own shipping fleets may assist the development of processing activities in developing countries. The successful involvement of GCC countries in the processing of raw materials in semi-finished goods, however, will depend on a number of inter-related factors, three of which will be decisive. These are: input availability, conditions of processing, and characteristics of output.

Input availability must be measured by comparative cost criteria. Raw materials and other complementary inputs are assessed in terms of their availability in sufficiently large quantities to make it possible to process them economically on site. Whether they be imported at advantageous prices, as an alternative to domestic supply, is another critical consideration.

The conditions of processing are determined by the technologies used in the processing activities, and here there are three main considerations: the first pertains to the extent to which economies of scale facilitate or impede the locating of productive capacity in the region, because of the abundance, or lack of abundance, either of the material itself or of complementary inputs. The second relates to the range of technological choice available within the industry, and possibly to the availability of

processing systems particularly suited to the conditions of the region. The third has to do with the development of new technologies or variants of existing ones, but may alter some of the circumstances militating against processing in the region.

The characteristics of output that are of special importance in supplying end-products to their markets include transport and storage, tariff and non-tariff barriers and other difficulties associated with marketing and distribution. And it was with these considerations in mind that a number of other documents followed the Economic Agreement. In June 1982 the Financial and Economic Committee of the GCC approved regulations governing transit goods required under Article 5 of the Economic Agreement governing freedom of movement. These regulations became effective on 1 March 1983, and applied to commodities shipped by land, sea or air within the territory of the GCC. Later that month, Abdul Latif Yussuf Al-Hamed, Kuwaiti minister of finance and planning, stated in London that the GCC were proposing a joint investment fund of up to 6,000 million dollars capital, for projects in developing countries which would "not amount to aid and would be on commercial terms." In addition, he reported that Kuwait intended to establish "a semi-autonomous investment authority to manage its long-term reserves", then estimated to be worth more than 50,000 million dollars.⁴ In the event, the Gulf Investment Corporation (GIC) was established in November 1982 with the principle aim of

4 Financial Times, (London), 1 July 1982.

identifying and promoting as wide a range as possible of industrial projects in the public and private sectors. The GIC is jointly owned by the six governments; its authorized capital is 2.1 billion dollars, subscribed equally by the six share-holders. It is effectively an investment institution with specific aims and a broad outlook as stated in its articles of association. In February 1984, a draft Common Agricultural Policy (CAP) was approved, which called for a common policy to unify the agricultural supplies and demands of the GCC states and the encouragement of self-sufficiency, especially in the area of basic food commodities. Given the physical characteristics of the Gulf region this last was an extremely ambitious proposition; indeed the first few years of the GCC saw a plethora of committees, up to and including the Supreme Council itself, putting forward a number of similarly ambitious programmes. Between June 1981 and February 1983, no less than 90 specific committee meetings discussed economic integration; how responsive have individual member states been to suggestions raised by these committees; to what extent has economic cooperation taken place, and what are the key external and internal factors at work?

It has to be acknowledged that there is in fact a gap between aspiration and reality. For example, in May 1985 the GCC finance ministers agreed to establish specialist committees to study ways of protecting locally produced goods from competition, and they instructed central bank governors to study the possibility of coordinating exchange

rates. They also reviewed suggestions for unifying public service charges, and measures designed to ease the movement of goods between member states. In the same month, however, the UAE Federal National Council criticized the agreement as enabling Kuwaiti and Saudi manufacturers to sell in the UAE at the expense of local industries; the agreement was defended by a UAE government spokesman as being of overall benefit although it would involve some sacrifice.

The fact is that in spite of what might seem to be healthy precedents for economic cooperation between the GCC states in the oil-boom years before 1981, the irony of the post-1981 period is that the move towards concerted economic cooperation coincided with an unprecedented fall in the oil price. The GCC was in fact born in the twilight of a dramatic change in the world oil market; from a sellers' market, it was transformed into a buyers' market. In the wake of the second oil shock in 1979, Saudi Arabia had produced more than 10 million barrels of oil a day; by 1985, it produced only about 2.5 million barrels. When the GCC was established the member states altogether earned about \$450 billion a year; less than 2 years later, their combined revenue dropped to about half that amount. This meant that the oil shock was now in reverse. From the first oil shock in 1973-74 to the second in 1979, oil consumers had paid for a fifteen-fold rise in prices. Beginning in 1981, however, it was the turn of oil producers to suffer from diminishing oil revenues because of a glutted market. This momentous reversal produced two unprecedented

decisions by OPEC, one on 20 March 1982 and the other on 14 March 1983. For the first time in its history, OPEC decided to set a formal limit to the level of oil production at a total daily output of 17.5 million barrels in order to reduce the world-wide surplus of oil and boost oil prices. The second decision resulted in a cut in overall oil prices down to \$29 from a high of \$35 per barrel; by the end of the GCC's first five years, however, the price per barrel was about \$12 and OPEC faced an unprecedented disarray in its ranks. By July 1986 the price of oil had reached \$8.20 per barrel, this over a period in which the Omani government's development planners had anticipated a minimum price of \$23 per barrel.⁵

Under such circumstances the Economic Agreement's call for a common oil policy meant that the GCC members had to cope primarily with the problems of production and prices in the oil sector. The glutted oil market had weakened the power that Saudi Arabia and its junior partners had enjoyed in OPEC ever since its formation; nevertheless the EA provided a useful framework for coordinating the oil policies of the GCC states at a crucial juncture in the history of the international oil market. Outside OPEC, the four GCC producers managed to coordinate their oil policies with Oman, (which is not a member of OPEC), with Iraq, (which is a member of OPEC, though not of the GCC), and sometimes even with Libya and Iran. Within OPEC, and led by Saudi Arabia, they still formed the most powerful block of

5 Financial Times, (London), Special Report: Oman, 1 September 1986.

producers, whether or not Saudi Arabia was acting as "swing producer".

A brief table of GCC oil export revenues tells the story and reveals the stresses:

GCC Crude and Refined Oil Export Revenues 1979-1986
(current US \$ millions)

	<u>Bahrain</u>	<u>Kuwait</u>	<u>Oman</u>	<u>Qatar</u>	<u>KSA</u>	<u>UAE</u>	<u>Total</u>	<u>%move</u>
1979	291	16,970	2,152	3,661	58,550	13,032	94,656	+56
1980	454	17,613	3,281	5,413	101,474	19,582	147,816	+56
1981	549	13,661	4,403	5,316	110,483	18,761	153,172	+ 4
1982	445	8,803	4,099	4,079	73,118	15,965	106,508	-30
1983	366	9,911	4,203	3,046	42,315	13,016	72,856	-32
1984	383	4,280	3,906	4,322	33,771	12,412	59,074	-19
1985	345	NA	4,685	3,459	NA	12,492	NA	NA
1986	279	NA	NA	NA	NA	NA	NA	NA

Source: IMF, Statistics Yearbook, 1987

Such stark statistics forced the GCC producers into attempting the kind of economic cooperation laid down in Article 11 of the Economic Agreement. From 1981 to 1985 Saudi Arabia and the UAE sought to stabilize the oil markets; they maintained marker prices US\$2 lower than Iran and other producers, and with Kuwait attempted to implement quota arrangements by which they hoped to control production and pricing. The effect of such quotas, however, was persistently spoilt by cheating on the part of other OPEC members such as Libya, Nigeria and Iran, and by the growth of non-OPEC oil production. In 1985 Saudi Arabia decided to abandon its untenable role as "swing producer" in OPEC, whereby it had undertaken to keep prices steady and maintain some consistency. This meant that Saudi Arabia

changed both its pricing methods and production levels, resulting in a flood of Saudi oil onto the market. Kuwait and the UAE soon followed. The aim was to deliver a shock to the market and to regain a market share at an acceptable price level. Disagreements over production levels continued between Abu Dhabi and Dubai, two small UAE producers, and on the part of Oman, which continued to increase production to finance its unfinished infrastructural development. Such differences were not helped by the fact that the Saudi plan had an even greater effect than anticipated; the markets over-reacted, and the price of oil fell far below the low of \$16-18 that had been expected. The position was to get worse before it got better: the second half of 1988 witnessed increasing over-production by the 13 OPEC countries, resulting in further reductions in market prices due mainly to the failure to bring Iraq back into the OPEC quota system on conditions acceptable both to Iran and Iraq, despite the August 1988 cease-fire in their hostilities.

However, the achievement of an unanimous quota agreement in November 1988 paved the way for reduced production and rising market prices in the first months of 1989, a trend supported by the cooperation of some non-OPEC oil-producers in curtailing production in 1989. This November agreement followed the tabling in the previous month of concrete proposals by the GCC oil ministers, (which included the four major OPEC Gulf producers, as well as Oman and Qatar,) which strongly resembled the November quota agreements, except that the GCC quotas would have

been slightly more than was subsequently accepted by the remainder of OPEC.⁶ The importance of the issue was underlined at the meeting of the GCC Supreme Council in December 1988; the need for cooperation between OPEC and non-OPEC oil producers was reiterated, together with the assertion that stability of prices was a collective responsibility, coupled with the reaffirmation of support for the November OPEC agreement.⁷

In the light of the turbulence over the decade of the 80's, it is perhaps a bold assertion to declare that the long-term future is in favour of the GCC oil producers. The fact is that non-OPEC production is declining, and so are the incentives for expensive new exploration in other parts of the world. The ability of such producers as Saudi Arabia, Kuwait and the UAE to supply oil at low recovery costs from massive reserves is not affected by the fall in demand. Furthermore, one third of OPEC's members will cease to be significant oil exporters over the next decade. These include Indonesia and Algeria. Other OPEC members such as Nigeria will experience high pumping costs. Thus the GCC states, in spite of their differing economic reserves, (Kuwait now receives more income from its investments than from its oil, while Bahrain and Oman have very few economic reserves to fall back on at all), can collectively, if not always individually, afford to wait for better times. This is not to decry the severe effects of the oil price recession and related instability on individual GCC

6 Keesings 1989, p. 36573.

7 Keesings 1989, p. 36956.

economies. Saudi Arabia failed to publish its annual budget on time in 1986; when finally published in December it anticipated a deficit of 30%. The 1987 budget was also delayed. Kuwait produced a crisis budget anticipating an oil price of \$15/barrel for 1986, and its 1987 budget also allowed for a large deficit. The UAE was unable to produce a realistic advance budget at all. Bahrain announced financial cut-backs, and Oman announced budget cuts of 10% in 1986 and 14% in 1987, as well as postponing its third five-year plan. Qatar alone was able to ride out the oil recession via its reserves.⁸

These factors, complicated by the distractions of ensuring a safe route for GCC oil supplies during the Iran-Iraq war, have had a negative effect on economic cooperation in the oil and gas sectors. A number of planned joint infrastructural projects have been postponed or cancelled. Thus, plans for a regional gas grid have been repeatedly discussed, but not implemented; a planned oil refinery in Oman was dropped because of the oil price fall; a 1,700-kilometre pipeline connecting the GCC states, but bypassing the Straits of Hormuz and exiting on the east or south coast of Oman was planned, but not built. The fear of oil disruption because of the Iran-Iraq war had also triggered the idea of creating a GCC stock-pile of oil, but like the pipeline idea, it was never realized. In late 1983 and early 1984, Saudi Arabia had a floating stock-pile of at least 50 million barrels of crude oil outside the Gulf.

8 Sindelaar, H. Richard and Peterson, J.E. (eds.), Crosscurrents in the Gulf, London and New York: Routledge, 1988, p. 126.

Kuwait also was planning on its own to build a floating storage facility, because a severe disruption of gas supplies and oil products could cripple Kuwait's vital power and desalination plants. The GCC ministers reportedly reached an agreement on 23 October 1985 to ensure emergency oil supplies to member countries whose oil production or export installations were jeopardized.⁹ The non-establishment of the strategic oil reserve, however, not only is a measure of the financial constraints imposed by the fall in oil revenues; it also indicates differences in the perspective of the GCC members themselves. Oman, Bahrain, Qatar and even the UAE have less incentive to participate in such schemes as compared to Saudi Arabia and Kuwait.

To some extent economic integration outside the areas of oil and gas has taken place in ways suggested by the Economic Agreement. The Gulf Investment Corporation had \$420 million of its \$2.1 billion capital paid up by April 1985. Having begun business in May 1984 with a staff of three, it employed 110 staff by the end of 1985. By 1987, it was committed in principle to over 30 projects at a total investment of \$750 million and was examining further project studies; it was also active in the foreign exchange and securities market. In the field of communications, it was agreed that prices and fees for telex, telephone, postal and telegraph services would be standardized, and some progress has been made to this end, although implementation has remained at the discretion of individual

⁹ Keesings 1986, p. 34264.

members. A proposed peninsula railway to link Saudi Arabia, the UAE, Qatar, Oman and Kuwait with Iraq, and thence to eastern and western Europe was not implemented, but construction was completed of the causeway between Saudi Arabia and Bahrain. With regard to agriculture the issue of food security was coupled to the idea of a proposed strategic food reserve, but with individual member states possessed of very different agricultural capabilities the likelihood of such a reserve being created from collective local resources was always a distant one.

More importantly, Article 22 of the Economic Agreement calls for the establishment of a common currency as part of the process of economic integration. The establishment of a single Gulf currency will, however, require a far greater monetary and fiscal coordination than any member has yet seemed prepared to undertake. As a compromise the GCC has collectively agreed to try to achieve an alignment of their separate currencies. Even this proved difficult to reach; the proposal is to choose a common external peg - for example, the US\$, the International Monetary Fund's Special Drawing Right (SDR), or a weighted "basket" of currencies - around which member countries would hang with a limited pre-ordained room for manoeuvre. The problem was to choose which peg currency and to forecast the political consequences of distancing the GCC currencies from the US dollar. In the event, in February 1987, Sheikh Salem Abdul Aziz Al-Saba (governor of the central bank of Kuwait) announced that a currency grid broadly similar to the European monetary system would be established at the end of

1987 as the first step towards a single currency for the community.

This said, the GCC states have made some progress in their attempts to implement the terms of the Economic Agreement's call for a Gulf common market. With certain exemptions granted to Oman, because of its less advanced stages of development, all intra-GCC customs duties on animals, agricultural products and manufactured goods of GCC origin were removed from 1 March 1983. The implementation of a common tariff on non-regional imports was also put underway, but led to considerable disagreements between members. Limitations were also imposed by individual member states on the theoretical freedom of GCC citizens to own land in other GCC states, but the right was established - often in a qualified form - of GCC nationals to market their products throughout the GCC area, and thereby to claim GCC economic citizenship. In Oman, for example, the government decreed in April 1984 that GCC nationals would be permitted to operate hotels and restaurants in which Omani shares would not be less than 25% of the issued capital; after five years of the date of that decision such activity would be unconditional. The 7th meeting of the Supreme Council at Abu Dhabi in November 1986 approved measures to allow investors from any member state to obtain loans from banks and industrial development funds throughout the community, and also approved measures to allow citizens to engage in retail or wholesale trade in any member state on the same terms as that state's own

nationals. The provisions relating to wholesale trade, however, were to take effect only in 1990.¹⁰

In all this, it is possible to point to the confusion caused by the oil price falls, and the political uncertainties brought about by the Gulf war, as negative and limiting factors in the achievement of economic integration within the GCC. There may, however, be deeper structural obstacles to integration. It is ironic that the instability inherent in the world oil market, which was the basis of the economic strategies set down by the member states in the late 1970's to diversify their largely one sector economies, would itself delay the speed with which diversification programmes would come into effect in the early and mid- 1980's. A second irony is that overall industrial development in the region may have been hindered rather than accelerated by the abundance of oil and gas resources, as the majority of the major industrial programmes were related to the hydro-carbon sector; the result was an uneven industrial development, in which such sectors as metallic and non-metallic minerals, which are not as sensitive as hydro-carbons to international fluctuations, have been largely bypassed. The proposition that a single product economy is not a diversified one seems to be a statement of the obvious, but it also does raise the question of whether or not a single product economy can ever become diversified on a significant scale. The terms of the Economic Agreement would seem to suggest an answer in the affirmative; the facts of the matter

¹⁰ The Final Communiqués, p. 38.

remain to be established. In this respect, even given the ending of hostilities between Iran and Iraq, and the gradual recovery of the oil price, it is still pertinent to ask whether the GCC economies can cooperate and diversify under normal economic and political conditions.

More specifically, the experience of the GCC states in respect to hydro-carbons indicates that successful diversification is not only a matter of production, but also of penetrating world markets. Saudi Arabia's one conspicuous achievement in the field of economic diversification has been its investment in the production of petro-chemicals. The 600,000-ton per annum Saudi Methanol Company's Ra-Razi complex came on stream in February 1984. In June of the same year, the European Community imposed a 13.5% duty on Saudi methanol imports, because they had climbed to 12 times the EC ceiling. The result was little short of a trade war. In November of that same year Secretary-General Bishara initiated talks on market access with EC external relation officials, In February 1985 he visited Europe and spoke with Roland Dumas, then the French foreign minister, and Giulio Andreotti, then the Italian foreign minister and president of the community Council of Ministers. He proceeded subsequently to discuss the problem of market penetration with community officials in Brussels; they produced no agreement. Further discussions followed in May and June, with the GCC proposing that the tariff be reduced between 4% and 7%. This was rejected, with community officials reported to have proposed a non-preferential region-to-

region trade agreement to cover a number of areas, including petro-chemicals, and conferring a "most favoured nation" status on the Council.¹¹ Further discussions took place in August between Prince Saud Al-Faisal, Saudi foreign minister, and Claude Cheysson, then the commission member responsible for the Mediterranean and North-South relations. Yet further discussions took place in October between the foreign minister of Luxembourg and Sheikh Saba Al-Saba, the Kuwaiti deputy prime minister and foreign minister. At the end of the year once again Bishara talked in Paris with community officials.

The problem lies in part in the fact that Saudi, Kuwaiti, Qatari and Bahraini methanol exporters to the European Community all exploit the Generalized System of Preferences (GSP) which is designed to help industrialization in third world countries. Under this system, a certain volume of the products can be imported duty-free, and limited tariffs can be applied to additional imports. But the European petro-chemical lobby insists that the GSP was devised to help struggling third world manufacturers find overseas markets; it was not designed to help wealthy oil-producing states exploit existing advantages to carve out market shares in any area they choose. In 1986 the European Community increased its trade barriers to cover further GCC petro-chemical exports, and by 1987 the relations between the GCC and the European Community were effectively frozen. In June 1987 a

¹¹ Keesings 1986, p. 34264.

then UAE minister of state for foreign affairs, met Leo Tindemans, then Belgian foreign minister and president of the European Community Council of Ministers; this did little, however, but express the hope that agreement could be reached in the future on economic and commercial cooperation. Outside Brussels a proposed trade cooperation agreement was discussed by foreign ministers drawn from both groups during the United Nations General Assembly session in New York in September, with the GCC calling for a free trade agreement with the Community, entailing the progressive lowering of European Community tariffs on petro-chemicals. This proposal was opposed by a number of the European Community countries; in the event, an agreement was signed in June 1988, both sides declaring their intention to cooperate on technology transfer and to exchange research information. In an annex to the agreement, they declared their determination to protect one another's investments in their respective areas. The agreement was welcomed by the Supreme Council at its 9th session meeting in Bahrain in December 1988 which further authorized the Council of Ministers to enter into official negotiations with the European Community in respect to a joint trade agreement. This has yet to produce any tangible results.

Difficulties were not confined to the European Community, as indicated by the Supreme Council in its final communiqué following its 8th session at Riyadh in December 1987:

"The Supreme Council gave its attention to commercial exchange between various countries of the world and expressed its worry regarding the protectionist policies, especially those which Japan is determined to apply, with regard to the imposition of duties and taxes on imports of crude oil and petroleum products. This policy impedes freedom of international trade and places obstacles in the way of commercial exchange, limiting the volume of trade in various nations of the world, especially between the developing and the industrialized states. The Council called (sic) the international community, and especially the industrialized countries, to put an end to protectionist measures and to follow commercial policies which are more open, especially in regard to the developing nations, including the petroleum exporting states."¹²

Difficulties with Japan were economic. With regard to the other major trading partner of the GCC there were other problems. As early as spring 1984 several unnamed GCC sources were quoted as declaring a growing reluctance to maintain close ties with the United States, because of her military role in the Lebanon, her close ties with Israel, and her refusal to supply Saudi Arabia with Stinger anti-aircraft missiles. According to reports, Sheik Zayed Bin Sultan Al-Nahayan, president of the UAE, had warned Richard Murphy, assistant secretary of state for the Near East, that continued friendship would require significant policy changes on the part of the United States in the Gulf region. The report also spoke of a warning by Prince Bandar Bin Sultan, the recently appointed Saudi ambassador to the United States, that Saudi Arabia would examine alternative sources of arms.¹³ The Saudis appear to have been as good as their word, if indirectly; in late June 1984 Sheikh Saba Al-Saba, the foreign minister of Kuwait, acknowledged that Kuwait and the Kingdom of Saudi Arabia were cooperating

12 The Final Communiqués, p.47.

13 International Herald Tribune, 24 April 1984.

fully in their air-defence, with Kuwait benefiting from AWACS information systems. The following month the Sheikh went for a ten-day visit to the Soviet Union, and concluded an arms agreement to purchase air defences, surface-to-surface missiles and tanks to the value of \$327 million. Later, 10 Soviet officers were seconded to Kuwait for training activities.¹⁴ Thus political as well as economic problems complicated GCC and United States relations, and threatened to prevent the implementation of Article 7 of the Unified Economic Agreement:

"member states shall coordinate their commercial policies and relations with other states and regional economic groupings and blocks, with a view towards creating balanced trade relations and favourable returns of trade."

