

# International Trade Committee

## Oral evidence: UK trade negotiations: Agreement with the Gulf Cooperation Council, HC 928

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Members present: Angus Brendan MacNeil (Chair); Sir Mark Hendrick; Anthony Mangnall; Martin Vickers; Mick Whitley; Mike Wood.

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### Witnesses

I: Dr David Roberts, Associate Professor at King's College London; Dr Joseph A. Kéchichian, Senior Fellow at King Faisal Center for Research and Islamic Studies; and Bandar Reda, CEO and Secretary General at Arab-British Chamber of Commerce.



## Examination of witnesses

Witnesses: Dr David Roberts, Joseph A. Kéchichian and Bandar Reda.

**Q1 Chair:** Good morning and welcome to the International Trade Committee's evidence session for UK trade negotiations, agreement with the Gulf Cooperation Council. Our inquiry kicks off today. We have three witnesses and looking at my screen I can see that all our witnesses are there: Dr David Roberts, Dr Joseph Kéchichian and Bandar Reda. I will let all of you, in that order, introduce yourselves as you see fit—name, rank and serial number—starting with Dr David Roberts.

**Dr Roberts:** Good morning, all. I am David Roberts. I am an associate professor at King's College London. I also teach on the Gulf at Sciences Po and I used to run the RUSI office in the Gulf. I think that will do.

**Dr Kéchichian:** Thank you very much. I am Joe Kéchichian. I am a senior fellow at the King Faisal Center for Research and Islamic Studies in Riyadh, Saudi Arabia, and I have been a student of the GCC for approximately 40 years now.

**Bandar Reda:** Good morning. I am Bandar Reda, the secretary general and CEO of the Arab-British Chamber of Commerce in London. I represent 22 Arab countries, including the GCC countries, and I am originally from Saudi Arabia.

**Q2 Chair:** Thank you, and I thank all three of you for coming this morning. We want to touch on a number of areas. I make a plea for shorter answers and to the point if we can. If somebody has made a point, you do not need to repeat it as we will have the evidence. The evidence comes from you as witnesses. We will try to keep our questions short because our questions are inadmissible as evidence.

How should we distinguish between the UK's bilateral relationships with the Gulf states and its relationship with the GCC as a whole? There is an overlap there. Who wants to kick that off among the three of you? First come, first served.

**Dr Roberts:** If I may kick off then. We should always go first in these things, so that you can say the more obvious things perhaps rather than have your sandwich stolen.

A couple of words on the GCC. It is a multilateral organisation—and the professor will certainly correct me I am sure—versus a bilateral engagement. The curious thing with the GCC—the Gulf Cooperation Council—is that you have these states that have a huge amount in common, historically, socially, culturally, linguistically and so on. Indeed, across the water with Iran they have this threat, or they perceive Iran as a very significant threat. Therefore, one might assume that the GCC would be quite cohesive but this is not what we are told or what we have seen in recent years.



The GCC states have long preferred a bilateral engagement because they feel it is much more specialised, it is easier to do and I feel that they have never really grappled with the difficulties. Of course, it is always difficult in coming together and forging a consensus, even among six close states, and so the GCC sat there as this organisation from the very early 1980s, going through the 1990s and the 2000s—I am tempted to use the word moribund. It was a titular organisation that existed. I am not sure how much oomph it had behind it, how much coherence it enjoyed, but things may be changing a little now as we might touch on once or twice.

I think that some of the geopolitical shift in the Gulf means that the Gulf monarchies are reflecting again on their situation—I do not want to go too much down a rabbit hole and I might come back to this—about the shift in the US role in the Gulf. If that is relevant, we can come back to it. There might be this moment in the aftermath of almost a year exactly since the Gulf blockade was resolved. Maybe there is this moment for the GCC to come together and the FTA might work towards that in some way.

**Q3 Chair:** Thank you. You mentioned the six states there, but Kuwait, Oman, Qatar, Saudi Arabia, and the UAE have had their own tensions and difficulties over a number of years. Would our other two witnesses like to come in and add something?

**Dr Kéchichian:** Thank you. It is a very important question and I think, while there are legitimate reasons why the GCC has not been able to act as a cohesive unit on political matters, it has made some strides at the economic level. I think it is important to separate these two.

Every country on the planet will always prefer bilateral relations over multilateral relations. Let's not have any illusions about that fact, but there are economic blocs that arose after world war two and they have taken off and the GCC is one of those. Whether or not it will become more successful in the future because of just strategic reasons—and I agree with David Roberts on this point—may mean that in the future we will have a far more cohesive GCC.

