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Faculty of Political Science, Maria Curie-Skłodowska University, Lublin – Poland

BARTOSZ BOJARCZYK

The Gulf Cooperation Council – regional integration mechanism

ABSTRACT

The Persian Gulf region is one of the most important areas in current global security system. Vast energy resources located in the region are essential for world's economic stability and development, which also brought constant foreign penetration of the Persian Gulf system.

The Gulf Cooperation Council has been established in 1981 and since then it plays an important role as one of the regional security mechanisms. In the article the reasons behind organization's formations are described, as well as an evolution of the integration processes is shown in historical perspective. Also, the socio-economic and military positions of the GCC members are analyzed and the main challenges faced by the organization are pointed out. The GCC still serves as coordination agenda rather than strict integration organization but in the last years we may notice growing efforts to strengthen the GCC's mechanisms.

Key words: Persian Gulf, the Gulf Cooperation Council, security, integration, sheikdoms.

INTRODUCTION

The GCC forms a unique model of cooperation in the whole Middle East region. This integration grouping was established in 1981 and went through the long evolutionary process that resulted in engagement of member states in actual and deep integration, at least on the economic level. The regional security of the Persian Gulf has been very turbulent since the GCC formation and its being has been questioned or threatened on various occasions. At the same time, international position and significance of the Persian Gulf region as the energy resources reservoir has increased to the level of

vitality for global stability and development. The GCC states are leading producers and exporters of oil and gas into international markets, therefore their security and stability is important for global economy. In given time perspective, all of them have established close security and military bounds with the United States or extended the already existing ones, which shaped their international posture and influenced integration processes. There are still important challenges in front of the GCC but in recent years we may notice worthy increase in efforts to implement its stated goals. The main aim of this article is to analyze the socio-economic position of the GCC states, to point main reasons for the integration processes and show the evolution that the organization went through as well as to describe main obstacles and chances in front of it.

ESTABLISHMENT OF THE GCC

Since the early 1970s, the Persian Gulf region went through several drastic changes in its essential security structure. The Great Britain's final withdrawal from the region in 1971 completely shook extant security balance and gradually led to rise of regional power – Iran. The newly independent sheikdoms (Bahrain, Qatar and the United Arab Emirates as well as Kuwait¹) were rather looking to Saudi Arabia and still to Great Britain or the USA for the security guarantees to counterbalance the Iranian as well as Iraqi pressures. The United States tried to stabilize the region by increasing the level of cooperation with pro-Western Persian Gulf regimes. Under the US two pillars policy applied to the region in the 1970s, close political and military cooperation with Iran was securing the Western interest and traditional economic relations with Saudi Arabia have even expanded [Ahravi 1993: 82–83]. Strategic alliance between the United States and Iran stabilized the region and only Soviet-allied Iraq was perceived as a potential threat to regional security. Most of newborn states were involved in serious territorial or political conflicts with bigger neighbors so they long for the protection. At the same time, the position and role of the Persian Gulf in the international system radically increased. The global energy crisis of the 1970s has underlined the importance of Persian Gulf's hydrocarbons reserves and supplies for global economy stability. Since then, any regional turmoil has been immediately destabilizing the international system, resulting in oil prices increasing and need for military intervention.

The regional situation has changed considerably in the eve of the 1980s. The revolution in Iran of 1978–1979 has toppled regime of Shah Mohammad Reza Pahlavi and established the Islamic Republic. New Iran reoriented its position and foreign policy, which completely changed the interregional security system. From loyal ally of the USA, and European powers, Iran became the main antagonist of Western dominance in the Persian Gulf and Middle East region and has adopted very confrontational stance towards its Arab neighbors. One of the early goals of the revolutionary Iran

¹ Kuwait formally became independent in 1961 but till 1971 its sovereignty was quite limited.

was active opposition to the Persian Gulf Arab states and the moderate Arab camp [Ehteshami 1992: 165]. Iran was calling for the systemic changes in the Arab states and wanted to galvanize the Shia populations of the Persian Gulf. Such a stance of Islamic Iran created a lot of suspicions and fears among sheikdoms and resulted in hostile policies towards it. Iraq's attack on Iran in 1980 has puzzled regional security even more and brought more anxiety to the rulers of conservative monarchies. The Persian Gulf security during the 1980s was in permanent stage of fluctuation and its fundamental elements have been constantly threatened by military confrontation of two strongest regional players. In such complicated and unstable environment the Arab states of the Persian Gulf decided to institutionalize their cooperation aiming to deal with the common security challenges and enter a long process of economic integration.