Accordingly, notwithstanding the fact that the first fruits of the foundation of the GCC was an Economic Agreement, it remains to be seen whether in fact economic cooperation on the lines sketched in the agreement is likely to come about within the foreseeable future. The effects of the oil price movement and economic disparities between member states combined to reinforce the suggestion that the GCC may find it difficult to integrate along its stated lines. This caution is supported by the fact that notwithstanding bland official statements regarding economic cooperation and integration, there emanate from GCC sources statements suggesting that the future may not be as constructive as the statements imply. Thus Abdullah El-Kuwaiz, the associate secretary-general for economic affairs of the GCC, stated as early as November 1986:

¹⁴ Keesings 1986, p. 34784.

"In reflecting on what has been accomplished in the last five years, a great deal of ground has been covered in the economic area. In most cases the sailing has been smooth and welcomed by member states. However, as we continue going will get less smooth, as has been the case in all similar economic groupings. The GCC is not an exception. A slowing-down of integration therefore is expected and quite natural."¹⁵

It is worth recalling, however, the words of the Secretary-General himself at the very beginning of the GCC enterprise:

"Our target is that by the end of the 80's, the Gulf will be the Gulf Common Market, with all the consequences that such a step entails: equality in economic activities; freedom of movement of people and goods; the completion of infrastructure, such as deepening of ports, transportation, telecommunication and training. This means the emergence of the Gulf states as one solid economic entity that will set in motion a strenuous competition from industrial countries for the obtainment of major projects."¹⁶

This strenuous competition from industrial countries has yet to manifest itself; the GCC states have individually paid a high price for the collapse of the oil market, partly caused by their own influence on OPEC prices and production levels. Cancelled economic plans, arrested development, lost opportunities in the petro-chemical sector, has characterized the decade. In the non-oil sector, however, the opening for business of the Gulf Investment Corporation at least begins to fulfill some of the ideals of its articles of association. It remains to be seen how soon it will run up against the fact that so far only a limited number of joint venture industrial

15 Abdullah El-Kuwaiz, "Economic Integration of the GCC", American-Arab Affairs, Winter 1986-87, No. 19, pp. 28-37.

16 Abdullah El-Kuwaiz, 22 September 1983, St. Louis. In The First Five Years, pp. 39-40.

opportunities at intra-GCC level have emerged. In the absence of significant cross-border trade within the GCC the elimination of internal customs tariffs was a minor step forward, and one into an uncertain future.

But it has to be admitted that while Bishara's aspirations in 1983 have not been fulfilled, yet equality in economic activity, freedom of movement of people and goods and the completion of infrastructure, such as the deepening of ports, improvements in transportation, improvements in telecommunication and training, have in fact provided an essential base for future economic integration. In the aftermath of the oil price falls, it remains to be seen how far the GCC can summon the necessary will to respond of its own accord to the need for economic integration; the record of rhetoric suggests that in the first five years at least this need was taken seriously. The record of achievement since then suggests that serious progress in this area proved to be more difficult than was first realized.

Chapter Four

THE GCC AND INTERNAL SECURITY

It has already been pointed out that when the GCC was launched in spring 1981 its members chose to dwell on its economic role, while Western observers tended to focus on its significance in the security area. Thus the Islamic summit at Ta'if was said to have produced an agreement on

"the coordination of all government policies between the member countries with a view to safeguarding security and stability in the Gulf",

and notwithstanding the drift of the inaugural communiqué of the Supreme Council,

"it was ... widely accepted that the defence and security of the area and of the oil installations had been a key factor in its deliberations."¹

In fact, there was little distinction between these two issues as least as far as the heads of the cooperating states were concerned; for them, economic integration was dependent on stability in the broadest sense within the Gulf area. Mention has already been made that the other GCC members held back on pushing security aspects at the pace Oman would have preferred. At least one of their considerations was the feeling that it was important to keep the emergent cooperation council from appearing as a defence pact aimed against Khomeini's revolution spilling over from Iran.² As things turned out, however, the December 1981 discovery of an attempt by Iranian-backed

1 Keesings 1981, p. 30982.

2 The Economist (London), 30 May 1981.

terrorists to assassinate Bahraini leaders sharply refocused the Gulf Cooperation Council on security cooperation. It was on 13 December 1981 that the government of Bahrain announced that it had arrested a group of saboteurs trained by Iran and charged to assassinate Bahraini officials. It was stated that these belonged to the Islamic Front with headquarters in Tehran and that its 60 members were Shi'ite Muslims. The actual number turned out to be 73: 60 were Bahraini; the others included 11 Saudi dissidents, 1 Omani, and 1 Kuwaiti; there were no Iranians in the group. This did not prevent the Bahraini prime minister, Sheikh Khalifa bin Salman Al-Khalifa, from placing the responsibility on the shoulders of outsiders:

"the external danger is Iran and the present régime in Tehran. This Iranian régime is exploiting the Shi'ites in Bahrain and the Gulf ... training them in the use of weapons and acts of sabotage to foment chaos and shake security."³

Despite the years that have passed since the discovery of the group, the facts of the matter are still unclear. What, however, is certain is that the Bahraini incident encouraged the government of that country dramatically to increase its enthusiasm with regard to security cooperation. In some ways Saudi denunciation of the plot surpassed even that of Bahrain, with the most condemnatory statements coming from the Saudi interior minister, Prince Naif:

"We had hoped that Iran, our neighbour and friend, would not have such conspiratorial intentions. But after what has happened in Bahrain, our hopes have unfortunately been dashed and it has become clear to us that Iran has become a source of danger and harm to

3 Al-Mustaqbal, 23 January 1982.

Gulf nations and their security. At the very beginning of their revolution, the men in power in Iran said they would not be the policemen of the Gulf. Today they have unfortunately become the terrorists of the Gulf."⁴

Saudi-Iranian relations had already been strained by the conflict which occurred in October 1981 between Iranian pilgrims on the annual haj pilgrimage and Saudi security forces. Nor were they improved by the statement in the Saudi newspaper Okaz' charging Ayatollah Khomeini with cooperating with Israel in draining Iraqi energy from the conflict with Israel. Not only did Saudi Arabia outdo its GCC partners in denouncing the Khomeini régime, however, it also took the leadership in the signing of several bilateral security agreements with them. The first of these was negotiated with Bahrain, followed by three others, with the United Arab Emirates, with Qatar, and with Oman. The agreements provided for an exchange of equipment, expertise and training, and for extradition of criminals and border cooperation. Despite the hopes of the Saudi minister of the interior, Prince Naif, however, Kuwait refused to sign any security agreement with Saudi Arabia, this notwithstanding the fact that in the first five years of the GCC's existence Kuwait experienced the greatest threats to its own internal security. In spite of sundry relatively insignificant terrorist attempts in Qatar, the United Arab Emirates and Saudi Arabia, terrorism in the Gulf was largely directed at Kuwaiti society. In less than two years the tiny city state suffered four major assaults on its internal security; these were viewed by the Cooperation

4 Al-Majallah, 16 December 1981, p.11.

Council as attacks on the security and stability of all member states.

The first major attempt took place on 12 December 1983. The target of terrorist attacks included the United States and the French embassies; other targets included American business offices, the airport control tower, the Ministry of Electricity and Water, a major petro-chemical refining complex and other facilities. Responsibility for these attacks was claimed by Islamic Jihad. In general, commentators blamed Iran for these attempts, although it was notable that as in the Bahraini case none of the accused subsequently tried were Iranian. It was, however, believed, that all belonged to the Iraqi Shi'ite underground movement Al-Dawa. The second assault on Kuwaiti security involved the hijacking of a Kuwaiti airline plane in December 1984. It had been on its way from Dubai to Karachi, and was allowed to land in Iran as it was running out of fuel. A third attempt on Kuwaiti stability followed within 6 months when a direct attack on the head of state rammed into the motorcade of the Emir on 25 May 1985. Sardonicly enough Islamic Jihad congratulated the Emir on his escape and expressed the hope that the message had been clearly understood. The fourth act of political violence took place in July 1985, when bombs were exploded at two popular cafés in Kuwait where families and friends often gathered. The numbers involved included 11 dead and 89 wounded. The responsibility for the blast was claimed by a revolutionary group which had in the past claimed responsibility for attacks on diplomats from Jordan and the

UAE in Europe, India and the rest of the Gulf region. On this occasion, however, Kuwait and the GCC officials took care not specifically to implicate Iran. Thus the Kuwaiti minister of the interior declared:

"Our democracy and freedom may not please some people, but I do not believe that they are the reason for the terrorist and criminal acts committed against Kuwait. The region we live in is a hotbed of tension and we have adopted principled political attitudes towards national and Islamic issues, some of them fateful issues. I believe that these attitudes are the real targets of the terrorists and the criminals. Our policies are based on principles based on justice. We will never change our attitude or abandon our policies which are drawn up by our Emir and leader, because Kuwait's policies stem from right, faith and justice."⁵

While Kuwait took the brunt of terrorist attacks in the Gulf area, all GCC heads of state were sharply reminded of the realities of the situation at their fourth summit conference at Doha in Qatar in November 1983, a meeting surrounded by the most stringent security because of the alleged discovery of a plot to assassinate all the heads of state during the course of the conference. However, notwithstanding the enthusiasm of Saudi Arabia and indeed the other members of the Council for a comprehensive security agreement, Kuwait refused to sign even a bilateral security agreement with Saudi Arabia, let alone join its other partners in a multi-lateral agreement. There appeared to be two reasons for this reluctance: the first, Kuwaiti fear that a bilateral agreement with Saudi Arabia might hurt its image as a non-aligned state, because of Saudi Arabia's dependence on the United States for much of its security equipment. Secondly, given the relatively hardline

5 Al-Tadamun, (London), 27 July - 2 August 1985, p.22.

stance of Saudi Arabia towards Iran, the signing of either a bilateral or a multi-lateral agreement might identify Kuwait too closely with Saudi Arabia and cause even greater Iranian annoyance. This said, such a consideration ceased to apply as Kuwaiti-Iranian relations soured considerably in the mid-80's with Iranian attacks on Kuwaiti shipping. The main objection of Kuwait probably reflected the concern of its leaders with domestic political considerations. Compared to other GCC states, Kuwait is a relatively open society. Indeed an emergent parliament was reopened in 1981 and parliamentary elections were held in 1985, although subsequently the assembly was suspended in summer 1986, following growing parliamentary scrutiny of the Al-Saba royal family. The intrusion of security forces from other GCC states into Kuwaiti territory in hot pursuit of suspected criminals might, it was feared, provoke a hostile reaction within Kuwait itself. Article 12 of a draft agreement submitted by Saudi Arabia provided for pursuit patrols to penetrate the borders of the neighbouring country up to a distance of 20 kms when in hot pursuit of criminals and terrorists.⁶

The failure of the GCC states to conclude a multi-lateral defence agreement, however, should not be exaggerated. In practise, they have cooperated bilaterally and multi-laterally in combating acts of political violence. As has been noted, Saudi Arabia quickly concluded bilateral agreements with the four other Gulf states for cooperation on internal security and the net effect was a

6 Al-Anbar, (Kuwait).

working internal security arrangement with a Kuwaiti reservation as to making it formal. The smaller states could rest easier, knowing that the sort of informal cooperation Bahrain had received from Dubai security forces in exposing the 1981 plot would henceforth work on an institutionalized basis, and after the 1985 assassination attempt against the Emir of Kuwait, the Kuwaiti government itself emphasized a coordinated GCC approach to internal security. Thus riot control equipment has been exchanged, expertise and intelligence information provided. All the states have taken parallel measures in fighting terrorism by such means as deporting suspects and restricting visas, travel, and indeed publications. Furthermore, in the relatively closed societies of the GCC, where security is a paramount concern of the governments, any expression of dissent that is judged to threaten a régime's stability can be suppressed; for all practical purposes opponents are counted as criminals.

It is for this reason that the few liberal voices raised in the GCC, as well as their Western counterparts, tend to reduce the underlying causes of the problem of political violence in the Gulf to the lack of political participation in the GCC states. This is the single greatest concern of the modernized intelligentsia of the GCC societies, as well as many other Third World societies. The absence of opportunities and institutions for expressing legitimate political opposition may contribute to the problem of political radicalization and violence. But to believe that if the GCC régimes offered political

participation to their citizens that the problem of political violence would vanish is as simplistic as to believe that political repression will do the trick. Empirically, the causes of political violence in the GCC are complicated and dynamic; they include aspects which are both social, economic, political, cultural, and indeed psychological; they vary from place to place and from time to time.

Although a multi-lateral internal security agreement proved impossible of achievement, the GCC did well in tightening internal security both individually and severally in the first violent years of its existence, and in view of the Iranian glee at individual terrorist attacks on the various Gulf states, perhaps the most impressive feature of the GCC response was the moderation of their overall tone with regard to Iran.

The revolutionary example set by the Khomeini régime in Iran tended to destabilise the GCC countries in four major ways. First, there were individuals and groups of people within the Gulf states to whom the Khomeini ideology had a special appeal. Khomeini himself claimed that his ideology was "all-Islamic" and non-sectarian. For such people the fact that Shi'ite particularism cannot be separated from Khomeini's overall ideology did not seem to matter; they took him at his word. Nor did the fact that Khomeinism is the official creed of the Iranian state seem to disturb them. Secondly, many politically aware GCC citizens and expatriates welcomed the absolutist and uncompromising Khomeini crusade against the superpowers,

against what he described as the pro-American Gulf régimes, and against the perceived ostentatious living, corruption, and waste of the middle and upper classes. Third, to the lower classes in the GCC communities the populist emphasis of the Iranian model had a particular appeal; some Gulf Arabs were inclined to believe that only in revolutionary Iran had the oil wealth been equitably distributed. And fourth, a combination of Iran's antagonism towards the United States and its call for the destruction of Israel, as well as its demand for a fully-fledged Palestinian state, had a profound effect on many Gulf Arabs regardless of their wealth, status or profession.

This said, Iran's revolutionary example did not provoke a universal appeal throughout the GCC communities. Many GCC citizens simply did not believe the all-Islamic claim of Khomeini, preferring to see it as a particular Shi'ite belief system. Many Gulf Arabs also disliked the Iranian type of government, with Iranian clerics having political power out of all proportion to that enjoyed by their opposite numbers living in the Gulf states. Further, the brutality of the revolution repelled many members of the modernized middle classes in the GCC countries. In short, during the first five years of the Cooperation Council, Iran's revolutionary example did not pose the kind of formidable threat to the stability of the GCC régime's that was at first feared. The single most lasting effect of the Iranian revolutionary example has been the intensification of political consciousness throughout the Gulf region. In the future, the challenge to the stability

of the Gulf régimes will be in part the widespread political awakening among the GCC citizens which Iran's revolutionary example intensified to an unprecedented degree. A major factor in the increase in political concern and interest in the GCC countries is related to the growing number of young people as revealed below.

Youth Population in the Arab Gulf Region (in thousands)

Country	1980			1990			2000		
	Total Population	Age Group 10-34	% [*]	Total Population	Age Group 10-34	% [*]	Total Population	Age Group 10-34	% [*]
Bahrain	313	160	51	410	196	48	515	200	38
Iran	38126	17558	46	51033	23998	47	64916	31772	49
Iraq	13072	5884	45	18136	8343	46	24198	11525	48
Kuwait	1353	600	44	2101	945	45	2524	1403	56
Oman	891	393	44	1208	541	45	1651	758	46
Qatar	237	116	49	330	136	41	425	163	38
S.Arabia	8960	4059	45	12908	5776	45	17805	7965	45
UAE	726	360	50	1025	402	39	1286	480	37
Total Gulf	63678	29130	46	87151	40337	46	113319	54266	48
GCC	12480	5688	46	17982	7996	45	24205	10969	45
More Developed Regions of the world			40			38			35
USA			43			39			36

[* rounded to nearest whole unit]

Source: United Nations, Department of International Economic and Social Affairs, Demographic Indicators of Countries: Estimates and Projections as assessed in 1980, New York: United Nations, 1982.

One of the most striking aspects of the problem of political violence in the Gulf region is the involvement of the young. Many of the individuals who participated in the Bahrain coup were teenagers, and others were only in their

twenties. In the most serious examples of the multiple bombings in Kuwait, of the 21 terrorists whose ages are known, all but three were under 30 years of age, and of the 21 convicted, 16 were in their twenties. If indeed political violence goes hand in hand with the problem of political rejuvenation, then the GCC states cannot disregard this correlation in trying to cope with the problem of political fragility.

Nor can the GCC authorities overlook the relationship between political fragility and the high percentage of foreigners in the GCC countries. The population figures given above have 1980 as the base year; at roughly the same time the foreign population in relation to the total population was estimated as below:

<u>Foreigners as a percentage of total population</u>					
Bahrain	32.1%	Qatar	73.2%
Kuwait	61.2%	Saudi Arabia	.	23.3%
Oman	18.2%	UAE	69.0%

Sources:

- for Bahrain, Arab Times (Kuwait), 24 August 1982
- for Kuwait, MEED: Kuwait and the Middle East, May 1982.
- for Oman, Qatar and Saudi Arabia, Demographic and Related Socio-Economic Data Sheets for Countries of the Economic Commission for Western Asia, Beirut: United Nations, May 1982
- for the UAE, Quarterly Economic Review for the UAE - Annual Supplement 1981, London: Economist Intelligence Unit, 1981.

It is true that a great many expatriates are leaving the Gulf because of the decline in oil revenues. Since the multiple bombings in December 1983, Kuwaiti has expelled many thousands of expatriates, some 20,000 since the

assassination attempt against the Emir in 1985. But for those who remain, second-class status becomes more irksome as economic rewards diminish.

The highly politicized younger generation provides the main social base for recruitment by various political groups, be they the underground cells of Al-Dawa, to the open gathering of such groups as the Kuwaiti Jamaat Islah or the pro-Iranian Jamaat Saqafah. These examples do not imply that only Islamic groups recruit alienated individuals; all kinds of secular groups and individuals are also politically active, and notably in Kuwait. Here the weekly Diwanniya of leading government critics have attracted thousands of supporters and at the beginning of 1990 had won agreement in principle for a return to some form of democracy. The alienation of one particular group in the GCC societies, however, is a particular source of potential destabilisation: the Gulf region is the Shi'ite heartland of the world, and most of those who have participated in acts of political violence have been Shi'ite Muslims. In Bahrain they in fact constitute the majority of the citizen population, and there are large numbers in the other states. It is not, however, simply their sect or their number that make them a potential source of destabilisation; rather it is their sense of victimisation regardless of the country in which they live. The Saudi, Bahraini and other GCC governments in recent years have tried to improve their living condition as a means of redressing grievances. Yet their perception of

being deprived persists, except among those who happen to be affluent.

If in the past it was feared that rapid modernization, fuelled by a massive rise in oil revenues, would trigger societal dislocation, income mal-distribution, and life-style disruption, it is now feared that economic recession as a result of the drastic fall in oil prices will produce many new sources of alienation. The danger is that in trying to head off an economic problem, the GCC governments may inadvertently produce a social one, by cutting back on spending, by abandoning dispensable projects, and withdrawing subsidies, especially of water and electricity. The Shi'ite poorer classes are particularly vulnerable, but many members of the middle class, who have been unhappy with the lack of political freedom may well become restless as their material comfort is undermined. The politically disaffected Saudis, for example, may become more vocal about the ever-extended promise of a consultative assembly, while their Bahraini counterparts may increase their pressure for the reopening of their suspended parliament.

Thus the task of maintaining the status quo involves more than coping with acts of political violence; it requires coping with all the causes that constitute the environment of such violence. As if this were not a formidable enough challenge, the fear of the spread of the Iran-Iraq war complicated the GCC's agenda. When the Council was established only 6 months after the outbreak of the war, the Arab leaders could not have had the slightest idea that the war would continue for seven years after the

birth of the new organization, becoming in consequence the most protracted and disastrous war in the contemporary history of the Middle East. More specifically, its outcome was seen to be crucial to the existing structures in the Gulf. According to Secretary-General Bishara:

"Iran erred, exactly as did Nasser, when it failed to comprehend the socio-political structure of Saudi Arabia and other Gulf states. The consignment of Islamic fundamentalism from Iran to the Gulf ... is bound to fail when there is no environmental acceptance of such fundamentalism."

