



# **Gulf Cooperation Council and potential GCC-UK Trade Agreement**

**Trade Justice Movement Briefing  
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## **Contents**

Background .....	2
The GCC's current trading relationships .....	2
GCC-UK trading relationship .....	2
Defence: a mutually important relationship .....	4
GCC member states' approach to sustainable development .....	5
Human Rights .....	5
LGBT rights.....	5
Gender discrimination .....	5
Labour Rights .....	6
Climate Change .....	6
The UK's approach to sustainable development in the FTA.....	7
Climate change .....	7
Human Rights .....	7
Public view .....	8
TJM view .....	9

## Background

The Gulf Cooperation Council (GCC) is a political and economic alliance established in 1981 between six member states in the Gulf: the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates. The GCC Customs Union (GCCCU) was launched in 2003<sup>1</sup> and fully operational from 2015. However, the alliance has not been without its problems - in 2017, three GCC countries cut diplomatic ties with Qatar over terrorism concerns<sup>2</sup>; this tension started to diffuse in 2021 with the signing of the Al-Ula Declaration.<sup>3</sup>

## The GCC's current trading relationships

Members of the GCC are free to make their own trade agreements as individual nations - for example, both Bahrain<sup>4</sup> and Oman<sup>5</sup> have FTAs with the USA. As a trading bloc, the GCC only has two bilateral trade agreements that have been fully ratified - Singapore (2013) and the EFTA (2014). It launched talks with the EU in 1990, but these were suspended in 2008 due to the EU's insistence on including human rights clauses as part of the agreement. Talks with Australia which began in 2007 stalled in 2009 whilst a deal with New Zealand in 2009 was never fully ratified, though negotiations relaunched in 2022.<sup>6</sup> China, the GCC's biggest trading partner, started negotiations for a FTA in 2004 but a deal has still not been concluded. From the GCC's perspective, ratifying an FTA with the UK would seem to have political as well as economic benefits by helping to re-establish the GCC as a unified bloc following a fractious few years of relations in the Gulf and potentially reinvigorating negotiations with other trade partners.

## GCC-UK trading relationship

The UK and the GCC launched FTA negotiations in June 2022.<sup>7</sup> As of March 2023, three rounds of negotiations have been completed.<sup>8</sup> It is not likely that a deal will be agreed soon. Finalising a deal with the GCC is not one of the Trade Secretary, Kemi Badenoch's, priorities<sup>9</sup>, unlike an FTA with India and joining the CPTPP, and in March 2023 the UAE's trade minister said he thought a deal with the UK was "years away".<sup>10</sup>

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<sup>1</sup><https://www.gcc-sg.org/en-us/CooperationAndAchievements/Achievements/EconomicCooperation/TheCustomsUnion/Pages/Practicalproceduresfortheestab.aspx>

<sup>2</sup> <https://www.bbc.co.uk/news/world-middle-east-40155829>

<sup>3</sup> <https://treaties.un.org/Pages/showDetails.aspx?objid=08000002805b2870>

<sup>4</sup> <https://ustr.gov/trade-agreements/free-trade-agreements/bahrain-fta>

<sup>5</sup> <https://ustr.gov/trade-agreements/free-trade-agreements/oman-fta>

<sup>6</sup><https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-under-negotiation/nz-gulf-cooperation-council/timeline/>

<sup>7</sup> <https://www.gov.uk/government/news/joint-statement-on-the-launch-of-free-trade-agreement-negotiations-between-the-uk-and-gcc>

<sup>8</sup> <https://www.gov.uk/government/news/trade-update-uk-gulf-cooperation-council-fta>

<sup>9</sup> <https://www.gov.uk/government/speeches/trade-secretary-my-top-five-priorities-for-trade>

