



كلية الآداب والعلوم  
College of Arts and Sciences  
QATAR UNIVERSITY جامعة قطر

مركز دراسات الخليج  
Gulf Studies Center

# UK Policy towards the GCC States Post-Brexit: Influence, Adaptations, Impact

Robert Mason

GULF STUDIES CENTER  
Monographic Series  
Politics and Security Cluster  
No.11 March 2023



### **About Gulf Studies Center**

The Gulf Studies Center at the College of Arts and Sciences at Qatar University is the world's first to focus exclusively on the Gulf within the region itself, which aims to advance teaching and scholarship in the Gulf Studies field. It was initially developed in 2011, by offering MA in Gulf Studies. Due to the increasing regional and global interest in this strategic area, the Gulf Studies Research Center was established in the fall of 2013. The Center is committed to advancing cutting-edge research and scholarship on the Gulf region. It also hosts a number of conferences and research events in collaboration with other regional and international partners. To complement the success and to cater for the increasing interest and demand, the PhD Program in Gulf Studies was launched in 2015. The Center engages in interdisciplinary, Gulf-focused studies and research in three main areas: Politics and Security; Energy and Economics; and Social Issues.

### **About Monograph Series**

The Gulf Monograph Series is aimed at improving publication portfolio of the Center, and providing opportunities for affiliated faculty and students as well and reputed non-affiliated scholars to publish in coordination with the center. The publications are double blinded peer reviewed by experts on the field, selected by the Gulf Monographic Center editorial board.

**Cluster:** Politics and Security

**Cluster coordinator:** Luciano Zaccara, Research Associate Professor in Gulf Politics, Gulf Studies Center, Qatar University.

**Designer and editor:** Thouria Mahmoud, Senior Editor, Gulf studies Center, Qatar University

### **Published Monographs**

No.10 February 2022:

*Gulf Security and Minilateralism: The Potential, the Problems, and the Prospects*, Matthew Gray

No.9 November 2020:

*Intra-GCC security dynamics: the case of Oman*, Cinzia Bianco

No. 8 September 2020:

آليات التكيف الاجتماعي مع جائحة (كوفيد 19) في المجتمع العماني: إشارات أولى, مبارك الحمداني

No. 7 March 2020:

*Malaria and Empire in Bahrain, 1931-1947*, Laura Frances Goffman

No. 6 December 2019:

*Russian Foreign Policy towards Qatar and Saudi Arabia: Bridging the Gaps*, Nikolay Kozhanov

No. 5 September 2019:

*Shaping a new world order: The Gulf and the greater Middle East stake their claim*, James Dorsey

No. 4 June 2019:

*The China-Pakistan Economic Corridor and the Gulf Crisis*, Juan Cole

No. 3 December 2017:

*Qatar and Latin America: Narrowing the Distance*, Alejandra Galindo Merines

No. 2 December 2016:

*Challenges for Qatar and Japan to Build Multilayered Relations*, Satoru Nakamura

N°1 December 2015:

*Drone Strikes in the War on Terror: The Case of Post-Arab-Spring Yemen*, Daniel  
Martin Varisco

**The views and opinions expressed in these monographs are those of the authors and in their personal capacity and do not necessarily reflect the views of the Gulf Studies Center.**

©2023

## Table of Contents

5	Abstract
6	Introduction
7	Historic Background
9	Brexit
11	UK Trade and Investment with the GCC States
15	Hard Power Relations
17	Great Power Competition and Other Challenges
22	Conclusion

## **Abstract**

British hegemony in the Gulf (1820-1971) focused on the 'politics of protection' of Kuwait, Bahrain, Qatar, the Trucial States (United Arab Emirates) and Oman, as well as maintaining a communications corridor to India. In 1968, amid a weak export sector, a trade deficit, and an effort to rebalance the economy towards industry which contributed to the devaluation of the pound, the decision was made to withdraw British troops from 'East of Suez' by 1971. British influence over what would become the states of the Gulf Cooperation Council (GCC) in 1981 has since been underpinned by strong arms sales, defense and energy-based relations. This paper argues that contemporary UK policy towards the GCC states, with an emphasis on Saudi Arabia, the United Arab Emirates, and Qatar, reflects an increasing economic reliance on them. The main causes being the economic fallout from Brexit and an energy and cost of living crisis linked to Covid-19 and Russia's war in Ukraine. This paper evaluates the primary nodes of UK influence. It also suggests that the GCC states themselves have not been static, dependent actors. Their Visions strategies, hydrocarbon revenues, and state balancing with a broad range of international allies is set to enhance their relative autonomy and status, threatening to reverse important strands of their historic dependency on the West.

## **Short biography**

Robert Mason is a Non-Resident Fellow at the Arab Gulf States Institute in Washington and a Non-Resident Research Fellow at the Gulf Research Center based in Jeddah. He was formerly Director of the Middle East Studies Center at the American University in Cairo (AUC) and has held visiting positions at Princeton University, University of Oxford, NYU New York, Sciences Po Paris, and the London School of Economics. Mason has published a number of books, chapters and articles on Gulf politics and the international relations of the Middle East. His recent publications include *Saudi Arabia and United Arab Emirates Foreign Policy: Foreign Policy and Strategic Alliances in an Uncertain World* (Manchester University Press, 2023) and *New Perspectives on Middle East Politics: Economy, Society and International Relations* (AUC Press, 2021).

Contact: [rdmobile@hotmail.com](mailto:rdmobile@hotmail.com)

## UK Policy towards the GCC States Post-Brexit: Influence, Adaptations, Impact

### Introduction

The UK no longer adequately fits the definition of a great power: ‘a state seen as playing a major role in international politics’ [which also] ‘possesses economic, diplomatic, and military strength and influence’ as it did after the Congress of Vienna in 1815.<sup>1</sup> Neither is it exclusively a ‘middle power’ or a ‘regional power’: a state that occupies ‘a middle-level position in the international power spectrum, just below superpowers or great powers.’<sup>2</sup> The difficulty of classification lies in the ongoing debate about what constitutes a middle power in a changing international system where hierarchy may regularly be re-delineated. There is a general agreement that a regional power projects significant influence in a geographical region through military capabilities, economic strength and geostrategic position. This may be affected by the domestic-international nexus where differences can appear between self-image and actual capabilities and influence.<sup>3</sup> Another definition is linked to a state’s leadership capacity, impact and legitimacy in the international arena.<sup>4</sup> The UK’s position was more recently defined in a Chatham House report as a ‘medium power with extra clout.’<sup>5</sup>

The UK holds leadership roles in the post-war liberal international order as a founding member of the United Nations (UN) and permanent member of the UN Security Council, a founding member of the North Atlantic Treaty Organization (NATO), and leading economy in the G7. The UK remains a nuclear power and fields highly professional armed forces. UK soft power has been buttressed by the Queen, and now King Charles who heads the Commonwealth, although such influence is showing signs of waning after the Her Majesty’s death.<sup>6</sup> UK foreign policy is said to be driven by political behaviour that has little to do with roles and more to do with sets of appropriate behaviours during interaction, not bundles of fixed duties, and affirm identity.<sup>7</sup> This is even more the case post-Brexit when the UK has been agile and taken a firm stand on the war in Ukraine, thereby highlighting opportunities to extend influence on normative issues and advance transatlantic relations vital to its national security interests, spanning the US and the Nordic states.

---

<sup>1</sup> Oxford Reference, ‘Great Power’,

<https://www.oxfordreference.com/view/10.1093/oi/authority.20110803095905559>.

<sup>2</sup> Sunnaz Yilmaz, ‘Middle Powers and Regional Powers’, Oxford Bibliographies, 17 May 2019, <https://www.oxfordbibliographies.com/view/document/obo-9780199743292/obo-9780199743292-0222.xml>.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> John Kampfner, ‘Britain Must Get Real About its Place in the World’, *The World Today*, 2 December 2022, <https://www.chathamhouse.org/publications/the-world-today/2022-12/britain-must-get-real-about-its-place-world>.