Earlier on the same occasion, Bishara had emulated the Bahraini prime minister in denying the existence of internal threats to the Gulf states; but his rhetoric ran away with him -

"... the Gulf is not threatened from within ... there are no externally planted hostile forces that seek to undermine the almost unanimously accepted political structure. There are no indigenous political parties that try to emulate the now bankrupt doctrines that polluted the Arab world in the fifties and sixties. In the Gulf, internally, there are genuine local forces that advocate the Westernisation of traditional dialogue between the nationals and the system. But these protestations depend on persuasion not violence, on cooperation not confrontation."⁷

It was a brave effort on Bishara's part, but it did not tally with Sheikh Khalifa bin Salman Al-Khalifa's assertions of Iranian attempts to whip up local Shi'ites, nor Prince Naif's condemnation of the men in power in Iran as terrorists. For the heads of the Gulf states, security was indivisible because ruling families and the states were indivisible; any threat to security was to be countered, as was any attempt by external forces to foment domestic dissatisfaction with the existing political status. The

⁷ Abdulla Y. Bishara, 22 September 1982, New York. In The First Five Years, p. 23.

instinct for survival of the heads of state was and remains perfectly understandable; while their response to internal threats was simple and effective, their response to external threats was more varied and circumspect, as will be discussed in the following chapter. But it will already have become apparent that the GCC constitutes a pluralistic security community in a special sense, in that not only do the members eschew violence in the resolution of conflicts of interest; they actively cooperate in maintaining security as a perceived objective.

Chapter Five

THE GCC AND REGIONAL SECURITY

Between the Ta'if Islamic summit of January 1981 and the first meeting of the heads of state of the GCC countries in May of the same year, the Gulf states were forcefully reminded of their defence liabilities, following visits from John Nott and by Mrs. Thatcher in early April. Following the enunciation of the Carter doctrine in January 1980, there had been suggestions emanating from the United States for a rapid deployment force to be established, ready for intervention if necessary in the event of Soviet excursions or Iranian penetration into the Gulf itself. Nott indicated British readiness to contribute to such a force. While accepting that Gulf security was the responsibility of the Gulf states themselves and insisting that the rapid deployment force would only be employed if its use was requested by the heads of state themselves, he stressed that while the Gulf internally was politically stable there was a Soviet threat which would not go away and that Soviet expansionism would continue, unless the Gulf countries showed and demonstrated their readiness to resist. Prior to a visit in late April, Mrs. Thatcher reiterated Nott's comments, though she rather blurred their impact, by stating that the rapid deployment force was not specifically intended for problems in the Gulf, as one did

not know where there might be trouble throughout the world.¹

Notwithstanding John Nott's visits, (which took in Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates,) there was no agreement on regional defence reached in Abu Dhabi during the preparatory talks prior to the formal establishment of the Gulf Cooperation Council. Differences between Oman, proposing that the Straits of Hormuz be defended in conjunction with Western forces, and Kuwait insisting upon a strict non-alignment, meant that the heads of state, while "perceiving the inevitability of economic integration" contented themselves in their first communiqué with the most general expressions of determination to maintain security and stability as the responsibility of the regions' peoples and states; foreign intervention and foreign entanglements were expressly condemned. However, as Secretary General Bishara stated:

"At the second heads of state summit in November 1981, Oman argued for greater emphasis on security issues, while trade-oriented states like Kuwait stressed economic issues. The traditional openness in the Gulf has made trade the basis of life for many states in the region, but the Omanis, in whose territory lies the strategic Hormuz straits, are naturally interested in security issues, and the second summit agreed to send a delegation to Oman in recognition of its legitimate concerns. The report submitted by the delegation galvanized GCC interest in improving our collective defence posture. In January 1982, the first meeting of GCC defence ministers was convened as a result of this report. Meanwhile other events helped determine this course of events, for Bahrain had experienced an externally-inspired coup attempt in December 1981. Strengthening cooperation amongst interior ministers regarding internal security also became a high priority."²

1 Keesings 1981, p. 30982.

2 Secretary-General Bishara, September 1986, Washington, in The First Five Years, p.98.

Internal security was seen as linked to external security in that the Bahraini coup attempt was firmly placed at Iran's door, the director of the Gulf Affairs Section in Iran being specifically named as responsible for the outrage in the Bahraini press.³ The Saudi minister of the interior, Prince Naif, declared that the sabotage plot was engineered by the Iranian government and directed against Saudi Arabia; and his opposite number from Bahrain, Sheikh Muhammad Bin Khalifa Al-Khalifa, spoke of the need for a rapid deployment force in the Gulf that would be capable of quickly providing assistance when needed. The Bahraini authorities were clearly interested in their immediate internal security position; as far as external pressure was concerned, Bahrain, which is within eyesight of the vital Saudi Dhahran defence area, was very much within the Saudi defence perimeter; as a senior Saudi official told a United States Senate staff member:

"We consider the defence of Bahrain to be the defence of Saudi Arabia."⁴

Bahrain's small defence force, while carefully organized and trained, has always been so light on modern equipment as to be able to offer only token resistance to any outside military threat; the government has seen national security in a broad diplomatic and social context, looking to Saudi Arabia for protection.

As has been suggested earlier, on the other hand Kuwaiti apprehension about possible interference in her

3 Akhbar Al-Khajil, (Manama), 30 December 1981.

4 Staff Report, War in the Gulf, Committee on Foreign Relations, U.S. Senate, August 1984.

internal affairs by her partners has prevented her from being as keen as other members of the GCC to see the creation of anything genuinely approaching an internal rapid deployment force. Kuwait was equally careful not to respond positively to the call in December 1981 by Prince Naif for Arab countries to abandon their neutrality and support Iraq in defence of the whole Arab nation. This followed the signing of a frontier treaty between Saudi Arabia and Iraq confirming their unratified agreement of July 1975, providing for the division of the neutral zone of territory on their common border. This lack of enthusiasm was notwithstanding the fact that Kuwait was coming the closest to direct involvement in the Iran-Iraq war, as the closing of the port of Basrah had increased Iraqi dependence on Kuwaiti transport facilities. Iranian violation of airspace demonstrated Kuwaiti vulnerability, and in the autumn of 1981 an oil-gathering station in north Kuwait was in fact bombed by Phantom jets, an attack which was in fact decried by Iran as Kuwaiti propaganda. Limited consensus within the GCC was replicated in the wider arab context: while Iraq enjoyed to a greater or lesser extent the support of the GCC countries and Jordan, Iran was supported - at least verbally - by both Syria and Libya. In spring 1982, the Syrian foreign minister, however, asserted that Syria would cease to support Iran in the event of its invading Iraq, because if Syria agreed to abandon any part of Arab territory, she would also have to abandon Palestine. On the same day the foreign ministers of the GCC states met in Riyadh and called for an united Arab position

on the Iran-Iraq conflict. But as reported subsequently, a united Arab response would have involved the GCC in agreeing to the removal of President Hussein. Syria and Iran had reached an understanding on a successor Iraqi government of national unity under Brigadier Hassan Mustafa Al-Naqib, but whereas Syria was prepared to see the Brigadier emerge as the first head of state, Iran favoured the eventual formation of an Islamic republican government under Hojatolisham Bakr Hakim.⁵ Mistrustful as the conservative heads of state of the Gulf were of Saddam Hussein, they could not concede that the supreme authority in Iraq was subject to outside endorsement, to say nothing of their distaste for the possible expansion of Islamic fundamentalist zealotry.

At the end of 1981 and beginning of 1982 events seemed to suggest that increased defence cooperation would in fact come about fairly quickly. The second session of the Supreme Council in November 1981 had studied the report prepared earlier in the year by the chiefs-of-staff of the member states and decided to invite the defence ministers to meet to set the priorities which the member countries required to secure their independence and sovereignty. The Omanis in particular were in favour of close coordination between the Gulf states including joint naval and air commands. This, however, predictably failed to meet with the support of Kuwait; it was noted at the time that Oman was currently participating in a United States marine landing exercise code-named Bright Star which seemed to be

⁵ The Times (London), 5 July 1982.

a less than positive contribution to the GCC's stated objection to foreign military activity in the region. In January 1982, the defence ministers of the separate states met in Riyadh in secret session with tension mounting between the Council and Iran. There was no communiqué, Saudi defence minister Prince Sultan insisting on confidentiality, but it was reported that the defence ministers had approved recommendations by the chiefs-of-staff for a joint air defence system based on the Saudi AWACs and the establishment of a Gulf arms industry. Similar reports followed a further meeting of the defence ministers in October 1982⁶, but no formal agreements were reached at the third Supreme Council meeting held the following March in Manama. The final communiqué

"approved the recommendations of the defence ministers which aimed to build the intrinsic strength of GCC members and coordinate within them to achieve self-reliance."

On this occasion, as well as the expected Kuwaiti opposition to formal agreement, there were signs of some unease on the part of the Omanis, lest a formal agreement could weaken its connections with the United States and Britain. Even at the fourth meeting of the Supreme Council in November 1983 at Doha, despite the stringent security following the discovery in September of a plot to assassinate the delegates, the heads of state concentrated on the economic agreements and the possibility of unifying such utilities as water, power, communications and gas. Notice was given, not of specific defence issues but of

⁶ Keesings 1983, p. 32050.

studies in hand to create a strategic food reserve, to develop a joint agricultural policy, to examine the feasibility of establishing an export refinery in Oman to be fed by a pipeline passing through all GCC countries, the establishment of a network of gas pipelines linking gas fields to industrial sites, and the possibility of a rail link between member states. In fact, none of these studies actually bore fruit. It was not simply a matter of declining revenues from oil sales; the very range of the proposals suggests excessive bureaucratic zeal.

Increased military cooperation was once again on the agenda of the defence ministers in February 1984. When meeting at Doha they yet again discussed the recommendations of the chiefs of staff on the establishment of a joint arms manufacturing industry, but also on a policy of diversifying sources of arms supplies in order to reduce dependency on the United States. Some two months later the International Herald Tribune quoted several unnamed GCC sources on the growing reluctance of the member states to maintain close ties with the United States because of her military role in the Lebanon, her close ties with Israel, and her refusal to supply Saudi Arabia with Stinger anti-aircraft missiles. According to the report Sheikh Zayed Al-Nahayan, President of the UAE, had warned Richard Murphy, then the US Assistant Secretary of State for the Near East, that continued friendship with the Gulf states would require significant policy changes on the part of the United States. The report also carried a warning by Prince Bandar Bin Sultan, the recently appointed Saudi

Ambassador to the United States, that Saudi Arabia would examine alternative sources of armaments.⁷

Preoccupation with weaponry reflected developments in the Iran-Iraq war. Beginning in 1984, the threat of the spread of hostilities began to be particularly keenly felt. In February Iran launched a new offensive against Iraq, and whereas all previous offensives had failed, the fifth attempt succeeded. Iranian forces seized parts of the artificial oil islands of Majnoon, inside the Iraqi marshes, north of Basrah, the vital Iraqi port city inhabited mostly by Shi'ites. Apart from its intrinsic value, the islands could be used as a jumping-board for an offensive against the Baghdad-Basrah strategic highway only 6 miles away. A further development affected the GCC states directly for the first time. During the three years before spring 1984 the Iraqis had attacked more than 60 ships, two-thirds of them commercial vessels from nations not involved in the war; in April they used French-made planes to fire Exocet missiles at oil tankers in the Gulf. Ironically enough two Saudi oil tankers were hit. Subsequently the Iranians attacked two Kuwaiti oil tankers and a third Saudi oil tanker. The following month Saudi fighter jets shot down an Iranian plane, in response to its encroachment on Saudi territorial waters; the Iranians protested that the aircraft had been shot down in international waters. Insignificant as the incident in fact was, it did show Saudi political resolve and it helped to stiffen the morale of the smaller GCC states which depended

7 International Herald Tribune, 24 April 1984.

primarily of Saudi military deterrence. The aftermath of the crisis, however, was no less important as both Iran and the GCC countries showed mutual restraint. This said, the so-called "tanker war" further goaded the GCC states into seeking to increase efforts for common defence. Thus Secretary-General Bishara was reported as saying:

"The Iranian attacks on Kuwaiti and Saudi oil tankers have prompted the Council's states to speed up unification of the military effort under a united command."⁸

Secretary-General Bishara was commenting on a meeting of the chiefs-of-staff where they decided to abandon the GCC's foreign ministers' earlier ideas for designating a sea corridor close to the shores of their states over which would be extended a GCC-provided air umbrella; they decided instead that air cover was the best means for protecting navigation outside the Iran-Iraq war zone in the northern part of the Gulf. The chiefs-of-staff further decided to recommend to the GCC leaders a grant of some 2 billion dollars to Oman to upgrade its air defence system and to increase the effectiveness of its radar network in the Straits of Hormuz in order to monitor Iranian activities. But it was not without significance that their final recommendation was for the formation of a "semi-unified command" for the armies of the 6 countries. The only tangible outcome of their meeting was the joint military manoeuvres, code-named Peninsula Shield 2, held in October some 700 miles north-east of Riyadh, this a year following the first such manoeuvres held in the UAE.

⁸ Al-Qabas, 22 June 1984.

According to the commander of the joint exercises, the manoeuvres represented joint training of the forces of the six countries; only the troops of each country would defend the country against attack. In other words although these forces would learn about the terrain and other logistical matters in each others' countries, the aim of the exercise was not to train them to fight together in battle, but rather to train commanders and staff in achieving coordination for various military operations. In effect, the Peninsula Shield exercises seemed rather to prepare for a GCC rapid deployment force, basically designed to deter any interference in the individual states' internal affairs.

Following the flare-up in attacks on tankers, two further developments occurred, one political and one military. At the military level, the United States finally agreed in May to provide Saudi Arabia with 400 Stinger missiles and 200 launchers. At the political level, the GCC representatives at the United Nations succeeded in persuading the Security Council to pass Resolution 552 calling on all states to respect the right of free navigation in the Gulf and refrain from any act which may lead to further escalation and widening of the conflict. By the end of the year, the GCC leaders had also demonstrated their ability to together in that they agreed to create a joint command for a rapid deployment force consisting of two brigades to be stationed in Saudi Arabia under the command of a senior Saudi officer. They further began to assist Bahrain and Oman to build up their military

strength. This said, the rapid deployment force could only be taken to be symbolic: it exists only in theory, having a headquarters staff at Hafr Al-Batin without actual brigades on the ground, as long as there is no emergency. Actual deployment and operational employment requires the unanimous decision of the GCC Supreme Council. Further its mission seems to be viewed differently by different GCC leaders and officials; it is still unclear whether the RDF is intended as a counter-insurgency force permitted to intervene in any GCC country in an emergency or a common defensive force against external aggression, or indeed both. At the time of the announcement of the formation of the rapid deployment force in November 1984, Sheikh Saba Al-Saba, the Kuwaiti deputy prime minister and foreign minister emphasized that the force was a temporary expedient which would be periodically reviewed.⁹

Notwithstanding its exposure to Iranian attack, Kuwait had shown its readiness to stand a little apart from its GCC associates earlier in the year. In late June 1984 following President Reagan overruling Congress objections in supplying Stinger anti-aircraft missiles to Saudi Arabia, the United States rejected a request for the same equipment from the Kuwaiti defence minister, Sheikh Salim Al-Saba. In response the Kuwaiti foreign minister insisted that Kuwait and Saudi Arabia were cooperating fully in air defence and the following month the defence minister went with a delegation to the Soviet Union; an arms agreement was reached for the provision of air defences, surface-to-

⁹ Keesings 1985, p. 33370.

surface missiles and tanks, an agreement which led to the subsequent arrival in Kuwait of 10 Soviet officers for training purposes. As if to demonstrate impartiality, however, in October 1984 it was announced that France would train Kuwaiti air-force pilots. Kuwait in fact looked to benefit by the development of Saudi Arabia's Peace Shield programme, a 4 billion dollar project to create the most technologically advanced integrated air defence system outside NATO and the Soviet bloc. The first major contract for the system, scheduled to become operational in 1992, was awarded to Boeing in early 1985.¹⁰

GCC political pressure brought to bear on the Iran-Iraq war was not confined to the United Nations; the sixth meeting of the Supreme Council, held in Muscat in November 1985, was notable for a considerably more evenhanded reference to the two protagonists. While calling upon Iran to respect the principles contained in Security Council resolutions 540 of 1983 and 552 of 1984, the Council also reaffirmed its declaration in the fifth meeting and especially its affirmation to continue efforts to put an end to the war and

"to ensure the legitimate rights and interests of the two parties in arriving at normal relations between the states of the region."¹¹

Reference to their legitimate interests, however, had little effect on Iran's behaviour. In February 1986, Iranian forces, which for months had distracted Iraqi

10 Middle East Economic Digest, (henceforth referred to as MEED) 11 May 1984, 14 December 1984 and 1 February 1985.

11 The Final Communiqués, p.30.

attention to the north and east of Basrah, suddenly hit the far south sector, by crossing the Shatt al-Arab and capturing the Iraqi oil port of Fao. Only 50 miles away lay Iran's main target, the highway linking Basrah to Kuwait and the Gulf. This success on the battlefield shook the GCC states badly. Secretary-General Bishara was later to describe this as the peak of the Iraq-Iran war; he declared in the autumn following the successful Iraqi attack:

"We in the Gulf have become passionate about security... The GCC is a product of the status quo and it seeks to preserve stability in the region. This stability rests on the balance of power in the Gulf. Internally the GCC states face very few security threats. It is the use of force which threatens the status quo and tries to upset the balance of power; we abhor and condemn the use of force. Regional stability must be based on coexistence and understanding."¹²

Bishara was speaking after meetings with the oil and foreign ministers of the separate states held in August 1986 to discuss protecting oil tankers using GCC ports. In the same month, the GCC's military committee had advocated protection by what was described as an enhanced radar network, this taken by observers to mean the AWACs shortly to be supplied to Saudi Arabia by the United States. Further discussions on military cooperation actually took place in Kuwait in September, and in October defence ministers met in Muscat to discuss the possibility of establishing a Gulf arms manufacturing industry, if only to save the huge funds that were described as being squandered on the importing of arms.¹³

12 Abdulla Y. Bishara, September 1986, Washington. In The First Five Years, p.97.

13 Keesings 1985, p. 33753.

The increase in GCC nervousness following the Iranian offensive in the spring of 1986 leading to the capture of Fao found a reflection in the communiqué following the sixth meeting of the Supreme Council in November 1986. While deploring the Iran-Iraq war as damaging the best interests of two Muslim peoples, and while affirming GCC support for the various security council resolutions calling for an immediate cease-fire and a withdrawal to borders, as well as freedom of navigation in international waterways, the Council expressed its appreciation of what it described as "fraternal Iraq's response" to efforts being made to put an end to the war and called upon Iran to make a similar positive response. The Council went on to confirm a number of undisclosed recommendations in regard to military cooperation and it praised the progress and the achievements of the rapid deployment force, now described as the Peninsula Shield Force, this, however, being referred to as "a symbol of the collective determination for joint defence".¹⁴ As things turned out, there was little other than rhetoric to indicate military cooperation following the Iraq offensive in 1986 and the termination of hostilities in 1988. It was not that the years were devoid of incident. Thus in February 1987, the ministers of interior of the GCC states met once again to try to implement a comprehensive security strategy, the need for which was amply demonstrated during the haj pilgrimage of that year in which several casualties including fatalities occurred in clashes between Saudi security forces and

14 The Final Communiqués, p.35-37.

mainly Iranian Shi'ite elements. Attacks on shipping continued. In January 1988 the United Nations Security Council deplored the slow pace of consultation on the application of its resolution 598 of July 1987 calling for a cease-fire and pointing out that in the weeks from 6 December 1987 to the time of its meeting no less than 20 tankers had been attacked in the Gulf by both belligerents. Further there was renewed intensification of fighting in the land battle in the southern sector of Iraq. The eighth meeting of the Supreme Council in November 1987 ratified the recommendations of the ministers of defence with regard to military cooperation without going into a great deal of detail; the ninth meeting in December 1988 concentrated on the Council's expectations of positive advances in stability in the Gulf following the cease-fire between the two belligerents earlier that summer.

Such expectations served to underline the fact that the Iraq-Iran war had been the primary catalyst for military cooperation amongst the GCC states; the GCC structure itself facilitated the development of the requisite degree of consensus among the leaders of the six states. The principle of the indivisibility of the security of the six states was accepted, as was the principle of self-reliance, namely that the security of the Gulf region was a factor to be attended to by the littoral states themselves. Agreement had been reached also on a number of issues: a joint command for a rapid deployment force; the assistance afforded to Bahrain and Oman; and the Peninsula Shield exercises which helped the ground forces of the six

countries to learn about a variety of weapons' systems and different terrain. There was also recognition of the all-important need to create an integrated air defence system.