The Cooperation Council for the Arab States of the Gulf known as the Gulf Cooperation Council (GCC) was founded by six Persian Gulf states thirty-two years ago. On 4th February 1981 the foreign ministers of the Persian Gulf Arab States have signed a declaration about the establishment of that integration organization. On May 25, 1981 the rulers of the United Arab Emirates, State of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar and State of Kuwait, during the summit in Abu Dhabi, accepted the *Charter of the Cooperation Council for the Arab States of the Gulf* and the organization came to existence [Al-Hamad 1997: 3–4]. Creation of the GCC took place when the two of the three pillars of regional security structure were at war (Iran–Iraq) and they were (and still are) not included in that project. Saudi Arabia and the small sheikdoms decided to form organization in reaction to regional and subregional developments rather than it was planned to practically integrate them. Revolution in Iran, war between regional powers, the Soviet invasion on Afghanistan, and the peace treaty between Egypt and Israel, as well as new, and at the same time very active and dominant policy of the USA in the region (the Cater Doctrine) were the reasons for creation of the GCC [Freeman, Jr. 2006: 148]. It was perceived that the newly established organization had very small chances for successful integration due to dichotomist pressures coming from inside the region – Baathist regime of Iraq and Shia theocratic Iran and the external ones related to foreign penetration of Persian Gulf. There were a lot of serious disagreements among the states related to territorial claims and division of hydrocarbons and the small sheikdoms were quite anxious about Saudi policies and real aims towards them. They did not want to become overwhelmed at the international level by stronger Saudi Arabia like they were embodied under the protectorate of Great Britain. However, in the face of direct military threat at the regional level, they decided to put differences aside and at least try to organize collective security mechanisms.

The main idea was to establish the forum of multilateral discussion and cooperation in managing common threats and to create the platform for economic integration. The GCC was created to:

- affect co-ordination, integration and inter-connection between member states in all fields in order to achieve unity between them;

- deepen and strengthen relations, links and areas of cooperation now prevailing between their peoples in various fields;
- formulate similar regulations in various fields including the following: economic and financial affairs; commerce, customs and communications; education and culture; social and health affairs; information and tourism; legislative and administrative affairs;
- 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 (*The GCC Foundations and Objectives*).

The organization structure was defined in Charter and preserved with minor amendments till now. The main decision-making body is the Supreme Council of the Gulf Cooperation Council formed by rulers of six member states with rotate presidency that meets at least once a year. There is also the 30-member (5 from each state) Consultative Commission of the Supreme Council and Dispute Settlement Commission (called for each disagreement). The detailed issues are discussed within the Ministerial Council (meets every three months) and there is also a GCC Secretariat, located in Riyadh, with the Secretary-General office (*The Organizational Structure*).

The Persian Gulf Arab States focused in stated goals on socio-economic character of the GCC, and they were moderate on declaring political and military coordination among them. They did not want the organization to be seen as a challenge to Iraq or Iran but the fighting states perceived it under its own criteria. From the beginning, Islamic regime of Iran viewed the Gulf Cooperation Council as anti-Iranian military pact that was just an instrument of US policy in the region and the puppet in the hands of Saudi Arabia. Tehran accused this organization of spreading Arabism and anti-revolutionary propaganda [Hussain 2000: 189]. Revolutionary policies of Iran brought that state into international isolation, intense conflict with the United States and exhausting defensive war with Iraq. It might look on the GCC states with justified suspicions and hostility so, in direct actions was trying to destabilize them, mainly on Bahrain and later in Saudi Arabia by supporting Shia opposition groups or clandestine military operations. For the whole decade, relations between the GCC state and Iran were very tense. Iranian forces targeted Arab tankers in the later phase of war with Iraq when the conflict became internationalized on the waters of the Persian Gulf. Normalization of the relations came during the 1990s due to the end of Iran–Iraq war, Iran's opposition to Iraqi annexation of Kuwait and neutrality towards the Desert Storm Operation, as well as because of new orientation of post-Khomeini Iran's foreign policy aimed at reconciliation and detent in regional affairs.