We should not assume that because it has failed on certain political levels its record at the economic level was not very good. On the contrary, the few positive steps that were taken were in fact on the economic level. I think the prospects are far better than a lot of people assume, especially if they get their act together a little bit more, trust each other a little bit more and apply the unity that they all talk about, which is the preamble of the charter of the GCC. Time will tell but I am a lot more optimistic.

**Q4 Chair:** Bandar Reda, two points: the UK has historical ties in that part of the world, in the Gulf area. Are the Gulf states going to be able to act in concert or is this always going to be a difficulty? Is any country barking up the wrong tree by trying to have an agreement with the six rather than having six individual bilaterals?



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**Bandar Reda:** I agree with what Dr Kéchichian mentioned. The economic relations between those six Gulf countries has not been shaken even during difficulties.

**Chair:** I apologise, can you come closer to the microphone?

**Bandar Reda:** Can you hear me?

**Chair:** Yes, that is better. Thank you.

**Bandar Reda:** Basically, the relationship between those six countries has been very strong. It has not been shaken even during difficulties. You can sense it in their performance and in their agreements worldwide, as well as within the movement together, so it is either a business concept or a vision. Each of the six countries has set its goals and vision for the upcoming 10 to 20 years. That can give us bigger comfort and it shows us the path of how they will be working together as a bloc and as an individual group.

Going back to the ties between the UK and the GCC, I can give you a very good example. Oman and the UK have been trading and have had an agreement since the 17th century, or it may be a little bit more than that. Other GCC countries have had agreements or trade deals with the UK for 200 years.

To sum up what I said, those countries have been working together as a bloc. They have a clear path now with their vision, whether it is 2030, 2040, 2025, and I think it will be a great deal to capture this opportunity rather than have a bilateral agreement with each country.

**Chair:** Thank you. As much as I would like to continue this area, time is pressing this morning, so I will curtail my remarks and hand over to Anthony Mangnall, who will be even faster than I am in my questioning.

**Anthony Mangnall:** Thank you, Chair. Brevity is my middle name.

**Chair:** Anthony Brevity Mangnall.

Q5 **Anthony Mangnall:** From the perspective of the GCC, how important is a free trade agreement with the UK?

**Dr Kéchichian:** It is important because obviously the GCC would like very much to continue its free trade accords. This is the free trade area that was established by the GCC back in 1983. It is in fact in place. An economic agreement was first signed in 1981 and then it was revised in December 2001 and it stipulates that it will create a customs union no later than January 2003. The customs union has run into some difficulties on certain levels because several countries are not in agreement with each other, but there is a record there. Therefore, the GCC would very much like to have a free trade accord because as much as possible it wants to channel all of these bilateral differences that exist between the countries into a model that will be far more efficient.



The folks that are in charge of this at the secretariat in Riyadh are aware that they are dealing with very strong personalities in the individual countries. Therefore, to benefit their economies over the long term, there is a conscious awareness that the time has come to institutionalise the process. I think trade agreements will be increased in the future, not just with the UK but with other countries. The question is: how fast will they move on this level?

**Q6 Anthony Mangnall:** Thank you for that. As you will know, the UK is currently engaging in negotiations to join CPTPP. In that instance, we seem to be doing a lot more bilateral agreements before joining that bloc. Do you think that if we try to find a free trade agreement with the GCC it will be bilaterals first, followed by a broader agreement and free trade agreement with the GCC as a bloc?

**Dr Kéchichian:** Well, it is up to you. It is up to Britain to decide whether it would like to negotiate on a bilateral level or whether it would be willing to go through the very painful process of multilateral agreements. The British Government will have to make a decision but it seems to me, as an observer, that it is much easier to deal with a multilateral set-up if the decision is made to accomplish something over a relatively quick timeframe. It depends what you want, how fast you want it and whether you are aware of the fact that you can probably spend years and decades on a bilateral basis before you come back and join the multilateral accord, so it is up to you.

**Q7 Anthony Mangnall:** Thank you. I have one last question and then I will hand back to the Chair. It is to either Bandar or David. The historical links of the UK in the region are significant. What impact will that have on the agreements that we are trying to strike, and do we also go beyond the economic benefits? Do you see military and diplomatic ties increased through doing an agreement with the GCC? We will start with Bandar and then go to David.