At the same time, there were a number of constraints affecting GCC military cooperation. The Peninsula Shield Force existed only on paper and its precise role was never fully articulated; as late as 1985 Sultan Qaboos was insisting that,

"as a first step toward an integrated military infrastructure, each of the Gulf states should strengthen its own defence system and military capabilities."¹⁵

The development of national military systems, however, requires enhanced training and greater national as opposed to expatriate participation in the armed forces, while an integrated military infrastructure requires reduced dependence on foreign suppliers, a streamlining of command structures, and longer-range planning of armaments acquisition. There is, however, little to suggest that the arms acquisition programmes of the GCC member states have been influenced by considerations of GCC compatibility or inter-operability. Apart from exploratory discussions relating to the joint purchase and deployment of a maritime surveillance capability, GCC military cooperation has not yet reached a level at which large-scale common security and defence programmes can in fact be implemented. Kuwait and the United Arab Emirates at various points in the Iran-Iraq war were subjected to political and other pressures from Tehran, taking the form of direct threats and actual

15 Interview April 1985 quoted in MEED, 28 October 1985, p.9

subversion. One result of these efforts was a reluctance on the part of Kuwait and the UAE to participate in certain areas of coordination, such as the effort to link air defences. The war in fact was responsible for both impelling and preventing the GCC member states from engaging in ever-closer cooperation, though there is little doubt that the war served as one of the catalysts to the formation for the GCC itself as well as the catalyst for degrees of cooperation. Especially during times when the conflict threatened to become more internationalized, as during the outset of the "tanker war" in late 1983 and the first half of 1984, the severity of events was such that concerns among the GCC states of provoking Iran were superceded. At other points, however, the situation stabilized to the extent that the continued pace of GCC military cooperation could have been viewed as unnecessarily confrontational, leading to a deliberate and cautious attitude, particularly amongst those states most susceptible to efforts at destabilization by Iran. Thus it can be concluded that though the war was a catalyst for military cooperation, it has resulted in such cooperation being highly uneven.

Relations with Western states also constituted a second area of apparent difference amongst the GCC states that may have served to slow the rate of military coordination. The spectrum of political and defence cooperation with third party states traverses Kuwait's declaratory policy of strict non-alignment at one end, and Oman's close military relations with both Britain and the

United States on the other. The British relationship was clearly demonstrated in late November and December 1986 when a joint Oman-U.K. military exercise, Swift Sword, involving some 3,800 British troops was held. The defence links between Oman and the United States are manifested primarily in the defence agreement for United States use of military facilities in Oman. These have presented obstacles for those GCC states for which even the perception of a direct military association with the United States could create problems. The role of the United States in the development of the armed forces of Saudi Arabia cannot be over-emphasised, the most visible element being the operation in the Gulf of AWACs systems by both Saudi Arabia and the United States and the role of United States' corporations in the ongoing Peace Shield programme. But because of political difficulties arising from the Arab-Israeli conflict, relations between Saudi Arabia and the United States will continue to confront political obstacles.

This said, GCC relations with the United States were a function of the perceived threats in the region at any one time. Relations between the GCC states and the United States intensified substantially once the threat of a prolonged disruption of shipping in the Gulf became a reality. This was particularly visible in the policy of Kuwait, which approached the permanent members the United Nations Security Council in autumn 1987 when repeated Iranian attacks on its vessels were beginning to jeopardize its economic life-line. Kuwait had been the most consistent

advocate within the GCC for strict non-alignment, yet it agreed to a United States military escort operation in late July 1987 rather than weather the brunt of continued Iranian intimidation and attacks. It is noteworthy to mention that Iran in the aftermath of United States and Soviet approval to engage in reflagging and escorting operations for Kuwait emphasized its capacity to strike Kuwait with long-range artillery and ground-to-ground missiles. It would, however, be a mistake to expect that closer defence cooperation with the United States would endure now that hostilities are finished. The decision by those GCC states with a long-established recipient/supplier relationship with the United States to diversify their weapons sources is a clear indication of their resolve to limit the perceptions of their political attachment to Washington. Moreover, in addition to limitations brought about by the shifting intensity of the Iran-Iraq war and the complex set of defence, political and economic ties to the United States, there are other constraints occasioned by varied command structures and equipment and different planned force developments which cannot be swept away by political directives, even by such a body as the Supreme Council, but which can only be resolved through long and time-consuming deliberation.

Finally the importance of economic trends for military development must not be overlooked. The outlook for the international oil market has enormous significance for the capacity of the GCC states to sustain their military build-up. In the near term it has to be said,

however, that despite over-production by both Iran and Iraq to fuel their war campaign, the early 1990's are expected to see an increase in oil demand and a decrease in supply to an extent whereby oil will resume its importance in geo-strategic and economic terms. For this reason the economic outlook for the GCC states, emerging as they are from a period of comparative economic austerity, is relatively favourable.

To these various considerations regarding the potential for enhanced GCC military cooperation, one must also add perceptions of common threats, mutual interests, and structural compatibility imperative to the development of cooperation. The heads of the GCC states have identified a wide range of mutual threats. There are common political, social, and religious threads which bind GCC societies together. The GCC states have clearly mutual interests in developing stable and prosperous economies through the maximization of collective resources and through the reduction of competition, and there is an inter-organisational balance of power, providing for a structural complementarity between the member states which could lead to more even development in economic and military terms. As things stand at the beginning of the 1990's, the general guidelines established by GCC leaders have led to the creation of a central command with a token rapid deployment force which has enjoyed a certain amount of limited collective military exercise. At the bilateral level, however, there has been a relatively impressive series of military exercises between GCC member states. This has led

to agreement on and the implementation of information exchange and a certain amount of centralized planning in the course of RDF deployment and the conduct of joint exercises. The experience of the negotiation of the joint security agreement while revealing both the complexity of such planning and the deliberate pace the GCC members are maintaining in the implementation of joint security nevertheless implies exchange of information regarding force equipment and procedures. By contrast, there has been less progress in the implementation of the GCC military framework at the national level which involves the surrender of important sovereign prerogatives. The desire to maintain such prerogatives is even more pronounced in military areas than in the area of economic and social cooperation. It was to be expected then that the GCC during its first years would see member states maintaining their independent force composition and development plans to the greatest extent possible. While it could be argued that the existence of a GCC central command structure, however skeletal, indicates that national interest is not entirely supreme, it is also true that the diminution in regional instability following the end of the Iran-Iraq war somewhat reduces the pressure on further erosion of national sovereignty in the defence field. The extent to which GCC states narrow their policies and attitudes regarding for example relations with third party states, however, will persist, though their efforts at military integration are certain to continue to be both deliberate and extremely cautious.

Chapter Six

THE GCC AND POLITICAL COOPERATION

In discussing political cooperation within the GCC it is worth noting the preamble to the Charter, as well as article four of the Charter itself which details the objectives of the Cooperation Council. The preamble speaks of the desire to coordinate, cooperate and integrate in the interests of the peoples of the member states to serve Arabic and Islamic causes; article four repeats the commitment to coordinate and integrate the activities of the member states in all fields before detailing the areas in which it is intended to effect cooperation and concluding with the assertion of readiness to stimulate scientific and technological progress. The supreme decision-making body of the organization is the Supreme Council of the heads of member states which meets annually; the Council of Ministers, normally composed of the foreign ministers, is the main executive body and meets quarterly. In the general political area, statements from the Council of Ministers, and notably from the Supreme Council, constantly referred to the Iran-Iraq war, to the Arab-Israeli conflict, unfulfilled Palestinian self-determination, and Islamic issues, the latter reflecting in particular on the role of Saudi Arabia as custodian of the Muslim holy places. Initially too the potential for conflict between the People's Democratic Republic of Yemen and Oman found mention in official statements of both

Councils. In their efforts to achieve their political objectives the member states of the Gulf Cooperation Council have as a base a sense of a common identity; their shared historical background and similar social and political systems, the sense of a shared identity, is in marked contrast to other less fortunate attempts at Arab political cooperation, notably the attempts in the 50's to establish the United Arab Republic of Egypt and Syria. In the economic field, the GCC states have reached a stage where economic cooperation is more of a necessity than a choice: they are primarily one-sector economies with oil and natural gas resources as overwhelmingly their most important sources of income and they must cooperate in economic development or face the prospect of wasteful and harmful competition. In the volatile political atmosphere in the Gulf it is equally clear that the GCC states must cooperate, and their cooperation will be examined within the context of the Iran-Iraq war, the Arab-Israel conflict, peninsular affairs, and relations with the super-powers.

It is not without interest that the first communiqué of the Supreme Council issued in May 1981 placed the Iran-Iraq war at the end of a list of security and stability problems associated with the Gulf. Beginning by declaring their will and right to defend their security, the member states - or rather the heads of the member states - reaffirmed their rejection of foreign interference; declared that stability on the Gulf was tied to the achievement of peace in the Middle East, including the right of the people of Palestine to return to their own

country and set up an independent state; they referred to the Lebanon and the threats by Israel against Syria, and only then declared that they supported efforts being made to put an end to the Iran-Iraq war, since it was one of the problems which threatened the region and increased the possibility of foreign intervention. This ranking of priorities was designed to counter criticism emanating from Syria, Iraq and the Palestine Liberation Organization, that the formation of the GCC would split the Arab League, instead of promoting unity with regard to the Arab-Israel conflict. This said, the early stages of the Iran-Iraq war seemed to be running in favour of Iraq and while attempting to mediate in the conflict themselves, the member states of the GCC sought to secure broader international support for attempts at mediation, encouraged the restoration of relations between Iraq and Syria, and when the war began to turn against Iraq, sought to gain international support when the conflict began to affect Gulf shipping.

Within six months of the inception of the GCC, however, the security of the Gulf and its stability received such extended treatment in the communiqué emerging from the Supreme Council at its second meeting in November 1981 as clearly to demonstrate security as the primary objective. Some of the member states sought to support Iraq as a fellow Arab country, while seeking to maintain communication links with Iran, and this because they believed that Iraqi action was partly motivated by the wish to contain the Iranian revolution, an objective which they shared without approving of war as a means to that end.

Saudi Arabia and Kuwait in fact aided the Iraqi war effort both financially and logistically. Financial assistance was covert, whereas logistically - at least in the early years of the war - Saudi Arabia made three ports available for the trans-shipment of military equipment to Iraq; Kuwait became a military life-line for Iraq, a role for which it paid dearly, as there were "accidental" Iranian air-raids on Kuwait, twice in November 1980, once in June 1981 and once again in October of the same year. Support for Iraq, however, was not total; until the Iranian revolution the Gulf leaders had felt threatened by the subversive activities of the Ba'ath régime in Baghdad and if Iraq was to win the war, it was feared that the possibility of subversion would return with a vengeance. This said, at the time, the threat of Iranian fundamentalism seemed the greater evil to be guarded against.

In fulfillment of the statement made in the first communiqué of the Supreme Council, that the heads of state supported efforts to bring an end to the war, a range of high level discussions was conducted, in order to explore the means by which the combatants could be induced to desist from continued fighting. The GCC leaders, and notably the Saudis, had been initially more disturbed by the allegedly Iranian-supported coup plot in Bahrain, rather than developments on the war front, but following the impressive Iranian offensive early in 1982, and especially the follow-up offensive in May of the same year, the GCC capitals witnessed an enormous amount of diplomatic activity, followed by several extraordinary meetings of the

ministerial council. Saudi Arabia and Kuwait had initiated contacts with Iraq, with Syria and with Algeria; under Iranian pressure, Iraq asserted its readiness to withdraw to the international border. Given the initial Iranian victories, there was little interest emanating from Tehran for the intensification of efforts to end the war; when the Iranian forces finally carried the war into Iraqi territory in July 1982, the GCC dropped all pretence of impartiality. The Iraqis were depicted as peace-seekers and, at first by implication, the Iranians as the real obstacle to any negotiated peace settlement. The Iranian July offensive proved to be a failure, but the decision had already been taken within the GCC to internationalize the pressure on the combatants to desist, as indicated by the assistant general secretary for political affairs in a newspaper interview given in August: in response to a question as to whether the GCC was continuing its efforts to end the war he declared:

"All the contacts that have been held to end the Iran-Iraq war were made after contacts had been made by the GCC countries with the Arab brothers and other parties which - due to their close relations with the GCC countries and the Arab brothers on the one hand, and with peace-loving and politically influential countries' international issues on the other - showed a readiness in this regard."¹

Assistant Secretary-General Ibrahim Al-Subhi was referring to the preliminary steps being taken to obtain diplomatic support at the first summit of the Arab League in September 1982. These efforts were successful in that there was passed at the summit a resolution declaring that in the

1 Al-Anbar (Kuwait), 22 August 1982.

event of Iran failing to respond to the peace efforts and continuing its war against Iraq, its actions could be viewed as an act of war against the Arab nation. With the backing of the Arab League, the GCC henceforth began to depict the Iranian offensives as acts against the whole of the Arab world. At their third summit meeting in Bahrain in November 1982, the GCC leaders declared their great anxiety over the developments in the war. The most serious development they believed was the crossing of the international border by Iran which posed "the great threat to the safety and security of the Arab nation." The communiqué went on:

"These developments, these recent occurrences, took place at a time when the Arab nation is working to affirm its solidarity and to gather its strength for confronting increasing Zionist aggression which requires collective efforts on the part of the Islamic states. The Council also confirmed its support for Iraq in its efforts to end this war by peaceful means and to further the attempts being made in this respect by the committee formed by the Islamic conference, the non-aligned states, and the United Nations. It also requests that Iran reciprocate in these efforts."²

Notwithstanding the readiness of the GCC leaders to stress their Arab credentials, thus a favouring of Iraq, they took care not to cut off lines of communication with Iran. In May 1983 the Kuwaiti deputy premier and minister for foreign affairs, together with the UAE minister of state for foreign affairs, visited both Iran and Iraq to discuss the conflict and to explore the means by which the oil spill in the Gulf resulting from the attack on the Iranian Nowruz oil-field could be stopped. The mission was important if for no other reason than the reflection of the

2 The Final Communiqués, p. 16.

desire in both the GCC capitals and Tehran, despite their many differences, to engage in continuing discussions regarding the war as well as other issues. The visit was carried out shortly after the request of all the GCC states at the 7th meeting of the non-aligned movement in 1983 to examine the international implications of the conflict. Kuwaiti Emir Jabir Al-Ahmed Al-Saba personally called upon the non-aligned movement to use its resources to bring the hostilities to an end. Likewise during the convocation of an extraordinary session of Arab foreign ministers the following year in March 1984, the GCC states were instrumental in the formation of a seven-member committee whose mandate was to explore means by which the hostilities could be brought to an end. In addition to ministers from Iraq itself, Morocco, Tunisia, and the Yemen Arab Republic, the secretary-general of the League, the Kuwaiti deputy premier and foreign affairs minister, Saba Al-Ahmed Al-Saba, and the Saudi foreign minister, Saud Al-Faisal, served on the committee.

Within the Arab context a third area of GCC diplomatic activity involved attempts to effect a rapprochement between the competing Ba'ath régimes in Baghdad and Damascus. By undermining the links that had developed between Syria and Iran, it was hoped that political pressure could be brought to bear on Tehran to accept a peaceful settlement. Thus in October 1983 Qatari minister of state for foreign affairs, Ahmad Ibn Saif Al-Thani, travelled to both Baghdad and Damascus in order to find out whether some improvement in relations could be brought

about. The UAE president subsequently made a personal visit to Algeria in October 1983 to help clear the Arab atmosphere, including the problems inherent in Iraq-Syria relations. In the same month the Saudi foreign minister, Saud Al-Faisal, also travelled to Algiers for the same purpose. October 1983, however, provided the GCC ministers of foreign affairs with opportunities further to internationalize their efforts. In that month the Security Council of the United Nations had passed a resolution concerning the threat from Hashaimi Rafsanjani, the speaker of the Iranian majlis, to cut off oil exports from the Gulf states by blocking the Straits of Hormuz. The Security Council deplored this and a week later, at its fourth summit meeting, the GCC latched onto the Security Council resolution.

"The Council ... expressed its support for the resolution of the Security Council issued on 21st October which called for the cessation of all military operations in the Gulf, the cessation of subjecting the cities' economic installations and sea-ports to attack, and the immediate stoppage of all aggressive operations in the Gulf, including all its sea passages and waterways. It noted with satisfaction the acceptance of Iraq of this resolution, and calling on Iran to respond positively and not threaten freedom of navigation in the Gulf and its straits ... The Council also calls on the permanent membership of the Security Council to fulfill its responsibilities in adopting the necessary measures for implementing this resolution.

The Council renewed its readiness to recommend the good offices which the state of Kuwait and the state of the United Arab Emirates undertook on behalf of the Council states."³

In retaliation for Iraqi attacks in the spring of 1984, however, the Iranians began to strike oil tankers within the Gulf; for all practical purposes from then on

3 Ibid, p. 21.

the GCC publicly sided with Iraq despite its declared policy of neutrality. Even before the Iranian attacks on Saudi and Kuwaiti oil tankers in May 1984, the GCC states had decided to go on a diplomatic offensive against Iran for another reason: on 24 February Iranian forces seized parts of the artificial island of Majnoon inside the Iraqi marshes north of Basrah. The foreign ministers of the six states met at Riyadh and flew to Baghdad in March when the Arab League tried to force Iran to the negotiating table by in effect calling on all countries to stop furnishing her with arms. More critically GCC leaders managed to get the Arab League in the meeting of 20 May 1984 to characterize the Iranian attacks on Kuwaiti and Saudi oil tankers as acts of aggression. Further, a direct appeal was made to the Security Council. Speaking on behalf of the GCC the representative of Kuwait declared:

"We are not here out of weakness or fear, but rather out of faith in the need to settle international disputes in accordance with the principles embodied in the Charter - by methods that will obviate the resort to force ... our appearance here is in itself an assertion of our desire to keep conflicts away from the region and to provide ways and means of preventing the devastating war that will surely strike the region if it is not seriously and responsibly prevented by the world at large."⁴

Although Iran was not specifically named in the text, resolution 552 was designed to provide the basis for the imposition of "effective measures" by the UN Security Council members if the acknowledged threat to international peace and stability were to continue. The final resolution made specific reference to the ports of Kuwait and Saudi

4 UN Security Council S/PV 2546, pp. 59-60 .

Arabia rather than citing the general rights of non-belligerent states under international maritime law. This political initiative, taken by the GCC states, was significant not only because it represented the first concerted approach made by all the member states in the United Nations but also because it demonstrated that the GCC policy-making process could effectively rally international support for its political interests. A parallel campaign by the GCC was carried out to generate additional support for a negotiated settlement for the war. To this end the Kuwaiti deputy premier and foreign affairs minister, as well as the Iraqi minister of external affairs, travelled to Japan in May 1984 to discuss Japan's relations with Iran and the steps that Japan could take to encourage a political settlement between the belligerents. In the meantime, less public efforts were made to defuse the situation; in a far-reaching interview with a Kuwaiti correspondent, King Fahd of Saudi Arabia declared, in response to a question as to the initiatives proposed by the GCC countries to end the war,

"The Gulf countries are performing good offices with the brothers in Iraq and Iran to end this painful conflict between brothers; from this premise any effort from any party whatsoever is a good effort."⁵

The efforts described by King Fahd were to include a dramatic visit by the heir apparent and Saudi foreign minister, Saud Al-Faisal, to Tehran in May 1985, during which visit a set of proposals regarding mediation and financial assistance was reportedly advanced on behalf of

⁵ Al-Majalis (Kuwait), 8 December 1984.

the GCC states. During the Supreme Council summit session the previous November in Kuwait, though the leaders had singled out Iran for its lack of willingness to pursue a political settlement, they had reiterated the GCC's readiness to carry out any direct endeavour which would achieve progress towards dialogue and negotiation. Not all the GCC démarches were as dramatic as the visit of the Saudi foreign minister to Iran; a secondary source reported that the UAE president had proposed at the Supreme Council meeting of November 1984 "a Marshall plan" to reconstruct the destroyed Iranian and Iraqi areas.⁶

While there was no official confirmation of the readiness of the GCC states to help reconstruction in Iran and Iraq, the "war of cities" in 1985, when Iraq and Iran struck each other's population centres, clearly motivated the GCC ministerial council in March 1985 to its most explicit offer of mediation for ending the war. This was the fourteenth formal meeting of the ministerial council since the inception of the GCC; during the proceedings the Kuwaiti deputy premier and foreign minister left for a lightning visit to Baghdad for talks with Saddam Hussein. The visit of the Saudi foreign minister, Prince Saud Al Faisal, in May has already been mentioned. The following December Iran's foreign minister, Ali Akabar Velayati, paid a return visit to Saudi Arabia at the invitation of Prince Saud. While no positive move towards ending the war resulted from this exchange of visits, both Saudi Arabia and the GCC as a whole seemed to temper their tilted

6 Middle East, December 1984.

neutrality towards Iraq. The November 1985 communiqué of the Supreme Council referred

"to the readiness of the Council states to continue their efforts with parties concerned to help to put an end to this destructive war and to ensure the legitimate rights and interests of the two parties in arriving at normal relations between the states of the region."⁷

This more balanced approach was severely tested, however, because of the sporadic violence that had occurred since the Iranian revolution during Iranian participation in the annual pilgrimage to the holy places of Mecca and Medina. Political demonstrations during the haj produced minor problems during the pilgrimages which in August 1987 exploded into a large demonstration broken up by Saudi forces. Deaths and casualties occurred within both sides and started a bitter political confrontation between the two states. More covert, but subversive activity by Iran had been reflected earlier in the year with the discovery of a large arms cache in the days preceding the organization of the Islamic community meeting in Kuwait in February 1987. Tehran was directing these efforts at Kuwait and Saudi Arabia because of their financial support of Iraq; in this context it has to be recognized that there was a significant difference of outlook within the GCC states, with Kuwait and Saudi Arabia being the more vehement supporters of the Iraqi war effort, while Oman, the UAE, and the smaller GCC states held more ambivalent positions and maintained contacts with Tehran.