<sup>10</sup> <https://pro.politico.eu/news/160593>

The UK has a total trade surplus with all six GCC member states and the Gulf is the UK's seventh largest export market.<sup>11</sup> Whilst there are 6 members of the GCC, trade with the UAE and Saudi Arabia makes up around 70% of the UK's trade with the bloc, so these are likely to be the most important partners in the negotiations. The economies of the GCC member states are heavily reliant on their fossil fuel industries and this is reflected in their trade with the UK. Refined oil is the top good imported into the UK from the UAE, Saudi Arabia and Kuwait whilst 40% of the UK's imports liquefied natural gas come from Qatar.<sup>12</sup> UK Export Finance funding supported the modernisation of an existing oil refinery in Bahrain, and similar projects in Kuwait and Oman.<sup>13</sup>

It is clear that the UK sees the Gulf region as a valuable source of investment. In 2022, the UK and Qatar signed a Strategic Investment Partnership which will see Qatar invest up to £10 billion into the UK<sup>14</sup>, whilst the UK has also signed "Sovereign Investment Partnerships" with both Oman<sup>15</sup> and the UAE which will result in multi-billion pound investments into the UK as part of the first (and only) agreements the UK's Office for Investment has signed since its creation in 2020. In addition The UK has existing Bilateral Investment Treaties (BITs) with Oman, the UAE and Bahrain and BITS signed but not currently in force with Kuwait and Qatar.<sup>16</sup> BITs are agreements between two governments designed to promote investment flows and protect international investors and their investments. BITs also contain a mechanism called Investor to State Dispute Settlement (ISDS) which allows international investors to sue the government directly if a policy or its implementation negatively impacts the profitability of their investment. BITs are often used to challenge governments' ability to decide policy in areas like health, energy, water and climate change and are heavily biased in favour of international investors.<sup>17</sup>

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<sup>11</sup> <https://www.gov.uk/government/news/uk-launches-ambitious-trade-deal-with-gulf-nations>

<sup>12</sup> <https://www.gov.uk/government/collections/trade-and-investment-factsheets>

<sup>13</sup> <https://www.gov.uk/government/publications/category-a-project-supported-bapco-modernisation-programme/category-a-project-supported-bapco-oil-refinery-modernisation-programme>

<sup>14</sup> <https://www.gov.uk/government/news/pm-hails-10-billion-qatari-vote-of-confidence-in-the-uk>

<sup>15</sup> <https://www.gov.uk/government/news/uk-and-oman-kickstart-sovereign-investment-partnership-to-boost-investment-links>

<sup>16</sup> <https://investmentpolicy.unctad.org/international-investment-agreements/countries/221/united-kingdom>

<sup>17</sup> For more information on BITs, please read our briefing: <https://www.tjm.org.uk/trade-deals/bilateral-investment-treaties>

## Defence: a mutually important relationship

The UK and GCC have both been open about the strategic importance of their relationship in terms of defence and security. The 2023 refresh of the Integrated Review reasserted that the UK wants to strengthen its relationships in the Gulf region as it is a 'geopolitical hotspot'.<sup>18</sup> A communique issued in December 2021 stated that the UK Foreign Secretary and GCC Foreign Ministers "welcomed the close cooperation between the UK and GCC member states on defence issues and agreed to continue building on existing links between their respective armed forces."<sup>19</sup> The UK has been reopening military bases in GCC countries, such as the Mina Salman Support Facility in Bahrain and in December 2021 the then Prime Minister Boris Johnson acknowledged "the strategic importance of the Duqm base in Oman for the UK."<sup>20</sup>

The GCC is a significant export market for the UK arms and defence industries; 51% of the UK's defence exports between 2012 and 2021 were to the Middle East.<sup>21</sup> Saudi Arabia is the UK's biggest arms customer and currently receives weapons, equipment and ongoing maintenance support from the UK.<sup>22</sup> This is despite a Court of Appeal judgement in 2019 that the continued export of arms to Saudi Arabia for use in Yemen, which is being bombed by a Saudi-led coalition, was unlawful without making any assessment as to whether violations of International Humanitarian Law had taken place.<sup>23</sup> The UK Government is currently being challenged in the High Court over these exports and a judicial review took place between 31 January to 2nd February 2023.<sup>24</sup> The Campaign Against Arms Trade estimates that the real value of arms to Saudi Arabia is over £23 billion.<sup>25</sup> In addition, the UK has exported spyware, wiretaps, and telecom interception equipment to Saudi Arabia, the UAE and Bahrain despite rules stating the UK should not export security goods to countries that could use them for internal repression.<sup>26</sup> Despite these concerns, the UK is keen to court the governments of the GCC in order to secure lucrative arms contracts. All 6 GCC nations attended the most recent Defence and Security Equipment (DSE) International trade exhibition held in London in September 2021, at the invitation of the UK.<sup>27</sup>