<sup>6</sup> Antigua and Barbuda will seek a referendum within the next three years, Belize is considering a constitutional reform which could lead it to become a republic, The Bahamas and Jamaica have been considering becoming a republic, whilst Australia and New Zealand have hinted at steps towards becoming republics.

<sup>7</sup> David M. McCourt, ‘The Roles States Play: A Median Interactionalist Approach’, *Journal of International Relations and Development*, 15, 2012, 370-392.

The question that guides this paper is: To what extent does Brexit, rising GCC state<sup>8</sup> influence, and changes in the international environment, constrain, facilitate or restore UK soft and/or hard power influence? An argument is advanced that the combination of domestic decisions such as Brexit and international challenges, mainly an energy and cost of living crisis linked to Covid-19 and Russia's war in Ukraine, have undermined, and will continue to undermine, UK hard and soft power resources. They will increase UK economic reliance on the GCC states, with an emphasis on Saudi Arabia, the United Arab Emirates, and Qatar. This is expected to be the case especially during a period of more active GCC state balancing, deployment of economic statecraft, other forms of power projection, and the development of their indigenous military capabilities. The research is based on a range of primary and secondary sources, including interviews with UK diplomats, and insights gleaned from interactions with journalists, academics, businesspeople and officials from the region.

## Historic Background

Having already lost strategic outposts in Singapore and Japan during the Second World War, and the British Raj following Indian independence in 1947, a further decline in international status followed the Suez Crisis in 1956. The pace of imperial decline picked up during economic restructuring, the devaluation of the pound and announcement of British withdrawal 'East of Suez' in 1968, to take effect from 1971. Although there was still support for British hegemony in the Gulf amongst the Arab rulers, the rise of Arab nationalists and communists in the 1950s and 1960s was putting pressure on Britain to leave.<sup>9</sup> British withdrawal from the Gulf may also have been inadvertently facilitated by some of the rulers when they sold off holdings of the British currency in response to British assistance to Israel during the Six Day War in June 1967.<sup>10</sup>

UK - GCC state relations have since evolved based on shifting defensive and security imperatives of the (newly independent) states involved, as well as successive waves of instability in the global energy and financial markets. The 1973 Arab – Israeli War and oil embargo imposed by members of the Organization of Arab Petroleum Exporting Countries (OAPEC) against western states supportive of Israel changed the environment in which British foreign policy had to operate. It dealt an economic blow to many western economies by contributing to high inflation. The UK managed to avoid fuel shortages due to the revised foreign policies of Prime Minister Edward Heath who called for Israel to withdraw to its pre-

---

<sup>8</sup> Saudi Arabia, UAE, Qatar, Bahrain, Kuwait and Oman.

<sup>9</sup> James Onley, 'Britain and the Gulf Shaikhdoms, 1820-1971: The Politics of Protection', Georgetown University in Qatar Center for Regional and International Studies, 2009, 1

<sup>10</sup> Ahisha Ghafoor and Paul Mitchell, 'Secret Deals Ending Britain's Control in Gulf Revealed', *BBC News*, 30 August 2022,

[https://www.bbc.com/news/world-middle-east-62713025?xtor=AL-72-%5Bpartner%5D-%5Bbbc.news.twitter%5D-%5Bheadline%5D-%5Bnews%5D-%5Bbizdev%5D-%5Bisapi%5D&at\\_custom4=79DD732C-27FC-11ED-A2CC40034844363C&at\\_medium=custom7&at\\_custom2=twitter&at\\_campaign=64&at\\_custom1=%5Bpost+type%5D&at\\_custom3=%40BBCWorld](https://www.bbc.com/news/world-middle-east-62713025?xtor=AL-72-%5Bpartner%5D-%5Bbbc.news.twitter%5D-%5Bheadline%5D-%5Bnews%5D-%5Bbizdev%5D-%5Bisapi%5D&at_custom4=79DD732C-27FC-11ED-A2CC40034844363C&at_medium=custom7&at_custom2=twitter&at_campaign=64&at_custom1=%5Bpost+type%5D&at_custom3=%40BBCWorld).

1967 borders, although a coal miners' strike in the winter of 1973-74 dealt a comparable blow.

Prime Minister Margaret Thatcher's decision to send a junior minister from the Foreign Office, William Waldegrave, to Tunis to meet Palestine Liberation Organization (PLO) officials was one of the actions that facilitated the Oslo process.<sup>11</sup> This in turn led to the recognition of Israel by the PLO and recognition of the PLO by Israel, including as the representative of the Palestinian people and partner in bilateral relations. Thatcher's restructuring of the UK economy meant there was new space to accommodate commercial relations with the GCC states. But her Euroscepticism linked especially to the UK rebate and her wariness of moves towards a federal Europe, combined with the social cost of economic reforms to marginalised communities and rising inequality, arguably paved the way for Brexit decades later. Thatcher placed great importance on Britain's special relationship with the US, manifest in her cordial relations with President Ronald Reagan and then her support for President George H. W. Bush in the run up to the American-led invasion of Iraq and Kuwait in 1991. This contributed to her significant legacy in the Middle East.

The New Labour-led UK government, under Prime Minister Tony Blair, was an integral part of President G. W. Bush's Global War on Terror (GWOT) in Afghanistan and then Iraq in response to the terror attacks of 9/11. However, the circumstances of the Iraq War in 2003 remain highly contentious, especially intelligence reports of Weapons of Mass Destruction which proved to be unfounded. US-led maximalist objectives in Iraq were left in tatters and set a dangerous precedent for other powers to potentially use as a justification for their aggression. Although the war attracted GCC state support, it was also met with apprehension and warnings that it could contribute to regional instability. The GCC states were proved correct, as the war facilitated sectarian conflict and helped to create favourable conditions for the extension of Iranian influence into Iraq. One former British diplomat noted that it was a mistake for Saudi Arabia not to engage with the Iraqi leadership in the immediate aftermath of the 2003 US-led intervention, even if the then Prime Minister Maliki was viewed as being too sectarian.<sup>12</sup> The same diplomat noted that the Saudis don't understand Iraq as they should.<sup>13</sup> That is changing, and the kingdom did start engaging with Iraq during the premiership of Haider al-Abadi who signalled his intent on establishing greater geo-sectarian stability. New initiatives included the kingdom opening a consulate in Basra in 2019 and the connection of the Saudi electricity grid to Iraq's in 2022. Iraq also became the staging post for mediation and direct talks between Saudi Arabia and Iran in 2019. Small states such as Qatar were able to exert influence during the GWOT by providing air force base support, a diplomatic channel to the Taliban, and later as a host and mediation partner for the US and the Taliban.

---

<sup>11</sup> Jeremy Bowen, 'Baroness Thatcher's Lasting Legacy in Middle East', BBC News, 9 April 2013, <https://www.bbc.com/news/world-middle-east-22084405>.

<sup>12</sup> Author's interview 18 November 2021.

<sup>13</sup> Ibid.



In response to the Arab uprisings, the Foreign and Commonwealth Office's May 2011 Business Plan included establishing 'strategic relationships' with the GCC states, following the UK government's 2010 'Gulf Initiative' (abandoned due to the Arab uprisings) and defence cooperation agreements.<sup>14</sup> UK policy was expected to focus more on high level visits, trade and culture promotion. All this, along with major arms sales such as a multibillion pound Typhoon sale to the UAE, was expected to signal Britain's return 'East of Suez'. Then domestic UK politics encroached on UK foreign policy in the form of the surprise vote for Brexit in 2016.

## **Brexit**

There is a wide and growing body of literature about the UK's relations with Europe, the causes of Brexit, and its impacts in various spheres.<sup>15</sup> The shift in foreign policy emphasis post-Brexit has been on greater flexibility in terms of diplomacy, military support and free trade. After Brexit was announced in 2016, Theresa May, then UK Prime Minister, travelled to Bahrain to address GCC leaders and enhance economic ties.<sup>16</sup> When the UK left the EU on 31 January 2020, the UK government undertook an integrated review and published it on 16 March 2021. It set out a vision of 'Global Britain'. However, after just two years this highly ambitious terminology was retired in the Integrated Review Refresh 2023. Instead, there was a more realistic assertion that the expanding group of 'middle-ground powers' are of growing importance to UK interests, and that the UK will need to work to protect shared higher interests in an 'open and stable international order'.<sup>17</sup>

Edwards, Baabood and Galeeva, specifically tackle post-Brexit Europe and UK relations with reference to the GCC states and Iran.<sup>18</sup> They identify positive scenarios over the longer term under the government's banner of 'Global Britain', including tighter relations with the US,

---

<sup>14</sup> Gareth Stansfield and Saul Kelly, 'A return to East of Suez? UK Military Deployment to the Gulf', RUSI briefing paper, April 2013: 8-9.