7 The Final Communiqués, p. 30.

More directly, Iranian missile strikes on Kuwaiti oil facilities and ships impelled Kuwait to seek the assistance of the super-powers to ensure freedom of navigation in the Gulf. This widening of the conflict and the concern it generated was reflected in the communiqué following the November 1987 summit meeting of the Arab League held in Amman. It is significant that on this occasion Syria joined the other Arab states in a condemnation of intransigence in the war; previously Secretary-General Bishara had declared that the GCC

"does not accept the Syrian argument that confinement of the war to Iran and Iraq does not present a serious threat. We argue that their aid is wrong because it prolongs the conflict and any prolongation is dangerous."⁸

Saudi influence in Damascus secured Syrian readiness to criticize Iran for its refusal to accept UN Security Council resolution 598 which called for a cease-fire between the belligerents and a return to pre-conflict boundaries. The Arab leaders also declared their opposition to

"the Iranian régime's ... provocations and threats against the Arab Gulf states, declared their solidarity with Kuwait in confronting the Iranian régime's aggression, and denounced the bloody criminal acts perpetrated by the Iranians in the vicinity of the holy mosque in Mecca".

The Arab leaders also

"affirmed ... support for Kuwait in all the measures it has taken to protect its territories and waters and safeguard its security and stability ... and affirmed ... total solidarity with the Kingdom of Saudi Arabia and its total support for the measures Saudi Arabia

⁸ Abdulla Y. Bishara, September 1986, Washington. In The First Five Years, p. 102.

has adopted to ensure a suitable climate for pilgrims visiting the holy places."⁹

Less than a month after the summit Oman announced that it would soon re-establish diplomatic relations with Damascus, a sign that relations between GCC states and Syria were improving; improvement was not restricted to Syria, because the summit cleared the way for the Arab countries to restore diplomatic relations with Egypt, by declaring that diplomatic relations between the member states and Egypt was a sovereign matter to be decided by each state in accordance with its constitution and laws. This was not only a marked softening of attitude on the part of the Arab League, it reflected a growth of consensus on the issue within the GCC. Some three years previously, in September 1984, Jordan had announced its restoration of diplomatic relations with Egypt "in recognition of Egypt's solidarity with the struggle of the Arab people in Palestine, Iraq and Lebanon." This was widely welcomed in the West, and especially in the United States; the majority of the members of the Arab League, however, criticized Jordan for the unilateral nature of its decision, though initially no Gulf state condemned the move. Following a telephone conversation between King Fahd and King Hussein, a Saudi spokesman expressed disapproval of unilateral action, a disapproval voiced later by the UAE and Kuwait, though Kuwait also praised President Mubarak and his policies "in the field of Arab action". Oman, however, applauded the Jordanian move as "reinforcing Arab solidarity"; it certainly reinforced solidarity between Jordan and Oman

⁹ Jordan Times, 12-13 November 1987.

because Oman had never broken its diplomatic links with Egypt.¹⁰ In 1987, however, relations with Cairo were particularly important because Egypt could serve as a counter-weight to increased Iranian power in the Gulf. Within a week of the summit meeting Bahrain, Kuwait, Qatar, Saudi Arabia, and the UAE had all restored formal ties with Egypt.

The 8th meeting of the Supreme Council in Riyadh in December 1987 marked an apparent change of attitude towards the war. Departing from its past efforts of sending emissaries to Baghdad and Tehran, it opted instead to stress its support of the initiatives taken by the United Nations, and in particular Security Council resolution 598. It was noted that Iraq agreed to implement this resolution without reservation, while it was also noted with regret the attempt of Iran to procrastinate vis à vis its acceptance. A marked stiffening of tone towards Iran was to be noted, the Council expressing its hope that it would adopt a stand in response to the will of the international community and accept the call of the Islamic community to end the war, to make peace, to stop the bloodshed, and to save its energies to confront the enemies of the Islamic community. Attention was also focused on

"the events which occurred in Holy Makkah and the sedition which the Iranians stirred up in the precincts of the Holy House of God. The Council also considered the rocket bombardment and Iranian aggression aimed at the security and stability of Kuwait; the Iranian aggression against the embassies of Kuwait and the Kingdom of Saudi Arabia in Tehran; the bombardment of oil tankers and commercial vessels proceeding to and from the sea-ports of the Council

10 Keesings 1985, p. 33370

states in the waters of the Gulf; and the implications of these aggressions in respect of violations of international law and the charter of the United Nations."¹¹

The 8th Supreme Council meeting was notable for the presence of a number of Egyptian officials. In its immediate aftermath a high profile visit of the Egyptian president, Hosni Mubarak, to each of the GCC states confirmed the new level of GCC/Egyptian relations.

In the final analysis, the activity employed by the GCC to effect a political settlement to the war is difficult of evaluation. Its efforts at collective diplomacy utilized both disapprobation and dialogue, a two-fold characteristic which in part reflected the vicissitudes of the fighting: the GCC states blew hot and cold depending on the perceived current threat of the war to their interests. Their behaviour also reflected a degree of convergence of interest between the GCC states and Iran on a number of issues, including opposition to super-power military intervention in the Gulf, anti-Communism, a basic distrust of Iraq, and certain mutual economic benefits, particularly between Dubai and Sharjah on the one hand and Iran on the other. The war was to peter out in the summer of 1988 following the virtual exhaustion of both combatants. But if the diplomatic démarches of the GCC states are difficult to evaluate, they demonstrated that the Council was capable of reaching a consensus on the interests of its member states, both with regard to the belligerents and to various international organizations. The GCC engaged in direct mediation efforts on behalf of

11 The Final Communiqués, p. 42.

all its six members, it advanced commonly determined diplomatic initiatives at the United Nations, within the Arab League, the OIC, and the non-aligned movement and it fashioned and carried out a corollary campaign to secure action on the part of a number of important third party states.

All the above were carried out against the background of a political problem of a variable intensity but seemingly permanent nature: the Arab-Israeli dispute. From the inception of the Gulf Cooperation Council the linkage between stability in the Gulf and the realization of peace in the Middle East has been stressed by the Supreme Council and declared to necessitate a just solution to the Palestinian cause, including the obtaining of the legitimate rights of the Palestinian people to return to their homeland and establish an independent state, as well as Israeli withdrawal from all occupied Arab land, and in particular from East Jerusalem. The large number of Palestinians within GCC countries was and remains a permanent reminder of the Arab-Israel issue, but the explicit mention by the Supreme Council of the link between Gulf security and Middle East security was a consequence of the wide-spread perception that such Israeli political and military activity as the '81 attack on the Iraqi Osirak reactor, the 1982 invasion of Lebanon, overflights of GCC states and the bombing of the PLO headquarters in Tunisia represented a major threat to the stability of the area. At the November 1981 meeting of the Supreme Council the eight points that had been advanced by the then Crown Prince Fahd

the previous August were commended by the heads of state; the so-called Fahd plan was a variant of the "territory for peace" precept of the critical UN Security Council resolution 242 that was adopted after the 1967 Arab-Israeli war and in effect would provide for the establishment of a Palestinian state on the Israeli-occupied West Bank with its capital in East Jerusalem. All forms of religious worship and access to religious sites in Jerusalem would be guaranteed. In exchange for Israeli withdrawal from the occupied territories and the dismantling of the Israeli settlements built there, a régime guaranteed by the UN Security Council (or certain members of the Security Council) would be imposed such that "all countries of the region can live in peace". The plan was notable for its conciliatory tone, particularly the language pertaining to the right of regional states to exist peacefully. The reference in the plan to guarantees by certain members of the UN Security Council also provided the means by which the Soviet Union could be excluded from the process. The plan reflected not only the attitude of Saudi Arabia and the Gulf states, but those of many other Arab states; it was in fact an alternative to the 1979 Camp David accords, which had already stalled, primarily over the matter of Egyptian-Israeli negotiations over Palestinian self-determination.

The response of the Reagan administration was ambiguous, but wide-spread interest in the Fahd plan was expressed in several European capitals and the GCC leaders agreed to submit the proposals to the next meeting of the

Arab League. The huge gap, however, between the political stances of various radical Arab states, notably Iraq and Syria, and the more conservative monarchies could not be bridged and the proposal was shelved, but not for long. The 1982 Israeli invasion of Lebanon and United States direct military involvement alongside other peace-keeping forces, and the suggestion in September 1982 by President Reagan of new proposals for a Middle East peace, impelled the Arab League to re-examine its willingness to advance a series of points of its own. The result was the unanimous adoption of eight points at the conclusion of the 12th Arab League meeting in Fez on 9 September 1982, points that were extremely similar to those contained in the earlier Fahd proposal. The Fez points did not include reference to territories occupied by Israel in the 1967 war; rather the plan required the withdrawal by Israel from Arab territories including East Jerusalem, the West Bank and Gaza Strip being mentioned in connection with a transition period. More positively the Fez plan was explicit with regard to the PLO as the sole representative of the Palestinians. The entire UN Security Council was to guarantee implementation of its provisions, primarily because the prevailing links between some of the Arab states and Moscow forced a consensus that the Soviet Union, as one of the five permanent members of Security Council, could not be excluded.

In the event neither the Fahd plan nor the Fez points produced any satisfactory result; nevertheless the Fahd initiative sparked a process separate and distinct from the

Camp David approach. If only for a short period, the GCC states accomplished what they set out to do, as defined in their second regular session, namely the objective of formulating a unified Arab stance on the Palestinian case. The readiness of Saudi Arabia implicitly to permit the Soviet Union a voice in the implementation of the UN-sponsored peace plan indicated a clear manifestation of the GCC's commitment to promoting unity among ideologically diverse Arab states. Further attempts to promote unity occurred in response to the prolonged and intense inter-Palestinian hostilities in Lebanon that arose during 1982. In autumn 1983 a GCC mission to Syria composed of Kuwaiti deputy premier and foreign affairs minister, Sheikh Saba Al-Saba, and the Qatari minister of state for foreign affairs, Sheikh Ahmed Al-Thani, met senior Palestinian and Syrian officials to discuss resolving the conflict through peaceful means. The Doha meeting of the Supreme Council in November 1983 expressed the hope that all the parties concerned would observe a cease-fire, but stressed in categorical terms its support of the PLO as the only representative of the Palestinians. Together with other diplomatic developments, the GCC initiative undoubtedly assisted in the imposition of a cease-fire and ultimately in the conclusion of the mid-July 1984 Algiers agreement between the rival Palestinian elements. Shortly before the Doha meeting the Council of Ministers of the GCC had discussed the occupation of the West Bank and Gaza Strip and resolved that the GCC would sever political, economic and all other ties with any state which resumed diplomatic

relations with Israel. While such assertions were essentially symbolic, they indicated that the GCC member states could effectively amalgamate their respective national interests through the collective mechanism of the GCC with the intention of advancing proposals and exerting diplomatic and financial influence on third party states as well as remedying inter-Arab conflicts.

High on the agenda of such attempts to remedy inter-Arab conflicts were relations between certain members of the Cooperation Council itself. In the decade following the withdrawal of British forces from the Gulf and the birth of the GCC many disputes between the Gulf Arab states had been settled, but a number of others remained. Two of these were between Bahrain and Qatar: one concerned Zubarah - the Bahraini ruling family claimed a piece of land on the northern coast of the peninsula of Qatar, a claim based in part on the fact that the area had been the ancestral home of the Khalifa family before their conquest of Bahrain in 1783; the other concerned the claim of Qatar to Hawar island - an island ruled by Bahrain, but contested by Qatar on the grounds that it is close to the Qatar peninsula. Saudi Arabia was requested by the Council of Ministers to offer its good offices to resolve the dispute, which resulted in Bahrain and Qatar committing themselves to freeze the situation and not to cause any further escalation in the dispute. Saudi Arabia in the person of King Fahd was instrumental in the ending of a further crisis which occurred in April 1986 concerning a reclaimed coral reef, Fasht Al-Dibal, located between Bahrain and the

mainland of Qatar. Qatari forces occupied the island and arrested 30 people who were engaged on a contract to build what was described as a coast-guard station. The situation was confused: according to the Middle East Economic Digest the station was

"being built with GCC approval and with GCC money, including some from Qatar".¹²

The GCC, led by Saudi Arabia, arrested the escalation of the dispute within a month of the eruption of the crisis. In both these instances, it is to be noted that the GCC rulers chose not to be restricted by the terms of the charter which provided for the Supreme Council to transform itself into a commission for the settlement of disputes (article 10); no reasons for this were ever advanced, but it is not unreasonable to speculate that Saudi Arabia was designated as arbiter because of its prestige as the most powerful member as well as one enjoying influence as "guardian of the holy shrines". Given the perceived threat of the spread of the Iran-Iraq war, once again the two neighbouring states seemed able to de-escalate both old and new disputes. While to Western eyes a storm in a teacup, the significance of the Fasht Al-Dibal dispute clearly was tied up with long-standing family rivalries within the Gulf; the outspoken Sharjah newspaper, Al-Khaliij, reported that diplomatic sources within the Gulf believed that the dispute could threaten the very existence of the GCC.¹³ The most significant dispute on the Arabian peninsula, however, was between a member and a non-member of the Gulf

12 MEED, 3 May 1986, p. 23.

13 Al-Khaliij (Sharjah), 20 May 1986.

Cooperation Council: this was the long-time conflict between Oman and South Yemen, at the core of which was South Yemeni support for a group known as the Popular Front for the Liberation of Oman and the Arabian Gulf (PFLOAG), founded partly with the aid of George Habash, the leader of the Popular Front for the Liberation of Palestine (PFLP). The Popular Front waged a war against the régime of Sultan Qaboos with material and moral support not only of South Yemen, but also of the Soviet Union, East Germany and Cuba. On the other hand, Jordanian, Pakistani, British and especially Iranian forces helped the Omanis, who finally crushed the armed rebellion in Dhofar by 1975. The fact was, however, that as long as South Yemen provided a sanctuary for rebels within its territory, the threat of a resumption of guerilla warfare continued. Even in the absence of conflict, hostility smouldered, each country refusing to accord the other diplomatic recognition. Kuwait and the UAE as early as 1982 attempted mediation when several meetings with experts were held in the presence of delegations from South Yemen and Oman. An agreement was finally signed in October for a settlement of the long-standing conflict. The GCC mediation resulted in the parties' commitment to exchange ambassadors, to refrain from interfering in each other's internal affairs, and to negotiate on the future of military facilities for foreign powers.¹⁴ The durability of the rapprochement between Oman and the People's Democratic Republic of Yemen, to give South Yemen its official name, was called into question

14 Middle East, December 1982.

after the coup against President Ali Nasr Muhammad in January 1986. When the foreign minister of the new régime visited the GCC countries in March, Oman was conspicuously absent from the itinerary. The South Yemeni foreign minister carried messages from the new leader, Haydar Abu Bakr Al-Attas, to the other five rulers dealing with bilateral relations, local Arab and other international issues. The principles of peaceful coexistence from which the foreign minister said that his discussion with GCC leaders proceeded, were identical with those that were announced at the time when South Yemen's Supreme People's Council approved the original agreement with Oman. This agreement in fact was reaffirmed at the end of a visit of the Omani foreign minister himself to South Yemen in June 1986. Once again it seemed that the GCC had been able to bring pressure to bear upon one of its own members to be conciliatory in regard to a new régime taking power in what had been a long-standing opposition state.

The range of GCC political attitudes regarding relations with the super-powers, as has been seen, ranged on the one hand from Kuwait being the only GCC state at the inception of the Council to have formal diplomatic ties with the Soviet Union, while Oman on the other hand had strong relations with the United States, including agreements for United States' use of Omani facilities under certain predetermined conditions. The GCC states, however, have all reiterated their desire to exclude direct involvement by the super-powers in the affairs of the Gulf. This said the requirements of national military development

had necessarily meant some degree of participation by foreign powers, in particular the United States and European states, together with a more limited intervention of the Soviet Union in the provision of military supplies to Kuwait, which has made complete non-alignment with the super-powers a theoretical rather than a practical objective. The economic linkage between the United States, Europe and the Gulf requires very little emphasis. This said, this linkage has encountered a number of formidable obstacles since the inception of the GCC. To quote Secretary-General Bishara; in his discussion about super-power rivalry in September 1982, he declared that United States policy

"suffers from a congenital defect that separates the Gulf from the main Arab concern with the conflict with Israel, President Eisenhower set the fashion of failure, when he - in 1958 - issued his doctrine, to convince the Arabs that international communism was more a threat to them than Zionism: the doctrine failed. President Carter in the heat of the American dispute with Iran and with the Soviets in Afghanistan came up with his doctrine; the essence is the same as was the case with President Eisenhower's doctrine: the Soviets are a bigger danger than Israel. It failed again and that will be the fate of any doctrine that places more weight on the danger of the Soviets than it does on the danger of Israel."¹⁵

Bishara's voice was but one of many such in the Arab world, and to no avail. Since the formation of the GCC there has been continued substantial United States military and economic aid to Israel, an apparent shift by the Reagan administration regarding the illegality of Israeli settlements in the occupied West Bank and tacit United States support of the June 1983 Israeli invasion of the

15 Abdulla Y. Bishara, 22 September 1982, New York. In The First Five Years, p. 24

Lebanon coupled with the conclusion of a strategic cooperation agreement between the United States and Israel and the decision to enter into a free trade agreement under terms highly favourable to Israel. On top of this, add the failure of Washington to expand its short-lived effort in the autumn of 1982 to breathe life into the peace process and a lack of determination by the administration to secure congressional approval for arms sales to GCC member states, and the balance adds up to a formidable list of reasons for Gulf resentment of United States policy.

The Soviet Union by contrast had only limited relations with the GCC states, principally through Kuwait, and its only source of influence on the Arabian peninsula consisted of the People's Democratic Republic of Yemen; the commitment of the GCC states to Islam and to a free enterprise system militated against close and long-standing relations with the Soviets. The December 1979 invasion of Afghanistan, however, raised a major issue in regional defence considerations as well as a political impediment to any improved Soviet relations with the GCC states. Disapprobation of the Soviet invasion found its expression initially in the meetings of the Organization of the Islamic Conference (OIC); after the establishment of the GCC the issue of Afghanistan continued to receive significant attention from the members. In view of the escalating threats posed by the Israeli invasion of Lebanon and the Iran-Iraq war, however, the GCC focus on the continued Soviet occupation of Afghanistan became somewhat muted, if only because the notion that the Soviet Union

would be able to use it as a springboard for expansion was effectively being disproved. This said, when Oman and the Soviet Union established formal diplomatic relations in September 1985, many observers found this a source of considerable surprise: Oman clearly had the closest military ties with Washington and also continuing economic and military ties with Britain. The decision to establish diplomatic relations between Muscat and Moscow, however, reflected the determination of Sultan Qaboos to stifle propaganda attacks and subversive activities in Dhofar undertaken by or with the support of the régime in Aden, given Moscow's continuing influence in south Yemen. The newly established Omani-Soviet ties together with perceptions that, at a time when the outlook for Iraq in the Iran-Iraq war was far from favourable, and that - as a power contiguous to Iran - the Soviet Union would be able to influence foreign policies carried out by Tehran, were considerations that led to the formalization of diplomatic ties between the United Arab Emirates and the Soviet Union in November 1985.

The apparent inactivity of both super-powers in relation to any serious attempt to bring an end to the Iran-Iraq war was a source of political frustration for the Gulf states, who appreciated that both the United States and the Soviet Union were actually engaged in selling weaponry to both belligerents. In September 1986 Secretary-General Bishara visited Washington to hold extensive discussions with American officials. The overt American decision to prevent through its Operation Staunch arms

sales to either combatant was nullified, along with any impact the policy may have had, when revelations were made in the fall of 1986 regarding the transfer of US arms to Iran in the "arms for hostages" deal, the so-called "Irangate" crisis. These revelations did not, however, redound to the advantage of the Soviet Union: ironically enough there may have been a convergence of Soviet interests with United States' objectives in preventing the emergence of a hegemonic power in the Gulf in either a victorious Iran or Iraq. In addition, for Moscow there was the consideration of the susceptibility of its substantial Muslim populations in the South to the infectious Islamic revolution; and finally the Soviet Union had to balance its long-established links with Baghdad with potential benefits in relations with Tehran once hostilities finally came to an end.

Notwithstanding the earlier stated desire to maintain the Gulf immune from super-power penetration, the intensification of attacks on Gulf shipping at the end of 1986 prompted Kuwait to approach both Washington and Moscow with a proposal to reflag Kuwaiti tankers. The response from Moscow was swift: the mechanics of the reflagging process were set into motion soon after the proposal was advanced. In the United States by contrast there was little reaction to the proposal during the extended policy paralysis of the "Iran-Contra" hearings. In the end the Reagan administration decided to engage in both a reflagging and military escorting policy to prevent the Soviet Union from making diplomatic and military gains in

the region. By the end of 1987 the United States naval-escorted and reflagged Kuwaiti tankers and growing Iranian militancy in the Gulf were at the centre of an intense policy debate in the United States. This said, the reflagging affair and the heightened presence of the super-powers in the region did not bring about a fundamental shift in the GCC political programme; with the termination of hostilities in the Gulf to say nothing about the intense preoccupations in 1989 of the Soviet Union and the United States with developments in Eastern Europe and the Soviet Union itself, the possibility of super-power competition in the Gulf appears to have receded beyond what can reasonably be expected to pose a threat over the next few years.