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<sup>18</sup><https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world>

<sup>19</sup><https://www.gov.uk/government/publications/uk-gulf-co-operation-council-foreign-ministers-meeting-december-2021-communique/gulf-co-operation-council-united-kingdom-foreign-ministers-meeting-20-december-2021-joint-communique>

<sup>20</sup> <https://www.gov.uk/government/news/pm-meeting-with-the-sultan-of-oman-16-december-2021>

<sup>21</sup><https://www.gov.uk/government/statistics/uk-defence-and-security-exports-for-2021/uk-defence-and-security-export-statistics-2021>

<sup>22</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-8425/>

<sup>23</sup> <https://caat.org.uk/news/2019-06-20-2/>

<sup>24</sup> <https://caat.org.uk/homepage/stop-arming-saudi-arabia/caats-legal-challenge/>

<sup>25</sup> <https://caat.org.uk/homepage/stop-arming-saudi-arabia/uk-arms-to-saudi-arabia/>

<sup>26</sup><https://www.independent.co.uk/news/uk/politics/uk-spyware-wiretaps-saudi-arabia-china-bahrain-uae-human-rights-a9613206.html>

<sup>27</sup><https://www.gov.uk/government/news/dsei-2021-countries-territories-and-organisations-invited-by-uk-dse-to-attend>

## GCC member states' approach to sustainable development

### Human Rights

The GCC includes some of the most oppressive and politically repressive regimes in the world. Indeed, Saudi Arabia and Bahrain are priority human rights countries for the FCDO. Amnesty International's 2021 country profiles<sup>28</sup> raise a large number of concerns about human right violations across GCC member states, including: the death penalty, unfair trials, confessions extracted by torture, persecution and discrimination against ethnic minorities and religious groups, suppression of freedom of expression and corporal judicial punishment. It is striking that some businesses, in response to the Government's consultation on an FTA with the GCC, noted that human rights violations in the Gulf constituted a barrier to market access, "both on ethical grounds and because of reputational and security risks to their organisations."<sup>29</sup> The GCC's track record on human rights has been cited as a concern by many other organisations in relation to a FTA with the UK, including: the TUC<sup>30</sup>, The Business and Human Rights Resource Centre<sup>31</sup>, the NHS Confederation<sup>32</sup> and the Law Society.<sup>33</sup>

### LGBT rights

Many of the countries that make up the GCC have regressive laws which persecute members of the LGBT community, whilst others have better legal protections but LGBT groups still face significant discrimination and disadvantage in practice. Same sex marriage is criminalised in all 6 GCC member states whilst same-sex activity is illegal in all GCC countries except Bahrain.<sup>34</sup> In a number of GCC countries transgender people are also discriminated against, both in law and in practice.

### Gender discrimination

All GCC countries have regressive laws and cultural norms around gender rights, and women are often treated as second class citizens. According to Amnesty International, women remain unequal in law in all six GCC countries.<sup>35</sup> In all the GCC countries, there are restrictions on the ability of women to access abortion services, and in some countries a male guardian's approval is required, and/or abortion is only permitted on health or therapeutic grounds. A number of GCC countries have refused to criminalize sexual violence and marital rape. Bahrain, the UAE, Kuwait and Oman have all failed to make their personal

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<sup>28</sup> <https://www.amnesty.org/en/countries/>

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1084548/uk-gcc-fta-the-uks-strategic-approach.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084548/uk-gcc-fta-the-uks-strategic-approach.pdf), p. 20.