<sup>15</sup> See for example: Ryan K. Beasley, Juliet Kaarbo and Kai Oppermann, 'Role Theory, Foreign Policy, and the Social Construction of Sovereignty: Brexit Stage Right', *Global Studies Quarterly*, 1 (1), 2021; Harold D. Clarke, Matthew Goodwin and Paul F. Whiteley, *Brexit: Why Britain Voted to Leave the European Union*. Cambridge: Cambridge University Press, 2017; Andrew Glenross, *Why the UK Voted for Brexit: David Cameron's Great Miscalculation*. London: Palgrave Pivot, 2016; Geoff Evans and Anand Menon, *Brexit and British Politics*. Cambridge: Polity, 2017; Kenneth A. Armstrong, *Brexit Time: Leaving the EU – Why, How and When?* Cambridge: Cambridge University Press, 2017; David Bailey and Leslie Budd, *Vote Leave: The Political Economy of Brexit*. Newcastle upon Tyne, Agenda, 2017; William Outhwaite (ed.), *Brexit: Sociological Responses*. London: Anthem Press, 2017; Gary Gibbon, *Breaking Point: The UK Referendum on the EU and its Aftermath*. Chicago: The University of Chicago Press, 2017; David Owen and David Ludlow, *British Foreign Policy After Brexit*. Hull: Biteback Publishing, 2017.

<sup>16</sup> Reuters, 'PM May Heads to Bahrain to Cement Gulf Ties Before Brexit', 4 December 2016, <https://www.reuters.com/article/uk-britain-eu-gulf-idUKKBN13T00I>.

<sup>17</sup> HM Government, 'Integrated Review Refresh 2023: Responding to a More Contested and Volatile World', [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1145586/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1145586/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf)

<sup>18</sup> Geoffrey Edwards, Abdullah Baabood and Diana Galeeva (eds.), *Post-Brexit Europe and UK: Policy Challenges Towards Iran and the GCC States*. New York: Palgrave, 2022.

maintaining close relations with EU states, and strengthening relations with the rest of the world.<sup>19</sup> But these have not so far been borne out by events on the ground beyond some piecemeal trade deals. In particular, the UK has been unsuccessful in concluding a new free trade treaty with the US. The UK is now absent from important cooperation forums such as US – EU Trade and Technology Council.

Brexit could undermine other forms of UK influence, for example in British Overseas Territories such as Gibraltar where a hard border loomed until the UK and Spanish governments agreed to keep the border open in December 2020. The UK's dispute with Mauritius over the Chagos Islands, lost representation in the International Court of Justice (ICJ) to India in 2017<sup>20</sup>, and Scottish National Party (SNP) demands for a second referendum on Scottish independence, continue to undermine UK credibility. Brexit has also affected Northern Ireland, primarily through the Protocol introduced in January 2021 which included onerous checks that added to business costs and delays. In contrast, the 'Windsor Framework' adopted on 24 March 2023 removes a hard border between Northern Ireland and the Republic of Ireland. It also halts the Protocol which has helped Westminster to rebuild relations with the EU. But Jim Allister, party leader of the Traditional Unionist Voice (TUV) said the framework was tantamount to the UK foreign secretary having signed away "British sovereignty over a part of this kingdom."<sup>21</sup> That suspicion will not be helped by the revelation that an MI5 spy, presenting himself as "the British government representative" stated in unauthorized talks in 1993 that "This island [Ireland] will be as one"; an assurance which fundamentally reverses official British policy but which led to the 1998 Good Friday Agreement.<sup>22</sup> With Brexit the primary driver, the whole union has entered into a period of flux.

Whilst the economic impact of Covid-19 has been widespread, it has had a particularly deleterious effect on UK development spending which dropped from 0.7 percent of Gross National Income to 0.5 percent in 2021 to reach £11.4 billion.<sup>23</sup> In addition, an energy and cost of living crisis linked to Covid-19 and Russia's war in Ukraine, three prime ministers in 2022, poor market responses to the economic policies of then Prime Minister Liz Truss, and cutbacks to public institutions such as the BBC, continue to challenge UK economic growth and soft power influence. Although the UK maintains aspects of soft power leadership, including high levels of trust, Commonwealth connections, cultural and education exchange,

---

<sup>19</sup> Ibid.

<sup>20</sup> James Landale, 'How UK Lost International Court of Justice Place to India', *BBC News*, 21 November 2017, <https://www.bbc.com/news/uk-politics-42063664>.

<sup>21</sup> The Irish Times, 'Windsor Framework 'Worse than Protocol', TUV Conference Told', 25 March 2023, <https://www.irishtimes.com/ireland/2023/03/25/windsor-framework-worse-than-the-protocol-tuv-conference-told/>

<sup>22</sup> Kirstie Brewer, 'MI5 Spy Reveals Secret 'Unauthorised' IRA Talks', *BBC News*, 26 March 2023, <https://www.bbc.com/news/uk-65038587>

<sup>23</sup> UK Foreign, Commonwealth and Development Office, 'Statistics on International Development: Final UK Aid Spend 2021', November 2022, p. 12, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1133445/Statistics-on-International-Development-Final-UK-Aid-Spend-2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1133445/Statistics-on-International-Development-Final-UK-Aid-Spend-2021.pdf).

Cool Britannia, incorporating Britpop, during the Blair years in the mid to late 1990s looks like a distant memory. This is especially the case when compared to the growing soft power resources of many GCC states, including Qatar's World Cup success in 2022, and the growing soft power influence of states such as Korea in the GCC states, including K-pop. Saudi Arabia was expected to be the fastest growing economy in the G20 in 2022, and the UK the slowest growing economy in the G20 in 2022 (except for Russia). If this is sustained, it could signal shifting patterns of dependency, soft power and normative influence.

Brexit also raises fundamental questions about the UK's relationship with the EU, including cooperation on security and defence through the EU's Common Security and Defence Policy (CSDP), engagement in NATO, and bilateral security ties, especially with France. Russia's war in Ukraine underscores the stakes for European security and the UK contribution to it, as well as British hard power influence more broadly conceived.<sup>24</sup> The Leave campaign during Brexit appears to have ignored the general convergence between the UK and other EU member states on issues such as human rights and democracy, now central in global debates about great power politics, authoritarianism, and the new world order. It shows a fracturing between local, national and international politics, and the inability of the Cameron government to clearly articulate the benefits of holding a leadership position in the EU. The EU retains its status as the largest trading bloc in the world (with implicit leverage that bestows), protects its interests in multilateral and bilateral negotiations, and has a strong normative influence for dialogue, regional cooperation and integration. Still, hard power influence rests with NATO.

As Martill and Sus note, Brexit will not diminish the UK's commitment to European defence and security, since the incentives for collaboration with European partners remains strong. But European attempts to deepen cooperation may represent an obstacle to the UK if EU member states each commit to Permanent Structured Cooperation (PESCO).<sup>25</sup> Brexit draws attention to issues in UK – EU relations including those related to trust, leadership rivalries, public opinion, and moral hazard, but these can be overcome through enhanced cooperation within NATO (which favours UK relations with Major Non-NATO allies such as Bahrain, Kuwait and Qatar), deep and deepening bilateral relations (with many GCC and European states, especially with France), and/or by working in more flexible minilateral formats.

### **UK Trade and Investment with the GCC States**

UK trade and investment relations with the GCC states illustrate the depth of bilateral relations, areas of competitive advantage, leverage and dependency. The UK's trade relationship with the six member states of the GCC amounts to £33 billion each year and is

---

<sup>24</sup> At the time of writing in March 2023 the UK Ministry of Defence had launched an open consultation to shape the next Defence Command Paper in light of the Integrated Review Refresh 2023.