For Iraq, the Gulf Cooperation Council posed no challenge, especially when we recognize the vital economic help of regional Arab states in conducting the war with Iran. In the first phase of war, when Iraqi forces were advancing into Iranian territory, they provided Saddam Hussein with direct grants and loans; Saudi Arabia, Kuwait and the UAE gave around 30 billions USD in such support. Later, because of Iran's

territorial successes they changed their policy and were selling oil on Iraqi behalf and offered free transport of commodities and resources through their territories [Hussain 2000: 163–164; Hooglund 2001: 162–163]. The GCC states were supporting Iraq but at the same time were afraid of dominant policies of Saddam Hussein and that's why have tried to counterbalance it by turning into relations with the Western powers. Until Iraq was fighting to contain hostile Iran, they had no better option than to support it. The situation has changed when Iraqi aggression targeted Kuwait and threatened the existence of the rest of them. The GCC states stood for Kuwaiti independence have welcomed international intervention and played an important role in military operation. Since then, Iraq like Iran is perceived as a possible danger to the fundamental interests of them and Arab states were in favor of the US policy of containment but in softened version of long distance relations and pro-regional *status quo* orientation. Besides external difficulties in the time of formation and internal disagreements the GCC has survived the turbulent times of the 1980s and entered the post-Cold War realities in the stage of low-intense integration processes. During the 1990s the member states were rather oriented towards adapting to new regional challenges and were developing close relations with the USA. The security umbrella provided by the USA and its active containment policy of two regional antagonists were rather discouraging the Persian Gulf monarchies to increase their efforts in integration processes. Lack of direct military threat and rapid economic developments resulted in more independent policies and foreign stance. The growing role of Saudi Arabia made smaller sheikdoms aware of its dominance and they were looking forward to cooperation with Western powers or regional partners. However, within the GCC monarchs have adopted ambitious plans for economic and security cooperation, but the implementation process in most of cases was turned down or postponed. Regional and global developments of the 21st century have brought new challenges to stability and security of the GCC states. Regime change and long stabilization process in Iraq posed direct threats to their security related to Islamic extremisms and intersectarian conflict. The growing regional role of Iran and its arising conflict with the USA, Israel and western powers over the nuclear programme may lead to further reconstruction of regional security balance. That external instability together with increasing demands from own societies put Sunni monarchs into very fragile situation that requires closer cooperation. Global economic crisis, the processes of Arab Spring together with internal economic and political problems have also stimulated later arising of actual integration processes.

THE GCC STATES' CHARACTERISTICS

The GGC member states are very comparable in terms of ethnicity, religion, historical experience, socio-economic conditions and political systems. Those similarities help them to integrate in a short perspective, but at the same time might be seen as obstacles because the states want to obtain analogous goals, especially on the

economic level. Like it was stated before, the common external challenges to their security brought them into the GCC and they had to overcome internal difficulties in shaping the common policies.

The states are formed by traditional Arab societies, ruled by conservative Sunni monarchies and their economies are overwhelmed by hydrocarbons' sectors. The main similarity of the GCC members is in the political system – all of them are ruled by hereditary monarchies which want to preserve their political and economic dominance. Their position is challenged by inside forces related to religious division (Bahrain, Saudi Arabia), democratic opposition (most influential in Kuwait), extremist organizations and inter-families' struggles [Kechichian 2008: 409–414]. Besides some democratization changes in the states during the last twenty years, their politics continue to be closed for active social participation, which have been lately underlined by the processes of Arab Spring phenomenon. Preservation of the monarchical system and animosity towards real democratization play vital role in integrating the GCC states.

	Population total (mln) 2011 ¹	Shia as % of total population 2009 ²	Migrants as % of total population 2010 ³
Bahrain	1 324	65–75	25
Iran	74 799	90–95	2.9
Iraq	32 962	65–70	0.3
Kuwait	2 818	20–25	76.7
Oman	2 846	5–10	29.7
Qatar	1 870	~10	74.2
Saudi Arabia	28 083	10–15	26.5
UAE	7 891	~10	43.8

Source:

¹ *World Development Indicators*, The World Bank, <http://data.worldbank.org/indicator/SP.POP.TOTL> (access 20.07.2012).

² *Mapping the Global Muslim Population. A report on the size and distribution of the world's Muslim population*, October 2009, PewResearchCenter, http://www.pewforum.org/uploadedfiles/Orphan_Migrated_Content/Muslimpopulation.pdf, p. 10.

³ *World Development Indicators and Global Development Finance*, The World Bank, <http://databank.worldbank.org/Data/Views/VariableSelection/SelectVariables.aspx?source=World%20Development%20Indicators%20and%20Global%20Development%20Finance>.

Figure 1. Persian Gulf population – selected data.