<sup>30</sup> <https://www.tuc.org.uk/research-analysis/reports/tuc-opposes-uk-trade-talks-gulf-states-abusing-human-rights>

<sup>31</sup> <https://committees.parliament.uk/writtenevidence/42945/html/>

<sup>32</sup> [https://www.nhsconfed.org/sites/default/files/2022-01/Gulf%20Cooperation%20Council%20Consultation%20Response\\_1.pdf](https://www.nhsconfed.org/sites/default/files/2022-01/Gulf%20Cooperation%20Council%20Consultation%20Response_1.pdf)

<sup>33</sup> <https://committees.parliament.uk/writtenevidence/43451/html/>

<sup>34</sup> <https://www.humandignitytrust.org/lgbt-the-law/map-of-criminalisation/>

<sup>35</sup> <https://www.amnesty.org/en/latest/news/2021/03/mena-gender-based-violence-continues-to-devastate-lives-of-women-across-region/>

status and nationality laws gender-neutral. In addition, the GCC states have among the highest gender wage gaps in the world, according to the World Economic Forum's 2022 rankings.<sup>36</sup>

## Labour Rights

The International Trade Union Confederation's 2022 Global Rights Index identified the Middle East and North Africa as the worst region in the world for working people for the ninth year running.<sup>37</sup> ALL GCC states were ranked as either 4 (systematic violation of rights) or 5 (no guarantee of rights) on the index. The *kafala* sponsorship system, prevalent across the GCC, gives employers disproportionate powers over them and prevents them from leaving the country or changing jobs without the permission of their employers. Many issues for migrant workers employed under the kafala system in GCC member states have been identified, such as poor living conditions, contract violations and irregularities and limited access to healthcare. In addition, none of the GCC states have ratified all eight of the International Labour Organisation's (ILO) core conventions that cover fundamental principles and rights at work and none have ratified the ILO's Domestic Workers Convention. Given the seriousness of the labour right abuses taking place across the GCC, signing a trade agreement would undermine the UK's position as a strong advocate for workers' rights.

## Climate Change

The GCC have historically been unengaged with international efforts to combat change. The UAE ranks as 'highly insufficient' according to Climate Action Tracker<sup>38</sup>, as does Saudi Arabia. The other GCC countries are not rated by the tracker, but perform poorly on other measures, as member states rely heavily on fossil fuels for their domestic energy needs as well as export and investment. Five of the six GCC countries are in the top 10 countries for carbon dioxide emissions per capita, at five times the global average.<sup>39</sup>

None of the GCC nations offer a viable model for climate adaptation or mitigation. Whilst five GCC states now have net zero commitments, none of these are binding and these pledges were only made in the last two years. National Vision papers published by GCC governments demonstrate that methods for achieving reductions in emissions are predicated on 'cleaner' forms of gas, and advancements in sustainable technology, carbon capture and tree planting rather than a commitment to cut gross emissions. Many of the GCC members' investment in renewable energy production seems to be a policy designed to allow a higher proportion of extracted oil and gas to be available for export, rather than a reduction in fossil fuel production.<sup>40</sup> Climate change should be at the heart of every trade deal the UK makes, but an agreement with the GCC will inevitably conflict with the UK's climate ambitions.

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<sup>36</sup> World Economic Forum (2021), 'Global gender gap report', online at: <https://www.weforum.org/reports/global-gender-gap-report-2022/>

<sup>37</sup> <https://www.globalrightsindex.org/en/2022/regions/middle-east>

<sup>38</sup> <https://climateactiontracker.org/countries/>

<sup>39</sup> [https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?most_recent_value_desc=true)

<sup>40</sup> <https://www.cips.org/supply-management/news/2023/march/how-a-green-growth-strategy-can-double-the-size-of-gcc-economies/>