<sup>25</sup> UK Foreign, Commonwealth and Development Office, 'Statistics on International Development: Final UK Aid Spend 2021'.

the UK's fourth largest export market outside of the EU.<sup>26</sup> Top trade partners in the GCC include the UAE where total trade in goods and services amounted to £15.1 billion in 2022 (outward FDI was £7.4 billion and inward FDI was £12.2 billion in 2020)<sup>27</sup>, Saudi Arabia at £13.7 billion (outward FDI was £5.5 billion and inward FDI was £1 billion in 2020)<sup>28</sup>, and Qatar at £8.7 billion (outward FDI is unavailable and inward FDI was £1 billion in 2020).<sup>29</sup> The UK has several areas of competitive advantage, including in science and technology, university education, and culture (primarily the use of the English language and through global media organizations such as the BBC).

Abu Dhabi's £3.5 billion investment deal in Barclays and Qatar's approximately £4 billion ploughed into the bank in 2008 enabled it to avoid a government bailout and partial nationalization during the global financial crisis.<sup>30</sup> After the election of Mohamed Morsi to the Egyptian presidency in 2012, the UAE responded viscerally to the threat that political Islam (i.e. Muslim Brotherhood/MB) posed to monarchical interests in the region, and spearheaded the emergence of the triumvirate of the UAE, Saudi Arabia and Egypt under President Sisi from 2014. The UAE declined to purchase Typhoon fighter jets from the UK in 2013 and threatened to block further billion pound arms deals with the UK, stop inward investment by companies such as BP, and cut intelligence cooperation if the then UK Prime Minister David Cameron did not act against the MB in the UK, including reining in BBC coverage and the use of London as an MB base.<sup>31</sup> A 2015 report that was expected to conclude that the Muslim Brotherhood should not be proscribed as a terrorist organisation, but that its activities should be more transparent and kept under review.<sup>32</sup> In December 2015, David Cameron classified the Muslim Brotherhood as 'possible extremists' because of their ambiguous relationship with violent extremism.<sup>33</sup>

---

<sup>26</sup> Deloitte, 'UK-GCC Trade Negotiations', <https://www2.deloitte.com/uk/en/pages/tax/articles/uk-gcc-trade-negotiations.html>.

<sup>27</sup> UK Department for International Trade, 'Trade and Investment Factsheets: United Arab Emirates', 19 December 2022, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1124494/united-arab-emirates-trade-and-investment-factsheet-2022-12-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124494/united-arab-emirates-trade-and-investment-factsheet-2022-12-19.pdf).

<sup>28</sup> UK Department for International Trade, 'Trade and Investment Factsheets: Saudi Arabia', 19 December 2022, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1124431/saudi-arabia-trade-and-investment-factsheet-2022-12-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124431/saudi-arabia-trade-and-investment-factsheet-2022-12-19.pdf).

<sup>29</sup> UK Department for International Trade, 'Trade and Investment Factsheets: Qatar', 19 December 2022, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1124420/qatar-trade-and-investment-factsheet-2022-12-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124420/qatar-trade-and-investment-factsheet-2022-12-19.pdf).

<sup>30</sup> Eric Ellis, 'Revealed: The Truth About Barclays and the Abu Dhabi Investment', *Euromoney*, 30 May 2013, <https://www.euromoney.com/article/b12kth9h0p0xf/revealed-the-truth-about-barclays-and-the-abu-dhabi-investment>.

<sup>31</sup> Randeep Ramesh, 'UAE Told UK" Crack Down on Muslim Brotherhood or Lose Arms Deals', *The Guardian*, 6 November 2015, <https://www.theguardian.com/world/2015/nov/06/uae-told-uk-crack-down-on-muslim-brotherhood-or-lose-arms-deals>.

<sup>32</sup> George Parker, 'David Cameron Pulls Muslim Brotherhood Report', *Financial Times*, 16 March 2015, <https://www.ft.com/content/67c478d6-cbeb-11e4-aeb5-00144feab7de>.

<sup>33</sup> Alan Tavis and Randeep Ramesh, 'Muslim Brotherhood Are Possible Extremists, David Cameron Says', *The Guardian*, 17 December 2015, <https://www.theguardian.com/world/2015/dec/17/uk-will-not-ban-muslim-brotherhood-david-cameron-says>.

In 2021, the UK and UAE embarked on a new partnership to strengthen and deepen trade relations as well as cooperation on regional issues, development and tackling illicit finance. The leaders of both countries also committed to develop sectors such as technology, education, healthcare and life sciences, clean and renewable energy.<sup>34</sup> The UAE committed £10 billion to UK technology, infrastructure, and the energy transition, via the UAE - UK Sovereign Investment Partnership framework announced in March 2021.<sup>35</sup> This builds on an existing programme of life sciences investment. Such commitments, over time, could significantly enhance British competitiveness. Sheikh Mohammed, the billionaire ruler of Dubai, also has influence at the UK elite level through his vast holdings of property and horse racing interests in London, Scotland and Newmarket. However, politics impinged on the investment relationship in 2021 when Cambridge University halted a £400 million deal with the UAE, hailed as a “potential strategic partnership”, over claims about its use of Pegasus spyware.<sup>36</sup>

The UK’s commercial relationship with Saudi Arabia has disproportionately rested on the massive Al Yamamah and Al Salam arms deals, amounting to more than \$43 billion in revenue.<sup>37</sup> A Serious Fraud Office (SFO) investigation into bribes was shut down by the British government in 2006 due to political sensitivities. Sir Sherard Cowper-Coles, who was British Ambassador to Saudi Arabia at the time, noted that if the Swiss bank accounts of senior Saudi princes were scrutinised, the kingdom could take retaliatory action against the UK, including ceasing counterterrorism cooperation.<sup>38</sup> This could have repeated the furore over the ‘Death of a Princess’ film shown on UK television on 9 April 1980 after which the UK ambassador, James Craig, was asked to leave the country and new restrictions were placed on British businesspeople visiting the kingdom. Saudi Arabia and Lebanon both temporarily banned British Airways Concorde flights from their respective airspace. Saudi Arabia was an important ally during the 1990-1991 Gulf War during which it hosted British Tornados and provided other support and use of its bases.

The fact that UK ties to GCC states be instantly affected by political issues shows just how difficult it is for the UK to impose conditionality. Politics in the GCC states is generally personal and highly centralized, in addition to issues that are cultural or religious in nature. However, as some of these states liberalize in order to attract more ‘white collar’ workers to drive economic diversification, and as tourism industries develop and mature, there may be a

---

<sup>34</sup> HM Government, ‘United Kingdom – United Arab Emirates Joint Communiqué: A Partnership for the Future’, 16 September 2021, <https://www.gov.uk/government/news/united-kingdom-united-arab-emirates-joint-communicue-a-partnership-for-the-future>.

<sup>35</sup> HM Government, ‘Press Release: UAE to Invest £10 Billion in Priority UK Industries’, 16 September 2021, <https://www.gov.uk/government/news/uae-to-invest-10-billion-in-priority-uk-industries>.

<sup>36</sup> Richard Adams, ‘Cambridge University Halts £400m Deal with UAE Over Pegasus Spyware Claims’, *The Guardian*, 14 October 2021, <https://www.theguardian.com/education/2021/oct/14/cambridge-university-halts-400m-deal-with-uae-over-pegasus-spyware-claims>.

<sup>37</sup> World Peace Foundation, ‘The Al Yamamah Arms Deals’, <https://sites.tufts.edu/corruptarmsdeals/the-al-yamamah-arms-deals/>.