Next organizational determinant is Sunni profile of most GCC states. As it is presented in Figure 1, only Bahrain has a critical problem related to the religious division between the society (mostly Shia) and Sunni ruling family. That variable is a source of permanent instability on Bahrain, where in recent years the socio-political protests have been destabilizing its internal security and brought the Saudi and UAE military intervention in March 2011 [Bronner, Slackman 2011]. The intersectarian divisions among the Persian Gulf societies plays the dominant role in shaping regional balance and constantly destabilizes its security. Radical policies of revolutionary

Shia Iran have deepened the conflict based not only on religious division but also on ethnical differences (Arab–non-Arab) and regional rivalry. Nowadays, the GCC might be seen as organization that tries to protect interests of Persian Gulf Sunni states (or regimes) in counterbalance to Iran’s power and its influences on Bahrain and the growing role in post-American Iraqi polity. Possible fall of Al-Khalifa family on Bahrain would change the regional balance in favor of Shia Iran and jeopardize the GCC coherence and stability.

The GCC members’ economies are dependent on expatriate labor force, which challenges their security at least on economic and social level. Provided numbers show to how big extent the GCC states rely on foreign workers. That is a result of importing cheap, mainly poor qualified labor force from Asian states, which is sustained by oil revenues. There is also a big group of important technical assistance manpower needed in rapid modernization and development, especially in oil and gas related industries. Such a ratio of migrants in total population poses serious threats to the stability of GCC states but is also essential in maintaining their economic growth². When we compare it with data below, the next important characteristics may be recognized.

	Population ages 0–14		Population ages 15–64		Population ages >65	
	2006	2010	2006	2010	2006	2010
Bahrain	26	20	72	78	2	2
Kuwait	25	27	72	71	3	2
Oman	31	27	66	70	3	3
Qatar	19	13	80	86	1	1
Saudi Arabia	33	30	64	67	3	3
UAE	19	17	81	83	<1	<1

Source:

World Development Indicators and Global Development Finance, The World Bank, <http://databank.worldbank.org/Data/Views/VariableSelection/SelectVariables.aspx?source=World%20Development%20Indicators%20and%20Global%20Development%20Finance>.

Figure 2. The GCC states – age population structure (2012).

About 70 to 80 some percent of GCC populations are in productive age, which is supposed to stimulate positively the economic growth. Unfortunately, nationals are not keen on taking low-paid jobs and leave them for migrants demanding well paid positions from governments. It costs a lot of money and is rather seen as an instrument of sustaining social rest and stability. In the same time, it drives the states into

² For detailed analyses on the role of expatriates workers and on challenges they impose on the GCC states see: A. Kapiszewski, *Arab versus Asian Migrant Workers in the GCC countries*, 2006, http://www.un.org/esa/population/meetings/EGM_Ittmig_Arab/P02_Kapiszewski.pdf (access 17.07.2012); I. Forstenlechner, E. J. Routledge, *The GCC’s “Demographic Imbalance”: Perceptions, Realities and Policy Options*, “Middle East Policy”, vol. XVIII, no 4, 2011, pp. 25–43.

serious economic gridlock and preserves formation of fully free market economy. Besides the societal unwillingness to compete on every level of job market and huge social subsidies' programs provided by governments, the GCC states face as well other challenges related to improvement of national labor force quality and presence of women in economy sectors [Yamani, 2002: 198–202]. That demographic imbalance (as it is described by Fortenlechner and Routledge 2011) makes the GCC states very vulnerable to domestic unrests which may drive from social frustration and economic limitations. On the other hand, it increases the level of their dependency on the external system, which may undermine their longstanding interests.

	Oil proven reserves (mln/b)	Daily oil production (1000 b/d)	Exports of crude oil (1000 b/d)	Exports of crude oil and petroleum products (1000 b/d)	Value of oil exports (bln USD)
Bahrain	na	180.2	na	230.6	10.179
Kuwait	101 500	2 312.1	1 430	2 061.2	61.694
Oman	5 500	758.3	745	745.0	25.236
Qatar	25 382	733.4	586	908.1	72.634
Saudi Arabia	264 516	8 165.6	6 644	7 594.9	215.534
UAE	97 800	2 323.8	2 103	2 291.1	74.639

Source:

OPEC Annual Statistical Bulletin 2010/2011, OPEC, http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2010_2011.pdf (access 20.07.2012).

World Economic Outlook Database, April 2012, International Monetary Fund, <http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/index.aspx> (access 20.02.2013).