To conclude, the GCC can be said to have maintained political stability in the vortex of conflicting political and strategic interests in the Arab Gulf. The wide range of diplomatic activity carried out since its inception by the GCC itself and by its individual members shows that the Gulf Cooperation Council has been a catalyst for close political consultation between the member states and the avenue through which a number of important diplomatic initiatives have been taken. But it is also true that the GCC has not by any means replaced the individual foreign policies of the member states, but rather has served as the vehicle for the implementation of consensus policies among them. It is therefore apparent that while cooperation in the GCC framework is an established fact, the Council remains a cooperation council which, if approached from the angle of integration theory, appears to fit neatly into the

framework of the pluralistic security community as postulated by Deutsch and his associates. Perhaps the best illustration of this is the Fasht Al-Dibal dispute. Insignificant as was the coral reef in question, and notwithstanding the puny size of both contenders compared to the designated arbiter, both Bahrain and Qatar refused to accept the judgment of fellow-members of the Council, but rather agreed to refer the case ultimately to the International Court of Justice, meanwhile pledging to take no action to force a unilateral settlement. Trivial as the issue appeared, Al-Khalij was correct in saying that it could have prejudiced the very existence of the GCC; had their partners not recognized and respected the autonomy of their weaker brethren, the Council could not have continued in accordance with its own charter. The fact that it did not collapse is not a reflection of the triviality of the conflict at issue, but rather of the importance of the maintenance of sovereignty within a community of states which form a security community both in Deutsch's sense of states which have renounced violence between themselves, but are also collectively concerned about both internal and external security.

Chapter 7

CONCLUSION: THE NATURE OF THE GULF COOPERATION COUNCIL

At the beginning of this study attention was given to various theories of integration; it was suggested that integration theory itself is not wholly integrated, consisting as it does of various tentative hypotheses operating at different levels of analysis. It was also concluded that varied as these theories might be, it was possible to identify generally accepted factors or conditions held to promote the process of integration. These include political factors, for while economic, technological, and indeed cultural pressures may bring about political change, the change has to be initiated by those who act in the name of the state. These are the élites. Political élites shape demand and support or they mobilize denial and rejection, and they influence the general public through their high dominance of the media. General acceptance of the importance of the political factor does not undervalue the economic and social pressures in favour of integration; these may well induce the political élites to accept the need for economic and social functions to be carried out by institutions larger than those of the individual states. Further it was recognized that political integration among states might well be provoked by external influence such as apparent political, military, or economic threat; the desire for security is a powerful stimulant to integration. And

finally, cultural homogeneity, the similarity of linguistic and ethnic background is considered a major factor to encourage integration.

What then of the Gulf Cooperation Council? The choice of title - a Gulf cooperation council - was deliberate, for the Council was created primarily as a vehicle for cooperation amongst the six Gulf Arab states in the face of what were perceived at the beginning of the decade of the eighties as threats to their existence. The major threat perceived was that of the contagion of Islamic revolutionary fundamentalism. The GCC states, in the pronouncements of the Council of Ministers and in the communiqués of the Supreme Council, took care never to present their grouping as an alliance against Iran: they perceived a threat larger than Iranian expansionism. What they feared most were the tremors of the Islamic revolution amongst their own people and within their own society, particularly because of the presumed susceptibility of their own Shi'ite inhabitants to the Islamic revolutionary movement. It is true that at the foundation of the GCC the Arab leaders said that their states would cooperate in "all fields, especially in the economic and social domains", and this has led some observers, particularly those with memories of the emergence of the European Community from the original European Coal and Steel Community and the European Economic Community, to conclude that the founding fathers of the GCC intended to create an economic community which subsequently developed security aspects.

This view is essentially superficial. The GCC was created primarily as a vehicle for cooperation, with the overriding purpose of preserving the existing political structure of the Gulf in the face of the revolutionary Islamic fundamentalist movement sweeping across the region. The reference of the GCC leaders to cooperation especially in the economic and social domains was a statement of the means that they preferred to utilize at the inception of the GCC to achieve this objective, the objective of security. At the time they believed that they could accomplish this by pooling the enormous economic resources of the world's richest oil-producing states. Social and economic cooperation was essential because it was social and economic malaise induced by the Shah's régime which had brought about its collapse. The heads of the Gulf states looked to social and economic means to achieve their primary objective, security. Subsequently, of course, internal security, starting with the Bahraini plot, and external security, starting with the first successful Iranian offensive in September 1981, impelled the Gulf leaders to emphasize diplomatic and indeed military means, rather than economic ones, but this was a shift in means and not of purpose. To quote Secretary-General Bishara:

"The GCC's charter was signed on 25th May 1981 ... about 8 months earlier in September 1980 the Iran-Iraq war erupted, and the shadows of instability loomed large in the region. Despite this, GCC heads of state opted for economic integration rather than military cooperation to achieve regional stability. Only two weeks after the signing of the GCC's charter, the Council's unified economic agreement was announced."¹

1 Abdulla Y. Bishara, 1 December 1983, London. In The First Five Years, p. 29.

In the pursuit of stability, the GCC states elaborated policies to combat subversion and terrorism and to deter the spread of the Iran-Iraq war. They sought to integrate their economies and to coordinate their diplomacy. The efforts of the GCC states to contain the spread of the war by diplomatic and military means were related to their overriding desire to counter the contagion of the Islamic revolutionary fundamentalism. It was not that they did not wish to see the war spread to their territories; this went literally without saying. What they feared most was an unconditional victory by Iran. They feared that, were Iraq to be defeated, the Iranian forces would press on to greater victories in exporting their revolution. The opportunity for revenge would have been too great for the Iranians to resist, particularly as Kuwait and Saudi Arabia had repeatedly failed to heed Iran's warnings to stop assisting Iraq financially and logistically. An unconditional Iraqi victory would provoke different considerations; as the most populous Arab state of the Gulf a victorious Iraq could have revived its old Ba'athist dream of establishing Iraqi hegemony over the Gulf countries in the name of the Arab nation. But despite their ambivalent attitude towards Iraq, the GCC leaders feared the perceived threat of the Islamic revolution after an unconditional victory more than any potential Iraqi subversion after an Iraqi victory.

We have seen that in pursuit of stability the GCC states mediated on such problems as the conflict between Oman and South Yemen; their mediation of October 1982 seems

to have survived the shock of the coup in South Yemen in January 1986. Reference has also been given to the solution, in the sense of the freezing, of disputes between Bahrain and Qatar. It was the protracted conflict between Iraq and Iran that preoccupied the GCC leaders both in public and behind the scenes, directly and indirectly through international and regional organizations, and both as supporters of Iraq and as mediators between the two belligerents. Their various démarches followed the ebb and flow of the war itself, as did their efforts to strengthen their own military forces. Saudi Arabia had been modernizing its armed forces with the help of the United States for decades before the formation of the GCC. Its military build-up was greatly intensified after the Iranian revolution and the outbreak of the war itself. The threat of the spread of war helped promote the idea of an integrated air defence system; it helped the creation of the GCC rapid deployment force, however symbolic this might in fact on examination appear; it led to the holding of two multi-lateral Peninsula Shield exercises and a number of bilateral joint military manoeuvres. Given the nature of their economic endowments, cooperation in the economic field was a necessity. Yet the details of cooperation in some instances reflected the progress of the war. It goes without saying that the GCC states were concerned with the depletion of their finite oil resources and the collapse in oil prices, but such projects as the construction of a joint oil refinery in Oman, to be serviced by an oil pipeline, proposals which were finally shelved because of

the collapse of oil revenues, were clearly influenced by the threat of the spread of war. In regard to internal security, most aborted, attempted, or indeed completed acts of terrorism were blamed on Iran; the security agreements signed by Saudi Arabia with all its junior partners except Kuwait, and the draft multi-lateral agreement for internal security were all intended to preserve the six states against internal convulsion. So were all the exchanges of equipment for riot control, intelligence information and training, as well as all the restrictions imposed on visas, travel, and publication, to say nothing of the forced repatriation of non-indigenous populations.

Now that the war is over a major destabilising factor has been removed from the Gulf security equation. The cessation of the war, without a clear victory on either side, in fact was an outcome which could hardly have been more welcome to the GCC leaders, but there still remains the spectre of Iranian fundamentalism and the possible export of the Islamic revolution. The response of Saudi Arabia to the publication of the Satanic Verses by Salman Rushdie is in marked contrast to the bloodthirsty vehemence of Iran. Given the size of the Shi'ite population in the eastern province of Saudi Arabia, and the fact that the majority of the Bahraini population is in fact Shi'ite, it is reasonable to conclude that cooperation for security will remain as a bond maintaining the Gulf Cooperation Council.

With stability in oil prices albeit at a lower level than the heydays of the 1970's, is cooperation for security

likely to be supplemented by such other objectives as the creation of a true economic community with the ultimate aim of political unity? Although the founders of the GCC spoke of the ideal of Arab unity within the framework of the Arab League, they did not posit political unity amongst the GCC states as their ultimate goal as did the European Economic Community countries in 1958. It is true that observations of some GCC leaders and officials have led some observers to conclude that political unity was indeed the purpose of the Gulf Cooperation Council. Thus Secretary-General Bishara, speaking in Bahrain at the beginning of 1982, declared,

"The Gulf Cooperation Council came about in order to satisfy the aspirations and the expectations of the people of the Gulf ... the people wanted unity so as to be able to ward off the Great Powers' rivalry in spheres of influence. They wanted an end to state individualism, and to be replaced by state collectivism."²

Later, at the time of the organization's second anniversary in May 1983, he was to assert that the consensus within the Council was for a confederal structure, a confederal structure in which each country would retain its own characteristics, legislative power and sovereign attributes. At the opening of the decade of the 90's, there has been no institutional advance from the early days of the Council and it may be argued that GCC experience seems to mirror that of the European Community. Just as the movement towards political unification, forecast by some theorists of integration in the 50's and 60's, failed to

2 Abdulla Y. Bishara, 14 January 1982, Bahrain. In The First Five Years, p. 11.

materialize in Western Europe, so also statements implying political unification have proved to be more rhetorical than analytic. But the matching interests amongst the GCC states have not in fact changed dramatically since the formation of the organization, notwithstanding the end of the Iran-Iraq war. The progress of the war, and the fluctuations in the world oil market as the war was waged, intensified rather than diminished the constellation of mutual interests that sparked the creation of the organization in the first place.

More particularly, the political activities of the Council afford us the opportunity to assess the degree of its integration. These political activities included diplomatic campaigns to reduce the tension between Oman and South Yemen to a whole range of initiatives and efforts to bring to an end the Iran-Iraq war presented at a host of international forums, with delegations being sent to, and received from, the belligerent states themselves. Such steps indicate a high degree of cooperative action; they do not, however, erode national status in favour of supra-nationality. The same may be said in regard to the economies of the member states. It is true that steps have been taken to realize the ambitious blue-print of economic integration set out in the Economic Agreement. So by 1983 a free-trade area, with a common external tariff was in place, and a number of important economic rights had been extended to GCC nationals across the Council's region; a number of common economic institutions, such as the Gulf Investment Committee were established; the Secretariat

engaged in negotiations with third party countries; joint studies and programmes were also initiated, leading to the articulation of a joint agricultural policy and a joint industrial strategy. These, however, are only at the first level of activity and there have been time-lags in implementation which reflect the reluctance of the individual states to accept a new régime in which their individual interests are subject to uncertainties. In the final analysis it can be said that at best the GCC is moving from the state of a customs union to that of a common market.

Not as much progress can be said to have emerged in the development of military cooperation, mainly because no publicly known programme for GCC military development exists. It is true that occasional speeches have mentioned military cooperation as a desirable goal and it is also true that the member states have conducted a number of bilateral and multi-lateral military exercises leading to the establishment of a skeleton rapid deployment force. The delicate process of reaching an agreement on internal security has been mentioned earlier in this study; when coupled with military cooperation it is obvious that a great deal more would need to be done for a clear breach of the border between national sovereignty and regional supra-nationality.

If this so far sounds less than impressive it is essential to remind oneself that the endurance of the GCC is itself quite remarkable, representing as it does an embracing cooperative framework of much longer duration

than previous Arab experiments at unity. Indeed, if one looks at regional international organizations outside Western Europe, the longevity of the GCC is noteworthy. The unity amongst the GCC states and the development of the GCC system has been maintained against a back-drop of regional instability and acute economic difficulty. This unity rests on the organizational structure of the GCC, based primarily on consensus building. The charter and the Supreme Council rules of procedure ensure that no set of states can out-vote other states; the emphasis is on consultation and the development of common positions to which all the member states can agree. There is no doubt that this formula will continue to be a mainstay of the GCC's approach to political, economic and indeed military matters. Its future rests on the continued identity of political, economic, and military interests among its member states, as well as on the effects of a number of external elements. The commonality of interests that has brought about the GCC has over the years intensified. The necessity of devoting sharply reduced national revenues to non-competing industries and deriving maximum benefit from national resources by definition necessitates a greater measure of GCC cooperation; diplomatic cooperation during the course of the Iran-Iraq war has strengthened the linkages between the ruling élites in the states. There is no indication that the constellation of their mutual interests has been anything but bolstered during ten years of formidable adversity. One advantage accruing to the GCC is the prevalent belief at the beginning of the 1990's that the

international oil market will strengthen; if this proves to be the case the GCC states will be in a much better position to engage in even greater endeavours to harmonize their economies; they will be less costly in political terms to the leadership, because the benefits of collective economic planning and development have been highlighted by the upheavals in the mid-1980's as various member states of OPEC indulged in "beggar-my-neighbour" pricing policies. The termination of the Iran-Iraq war with neither side emerging supreme has lifted a massive burden, economically and politically, from the shoulders of the Supreme Council, and the restoration of stability to Gulf shipping forms a direct advantage to GCC economies, to say nothing of the savings to be accrued from the cessation of assisting Baghdad in its war efforts.

It also needs to be recognized that the end of the Iran-Iraq war not only leaves still outstanding problems arising from the Iranian revolution and Islamic fundamentalism, but also the Arab-Israeli conflict, which has persistently been underrated in the West. Hesitancy of the Middle Eastern peace process at the end of the 1980's, coupled with the shrillness of Islamic fundamentalism emanating from Iran after the death of Ayatollah Khomeini form a powerful incentive to continue Gulf cooperation. It is true that as far as the economic agenda is concerned the 90's are likely to see a greater scrutiny amongst the member states of the rate of return of their economic inputs; they can be expected to engage in careful assessments of the extent to which the GCC is providing

benefits in return for their participation. Together with the natural reluctance to surrender sovereign prerogatives, such rate-of-return assessments may well slow down the organization's momentum. This potential effect must be considered as understandable and indeed perhaps necessary. The GCC remains a notable experiment in regional international organization. It has endured during an extended period of acute economic adversity and severe regional instability. It clearly corresponds to what Deutsch would describe as a pluralistic security committee, but its practical and highly pragmatic imperatives, and its cultural homogeneity, would seem to ensure its continuation at least until the end of the current century. Even now the nearest parallel to the GCC would seem to be the European Community in the mid-1970's following the admission of Britain. Notwithstanding the apparent opposition between the views of President de Gaulle and successive British prime ministers on both sides of the British political spectrum, the Community which Britain joined and the Community which now exists in fact reflects not a tightly integrated political community, but rather a highly articulated cooperative structure; given the current developments in Eastern Europe it cannot be asserted with any degree of confidence that it will evolve much further by the end of the century. But the European Community is regarded and regards itself as a modern political success; given the fact that the GCC has survived almost the first ten years of its existence, it can be regarded as an equally successful venture in international political

cooperation and as a vindication of theories of integration and notably of the theory of the pluralistic security community which long pre-dated its formation.

APPENDIX A**CHARTER****The Cooperation Council
For The Arab States of the Gulf**

The United Arab Emirates

The State of Bahrain

The Kingdom of Saudi Arabia

The Sultanate of Oman

The State of Qatar and

The State of Kuwait

Being fully aware of the ties of special relations, common characteristics and similar systems founded on the Creed of Islam which bind them; and

Believing in the common destiny and the unity of aim which link their peoples; and

Desiring to effect co-ordination, integration and interconnection between them in all fields; and

Having the conviction that co-ordination, cooperation, and integration between them serve the sublime objectives of the Arab Nation; and,

In pursuit of the goal of strengthening cooperation and reinforcement of the links between them; and

In an endeavour to complement efforts already begun in all essential areas that concern their peoples and realize

their hopes for a better future on the path to unity of their States; and

In conformity with the Charter of the League of Arab States which calls for the realization of closer relations and stronger bonds; and

In order to channel their efforts to reinforce and serve Arab and Islamic causes,

Have agreed as follows:

ARTICLE ONE

The Establishment of the Council

A Council shall be established hereby to be named The Cooperation Council for the Arab States of the Gulf hereinafter referred to as the Cooperation Council (G.C.C.).

ARTICLE TWO

Headquarters

The Cooperation Council shall have its headquarters in Riyadh, Saudi Arabia.

ARTICLE THREE

Cooperation Council meetings

The Council shall hold its meetings in the state where it has its headquarters, and may convene in any member state.

ARTICLE FOUR

Objectives

The basic Objectives of the Cooperation Council are:

1. To effect co-ordination, integration and inter-connection between Member States in all fields in order to achieve unity between them.
2. To deepen and strengthen relations, links and areas of cooperation now prevailing between their peoples in various fields.
3. To formulate similar regulations in various fields including the following:
 - a. Economic and financial affairs
 - b. Commerce, customs and communications
 - c. Education and culture
 - d. Social and health affairs
 - e. Information and tourism
 - f. Legislative and administrative affairs
4. To stimulate scientific and technological progress in the fields of industry, mining, agriculture, water and animal resources; to establish scientific research; to establish joint ventures and encourage cooperation by the private sector for the good of their peoples.

ARTICLE FIVE**Council Membership**

The Cooperation Council shall be formed of the six states that participated in the Foreign Ministers' meeting held at Riyadh on 4 February 1981.

ARTICLE SIX**Organizations of the Cooperation Council**

The Cooperation Council shall have the following main organizations:

1. The Supreme Council to which shall be attached the Commission for Settlement of Disputes.
2. The Ministerial Council.
3. The Secretariat-General.

Each of these organizations may establish sub-agencies as may be necessary.

ARTICLE SEVEN**Supreme Council**

1. The Supreme Council is the highest authority of the Cooperation Council and shall be formed of heads of member states. Its presidency shall be rotatory based on the alphabetical order of the names of the member states.

2. The Supreme Council shall hold one regular session every year. Extraordinary sessions may be convened at the request of any member seconded by another member.
3. The Supreme Council shall hold its sessions in the territories of member states.
4. A Supreme Council's meeting shall be considered valid if attended by two-thirds of the member states.

ARTICLE EIGHT

The functions of the Supreme Council

The Supreme Council shall endeavour to realize the objectives of the Cooperation Council, particularly as concerns the following:

1. Review matters of interest to member states.
2. Lay down the higher policy for the Cooperation Council and the basic lines it should follow.
3. Review the recommendations, reports, studies and joint ventures submitted by the Ministerial Council for approval.
4. Review reports and studies which the Secretary-General is charged to prepare.
5. Approve the bases for dealing with other states and international organizations.
6. Approve the rules of procedure of the Commission for the Settlement of Disputes, and nominate its members.
7. Appoint the Secretary-General.
8. Amend the Charter of the Cooperation Council.
9. Approve the Council's internal rules of procedure.

10. Approve the budget of the Secretariat-General.

ARTICLE NINE

Voting in the Supreme Council

1. Each member of the Supreme Council shall have one vote.
2. Resolutions of the Supreme Council in substantive matters shall be carried by unanimous approval of the member states participating in the voting, while resolutions on procedural matters shall be carried by majority vote.

ARTICLE TEN

Commission for the Settlement of Disputes

1. The Cooperation Council shall have a commission called "The Commission for the Settlement of Disputes" which shall be attached to the Supreme Council.
2. The Supreme Council shall establish the composition of the Commission for every case on an "ad hoc" basis in accordance with the nature of the dispute.
3. If a dispute arises over interpretation or implementation of the Charter and such dispute is not resolved within the Ministerial Council or the Supreme Council, the Supreme Council may refer such dispute to the Commission for the Settlement of Disputes.
4. The Commission shall submit its recommendations or opinion, as applicable, to the Supreme Council for such action as the Supreme Council deems appropriate.

ARTICLE ELEVEN

Ministerial Council

1. The Ministerial Council shall be formed of the Foreign Ministers of the member states or other delegated Ministers. The Council presidency shall be for the member state which presided the last ordinary session of the Supreme Council, or if necessary, for the state which is next to preside the Supreme Council.
2. The Ministerial Council shall convene every three months and may hold extraordinary sessions at the invitation of any member seconded by another member.
3. The Ministerial Council shall determine the venue of its next session.
4. A Council's meeting shall be deemed valid if attended by two-thirds of the member states.