<sup>38</sup> Author’s interview, 4 June 2010.

reduction in some kinds of tension. Indeed, culture, sport and tourism is one of the four new clusters that will drive economic and social collaboration between the UK and Saudi Arabia, along with trade, investment and financial services; education and healthcare; and energy, industry and the environment.<sup>39</sup> UK – Saudi economic relations are expanding in a number of areas where there is greater convergence of economic interests. For example, Saudi investments in the UK included a £300 million acquisition of Newcastle United by the Saudi Public Investment Fund (PIF) October 2021. The deal reflects a growing trend in GCC state investments into European sports teams to extend their soft power influence.<sup>40</sup> The visit by former UK Prime Minister Boris Johnson to Saudi Arabia seeking, but ultimately failing, to secure additional oil supplies took place during a mass execution of 81 men on terrorism and deviant belief charges in 2022. It stands as testament to the lack of UK leverage over the kingdom.

Qatari LNG is disproportionately important to the UK during the current energy crisis and as output from aging North Sea fields fall. This is evident in the £4.1 billion or 298 percent increase in UK imports from Qatar between 2021 and 2022.<sup>41</sup> Qatar supplied about 17 percent of UK gas demand in 2021 and it is reported that British ministers aimed to shore up supplies by asking Qatar to become a ‘supplier of last resort’.<sup>42</sup> Whilst oil and gas remain strategic for the UK, as they do for democratic allies in Asia (e.g. South Korea and Japan), the GCC states could remain central in the global political economy for geopolitical reasons, through their pricing policies, and through the ramping up their hydrogen and ammonia exports, thereby contributing to the energy transition.<sup>43</sup> However, there is still ambiguity over how this transition will take place and who will be the main beneficiaries.

The UK and Qatar signed a new Strategic Investment Partnership in May 2022 in which Qatar will invest £10 billion in key sectors of the UK economy over five years, including in fintech, zero emissions vehicles, life sciences and cyber security.<sup>44</sup> The Qatar Investment Authority had already invested £85 million in Rolls Royce’s small nuclear power project in 2021.<sup>45</sup> But the difficulty over the coming years will be in establishing balanced trade relations between the UK and Qatar when the UK demand for Qatari LNG remains so high.

---

<sup>39</sup> HM Government, ‘United Kingdom and Kingdom of Saudi Arabia Strategic Partnership: Joint Statement (Economic and Social Pillar)’, 15 July 2021, <https://www.gov.uk/government/publications/united-kingdom-and-kingdom-of-saudi-arabia-strategic-partnership-joint-statement-economic-and-social-pillar/united-kingdom-and-kingdom-of-saudi-arabia-strategic-partnership-joint-statement-economic-and-social-pillar>.

<sup>40</sup> Rick Kelsey, ‘Newcastle United Takeover: What is PIF, the Main Owner of the Club?’, *BBC News*, 10 October 2021, <https://www.bbc.com/news/newsbeat-58842557>.

<sup>41</sup> UK Department for International Trade, ‘Trade and Investment Factsheets: Qatar’, 19 December 2022.

<sup>42</sup> Reuters, ‘UK Seeks Long-Term Gas Deal with Qatar, Asks to Become ‘Supplier of Last Resort’-FT’, 6 November 2021, <https://www.reuters.com/business/energy/uk-seeks-long-term-gas-deal-with-qatar-asks-become-supplier-last-resort-ft-2021-11-05/>.

<sup>43</sup> Jon B. Alterman, ‘The Middle East’s Coming Central Centrality’, Center for Strategic and International Studies, 20 September 2022, <https://www.csis.org/analysis/middle-east-s-coming-centrality>.

<sup>44</sup> HM Government, ‘PM Hails £10 Billion Qatari ‘Vote of Confidence’ in the UK’, 24 May 2022, <https://www.gov.uk/government/news/pm-hails-10-billion-qatari-vote-of-confidence-in-the-uk>.

<sup>45</sup> Reuters, ‘Qatar Backs UK’s Rolls-Royce in Small Nuclear Power Project’, 20 December 2021, <https://www.reuters.com/markets/europe/qatar-backs-uks-rolls-royce-small-nuclear-power-project-2021-12-20/>.

Thus there is an urgency of developing closer and broader economic relations with Qatar and in launching UK free trade negotiations with the GCC bloc in June 2022, focusing on food and drink, manufacturing, and the renewable energy sectors. It could add an extra £1.6 billion a year to the UK economy<sup>46</sup>, but this would be a modest benefit versus more than £40 billion in lost trade just seven months after the EU – UK trade deal in 2021.<sup>47</sup> In comparison, and by the UK government's own estimates, the free trade deal with Australia is expected to raise UK GDP by just 0.1 percent over 15 years.<sup>48</sup>

The opportunities on offer through GCC state diversification processes, the so-called Visions strategies, are broadening out hydrocarbon-based relations. However, they could contribute to new strands of co-dependency or dependency over the longer term by holding sway in strategic sectors of the UK economy, depending on the level of investment. Through energy dependency and the Visions strategies, the UK is one of just a number of actors which is building ties, and the preference for GCC state balancing, ideological concerns and intelligence gathering techniques could further limit just how far these relations will fill the void of lost EU trade and investment.

### **Hard Power Relations**

Saudi Arabia has been an important UK ally in a constantly changing region. Throughout the 2000s, the greatest terrorism threat to the UK was from al-Qaeda and so a close counterterrorism and intelligence partnership with the kingdom was absolutely necessary. Instances where it has been effective include foiling a 'printer bomb' on board a US-bound flight that landed at East Midlands Airport in October 2010.

There could have been space for the UK and US to work more closely with GCC states such as the UAE and Qatar (and even possibly Saudi Arabia) on Syria, as they did during the NATO intervention in Libya in 2011. However, Prime Minister Cameron's choice of a UK parliamentary vote on military action in Syria where there was no legal requirement to do so (MPs voted against action in 2013) set in motion a similar move in the US. President Obama's caution in light of expected Republican attacks and eagerness to move past a decade of perpetual wars in the Middle East, encompassing Afghanistan, Iraq, Yemen, Somalia and Libya, meant he sought congressional approval for military action "limited in duration and scope" designed to "hold the Assad regime accountable for their use of chemical weapons..."<sup>49</sup>

---

<sup>46</sup> HM Government, 'Press Release: UK Launches Ambitious Trade Deal with Gulf Nations', 23 June 2022, <https://www.gov.uk/government/news/uk-launches-ambitious-trade-deal-with-gulf-nations>.

<sup>47</sup> Neil Vowles, 'New UKTPO Analysis Identifies £44 Billion in Lost Trade in the First Seven Months of the EU-UK Trade Deal', University of Sussex, 15 November 2021, <https://www.sussex.ac.uk/broadcast/read/56758>.

<sup>48</sup> UK Office for Budget Responsibility, 'The Latest Evidence on the Impact of Brexit on UK Trade', March 2022, <https://obr.uk/box/the-latest-evidence-on-the-impact-of-brexit-on-uk-trade/>.

<sup>49</sup> Paul Lewis, 'US Attack on Syria Delayed After Surprise U-Turn From Obama', *The Guardian*, 1 September 2013, <https://www.theguardian.com/world/2013/aug/31/syrian-air-strikes-obama-congress>.

Without British political or military support, or a UN resolution, the US and Russia instead agreed a deal to destroy Syrian chemical weapons. Despite President G. W. Bush's decision to intervene in Iraq and NATO intervention in Kosovo having taken place without an international mandate, US and UK military operations were confined to arming and training the Syrian opposition (including use of special forces), countering Islamic State in Syria and Iraq, and conducting limited airstrikes on extremist or other pro-Iranian militias. In this context of limited assistance, another irritant in US – GCC relations, it appears that the UAE and Saudi Arabia, with MBS becoming Minister of Defence in 2015, agreed to support Russian intervention in Syria with more limited objectives of destroying the political aspirations of the MB, stabilising Syria, and enabling the Assad regime to regain control of the country.<sup>50</sup> Saudi Arabia and the UAE maintain economic and energy ties with Russia, despite stringent western sanctions against Moscow in light of the war in Ukraine. In the context of Syria, OPEC+ agreements, and a closer military-to-military relations with Iran, Saudi Arabia and the UAE will want to maintain close contact and cooperation with President Putin as far as possible. Indeed, events have proceeded in 2023 with Saudi Arabia and the UAE seeking normalisation with both Iran and Syria, showing that some GCC states are taking the initiative for establishing a more 'stable' regional environment, with economic prosperity and potentially some de-escalation at its core.