Figure 3. The GCC states – oil indicators (2010)

	Gas proven reserves (mld m ³)	Gross production of natural gas (mln m ³)	Natural gas exports (mln m ³ /year)	Natural gas imports (mln m ³ /year)
Bahrain	na	na	na	na
Iran	33 090	220 124	8 429	7 243
Iraq	3 158	16 885	na	na
Kuwait	1 784	11 950	na	890
Oman	610	na	11 700	1 500
Qatar	25 201	109 335	107 000	na
Saudi Arabia	8 016	97 030	na	na
UAE	6 091	79 778	5 108	25 705

Source:

OPEC Annual Statistical Bulletin 2010/2011, OPEC, http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2010_2011.pdf (access 20.07.2012).

Figure 4. Persian Gulf states – natural gas indicators (2010)

As it was said before, the GCC economies are oil-oriented (with the growing role of gas sector) and their economies depend on revenues from hydrocarbons' export. Reliance on those sectors is overwhelming and crucial for their basic existence and

survival. Since the first energy crisis of the 1970s, the role of the Persian Gulf region as a reservoir of vast hydrocarbons' resources has gradually increased to the level of fragile but essential interdependence between the region and the global economy. Currently, there is no other region as the Persian Gulf whose instability may affect the global system in such dangerous manner.

About 35% of world proven reserves of oil and more than 21% of world proven gas reserves are located in the GCC states. In 2011 they produced about 23% of world's oil production and 9% of world's gas production [*GCC: A Statistical Glance*, 2012: 16–20]. The GCC possess and produce the most oil in the world – their existence and stability is directly related to the global situation, that's why its vital position in the global economic system shall not be underestimated. The free flow of energy resources from the Persian Gulf region is fundamental for stability of the world and in the last half of the century became the main reason for constant penetration by international powers.

The presence of vast energy resources basically shapes the economic outlook of the GCC states and plays a crucial role in their stability. However, in the last decades, the states are trying to break with this one-sector dependency. They became engaged in new economic projects related not only to energy sector. They also try to find their chances in the globalized world, but that process is very difficult and is only possible thanks to the hydrocarbons' money.

	GDP (bln USD) 2010	GDP growth annual % 2010	Inflation rate 2010	Value of exports (bln USD)		Value of imports (bln USD)	
				Total 2011	Intra-GCC 2011	Total 2011	Intra-GCC 2011
Bahrain	22 417	4.5	1.9	22 417	3 918	14 751	1 414
Kuwait	124 344	3.4	4.0	62 654	1 410	22 672	2 526
Oman	57 849	3.9	3.2	47 092	4 987	23 620	8 580
Qatar	127 332	16.6	-2.4	114 299	7 448	22 332	4 354
Saudi Arabia	451 394	4.6	5.3	364 699	24 676	131 586	8 569
UAE	297 648	0.6	0.8	200 070	9 626	164 127	7 576

Source:

World Economic Outlook Database, April 2012, International Monetary Fund, <http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/index.aspx> (access 20.02.2013).

GCC : A Statistical Glance , 2012, Volume III, Information Affairs Sector - Statistical Department, <http://sites.gcc-sg.org/DLibrary/index-eng.php?action=ShowOne&BID=569> (access 20.02.2013).

Figure 5. The GCC states – selected economic data (2012).

Like it is presented in Figure 5, the economic growth of the GCC states is sustainable and some of them like Qatar are witnessing tremendous economic prosperity due to the investments in gas industry. That situation will not be changed till the world would switch into different types of energy or till the energy resources of the region will be exploited. In the near future Bahrain and Oman, most probably, will face the

second problem but they already may count on help from the other GCC members. The intra-GCC trade exchange is quite limited in terms of value, which presents the main challenge in front of integration processes. Similarity of their economies, based on the same energy profile, effectively preserves development of tied and comprehensive linkages among them. On the economic level, the GCC states are still oriented towards relations with external environment rather than towards building internal links. It's natural but as it was already pointed out, it can't help the GCC integration unless the members would decide to form one, coherent block of producers. That scenario is worthy to analyze but so far there were no serious ideas in that matter, mainly because of already existing oil cartel – the OPEC (Organization of Petroleum Exporting Countries).

The GCC states have to compete on the regional level with much more powerful Iran and Iraq. Formation of the Persian Gulf intraregional security system³ took place during the 20th century when its members were formed, gained independence or regained full sovereignty and became recognized subjects of the international system. The positions and roles of three biggest Persian Gulf states: Iran, Iraq and Saudi Arabia in shaping and influencing the security of that region, are dominant. The small sheikdoms are too weak alone to identify them as capable of destabilizing the situation in the analyzed area. The relations of the Persian Gulf, when we exclude the foreign powers, are limited to the triangle of most powerful three regional states and the GCC is seen as Saudi ally. The Lower Persian Gulf states have own (many times they differ from the Saudi's one's) interests but because of their capabilities and potency, they are mostly unable to stand against much more stronger neighbors. Presented figures exemplify the inequality of regional potencies but at the same time show the level of the Persian Gulf militarization.