## The UK's approach to sustainable development in the FTA

### Climate change

The UK claims to be a world-leader in the fight against climate change, and was the first major economy to set a carbon-zero target of 2050. However, it is clear that the UK's approach to FTAs, including that with the GCC, is not aligned with its climate ambitions. For example, the UK conducted a scoping assessment in advance of FTA negotiations with the GCC,<sup>41</sup> which found an increase in emissions as a result of the FTA. Trade-related freight emissions from UK exports are expected to increase by between 21% and 36%.<sup>42</sup> Analysis by Politico in June 2022 comparing the predicted emissions increases in all the FTAs the UK has launched negotiations since Brexit found that the predicted increase as a result of a deal with the GCC was the highest.<sup>43</sup> The macroeconomic modelling that predicted emissions intensity found that UK manufacturing was a key sector benefitting from the deal, with manufacturing exports "estimated to account for around 89% to 92% of the increase in exports".<sup>44</sup> A substantial proportion of these manufacturing exports are motor vehicles. The assessment also acknowledges that there is a risk of carbon leakage as a result of the FTA, due to the likelihood of the UK implementing climate mitigation measures at a faster rate than the GCC. This is already the case with net zero commitments, with commitments from the Gulf states significantly lagging behind the UK in terms of ambition.

The UK's strategic approach to the FTA does not contain information on how the Government plans to mitigate these issues. Instead, the only climate change related content states that the FTA could provide an opportunity for trade in 'environmental goods', which is likely to have a very limited impact, something the assessment itself acknowledges. The assessment states that the UK's most exported environmental goods to the GCC are gas turbines, a product that uses fossil fuels, and any tariff reduction in environmental goods "is likely to be small, at least in the short-term...due to the relatively small proportion of goods affected."<sup>45</sup>

### Human Rights

As the then Secretary of State for International Trade, Anne Marie Trevelyan made statements that appeared to support the principle of aligning FTA negotiations with human rights commitments. For example she stated that "more trade will not come at the expense of human rights" whilst in 2021 Dominic Raab, the then Secretary of State for the Foreign & Commonwealth Office said "we shouldn't be engaged in free trade negotiations with countries abusing human rights".<sup>46</sup> However, it is clear the Government is prioritising a FTA with the GCC over the many egregious human rights violations happening in the region. It

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1084548/uk-gcc-fta-the-uks-strategic-approach.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1084548/uk-gcc-fta-the-uks-strategic-approach.pdf)

<sup>42</sup> Ibid, pp. 73-74.

<sup>43</sup> Politico, Morning Trade UK, 'Fourteenth time's the charm — Heavy metals show — Green review.' 26 June 2022

<sup>44</sup> DIT, p. 47.

<sup>45</sup> Ibid, p. 75.

<sup>46</sup> Hansard House of Commons (21 October 2021) 'Debate', vol.701, cols.900.

was reported at the start of negotiations that the UK had “quietly dropped” human rights from its list of objectives for a deal with the GCC.<sup>47</sup> In response, a group of cross-party MPs wrote to Anne-Marie Trevelyan, the then Trade Secretary to say that the UK government risked “facilitating” human rights abuses by excluding human rights from the objectives, and that negotiations for an FTA with the GCC without human rights protections was in direct contrast with previous ministerial statements.<sup>48</sup> When, in October 2022, Trade Minister Greg Hands was pressed on the issue of human rights in the Gulf, he claimed that “Free trade agreements are not always the best way to engage on human rights...but we do make sure that, wherever appropriate, human rights are included in free trade agreements.”<sup>49</sup> A statement made by the UAE’s Trade Minister, Dr Thani bin Ahmed Al Zeyoudi, that the UK must “tone down” human and workers’ rights provisions in trade deals<sup>50</sup>, makes it clear to the UK that the GCC does not see the FTA negotiations as an ‘appropriate’ place to include human rights provisions.