The UK has been supporting the Saudi military in Yemen, including £7.9 billion in arms sales since Saudi bombing in Yemen began.<sup>51</sup> The degree to which BAE Systems enables the Saudi military to fight in Yemen was explained by John Devrell, a former UK defence attaché to the kingdom, who said that “they couldn't do it [prosecute the Yemen campaign] without us.”<sup>52</sup> The UK government has taken a number legal and political measures to sustain vital, military-orientated, trade and investment, as well as national security ties to the kingdom. It has been robust in its own defence in the face of several challenges from civil society, the media and parliamentary groups, especially action related to the legality of the government's involvement in the war in Yemen. For the British armed forces, cooperation built on decades of assistance to the Saudi Arabian National Guard (SANG), gives the British Army experience in new desert theatres, provides capacity building to an allied state, and knowledge about how to influence them.<sup>53</sup> The Strategic Partnership Council, established in March 2018 reinforces long-term cooperation and relations, supporting not only joint economic and social interests, but political and security interests as well.

---

<sup>50</sup> Julian Borger, 'Saudi Strongman 'Encouraged' Russia Intervention in Syria, Lawsuit Claims', *The Guardian*, 16 August 2020, <https://www.theguardian.com/world/2020/aug/16/saudi-strongman-encouraged-russia-syria-intervention-lawsuit-claims>.

<sup>51</sup> Oxfam, 'Fueling Conflict: Analyzing the Human Impact of the War in Yemen', 11 January 2023, available at <https://reliefweb.int/report/yemen/fueling-conflict-analyzing-human-impact-war-yemen>.

<sup>52</sup> Arron Merat, 'The Saudis Couldn't Do It Without Us': The UK's True Role in Yemen's Deadly War', *The Guardian*, 18 June 2019, <https://www.theguardian.com/world/2019/jun/18/the-saudis-couldnt-do-it-without-us-the-uks-true-role-in-yemens-deadly-war>.

<sup>53</sup> David B. Roberts, 'British National Interest in the Gulf: Rediscovering a Role?', *International Affairs*, 90 (3), May 2014: 663-667, at 670-671.



Beyond access to air bases at Al Udeid (Qatar) and Al Musannah (Oman), the UK has recently ‘returned’ to the Gulf through Royal Air Force access to the Al Minhad air base in the UAE, a UK Maritime Component Command at Juffair in Bahrain, and a Permanent Joint Logistics Base in Duqm, Oman, established in 2017. Juffair forms the command element of Operation Kipion, the Royal Navy's maritime presence in the Gulf and Indian Ocean designed to help ease concerns about Iranian influence there. Duqm represents clear advantages in terms of being able to host UK aircraft carriers operating in the Red Sea, Gulf and Indian Ocean, matching UK needs for global force projection. An Omani – British Joint Training Area was established in 2019 after joint military exercises in 2018, within the framework of Joint Defence Agreement (JDA).<sup>54</sup> The most recent concrete examples of security related cooperation between the UK and Qatar has been the provision on of a joint UK-Qatar Typhoon Squadron that provided additional air cover for the Qatar 2022 World Cup.<sup>55</sup> Both states have also set up a Strategic Dialogue in February 2023 facilitating official level engagement, to be reviewed on an annual basis, in areas such as defence and security, energy, regional security, trade and investment, and humanitarian and development assistance.<sup>56</sup>

Given the dominant preference for bilateral relationships in the Arab Gulf due to a lack of regionalism, mistrust and great power involvement, UK influence is likely to remain. Some GCC states more than others will feel the chilling effect if a US – Iran nuclear deal is not completed soon. The demand for enhanced security relations will therefore be uneven, and is already being reflected in the degree to which hard power strands have become formalised in dialogues and agreements with the UK government. The UK remains complicit in regional insecurity through acts of omission and commission. It has lost leverage to Russia in Syria, which takes on a new hue given the intense focus on the Kremlin after the onset of the war in Ukraine and the normalisation taking place between Saudi Arabia, the UAE and the Assad government. This section shows that UK decision making on military cooperation and (non) deployment have had serious repercussions throughout the region.

### **Great Power Competition and Other Challenges**

Amid changes in the international system, including the relative decline of the US, and domestic political consolidation taking place in the Gulf, there has also been a push-back against western imposed conditionality and norms, resulting in an enhanced turn towards the East.<sup>57</sup> The UK is cognizant of great powers engaging in the Gulf, which generally refers to the growing impact and rivalry between the US and China. A number of irritants have

---

<sup>54</sup> UK Ministry of Defence, ‘UK and Oman Sign Historic Joint Defence Agreement’, 21 February 2019, <https://www.gov.uk/government/news/uk-and-oman-sign-historic-joint-defence-agreement>.

<sup>55</sup> HM Government, ‘PM Hails £10 Billion Qatari ‘Vote of Confidence’ in the UK’.

<sup>56</sup> HM Government, ‘Qatar - UK Inaugural Strategic Dialogue 2023: Joint Communiqué’, 21 February 2023, <https://www.gov.uk/government/news/the-inaugural-strategic-dialogue-between-the-state-of-qatar-and-the-united-kingdom-joint-communication>

<sup>57</sup> Robert Mason, *Saudi Arabia and the United Arab Emirates: Foreign Policy and Strategic Alliances in an Uncertain World*. Manchester: Manchester University Press, 2023.

undermined US influence in the Gulf over the past two decades, from the US-led invasion of Iraq in 2003, to the Obama administration's response to the Arab uprisings and nuclear diplomacy with Iran. Although President Trump ushered in a new era of transactional and *carte blanche* policies, the Justice Against Sponsors of Terrorism Act (JASTA), lack of security guarantees during the attacks on Khurais and Abqaiq oil facilities in 2019, and expected conditionality imposed by the Biden administration, have undermined more cooperative relations with Saudi Arabia. US energy independence and divergent GCC state energy interests, especially the kingdom's desire to maintain OPEC+ pricing and extend the market for its hydrocarbons, have created further challenges for the Biden administration.

In 2021, US – UAE bilateral trade totalled \$23.03 billion.<sup>58</sup> US – Saudi trade amounted to \$24.7 billion<sup>59</sup>, and US – Qatar trade stood at \$5.4 billion in 2021.<sup>60</sup> Investment ties are also strong and GCC partners plan to invest \$3 billion in projects that align with US Partnership for Global Infrastructure and Investment (PGII) goals to deliver quality infrastructure around the world in 2022.<sup>61</sup> The US is still the security guarantor of choice for the GCC states. But there appears to be a waiting game taking place in Riyadh and Abu Dhabi for a US president more amenable to their interests, reminiscent of their approach to President Obama after he embarked on diplomacy with Iran.<sup>62</sup> The GCC state (and indeed Commonwealth) response to the war in Ukraine did not reflect a convergence of national interests with the UK or US. The UAE, India, Pakistan and South Africa all abstained from the first important UN Security Council vote on Ukraine, showing a rare strength and confidence within the non-aligned movement, reflective of their own interests and irritants with the US. The global energy and economic crisis from 2021 has only underscored this disconnect further.

China became the largest trade partner of the Gulf region in 2013, pushing the EU into second place.<sup>63</sup> Bilateral trade between China and the UAE was more than \$75.6 billion in 2021.<sup>64</sup> China and Saudi Arabia trade was \$87.3 billion in 2021<sup>65</sup>, and China and Qatar trade

---

<sup>58</sup> Embassy of the United Arab Emirates, Washington D.C., 'UAE-US Trade', <https://www.uae-embassy.org/uae-us-cooperation/uae-us-trade>.

<sup>59</sup> Arab News, 'Saudi – US Trade Rises in 2021 to \$24.7bn as Non-Oil Exports Hit Record High, Report Shows', 5 June 2022, <https://www.arabnews.com/node/2096831/business-economy>.

<sup>60</sup> Doha News, 'Qatar – US Trade Reached \$2.5 Billion in First Half of 2021', 14 October 2021, <https://dohanews.co/qatar-us-trade-reached-2-5-billion-in-first-half-of-2021/>.