	Active military forces	Defence Budget 2010 (in US \$)
Bahrain	8 200	747 mln
Iran	523 000	10.6 bn
Iraq	271 400	4.19 bn
Kuwait	15 500	3.91 bn
Oman	42 600	4.18 bn
Qatar	11 800	3.12 bn*
Saudi Arabia	233 500	45.2 bn*
UAE	51 000	8.65 bn

*In terms of Qatar the value represents total military expenditures in 2010.

*For Saudi Arabia the value represents defense and security budget.

Source:

The Military Balance 2012, The International Institute for Strategic Studies, Routledge 2012, pp. 318–352.

Figure 4. Size of Persian Gulf states military forces and value of defense budgets

³ The term is used to describe the possible system of Persian Gulf security without permanent and active foreign military presence that was provided firstly by Ottomans, later in the 20th century by Great Britain and in the last four decades by the United States.

As it was verified in case of Kuwait (1961, 1990–1991) the small Persian Gulf states are incapable to provide the military security for themselves, that is why they turn to foreign “stabilizers” or to Saudi Arabia for protection. Now, Islamic Republic of Iran possibly presents the biggest military threat but it is contained on the regional level by all GCC states and what’s more important, by active US policies. Advanced nuclear program, high level of military autarky, confrontational rhetoric and territorial disputes makes Iran likely to remain problematic for Arab Gulf states. Independent and fully sovereign Iraq is still perceived by the Arab regional states in the categories of potential threat to their security, mainly because of its internal insecurity, possibility of territorial disintegration and growing Iranian influences over Iraqi polity.

	Total	USA	UK	Russia
Bahrain	195	98	60	-
Iran	1 119	-	-	773
Iraq	1 811	1 145	5	257
Kuwait	377	302	1	36
Oman	479	339	-	-
Qatar	311	280	-	-
Saudi Arabia	2 602	1 126	1 038	-
UAE	4 919	2 715	-	427

Source:

SIPRI Arms Transfer Database, <http://www.sipri.org/databases/armstransfers/>, 25.05.2012.

Figure 5. Persian Gulf States – value of conventional weapons imports 2006–2010
(in US million \$)

Regional states, especially the GCC ones, spend tremendous amounts of money on military expenses, which supposed to increase the level of their security but it’s rather doubtful that they would be able to stand against any aggression which would come from regional powers or outsiders. Today, the Persian Gulf security system cannot be analyzed as independent of the overwhelming presence of external power – the USA, security system. The United States plays predominant role as the regional stabilizer and nominal defender of the GCC states⁴. In the last 20 years, Washington has signed different security agreements with all the GCC states, and all of them but Saudi Arabia are host to US military bases. In post-cold war world, the USA linked its security with the Persian Gulf system and is most active in the region, successfully

⁴ Many of the researches describe the current regional system as *Pax Americana*, due to the longstanding (since WWII), direct and active interference into the Persian Gulf affairs. On US policy in the region look, for example, into: S. A. Yetiv, *The Absence of Grand Strategy*, Baltimore: The John Hopkins University Press 2008; S. Wright, *The United States and Persian Gulf Security*, Durham: Ithaca Press 2007; W. T. Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, New York: Palgrave Macmillan 2008.

preserving any interference from outside and actively containing “hostile” regional states – Iraq (1989–2003) and Iran (from 1979). The GCC are loyal allies of the USA and on most levels that cooperation is beneficial for both sides but there are still certain disagreements or even conflicts between them, mainly related to political and social (religious) issues.

THE GCC EVOLUTION AND ACHIEVEMENTS

The ethnical, political and economic similarities make Arab kingdoms of the Persian Gulf region naturally predisposed for integration in all fields and together with direct external threat to their essential security were the main prerequisites of the GCC formation. The mixture of very complex, but common interests, aims and challenges pushed the states to integration processes. In the first phase they had to deal with regional developments on military level. Iran–Iraq war with later internationalization of this conflict, and Kuwait crisis were most important when we analyze the challenges to the very existence of organization. During the 1990s the GCC states were active on stabilizing the intraregional security system, reestablishing relations with Iran and Iraq but also turned to the USA for security guarantees and military shield. The scope of inter-GCC cooperation and integration was rather limited in that decade. In the last ten years we may observe gradual deepening of the GCC integration processes mainly on the economic level but also in other areas as a result of changing position and roles of the Persian Gulf region as well as global developments and internal necessities.