ARTICLE TWELVE

Functions of the Ministerial Council

1. Propose policies, prepare recommendations, studies and projects aimed at developing cooperation and co-ordination between member states in various fields and adopt the resolutions or recommendations required in this regard.
2. Endeavour to encourage, develop and co-ordinate activities existing between member states in all fields. Resolutions adopted in such matters shall be

- referred to the Ministerial Council for further submission, with recommendations, to the Supreme Council for appropriate action.
3. Submit recommendations to the Ministers concerned to formulate policies whereby the Cooperation Council's resolutions may be put into effect.
 4. Encourage means of cooperation and co-ordination between the various private sector activities, develop existing cooperation between the member states' Chamber of Commerce and industry, and encourage the movement within the G.C.C. of workers who are citizens of the member states.
 5. Refer any of the various aspects of cooperation to one or more technical or specialized committee for study and presentation of appropriate recommendations.
 6. Review proposals related to amendments to this Charter and submit appropriate recommendations to the Supreme Council.
 7. Approve Rules of Procedure of both the Ministerial Council and the Secretariat-General.
 8. Appoint the Assistant Secretaries-General, as nominated by the Secretary-General, for a period of three years, renewable.
 9. Approve periodic reports as well as internal rules and regulations relating to administrative and financial affairs proposed by the Secretary-General, and submit recommendations to the Supreme Council for approval of the budget of the Secretariat-General.

10. Make recommendations for meetings of the Supreme Council and prepare its agenda.
11. Review matters referred to it by the Supreme Council.

ARTICLE THIRTEEN

Voting in the Ministerial Council

1. Every member state shall have one vote.
2. Resolutions of the Ministerial Council in substantive matters shall be carried by unanimous vote of the member states present and participating in the vote, and in procedural matters by majority vote.

ARTICLE FOURTEEN

The Secretariat-General

1. The Secretariat-General shall be composed of a Secretary-General who shall be assisted by assistants and a number of staff as required.
2. The Supreme Council shall appoint a Secretary-General, who shall be a citizen of one of the Cooperation Council states, for a period of three years which may be renewed once only.
3. The Secretary-General shall nominate the Assistant Secretaries-General.
4. The Secretary-General shall appoint the Secretariat-General's staff from among the citizens of member states, and may not make exceptions without the approval of the Ministerial Council.

5. The Secretary-General shall be directly responsible for the work of the Secretariat-General and the smooth flow of work in its various organizations. He shall represent the Cooperation Council with other parties within the limits of the authority vested in him.

ARTICLE FIFTEEN

Functions of the Secretariat-General

The Secretariat-General shall:

1. Prepare studies related to cooperation and co-ordination, and to integrated plans and programmes for member states' action.
2. Prepare periodic reports on the work of the Cooperation Council.
3. Follow up the implementation by the member states of the resolutions and recommendations of the Supreme Council and the Ministerial Council.
4. Prepare reports and studies requested by the Supreme Council or Ministerial Council.
5. Prepare the draft of administrative and financial regulations commensurate with the growth of the Cooperation Council and its expanding responsibilities.
6. Prepare the budgets and closing accounts of the Cooperation Council.
7. Make preparations for meetings and prepare agendas and draft resolutions for the Ministerial Council.

8. Recommend to the Chairman of the Ministerial Council the convening of an extraordinary session of the Council when necessary.
9. Any other tasks entrusted to it by the Supreme Council or Ministerial Council.

ARTICLE SIXTEEN

The Secretary-General and the Assistant Secretaries-General and all the Secretariat-General's staff shall carry out their duties in complete independence and for the joint benefit of the member states.

They shall refrain from any action or behaviour that is incompatible with their duties and from divulging confidential matters relating to their appointments either during or after their tenure of office.

ARTICLE SEVENTEEN

Privileges and Immunities

1. The Cooperation Council and its organizations shall enjoy on the territories of all member states such legal competence, privileges and immunities as are required to realize their objectives and carry out their function.
2. Representatives of the member states on the Council, and the Council employees, shall enjoy such privileges and immunities as are specified in agreements to be

concluded for this purpose between the member states. A special agreement shall organize the relation between the Council and the state in which it has its headquarters.

3. Until such time as the two agreements mentioned in item 2 above are prepared and put into effect, the representatives of the member states in the Cooperation Council and its staff shall enjoy the diplomatic privileges and immunities established for similar organizations.

ARTICLE EIGHTEEN

The Implementation of the Charter

1. This Charter shall go into effect as of the date it is signed by the Heads of State of the six member states named in this Charter's preamble.
2. The original copy of this Charter shall be deposited with the Ministry of Foreign Affairs of the Kingdom of Saudi Arabia which shall act as custodian and shall deliver a true copy thereof to every member state, pending the establishment of the Secretariat-General, at which time the latter shall become depository.

ARTICLE TWENTY

Amendments to the Charter

1. Any member state may request an amendment of this Charter.

2. Request for Charter amendments shall be submitted to the Secretary-General who shall refer them to the member states at least four months prior to submission to the Ministerial Council.
3. An amendment shall become effective if unanimously approved by the Supreme Council.

ARTICLE TWENTY-ONE

Closing Provisions

No reservations may be voiced in respect of the provisions of this Charter.

ARTICLE TWENTY-TWO

The Secretariat-General shall arrange to deposit and register copies of this Charter with the League of Arab States and the United Nations, by resolution of the Ministerial Council.

This Charter is signed on one copy in the Arabic language at Abu Dhabi City, United Arab Emirates, on 21 Rajab 1401 corresponding to 21 May 1981.

The United Arab Emirates
The State of Bahrain
The Kingdom of Saudi Arabia
The Sultanate of Oman
The State of Qatar
The State of Kuwait

APPENDIX B

**RULES OF PROCEDURE
of the
SUPREME COUNCIL**

**The Cooperation Council
For The Arab States of the Gulf**

ARTICLE ONE

Definitions

These regulations shall be called Rules of Procedure of the Supreme Council of the Gulf Arab States Cooperation Council and shall encompass the rules that govern procedures for convening the Council and the exercise of its function.

ARTICLE TWO

Membership

1. The Supreme Council shall be composed of Heads of State of the member states of the Cooperation Council. The Presidency shall rotate on the basis of the alphabetical order of the names of the member states.
2. Each member state shall notify the Secretary-General of the names of the members of its delegation to the Council meeting, at least seven days prior to the date set for opening the meeting.

ARTICLE THREE

With due regard to the objectives of the Cooperation Council and the jurisdiction of the Supreme Council as specified in Articles 4 and 8 of the Charter, the Supreme Council may:

1. Form technical committees and select their members from member states' nominees who specialize in the committees' respective fields.
2. Call upon one or more of its members to study a specific subject and submit a report thereon to be distributed to the members sufficiently in advance of the meeting arranged to discuss that subject.

ARTICLE FOUR

Convening the Supreme Council

1. a. The Supreme Council shall hold one regular session every year, and may hold extraordinary sessions at the request of any one member seconded by another member.
- b. The Supreme Council shall hold its sessions at the level of Heads of State.
- c. The Supreme Council shall hold its sessions in the member states' territories.

- d. Prior to convening the Supreme Council, the Secretary-General shall hold a meeting to be attended by delegates of the member states for consultation on matters related to the agenda of the said meeting.
2. a. The Secretary-General shall set the opening date of the Council's session and suggest a closing date.
 - b. The Secretary-General shall issue the invitations for convening a regular session no less than thirty days in advance, and for convening an extraordinary session, within no more than five days.

ARTICLE FIVE

1. The Supreme Council shall at the start of every session decide whether the meetings shall be in closed or open session.
2. A meeting shall be considered valid if attended by the Heads of State of two-thirds of the member states. Its resolutions in substantive matters shall be carried by unanimous agreement of the member states present and participating in the vote, while resolutions in procedural matters shall be carried by majority vote. Any member abstaining shall record that he is not bound by the resolution.

ARTICLE SIX

1. The Council shall hold an extraordinary session in the event of:
 - a. A resolution passed in a previous session.
 - b. A request by a member state seconded by another state. In this case, the Council shall convene within no more than five days from the date of issue of the invitation for holding the extraordinary session.
2. No matters may be placed on the agenda for the extraordinary session other than those which the session was convened to discuss.

ARTICLE SEVEN

1. Presidency of the Supreme Council shall, at the opening of each regular session, go to a Head of State by rotation based on the alphabetical order of the member states' names. The President shall continue to exercise the functions of the Presidency until such functions are entrusted to his successor at the beginning of the next regular session.
2. The Head of State of a country which is party to a dispute outstanding may not preside over a session or meeting called to discuss the subject of the dispute. In such case, the Council shall designate a temporary president.

3. The President shall declare the opening and closing of sessions and meetings, the suspension of meetings, and closures, and shall see that the Cooperation Council Charter and these Rules of Procedure are duly complied with. He shall give the floor to speakers based on the order of their requests, submit suggestions for acceptance by the membership, direct voting procedures, give final decisions on points of order, announce resolutions, follow up on the activities of committees, and inform the Council of all incoming correspondence.
4. The President may take part in deliberations and submit suggestions in the name of the state which he represents and may, for this purpose, assign a member of his state's delegation to act on his behalf in such instances.

ARTICLE EIGHT

Supreme Council Agenda

1. The Ministerial Council shall prepare a draft agenda which shall be conveyed by the Secretary-General, together with explanatory notes and documentation, to the member states under cover of the letter of convocation at least thirty days before the date set for the meeting.
2. The draft agenda shall include the following:
 - a. A report by the Secretary-General on the activities of the Supreme Council between the two sessions, and actions taken to carry out its resolutions.

- b. Reports and matters received from the Ministerial Council and the Secretariat-General.
 - c. Matters which the Supreme Council had previously decided to include on the agenda.
 - d. Matters suggested by a member state as being in need of review by the Supreme Council.
3. Every member state may request inclusion of additional items on the draft agenda provided such request is tabled at least fifteen days prior to the date set for opening the session. Such matters shall be listed in an additional agenda which shall be sent, along with relevant documentation, to the member states, at least five days before the date set for the session.
 4. Any member state may request inclusion of extra items on the draft agenda as late as the date set for opening a session, if such matters are considered both important and urgent.
 5. The Council shall approve its agenda at the start of every session.
 6. The Council may, during the session, add new items that are considered urgent.
 7. The ordinary session shall be adjourned after completion of discussions of the items placed on the agenda. The Supreme Council may decide to suspend the session's meetings before completion of discussions on agenda items, and resume such meetings at a later date.

ARTICLE NINE**Office and Committees of the Supreme Council**

1. The Supreme Council Office shall comprise, in every session, the Council President, the Chairman of the Ministerial Council and the Secretary-General. The Office shall be headed by the Supreme Council President.
2. The Office shall carry out the following functions:
 - a. Review the form of resolutions passed by the Supreme Council without affecting their contents.
 - b. Assist the President of the Supreme Council in directing the activities of the session in general.
 - c. Other tasks indicated in these Rules of Procedure or other matters entrusted to it by the Supreme Council.

ARTICLE TEN

1. The Council may, at the start of every session, create any committees that it deems necessary to allow adequate study of matters listed on the agenda. Delegates of member states shall take part in the activities of such committees.
2. Meetings of committees shall continue until they complete their tasks, with due regard for the date set for closing the session. Their resolutions shall be carried by majority vote.

3. Every committee shall start its work by selecting a chairman and a reporter from among its members. The reporter of the committee shall act for the chairman in directing the meeting in the absence of the chairman. The chairman, or the reporter in the chairman's absence, shall submit to the Council all explanations that it requests on the committee's reports. The chairman may, with the approval of the session's President, take part in the discussions, without voting, so long as he is not a member of the Supreme Council.
4. The Council may refer any of the matters included in the agenda to the committees, based on their specialization for study and reporting. Any one item may be referred to more than one committee.
5. Committee may neither discuss any matter not referred to them by the Council, nor adopt any recommendation which, if approved by the Council, may entail a financial obligation, before the committee receives a report from the Secretary-General regarding the financial and administrative results that may ensue from adopting the resolution.

ARTICLE ELEVEN

The Process of Deliberation and Putting Forward Proposals

1. Every member state may participate in the deliberation of the Supreme Council and its committees in the manner provided for in these Rules of Procedure.

2. The President shall direct discussion of the items as presented in order on the agenda of the meeting and may, when necessary, call upon the Secretary-General or his representative in the meeting to provide such clarification as he sees fit.
3. The President shall give the floor to speakers in the order of their requests. He may give priority to the chairman or reporter of a committee to submit a report or explain specific points.
4. Every member may, during deliberations, raise points of order on which the President shall pronounce immediately and his decisions shall have effect unless voted by a majority of the Supreme Council member states.

ARTICLE TWELVE

1. Every member may, during the discussion of any subject, request suspension or adjournment of the meeting or discussion of the subject, or closure. Such requests may not be discussed but the President shall put them to the vote, if duly seconded, and decision shall be by majority of the member states.
2. With due regard to provisions of item 4 of the preceding Article, suggestions indicated in item 1 of this Article shall be given priority over all others based on the following order:

- a- Suspension of the meeting
 - b- Adjournment of the meeting
 - c- Postponement of discussion of the matter in hand.
 - d- Closure of discussion of the matter in hand.
3. Apart from suggestions on formulation or procedural matters, draft resolutions and substantive amendments shall be submitted in writing to the Secretary-General or his representative who shall distribute them as soon as possible to the delegations. No draft resolution may be submitted for discussion or voting before the text thereof is distributed to all the delegations.
4. A proposal on which a decision has been taken may not be reconsidered in the same session unless the Council decides otherwise.

ARTICLE THIRTEEN

The President shall follow up on the activities of the committees, inform the Supreme Council of correspondence received, and formally announce before members all the resolutions and recommendations arrived at.

ARTICLE FOURTEEN

Voting

Every member state shall have one vote and no state may represent another state or vote on its behalf.

ARTICLE FIFTEEN

1. Voting shall be by calling the names in alphabetical order of the states' names, or by raising hands. Voting shall be secret if so requested by a member or by decision of the President.

The Supreme Council may decide otherwise. The vote of every member shall be documented in the minutes of the meeting if voting is effected by calling the names. The minutes shall indicate the results of the voting, if the vote is secret or by show of hands.

2. A member may abstain from a vote or express reservations over a procedural matter or part thereof, in which case the reservation shall be read at the time the resolution is announced and shall be duly documented in writing. Members may present explanations about their stand in the voting after voting is completed.
3. Once the President announces that the voting has started, no interruption may be made unless the matter related to a point of order relevant to the vote.

ARTICLE SIXTEEN

1. If a member request amendment of a proposal, voting on the amendment shall be carried out first. If there is more than one amendment, voting shall first be made on the amendment which in the President's opinion is farthest from the original proposal, then on the next farthest, and so on until voting is completed on all

proposed amendments. If one or more such amendments is passed, then voting shall be made on the original proposal as amended.

2. Any new proposal shall be deemed to be an amendment to the original proposal if it merely entails an addition to, omission or change to a part of the original proposal.

ARTICLE SEVENTEEN

1. The Supreme Council may create such technical committees charged with giving advice on the design and implementation of Supreme Council programmes in specific fields.
2. The Supreme Council shall appoint the members of the technical committees from specialists who are citizens of the member states.
3. The technical committees shall meet at the invitation of the Secretary-General and shall draw up their work plans in consultation with him.
4. The Secretary-General shall prepare the agenda of the committees after consultation with the chairman of the committee concerned.

ARTICLE EIGHTEEN

Amendment of the Rules of Procedure

1. Any member state may propose amendments to the Rules of Procedure.

2. No proposed amendments may be considered unless the relevant proposal has been circulated to member states by the Secretariat-General at least thirty days prior to submission to the Ministerial Council.

3. No basic changes may be introduced to the proposed amendment mentioned in the preceding paragraph unless the text of such proposed changes has been circulated to the member states by the Secretariat-General at least fifteen days before submission to the Ministerial Council.

4. Except for items based on the provision of the Charter, and with due regard to the provisions of preceding paragraphs these Rules of Procedure shall be amended by a resolution of the Supreme Council approved by a majority of the members.

ARTICLE NINETEEN

Effective Date

These Rules of Procedure shall go into effect as of the date of approval by the Supreme Council and may not be amended except in accordance with procedures set forth in the preceding Article.

These Rules of Procedure are signed at Abu Dhabi City, United Arab Emirates on 21 Rahaab 1401 AH Corresponding to 25 May 1981 AD.

The United Arab Emirates

The State of Bahrain

The Kingdom of Saudi Arabia

The Sultanate of Oman

The State of Qatar

The State of Kuwait

APPENDIX C

RULES OF PROCEDURE
of the
MINISTERIAL COUNCIL

The Cooperation Council
For The Arab States of the Gulf

ARTICLE ONE

1. These regulations shall be called Rules of Procedure of the Ministerial Council of the Gulf Arab States Cooperation Council and shall encompass rules governing meetings of the Council and the exercise of its functions.
2. The following terms as used herein shall have the meanings indicated opposite each:

Cooperation Council	:	The Gulf Arab States Cooperation Council
Charter	:	Statute establishing the Gulf Arab States Cooperation Council
Supreme Council	:	The highest body of the Gulf Arab States Cooperation Council

Council : Ministerial Council of the
Gulf Arab States
Cooperation Council

Secretary-General : The Secretary-General of the
Gulf Arab States
Cooperation Council

Chairman : The Chairman of the
Ministerial Council of the
Gulf Arab States
Cooperation Council

ARTICLE TWO

States Representation

1. The Ministerial Council shall be composed of the member states' Foreign Ministers or other delegated Ministers.
2. Every member state shall, at least one week prior to the convening of every ordinary session of the Ministerial Council convey to the Secretary-General a list of the names of the members of its delegation. For extraordinary session, the list shall be submitted three days before the date set for the session.

ARTICLE THREE

Convening the Sessions

1. The Ministerial Council shall decide in every meeting the venue of its next regular session.
2. The Secretary-General shall decide, in consultation with the member states, the venue of extraordinary sessions.
3. If circumstances should arise that preclude the convening of an ordinary or extraordinary session at the place set for it, the Secretary-General shall so inform the member states and shall set another place for the meeting after consultation with them.

ARTICLE FOUR

Ordinary Sessions

1. The Council shall convene in ordinary session once every three months.
2. The Secretary-General shall set the date for opening the session and suggest the date of its closing.
3. The Secretary-General shall address the invitation to attend a Council ordinary session at least fifteen days in advance, and shall indicate therein the date and place set for the meeting, as well as attaching thereto the agenda of the session, explanatory notes and other documentation.

ARTICLE FIVE

Extraordinary Sessions

1. The Council shall hold an extraordinary session at the request of any a member state seconded by another member.
2. The Secretary-General shall address the invitation to the Council's extraordinary session and attach a memorandum containing the request of the member state which has requested the meeting.
3. The Secretary-General shall specify in the invitation the place, date and agenda of the session.

ARTICLE SIX

1. The Council may itself decide to hold extraordinary sessions, in which case it shall specify the agenda, time and place of the session.
2. The Secretary-General shall send out to the member states the invitation to attend the extraordinary meeting of the Council along with a memorandum containing the resolution of the Council to this effect, and specifying the date and agenda of the session.
3. The extraordinary session shall be convened within a maximum of five days from the date of issue of the invitation.

ARTICLE SEVEN

No matters, other than those which the session was called, may be placed on the agenda.

ARTICLE EIGHT**Agenda**

The Secretary-General shall prepare a draft agenda for a Council's ordinary session and such draft shall include the following:

1. The report by the Secretary-General on the work of the Cooperation Council.
2. Matters referred to him by the Supreme Council.
3. Matters which the Supreme Council had previously decided to include on the agenda.
4. Matters which the Secretary-General believes should be reviewed by the Council.
5. Matters suggested by a member state.

ARTICLE NINE

Member states shall convey to the Secretary-General their suggestions on matters they wish to include on the Council's agenda at least thirty days prior to the date of the Council's ordinary session.

ARTICLE TEN

Member states or the Secretary-General may request the inclusion of additional items on the Council's draft agenda at least ten days prior to the date set for opening an ordinary session. Such items shall be listed on an additional schedule which shall be conveyed along with relevant documentation to the member states at least five days prior to the date of the session.

ARTICLE ELEVEN

Member states or the Secretary-General may request inclusion of additional items on the agenda for the Council's ordinary session up to the date set for opening the session if such matters are both important and urgent.

ARTICLE TWELVE

The Council shall approve its agenda at the beginning of every session.

ARTICLE THIRTEEN

A Council's ordinary session shall end upon completion of discussion of matters listed on the agenda. The Council may, when necessary, decide to suspend its meetings temporarily before discussion of agenda items is completed and resume its meetings at a later date.

ARTICLE FOURTEEN

The Council may defer discussion of certain items on its agenda and decide to include them with the others, when necessary, on the agenda of a subsequent session.

ARTICLE FIFTEEN**Chairmanship of the Council**

1. Chairmanship of the Council shall be entrusted to the member state which presided the last ordinary session of the Supreme Council, or, if necessary, to the state which is next to preside the Supreme Council.
2. The Chairman shall exercise his functions until he passes his post on to his successor.
3. The Chairman shall also preside over extraordinary sessions.
4. The representative of a state that is party to an outstanding dispute may not chair the session or meeting assigned for discussing such dispute, in which case the Council shall name a temporary Chairman.