<sup>61</sup> The White House, 'FACT SHEET: The United States Strengthens Cooperation with Middle East Partners to Address 21<sup>st</sup> Century Challenges', 16 July 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/16/fact-sheet-the-united-states-strengthens-cooperation-with-middle-east-partners-to-address-21st-century-challenges/>.

<sup>62</sup> Ben Rhodes, 'A Fatal Abandonment of American Leadership', *The Atlantic*, 12 October 2018, <https://www.theatlantic.com/ideas/archive/2018/10/jamal-khashoggi-and-us-saudi-relationship/572905/>.

<sup>63</sup> Tim Niblock, 'Situating the GCC in China's Transforming Roles in Asia', Middle East Institute, 16 February 2016, <https://www.mei.edu/publications/situating-gcc-chinas-transforming-roles-asia>.

<sup>64</sup> Guila Interesse, 'China-United Arab Emirates (UAE): Bilateral Trade and Investment Outlook', China Briefing, 29 August 2022, <https://www.china-briefing.com/news/china-united-arab-emirates-uae-bilateral-trade-investment-outlook/>.

<sup>65</sup> Reuters, 'Factbox: Saudi – China Energy, Trade and Investment Ties', 9 December 2022, <https://www.reuters.com/world/saudi-china-energy-trade-investment-ties-2022-12-09/>.

was \$17 billion in 2021.<sup>66</sup> Meanwhile, Chinese investment and construction projects have expanded in the region, totalling \$43 billion in Saudi Arabia, \$36.16 billion in the UAE, and \$7.8 billion in Qatar between 2005 and 2021.<sup>67</sup> China continues to build capacity in the kingdom with two new refineries in 2023. The US, along with some other western states, is monitoring and in some cases pushing back against China's play for the Gulf, including China's alleged nascent 'military base' in Khalifa Port and cyber surveillance exports to the UAE, cooperation on missile development and nuclear power in Saudi Arabia, and a 25-year economic, military and security agreement with Iran. One senior Chinese official noted in respect of British political and economic instability in 2022: 'If you don't have a political system that can make short-term sacrifices for the long-term good of the country, how can you expect your system of government to survive?'<sup>68</sup> Certainly, this draws attention to discrepancies between UK and Chinese state governance. Whilst there are antiquated elements of the British political system that need updating: including: First Past The Post, the House of Lords, and discrepancies in its values-driven policymaking, many issues such as ageing populations and recession will affect many parts of the world in 2023.

The 2023 Saudi – Iran normalization agreement mediated by Iraq, Oman and China, illustrates both a shift in the regional and international environment and a lack of UK leverage to influence Gulf security despite significant trade and investment relations with the GCC states. This is a conundrum that the UK needs to solve since during Theresa May's visit to the Gulf in 2016, she said "Gulf security is our security".<sup>69</sup> The deal highlights UK diplomatic and economic deficiencies vis-à-vis China, which President Xi has been able to convert into valuable political capital, at least in the near term. Much depends on US nuclear deal with Iran and Iranian military involvement with Russia, in terms of plotting UK and European positions towards Iran in future and their ability to adapt to the uncertain trajectory of security in the Gulf. If Saudi – Iranian diplomacy is sustained and advanced, there could be more opportunities for external powers to interact on 'shared priorities'<sup>70</sup> and benefit from new regional security agreements and mechanisms. However, due to the balancing and hedging taking place between GCC states and a number of external powers, including the US, Russia and China, the UK is all too likely to be side-lined. As Saudi Arabia, the UAE and Qatar continue to benefit from higher hydrocarbon and non-hydrocarbon revenues, partners such as the UK will increasingly be forced to engage on more equal terms unless it can reverse its economic decline.

---

<sup>66</sup> China Briefing, 'China and Hong Kong's Bilateral Trade and Investment Outlook with Qatar', 22 November 2022, <https://www.china-briefing.com/news/china-and-hong-kong-qatar-trade-and-investment-outlook/>.

<sup>67</sup> AEI, 'China Global Investment Tracker', <https://www.aei.org/china-global-investment-tracker/>.

<sup>68</sup> Bronwen Maddox, 'Other Democracies Should Beware Taking Pleasure in the UK's Travails', *Financial Times*, 21 December 2022, <https://www.ft.com/content/ed0ed53b-d5eb-4407-a828-93d9d1d82147>.

<sup>69</sup> HM Government, 'Prime Minister's Speech to the Gulf Cooperation Council 2016', <https://www.gov.uk/government/speeches/prime-ministers-speech-to-the-gulf-co-operation-council-2016>

<sup>70</sup> HM Government, 'Integrated Review Refresh 2023'.

As the ‘golden era’ of UK – China relations comes to a close and London moves to a more cautious footing with Beijing, accusing it of a ‘creeping authoritarianism’<sup>71</sup>, the result may be a further drag on UK trade, security and defensive relations with some of the GCC states opting to forge closer ties to Beijing. Whilst the UAE is having a disproportionate influence on the political economies of South East Asian states such as Indonesia, other states are already moving to build up deterrent power against China. The move by Australia, the UK and US to cooperate on the supply of nuclear powered submarines is one such example. These states are also building relations with many actors directly in the Indo-Pacific through trade and investment, but may also opt to expand AUKUS or other forms of minilateralism, subject to threat perception.

There is also evidence of increasing competition between the UK and France, which, under President Macron, has been geared towards enhancing trade and investment and security relations with the GCC states. After a shaky first encounter between President Macron and MBS when the French President intervened in 2017 to secure the release of then Lebanese Prime Minister Saad Hariri from detention in Riyadh, President Macron moved quickly to show support to MBS in 2018. He and then German Chancellor Merkel clashed in 2018 over Saudi arms exports following the killing of Jamal Khashoggi.<sup>72</sup> France has since pivoted from a traditional focus on North Africa and the Sahel to extending relations in the Arab Gulf in the pursuit of economic interests, cultural objectives and great power status. Following Brexit, France is set to be the GCC states’ leading EU partner, made all the more important as the EU footprint in the Gulf expands following the opening of an EU mission office in Kuwait in 2019 and the announcement of a ‘strategic partnership with the Gulf’ in 2022.

France has committed troops to the UAE, stationed at Camp de la Paix which opened in Abu Dhabi in 2009. Close security ties build on a sustained and substantial arms relationship, part of total bilateral trade valued at EUR 4.8 billion in 2019.<sup>73</sup> France and the UAE generally see eye-to-eye on regional issues, including the threat from political Islam, support for Greece over competing maritime claims with Turkey, and support for regional ‘strongmen’ such as President Sisi in Egypt and Khalifa Haftar in Libya. However, France has been unsuccessful in influencing events in Libya and Yemen, where like the UK, it stands accused of complicity in Saudi strikes that have resulted in civilian casualties. France also sees the UAE as a gateway and minilateral partner in the Indian Ocean. French-Indian-UAE naval exercises took place in 2021 and as of February 2022, France was also reported to be helping the UAE to protect its airspace from ballistic missile and drone attacks.<sup>74</sup>

---

<sup>71</sup> Aubrey Allegretti, ‘Rishi Sunak Signals End of ‘Golden Era’ of Relations Between Britain and China’, *The Guardian*, 28 November 2022, <https://www.theguardian.com/politics/2022/nov/28/rishi-sunak-signals-end-of-golden-era-of-relations-between-britain-and-china>.

<sup>72</sup> DW, ‘Merkel, Macron Clash Over Saudi Arms Exports’, 26 October 2018, <https://www.dw.com/en/chancellor-angela-merkel-president-emmanuel-macron-clash-over-saudi-weapons/a-46059978>.

<sup>73</sup> Business France Middle East, ‘French Economic Presence In the United Arab Emirates’, <https://world.businessfrance.fr/middle-east/2020/10/27/french-economic-presence-in-the-uae/>.

<sup>74</sup> Reuters AFP, ‘France to Provide UAE with Military Support to Protect Airspace’, 5 February 2022, available at <https://www.arabnews.com/node/2018186/middle-east>.