POLITICAL AND SECURITY COOPERATION

The stated goals of the GCC are rather describing the need of cooperation and forming common positions towards external challenges posed by regional and international developments rather than they refer to political integration of members [Partrick 2011: 2–3]. The monarchs are relatively reluctant on giving away their sovereign competencies to the supranational body, and such idea has never been proposed on the GCC level. Because of that the political integration processes are limited to common reaction to unexpected changes in their direct environments. There is no unity among the GCC members. The states are engaged in territorial disputes and other disagreements related to economic and political interests. Besides that, there is a visible gap between the strongest Saudi Arabia and other small and less powerful Persian Gulf sheikdoms. They do not want to play a secondary or subordinate role and have problems in accepting Saudi leadership [Ulrichsen 2009, 40–41]. The rulers of Bahrain, Kuwait, Oman, Qatar and seven united Emirates prefer to preserve the statehood character of the GCC instead of jumping into strict coordination or even unification of their policies and external posture. They enjoy

their independence on these issues and want to stay capable in shaping their policies based on unilateral interests.

Nevertheless, the GCC obtained quite impressive level of cooperation in the field of common security. To deal with range scope of common threats and challenges to their security *The Comprehensive Security Strategy* was adopted in 1987 that later was broadened into *The GCC Security Agreement* (last revised in 2012). There are several specialized committees within the GCC which deal with various fields of common security and coordinate GCC states efforts to regulate general policies of them. The member states were already able to coordinate their policies on facilitation of movement and flow of goods, counter-terrorism cooperation, cooperation in the field of civil defense, cooperation against nuclear and radioactive risks, cooperation in the field of drug control, cooperation in the field of criminal investigations and inquiries, cooperation in the field of traffic, cooperation in the field of border guards and coast guards, cooperation in the field of penal and corrective institutions, as well as on education and technical training related to security issues [*Security Cooperation*]. The organization has to deal with a wide range of internal challenges related to political and socio-economic security that destabilizes members' societies. Radical extremism and demands for pluralisation and opening of their political structures together with high unemployment and reliance of foreign workers makes the GCC states very vulnerable. Persian Gulf security is also dependent on regional developments and conditions like war in Afghanistan, renewed militarization of Israeli-Palestinian conflict, regime change in Libya and Egypt, civil war in Syria and processes of socio-economic demands (Arab Spring) within the region. In the last days, civil war in Syria and possible military resolution of Iran's conflict with the international system, mainly the USA and its allies, poses main threats to the GCC basic security. The Arab states of Gulf coordinated their policies and have established common security mechanisms, mainly focused on internal issues and regional balance but they do not form a coherent security system due to described differences and willingness to stay autonomous in that field.

Therefore, the external military threats were one of main concerns of the GCC states, they are trying to organize a collective military security system since the very beginning of organization existence. The idea to establish a common army was discussed in the early stage of the GCC functioning. In 1982, member states compromised on Joint Defense Plan and agreed to form "Al-Jazeera Shield Joint Forces", but only in 1986 they took practical steps in organizing them. Unfortunately, the Kuwait Crisis has underlined the GCC states' inability to protect them and successfully deter the direct military threats to their security. That fact resulted in binding their military securities to the United States and constrained actual integration or coordination on that level [Koch 2010: 5–7]. In December 2000, *The GCC Joint Defensive Agreement* has been signed but it provided rather general framework for military cooperation and coordination than called or established the effective system of common defense. The provision of security umbrella by the USA for the Persian Gulf Arab states as

a result of growing direct, military involvement of that power into regional affairs since the 1990s is seen as the main obstacle for shaping the effective and binding collective defense system. It is widely perceived that the security interdependence between the GCC states and the USA is most important for the regional states and they do not want to create an independent system that, for sure, would be much more weaker than current reliance on American military guarantees.