ARTICLE SIXTEEN

1. The Chairman shall announce the opening and closing of sessions and meetings, the suspension of meetings and closure of discussions, and shall ensure respect for the provisions of the Charter and these Rules of Procedure.
2. The Chairman may participate in the Council's deliberations and vote in the name of the state he represents. He may, for such purpose, delegate another member of his delegation to act on his behalf.

ARTICLE SEVENTEEN**Office of the Council**

1. The Office of the Council shall include the Chairman, Secretary-General, and heads of working sub-committees which the Council has resolved to set up.
2. The Chairman of the Council shall preside over the Office.

ARTICLE EIGHTEEN

The Office shall carry out the following tasks:

1. Assist the Chairman to direct the proceedings of the Session.
2. Co-ordinate the work of the Council and the sub-committees.

3. Supervise the drafting of the resolutions passed by the Council.
4. Other tasks indicated in these Rules of Procedure or entrusted to it by the Council.

ARTICLE NINETEEN

Sub-committees

1. The Council shall call upon preparatory and working committees to assist in accomplishing its tasks.
2. The Secretariat-General shall participate in the work of the committees.

ARTICLE TWENTY

1. The Secretary-General may, in consultation with the Chairman of the session, form preparatory committees charged with the study of matters listed on the agenda.
2. Preparatory committees shall be composed of delegates of member states and may, when necessary, seek the help of such experts as they may deem appropriate.
3. Each preparatory committee shall meet at least three days prior to the opening of the session by invitation of the Secretary-General. The work of the committee shall end at the close of the session.

ARTICLE TWENTY-ONE

1. The Council may, at the start of each session, form working committees and charge them with specific tasks.
2. The work of the working committees shall continue until the date set for closing the session.

ARTICLE TWENTY-TWO

1. Each sub-committee shall start its work by electing a chairman and a reporter from among its members. When the chairman is absent, the reporter shall act for him in directing the meetings.
2. The chairman or reporter of each sub-committee shall submit a report on its work to the Council.
3. The chairman or reporter of a sub-committee shall present to the Council all explanations required regarding the contents of the sub-committee's report.

ARTICLE TWENTY-THREE

1. The Secretariat-General shall organize the technical secretariat and sub-committees of the Council.
2. The Secretariat-General shall prepare minutes of meetings documenting discussions, resolutions and recommendations. Such minutes shall be prepared for all meetings of the Council and its sub-committees.
3. The Secretary-General shall supervise the organization of the Council's relations with the information media.

4. The Secretary-General shall convey the Council's resolutions and recommendations and relevant documentation to the member states within fifteen days after the end of the session.

ARTICLE TWENTY-FOUR

The Council's secretariat and sub-committees shall receive and distribute documents, reports, resolutions and recommendations of the Council and its sub-committees and shall draw up and distribute minutes and daily bulletins in addition to safeguarding documents and performing other tasks required by the Council's work.

ARTICLE TWENTY-FIVE

Texts of resolutions or recommendations made by the Council may not be announced or published except by resolution of the Council.

ARTICLE TWENTY-SIX

Deliberations

Every member state may take part in the deliberations of the Council and its sub-committees in the manner prescribed in these Rules of Procedure.

ARTICLE TWENTY-SEVEN

1. The Chairman shall direct deliberations on matters on hand in the order they are listed on the Council's agenda.
2. The Chairman shall give the floor to speakers in the order of their requests. Priority may be given to the chairman or reporter of a particular committee to present its report or explain certain points therein. The floor shall be given to the Secretary-General or his representative whenever it is necessary.
3. The Council Chairman may, during deliberations, read the list of the names or members who have requested the floor, and with the approval of the Council, close the list. The only exception is exercise of the right of reply.

ARTICLE TWENTY-EIGHT

The Council shall decide whether the meetings shall be held in open or closed session.

ARTICLE TWENTY-NINE

1. Every member state may raise a point of order, on which the chairman shall pronounce immediately and his decision shall take effect unless vetoed by a majority of the member states.

2. A member who raises a point of order may not go beyond the point he has raised.

ARTICLE THIRTY

1. Every member may, during discussion of any matter, propose the suspension or adjournment of the meeting, or discussion of the matter on hand or closure. The Chairman shall in such cases put the proposal to the vote directly, if the proposal is seconded by another member. Such proposal requires the approval of the majority of the member states to pass.
2. With due regard to the provisions of the preceding paragraph proposals indicated therein shall be submitted to the vote in the following order:
 - a. Suspension of the meeting
 - b. Adjournment of the meeting
 - c. Postponement of discussion of the matter in hand.
 - d. Closure of discussion of the matter in hand.

ARTICLE THIRTY-ONE

1. Member states may suggest draft resolutions or recommendations, or amendments thereto, and may withdraw all such unless they are voted upon.
2. Drafts indicated in the preceding item shall be submitted in writing to the Secretariat-General for distribution to delegations as soon as possible.

3. Except for proposals concerning formulation or procedures, drafts indicated in this Article may not be discussed or voted upon before their texts are distributed to all delegations.
4. A proposal already decided upon may not be reconsidered in the same session unless the Council decides otherwise.

ARTICLE THIRTY-TWO

The Chairman shall follow up the work of the committees. inform the Council of incoming correspondence, and formally announce before members the resolutions and recommendations arrived at.

ARTICLE THIRTY-FOUR

Voting

1. The Council shall pass its resolutions with the unanimous approval of the member states present and participating in the vote, while decisions in procedural matters shall be passed by a majority vote. Any member abstaining from voting shall record the fact that he is not bound by the vote.
2. If members of the Council should disagree on the definition of the matter being put to the vote, the matter shall be settled by majority vote of the member states present.

ARTICLE THIRTY-FOUR

1. Every member state shall have one vote.
2. No member state may represent another state or vote on its behalf.

ARTICLE THIRTY-FIVE

1. Voting shall be by order of the names in the alphabetical order of the states' names, or by show of hands.
2. Voting shall be by secret ballot if so requested by a member or by decision of the Chairman. The Council, however, may decide otherwise.
3. The vote of every member shall be recorded in the minutes of the meeting if voting is called by names. The minutes shall indicate the result of voting if the vote is secret or by show of hands.
4. Member states may explain their positions after the vote and such explanations shall be recorded in the minutes of the meeting.
5. Once the Chairman announces that voting has started, no interruption may be made except for a point of order relating to the vote or its postponement in accordance with the provisions of this Article and the next.

ARTICLE THIRTY-SIX

1. The Council Chairman with the help of the Secretary-General shall endeavour to reconcile the positions of member states on disputed matters and obtain their agreement to a draft resolution before submitting it to the vote.
2. The Council Chairman, the Secretary-General or any member state may request postponement of a vote for a specific period during which further negotiations may take place on the item submitted to the vote.

ARTICLE THIRTY-SEVEN

1. If a member requests amendment of a proposal, voting on the amendment shall be carried out first. If there is more than one amendment, voting shall first be made on the amendment which the Chairman considers to be farthest from the original proposal, then on the next farthest, and so on until all proposed amendments have been voted upon. If one or more amendments have been voted upon. If one or more amendment is passed, then voting shall be made on the original proposal as amended.
2. A new proposal shall be deemed to be an amendment to the original proposal if it merely entails an addition to, omission from, or change to a part of the original proposal.

ARTICLE THIRTY-EIGHT

1. Any member state or the Secretary-General may propose amending these Rules of Procedure.
2. No proposed amendment to these Rules of Procedure may be considered unless the relevant proposal is circulated to the member states by the Secretariat-General at least thirty days before submission to the Council.
3. No basic changes may be introduced to the proposed amendment mentioned in the preceding item unless the texts of such proposed change have been circulated to the member states at least fifteen days prior to submission to the Council.
4. Except for items based on provisions of the Charter, and with due regard to preceding items, these Rules of Procedure shall be amended by a resolution of the Council approved by a majority of its members.

ARTICLE THIRTY-NINE**Effective date**

These Rules of Procedure shall go into effect as of the date of approval by the Council and may not be amended except in accordance with procedures set forth in the preceding article.

Thus, these Rules of Procedure are signed at Abu Dhabi City, United Arab Emirates, on 21 Rajab 1401 AH corresponding to 25 May 1981 AD.

The United Arab Emirates
The State of Bahrain
The Kingdom of Saudi Arabia
The Sultanate of Oman
The State of Qatar
The State of Kuwait

APPENDIX D

RULES OF PROCEDURE
of the
COMMISSION FOR SETTLEMENT OF DISPUTES

The Cooperation Council
For The Arab States of the Gulf

Preamble

In accordance with the provisions of Article Six of the Charter of the Gulf Arab States Cooperation Council; and

In implementation of the Provisions of Article Ten of the Cooperation Council Charter,

A Commission for Settlement of Disputes, hereinafter referred to as Commission, shall be set up and its jurisdiction and rules for its proceedings shall be as follows:

ARTICLE ONE

Terminology

Terms used in these Rules of Procedure shall have the same meanings as those established in the Charter of the Gulf Arab States Cooperation Council.

ARTICLE TWO

Location and Session of the Commission

The Commission shall have its headquarters at Riyadh, Saudi Arabia, and shall hold its meetings on the territory of the state where its headquarters is located, but may hold its meetings elsewhere, when necessary.

ARTICLE THREE

Jurisdiction

The Commission shall, once installed, have jurisdiction to consider the following matters referred to it by the Supreme Council:

- a. disputes between member states.
- b. Differences of opinion as to the interpretation or implementation of the Cooperation Council Charter.

ARTICLE FOUR

Membership of the Commission

- a. The Commission shall be formed of an appropriate number of citizens of member states not involved in the dispute. The Council shall select members of the Commission in every case separately depending on the nature of the dispute, provided that the number shall be no less than three.
- b. The Commission may seek the advice of such experts and consultants as it may deem necessary.

- c. Unless the Supreme Council resolves otherwise, the Commission's task shall end with the submission of its recommendations or opinion to the Supreme Council which, after the conclusion of the Commission's task, may summon it at any time to explain or elaborate on its recommendations or opinions.

ARTICLE FIVE

Meetings and Internal Procedures

- a. A meeting of the Commission shall be valid if attended by all members.
- b. The Secretariat-General of the Cooperation Council shall prepare procedures required to conduct the Commission's affairs, and such procedures shall go in to effect as of the date of approval by the Ministerial Council.
- c. Each party to the dispute shall send representatives to the Commission who shall be entitled to follow proceedings and present their defence.

ARTICLE SIX

Chairmanship

The Commission shall select a chairman from among its members.

ARTICLE SEVEN**Voting**

Every member of the Commission shall have one vote, and shall issue its recommendations or opinions on matters referred to it by a majority of the members. In the event of an indecisive vote the party with whom the chairman has voted shall prevail.

ARTICLE EIGHT

The Secretariat of the Commission

- a. The Secretary-General shall appoint a Secretary for the Commission, and a sufficient number of officials to carry out the work of the Commission's Secretariat.
- b. The Supreme Council may if necessary create an independent organization to carry out the work of the Secretariat of the Commission.

ARTICLE NINE**Recommendations & Opinions**

- a. The Commission shall issue its recommendations or opinions in accordance with the Cooperation Council's Charter, with international laws and practices, and the principles of Islamic Shari'ah. The Commission shall submit its findings on the case in hand to the Supreme Council for appropriate action.

- b. The Commission may, while considering any dispute referred to it and pending the issue of its final recommendations thereon, ask the Supreme Council to take interim action called for by necessity or circumstances.
- c. The Commission's recommendations or opinions shall specify the reasons on which they were based and shall be signed by the Chairman and the Secretary.
- d. If an opinion is not passed wholly or partially by unanimous vote of the members, the dissenting members shall be entitled to record their dissenting opinion.

ARTICLE TEN

Immunities and Privileges

The Commission and its members shall enjoy such immunities and privileges in the territories of the member states as are required to realize its objectives in accordance with Article Seventeen of the Cooperation Council Charter.

ARTICLE ELEVEN

The Budget of the Commission

The Commission's budget shall be considered part of the Secretariat-General's budget. Remunerations of the Commission's members shall be established by the Supreme Council.

ARTICLE TWELVE**Amendments**

- a. Any member state may request for amendments to these Rules of Procedure.
- b. Requests for amendments shall be submitted to the Secretary-General who shall relay them to the member states at least four months before submission to the Ministerial Council.
- c. An amendment shall be effective if approved unanimously by the Supreme Council.

ARTICLE THIRTEEN**Effective Date**

These Rules of Procedure shall go into effect as of the date of approval by the Supreme Council.

These Rules of Procedure were signed at Abu Dhabi City, United Arab Emirates on 21 Rajab 1401 AH corresponding to 25 May 1981 AD.

The United Arab Emirates
The State of Bahrain
The Kingdom of Saudi Arabia
The Sultanate of Oman
The State of Qatar
The State of Kuwait

APPENDIX E

**THE UNIFIED ECONOMIC AGREEMENT
BETWEEN THE COUNTRIES OF
THE GULF COOPERATION COUNCIL**

With the help of God the Almighty;

The Governments of the Member States of the Arab Gulf Cooperation Council;

In accordance with the Charter thereof, which calls for closer relations and stronger links; and, desiring to develop, extend and enhance their economic ties on solid foundations, in the best interest of their peoples and for the sake of working to coordinate and standardize their economic, financial and monetary policies, as well as their commercial and industrial legislation, and Customs regulations have agreed as follows:

CHAPTER ONE

TRADE EXCHANGE

ARTICLE 1

- a. The Member States shall permit the importation and exportation of agricultural, animal, industrial and natural resource products that are of national origin. Also, they shall permit exportation thereof to other Member States.

- b. All agricultural, animal, industrial and natural resource products that are from Member States shall receive the same treatment as national products.

ARTICLE 2

1. All agricultural, animal, industrial and natural resource products that are of national origin shall be exempted from reciprocal charges.
2. Fees charged for specific services such as demurrage, storage, transportation, freight or unloading, shall not be considered as customs duties when they are levied on domestic products.

ARTICLE 3

1. For products of national origin to qualify as national manufactured products, the value added ensuing from their production in Member States shall not be less than 40% of their final value as at the termination of the production phase. In addition Member States citizens' share in the ownership of the producing plant shall not be less than 51%.
2. Every item enjoying exemption hereby shall be accompanied by a certificate of origin duly authenticated by the appropriate government agency concerned.

ARTICLE 4

1. Member States shall establish a uniform minimum Customs tariff applicable to the products of countries other than G.C.C. Member States.
2. One of the objectives of the uniform Customs tariff shall be the protection of national products from foreign competition.
3. The uniform Customs tariff shall be implemented gradually within five years from the date on which this agreement becomes effective. Arrangements for its gradual implementation shall be agreed upon within one year from the said date.

ARTICLE 5

Member States shall grant all facilities for the transit of any Member States's goods to other Member States, exempting them from all duties and taxes whatsoever, without prejudice to the provisions of Paragraph 2 of Article 2.

ARTICLE 6

Transit shall be denied to any goods that are barred from entry into the territory of a Member States by its local regulations. Lists of such goods shall be exchanged between the Customs authorities of the Member States.

ARTICLE 7

Member States shall coordinate their commercial policies and relations with other states and regional economic groupings and blocs with a view to creating balanced trade relations and equitable circumstances and terms of trade therewith.

To achieve this goal, the Member States shall make the following arrangements:

1. Coordination of import/export policies and regulations.
2. Coordination of policies for building up strategic food stocks.
3. Conclusion of collective economic agreements in cases where joint benefits to Member States would be realized.
4. Taking of action for the creation of collective negotiating position vis-à-vis foreign parties in the field of importation of basic needs and exportation of major products.

CHAPTER TWO**THE MOVEMENT OF CAPITAL AND INDIVIDUALS
AND THE EXERCISE OF ECONOMIC ACTIVITIES****ARTICLE 8**

The Member States shall agree on executive principles to ensure that each Member State shall grant the citizens of all other Member States the same treatment as is granted to

its own citizens without any discrimination of differentiation [sic] in the following fields:

1. Freedom of movement, work and residence.
2. Right of ownership, inheritance and bequest.
3. Freedom of exercising economic activity.
4. Free movement of capital.

ARTICLE 9

The Member States shall encourage their respective private sectors to establish joint ventures in order to link their citizens' economic interests in various spheres of activity.

CHAPTER THREE

COORDINATION OF DEVELOPMENT

ARTICLE 10

The Member States shall endeavour to achieve the coordination and harmonization of their respective development plans with a view to achieving integration in economic affairs.

ARTICLE 11

1. The Member States shall endeavour to coordinate their policies with regard to all aspects of the oil industry including extraction, refining, marketing, processing,

pricing, the exploitation of natural gas, and development of energy sources.

2. The Member States shall endeavour to formulate united oil policies and adopt common positions vis-à-vis the outside world, and in international and specialized organizations.

ARTICLE 12

The achieve the objectives specified in this Agreement, the Member States shall

1. Coordinate industrial activities, formulate policies and mechanisms which will lead to industrial development and the diversification of their products on an integrated basis.
2. Standardize their industrial legislation and regulations and guide their local production units to meet their needs.
3. Advocate industries between Member States according to relative advantages and economic feasibility, and encourage the establishment of basic as well as ancillary industries.

ARTICLE 13

Within the framework of their coordinating activities, the Member States shall pay special attention to the establishment of joint ventures in the fields of industry, agriculture and services, and shall support them with

public, private or mixed capital in order to achieve economic integration, productive interface, and common development on sound economic bases.

CHAPTER FOUR
TECHNICAL COOPERATION

ARTICLE 14

The Member States shall collaborate in finding spheres for common technical cooperation aimed at building a genuine local base founded on encouragement and support of research and applied sciences and technology as well as adapting imported technology to meet the needs of the region and to achieve the objectives of progress and development.

ARTICLE 15

Member States shall establish procedures, make arrangement and lay down terms for the transfer of technology, selecting the most suitable or introducing such changes thereto as would serve their various needs. Member States shall also, whenever feasible, conclude uniform agreements with foreign governments and scientific or commercial organizations to achieve these objectives.

ARTICLE 16

Member States shall formulate policies and implement coordinated programs for technical, vocational and professional training and qualification at all levels and stages. They shall also develop educational curricula at all levels to link education and technology with the development needs of the Member States.

ARTICLE 17

Member States shall coordinate their manpower and shall formulate uniform and standardized criteria and classifications for the various categories of occupations and crafts in different sectors in order to avoid harmful competition among themselves and to optimize the utilization of available human resources.

CHAPTER FIVE**TRANSPORT AND COMMUNICATION****ARTICLE 18**

Member States shall accord passenger and cargo transportation belonging to citizens of other Member States, when transiting or entering its territory, the same treatment they accord to the means of passenger and cargo transportation belonging to their own citizens, including

exemption from all duties and taxes, whatsoever. However, local means of transportation are excluded.

ARTICLE 19

1. Member States shall cooperate in the fields of land and sea transportation, and communications. They shall also coordinate and establish infrastructure projects such as seaports, airports, water and power stations and roads, with a view to realizing joint economic development and the linking of their economic activities with each other.
2. The contracting states shall coordinate aviation and air transport policies among them and promote all areas of joint action at various levels.

ARTICLE 20

Member States shall allow steamers, ships and boats and their cargoes, belonging to any Member States freely to use the various port facilities and grant them the same treatment and privileges granted to their own in docking or calling at the ports as concerns fees, pilotage and docking services, freight, loading and unloading, maintenance, repair, storage of goods and other similar services.

CHAPTER SIX
FINANCIAL AND MONETARY COOPERATION

ARTICLE 21

Member States shall seek to unify investment rules and regulations in order to achieve a joint investment policy aimed at directing their domestic and foreign investments towards serving their interest, and realizing their peoples' aspirations for development and progress.

ARTICLE 22

Member States shall seek to coordinate their financial, monetary and banking policies and enhance cooperation between monetary agencies and central banks, including the endeavour to establish a joint currency in order to further their desired economic. [sic]

ARTICLE 23

Member States shall seek to coordinate their external policies in the sphere of international and regional development aid.

CHAPTER SEVEN
CLOSING PROVISIONS

ARTICLE 24

In the execution of the Agreement and determination of the procedures resulting therefrom, consideration shall be given to differences in the levels of development as between Member States and the local development priorities of each. Any Member States may be temporarily exempted from applying such provisions of this Agreement as may be necessitated by temporary local situations in that state or specific circumstances faced by it. Such exemption shall be for a specific period and shall be decided by the Supreme Council for the Cooperation Council of the Arab States of the Gulf.

ARTICLE 25

No Member State shall grant any non-member state any preferential privilege exceeding that granted herein.

ARTICLE 26

- a. This Agreement shall enter into force four months after its approval by the Supreme Council.
- b. This Agreement may be amended by consent of the Supreme Council.

ARTICLE 27

In case of conflict with local laws and regulations of Member States, execution of the provisions of this Agreement shall prevail.

ARTICLE 28

Provisions herein shall supercede any similar provisions contained in bilateral agreements. Drawn up at Riyadh on 15 Muharram 1402, corresponding to 11 November 1982.

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