France – Saudi relations are developing in support of Vision 2030. In 2021, France imported \$3.8 billion of Saudi goods, and exported \$3.23 billion to the kingdom.<sup>75</sup> This is well below UK – Saudi levels, but France was afforded an opportunity to develop relations with the kingdom in the context of a temporary security vacuum left by the Trump administration during the attacks on Khurais and Abqaiq. In response, France deployed the ‘Jaguar Task Force’ and an advanced radar system to support Riyadh’s air and missile defences.<sup>76</sup> MBS has been restrained in criticizing France over depictions of the Prophet Muhammad in public, in a quid pro quo approach which MBS has replicated towards other countries such as India. Bilateral cooperation has most recently revolved around presentations from French healthcare companies in the kingdom and French Development Agency support to cultural and tourist destinations such as Al Ula.<sup>77</sup> MBS met with President Macron regularly in 2021 and 2022, giving President Macron first mover advantage to build relations after MBS was ostracized over the murder of Jamal Khashoggi in 2018. Relations with Saudi Arabia draw attention to France being a “convenient and credible” option.<sup>78</sup> As GCC states seek to diversify their international partnerships after encountering problems with US conditionality, and to maximize their relative autonomy, France can continue to benefit.

Qatar was concerned about the timing of growing French – UAE relations during the Saudi, UAE and Egyptian blockade of Qatar from 2017-2021, but nevertheless bought fighter jets and armored vehicles from France valued at EUR 12 billion in 2017.<sup>79</sup> France is Qatar’s second most important market in Europe after the UK, and has a broad spectrum of substantial investments ranging from real estate to sports clubs such as Paris Saint Germain. The World Cup held in Qatar in 2022, where France reached the final against Argentina and at which President Macon was in attendance, will no doubt help to secure and advance ties.

Although the UK - France relations have become more pragmatic during the Sunak government, for example on fishing and migrant crossings, there is not yet a common foreign policy approach, which could conceivably include Gulf security or joint endeavors in the Indo-Pacific. Again, domestic politics has intruded, and King Charles’ state visit to France scheduled for March 2023 had to be cancelled due to French protests over pension reform.

---

<sup>75</sup> Sarah Sfeir, ‘“Vision 2030 Offers Companies Myriad Opportunities’, Says Saudi-French Business Council Chief Mohamed Ben Laden’, *Arab News*, 29 July 2022, <https://www.arabnews.com/node/2131176/business-economy>.

<sup>76</sup> Asharq Al-Awsat, ‘Macron Says Jaguar Task Force Deployed to Boost Arabian Peninsula Security’, 18 January 2020, <https://english.aawsat.com/home/article/2088306/macron-says-jaguar-task-force-deployed-boost-arabian-peninsula-security>.

<sup>77</sup> Ministère De L’Europe et Des Affaires Étrangères, ‘Saudi Arabia – Visit by Olivier Becht (20-22 December 2022)’, <https://www.diplomatie.gouv.fr/en/country-files/saudi-arabia/news/article/saudi-arabia-visit-by-olivier-becht-20-22-dec-2022>.

<sup>78</sup> Jean-Loup Samaan, ‘Under Macron’s Leadership, France is Leading a Middle Power Strategy in the Gulf. Here’s How.’, Atlantic Council, 16 August 2022, <https://www.atlanticcouncil.org/blogs/menasource/under-macrons-leadership-france-is-leading-a-middle-power-strategy-in-the-gulf-heres-how/>.

<sup>79</sup> Hadeel Al Sayegh, ‘Qatar Flexes Financial Muscle with 12 Billion Euros of French Deals’, *Reuters*, 7 December 2017, <https://www.reuters.com/article/us-qatar-france-contracts-idUSKBN1E1162>.

There is scope for the E3 (UK, France and Germany), signatories to the 2015 Joint Comprehensive Plan of Action (JCPOA) with Iran, and the E4 with Italy concerning regional issues with Iran, notably on Yemen, to broaden out to other issues. But given the economic interests at stake and the competition that already exists in Europe and in the GCC, it is unlikely to be successful in delivering a common voice. Certainly, the 2015 Iranian nuclear agreement, potential for US and Israeli escalation against Iran, and the potential for further regional instability despite recent agreements and normalization, adds an ongoing degree of uncertainty to the strategic context in which UK – GCC state relations operate.

## **Conclusion**

This article highlights the great power status Britain enjoyed as an empire, and the series of events that have marked its political and economic transitions from the Suez Crisis and withdrawal ‘East of Suez’, to the 2003 Iraq War and Brexit. Since the Cold War and America’s ‘unipolar moment’ the UK has pursued a special relationship with the US, and yet Brexit risks undermining this vital relationship as well as UK - EU trade. Brexit has proven to be a strategic blunder for UK economic interests and has undermined UK sovereignty by creating new forms of isolation, norms (disintegration), barriers and costs in its engagement within the liberal international order, an order which is increasingly important to uphold versus growing competition from authoritarian states and global competitors. In contrast, small states such as the UAE and Qatar, and middle powers such as Saudi Arabia, are effectively harnessing liberalism, nationalism and economic statecraft built on hydrocarbon exports, as well as opportunities located in their respective Visions strategies and the transition to renewable energy, to effect positive changes to their regional and international positions, status and international influence.

Number 10 will find it increasingly difficult to leverage competitive advantages as its horizons, resources and interests narrow due to the converging pressures and distractions outlined above. Beyond action on Ukraine, and relative inaction on Syria, the UK could have addressed its historic role and placed values at the centre of its decades old diplomacy with Israel over the two-state solution. In doing so, it could have differentiated itself from great powers such as China which benefit from a larger and growing trade and investment footprint in the Gulf whilst also benefitting from grass roots support across the Muslim world. It is increasingly hard to see where the UK has been able to condition or influence Gulf state behavior or where it has led through diplomacy in the region.

The chief adaptations in this case are in the UK military posture, re-orientating to address regional and international threats, including force projection into the Indian Ocean. The move, an important plank in the UK’s evolving policy on China, is not only a remarkable ‘return’ to the Gulf but reflects a permanent interest in projecting influence into other parts of the world. At this critical time however, the UK energy crisis and cost of living crisis has raised the stakes, reduced UK soft power influence, and suppressed UK trading relations with many like-minded EU states. Similar to the Thatcherite era, structural change provides more space for GCC state investments but with attendant concerns that UK resources and leverage

could further be affected down the line. This is not an insignificant issue since tensions and divergent interests exist on many issues, especially related to Russia and China. However, there is potential for more coordination in areas of common interest such as development spending and other joint ventures in the global south. For small states in the GCC, growing influence, in part achieved through judicious balancing, could be offset by regional insecurity, drawing attention to the fast paced and unpredictable environment in which these states operate.

Growing interdependency naturally follows GCC centrality in the international energy market and the implementation of the various Visions strategies. The UK could rebalance some important strands of growing dependency vis-à-vis the GCC states, especially the skewering effects of its buoyant arms trade to the region and through growing socio-economic ties. By pursuing this strategy in conjunction with a reversion to prioritizing EU trade and investment, it would help the UK recover from low growth, add to its hard and soft power resources, and build confidence to cooperate on internal and external issues. This is almost a prerequisite for closer political alignment with the EU on foreign and security policy, as well as being able to compete or cooperate more effectively with states such as China and France that are making inroads into the Gulf. The transition to renewables and UK energy independence will clearly take longer to implement, putting the emphasis in the short-term on Qatar.

The UK could gain greater influence vis-à-vis the GCC states by focusing more on its convening power, multilateralism with strategic allies in the region and elsewhere, and contributing to the construction of solid multilateral institutions generally reflective of its normative values. Such an institution(s) could eventually act as a hard power constraint in the Gulf and better serve UK interests without the need to needlessly risk political capital. An enhanced UK agenda for Gulf security, coupled with a continued broadening out of socio-economic relations, could facilitate the integration of more benign aspects into these strategic bilateral relations. As the regional security considerations come to the fore following the Saudi - Iranian deal, whether the UK is onboard will depend on who is driving such diplomacy. If it's the United States, Westminster may yet be in an improved position to shape the Gulf in a way which better serves its national interests and those of its allies.