ECONOMIC COOPERATION

The main achievements of the GCC were reached on the economic level. The internal similarities and common profile of external activity led member states into comprehensive integration on the economic level. Like it is stated in the organization's Charter, the economic integration and coordination of these policies are the main aims of the GCC. An important founding idea was to create strong economic block that would cope better with common challenges and secure the interests of states in very unstable global economy. Especially, in the post-cold war stage of global economy (economic globalization) those initiatives were understood as the only or rather better way to deal with the pressures or trends input by external environment and changing global conditions. Already in 1981, *The Joint Economic Agreement* was reached which paved the way into strict economic integration based on the creation of custom union, common market, and lately the monetary union between the states. The agreement was revised few times, mainly in 1998 (*Unified Economic Agreement*), 2001, 2004 (*The Economic Agreement Between the GCC States*) and in 2009 (*The GCC Monetary Union Agreement*). From the very beginning, the states decided to coordinate and to integrate their policies in the areas of: custom union, economic and monetary union, development integration, development of human resources, scientific and technical research, as well as transportation, communication, and infrastructure (*The Economic Agreement Between the GCC States, 2001*). The GCC has evaluated from the economic point of view coordination initiatives and joining common financial projects which were taken in the first two decades of its existence to much more complex and deep integration processes in the last stage, which resulted in the creation of single GCC market with custom union and hopes for near currency union [Lawson 2012: 16–19]. The interstate coordination (confederation profile) moved to close and institutional cooperation (federation model), and the role of specialized, supervisory function bodies inside the GCC decision-making processes is growing. Successful integration on the economic level, that in recent years has significantly deepened, increases the readiness among the GCC states to accept meaningful commitments on other levels of cooperation.

Economic integration among the GCC members is still an ongoing process. The implementation of custom union, creation of single market and introduction of single GCC currency may still take some more years but the main decisions and evolution directions have been already made. However, described economy similarities (energy profile, dependence on foreign manpower, etc.) and members'

willingness to preserve economic and political sovereignty still create many difficulties in establishment of coherent economic area⁵. In addition, active economic policy of the USA and other international players (states, TNC-s, organizations) can be sometimes seen as an obstacle in integration processes. Two of the GCC states (Bahrain, Oman) have signed *Free Trade Agreements* with the USA (2006), three more are negotiating similar arrangements and Saudi Arabia regulates its economic relations with that superpower under permanent U.S.-Saudi Arabia Trade and Investment Council. But on the other hand, the GCC was able to regulate trade conditions with the European Union and engage into military cooperation with NATO. It also reached Asian markets at non-hydrocarbon level and opened new channels of cooperation with that region.

CONCLUSIONS

The Persian Gulf region is an important and unique security complex in current international system. Its significance as energy resources' supplier and vital element of global economical stability plays predominant role in analysis of regional security system. The conservative monarchies of Persian Gulf, organized within the GCC framework and led by Saudi Arabia, are serving as an essential part of regional balance together with Iran and Iraq. "The GCC does form a cohesive group in the sense that it maintains close ties to the West, it shares a degree of mistrust vis-à-vis its neighbors Iran and Iraq, and it contains similar political, economic and social systems." [Koch: 33]. The Persian Gulf security system is organized by Iran, Iraq and the GCC with overwhelming role of the United States as regional protector. The security linkage with the USA shapes regional balance and enhance the military security of the GCC states but in the same time provokes conflicts inside of them. The GCC has developed advanced security mechanisms and established quite coherent economic integration system but still its existence is constantly threatened by mixture of deep internal challenges and external threats. Nevertheless, the GCC plays an important role in the Persian Gulf system and has introduced advanced integration mechanisms into its security.

⁵ Detailed analyses of the GCC economic integration processes are presented, for example, in: R. Shediak, P. Khanna, T. Rahim, H. A. Samman, *Integrating, Not Integrated. A Scorecard of GCC Economic Integration*, Ideation Center Insight, Booz & Company 2011, www.booz.com/media/uploads/BoozCo-Scorecard-GCC-Economic-Integration.pdf; R. Espinoza, A. Prasad, O. Williams, *Regional financial integration in the GCC*, "Emerging Markets Review" no 12, 2011, pp. 354–370; or *The GCC: Process and Achievements 2009*, The GCC Secretariat, Information Center, 4th edition, <http://sites.gcc-sg.org/DLibrary/index-eng.php?action=ShowOne&F=Search&BID=333> (access 08.01.2013), pp. 55–130.

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BIOGRAPHY

Bartosz BOJARCZYK, Assistant Professor in the International Relations Department at the Faculty of Political Science (Maria Curie-Skłodowska University in Lublin, Poland). He gained MA in Contemporary Iranian Studies (Tehran, Iran), and PhD in political science at the UMCS (2006). The author of many articles concerning the security of the Middle East and Central Asia.