## Public view

Pursuing a deal with the GCC is not seen as a priority for the British public. Research carried out by DIT (which recently became the Department for Business and Trade (DBT)) between October 2021 and January 2022 found that only 3 in 10 (28%) of UK adults support the UK entering into formal trade talks with the GCC.<sup>51</sup> Previous DIT research in the Spring of 2021 found that only a quarter (27%) of the British public support a trade deal with Saudi Arabia whilst a similar minority (30%) would support a deal with the UAE.<sup>52</sup> It should be noted that these percentages were only released by DIT after Emily Thornberry, the then shadow international trade secretary asked for the full data set from the survey,<sup>53</sup> after more positive results to other questions were made public and welcomed by the Government.

More broadly, the public think the human rights record of trading partners should be considered rather than ignored. In February 2022, Redfield & Wilton strategies polled 1,500 “eligible voters” on behalf of Politico. Survey respondents were asked whether they thought the UK should only make trade deals with countries that meet certain human rights standards, 61% agreed, whilst 9% disagreed.<sup>54</sup> This is also made explicit in recent DIT research, where survey respondents endorsed “Protecting human rights and equality” as the top priority for the UK when negotiating a trade agreement with Saudi Arabia and the UAE.

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<sup>47</sup> <https://www.independent.co.uk/news/uk/politics/brexit-trade-deal-gulf-states-b2108051.html>

<sup>48</sup> <https://www.independent.co.uk/news/uk/politics/brexit-trade-deal-gulf-states-b2108051.html>

<sup>49</sup> <https://hansard.parliament.uk//Commons/2022-10-12/debates/BC722838-784B-45F1-B6B0-3E313EB300F6/TradeDealsParliamentaryScrutiny#contribution-63A146D2-90A7-4060-AC78-FE2CE7BA7184>

<sup>50</sup> <https://pro.politico.eu/news/160962>

<sup>51</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1115139/dit-public-attitudes-to-trade-tracker-wave5-main-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1115139/dit-public-attitudes-to-trade-tracker-wave5-main-report.pdf)

<sup>52</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1056846/dit-public-attitudes-to-trade-tracker-wave4-main-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056846/dit-public-attitudes-to-trade-tracker-wave4-main-report.pdf)

<sup>53</sup> <https://www.theguardian.com/politics/2021/oct/20/less-than-a-third-of-uk-public-would-support-a-saudi-arabia-trade-deal>

<sup>54</sup> Data tables available from: <https://redfieldandwiltonstrategies.com/media-research/> (the Politico article dated 4.2.22)



Given the public view, it would seem sensible to assume an overarching trade strategy that has the support of the UK populace would include human rights considerations. It is especially disingenuous for the UK to be pursuing a trade deal with the GCC when the limited public engagement DIT has undertaken demonstrates that this trade deal has little active support.

## **TJM view**

We do not believe that an FTA between the UK and the GCC is desirable or will help the UK achieve its economic and sustainability objectives.

It is essential that climate change is put at the heart of future FTAs that the UK makes, to ensure the UK's trade policy does not conflict with the UK's climate ambitions. It is unclear how this can be realistically achieved in the context of the fossil fuel-based economic models followed by all GCC countries, in addition to high rates of energy consumption and low climate ambition. If the UK wishes to be a global leader on climate change, it must find fellow ambitious trading partners, rather than strike deals with some of the worst offenders.

The human rights and labour rights concerns outlined earlier in this document are not random, one-off instances, but deeply embedded in the political and economic systems of many GCC countries. We are not optimistic that these issues can be adequately addressed in a human rights clause or labour chapter within the trade agreement, or that GCC countries would be willing to sign up to anything binding and enforceable on their domestic human rights law. However, these binding and enforceable provisions should nonetheless be pursued, and the UK should also seek other means of holding GCC countries to account for human rights and labour rights abuses. Signing a trade deal does not challenge these abuses, and indeed may send the message that the UK is uninterested or unconcerned about the rights of the vulnerable in these countries.

**The Trade Justice Movement** is a network of nearly 60 organisations, including trade unions, environmental groups and justice campaigns, who push for trade policy that works for people and planet.

[www.tjm.org.uk](http://www.tjm.org.uk)

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