**Bandar Reda:** I discussed certain points with the GCC earlier this year. I met the secretary general as well as their chief lead negotiator handling the free trade agreement on behalf of the GCC. It showed that the GCC has a very clear path. They mentioned the GCC has a target set for 2027 to deal with so many different trade agreements. They mentioned their priorities with certain countries and the UK is among those few countries in the priority list.

I think the free trade agreement as a bloc will open different doors to the UK and it would definitely strengthen the relationship in all aspects politically and, furthermore, it will enhance not only trade but will further enhance political and military ties and it ties the whole relationship. This is all that I have for now.

**Dr Roberts:** I have a couple of points. On the importance of the FTA for the GCC, a very short quote from a recent IMF document described the financial wealth of many of the monarchies could be—and the phrase was—



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"depleted by 2034" on current trajectories. It is just a straight line trajectory. It is not a promise or anything like that. My point is that many of the Gulf monarchies are fully aware of the fairly imminent economic difficulties that they are facing. Therefore, I think the idea of free trade agreements and the like is more receptive at the moment.

The analogy I would draw is with climate change, in the sense that I think most of us recognise the profound difficulties, problems and security concerns that climate change poses. Nevertheless, coming together to take the unusual levels of political action required is still really difficult. I think that is the same in the Gulf when it comes to the FTAs, for example. I think you are right to link other issues to this. I imagine, if history is some kind of a guide, that the UK might be able to forge a rather broad and shallow FTA with the GCC and use that as a basis for deeper bilateral engagement. That is my guess.

One of the other key reasons that the GCC is interested in the UK is obviously the trade angle to it but, exactly as you mentioned, these other facets are hugely important. The kind of security and defence links that come with these things are very important. The UK is a comparative science superpower, with the technology, the infrastructure, and the knowledge economy that we have, and I think they would like to tap into that. As we saw a couple of months ago, the UAE was projecting a very significant investment in the UK in this field, so I think there is a huge linkage among all of these issues.

Lastly, briefly as well, I think that in some ways the historical relationship plays both ways, as long as we in the UK remember that, whatever the past was, we are all equals today and there is no high handedness whatsoever from the UK. I think that is critically important. On some of the softer ways, I think that the history is important. If we think of the number of Gulf elites who were educated or whose children were educated here in schools or at Sandhurst, the UK Defence Academy where I teach, RCDS, those sorts of soft links are very important. They are holidaying here and have second homes and investments here. There is an enormous amount of familiarity that Gulf seniors, elites, enjoy or feel with the UK. In an amorphous way, I think that is quite important.

This leads into senior links, and the one concrete point I would make here is the position of defence special adviser Middle East, which was created a decade or so ago by the UK as an uber defence attaché for the region. That was a very important pragmatic role that the Government undertook, to have a longer-term senior level individual to pull together all of these different strands and to help to drive forward UK policy in that sphere. Therefore, the pragmatic thought I have is that we should have an economics special adviser in the Middle East or something along those lines. I think that a senior, consistent, longish-term individual to try to lead these policies is important.

Q8 **Chair:** David Roberts, you mentioned that you reckon economic difficulties



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are coming in 2034. Can you expand on that a little?

**Dr Roberts:** Sure. It is fundamental change—the hydrocarbons, the oil and gas paradigm. Maybe I should take a step back because the GCC is united by many issues, of course, many factors, but economically there are different baskets of GCC states. You have Qatar, and perhaps Kuwait, out by itself with a very small population—huge amounts of hydrocarbons, fiscally secure. Saudi Arabia obviously has a lot of hydrocarbons but a huge population as well and lower GDP per capital. Then we have Bahrain and Oman, which have much lower hydrocarbons in the ground—for want of a better description—not a large population in Bahrain, a reasonable population in Oman and the GDP per capita is a bit lower.

As the world is trying to get itself away from oil, renewables are coming in, shale is coming in from the US, these alternatives, and this is the concern. It is fundamentally about transitioning their economies completely dominated by the hydrocarbon industry, which fundamentally created the states as we know them. It is described as a rentier economy. It is transitioning that to more service based, more knowledge economy based. The monarchies have been trying to do this for a very long time but it is excruciatingly difficult to do. It is getting the agreements together within a state to try to get rid of some elements of the fiscal bargain, the ruler to rule bargain, low taxes, all these sorts of issues. It is all to do with that.

Q9 **Chair:** Thank you for that. You just reminded me of a quote from the Saudi Oil Minister in the 1970s who said, “The Stone Age did not end for lack of stone, and the Oil Age will end long before the world runs out of oil”.

**Dr Roberts:** Exactly. “All in all, I wish we had discovered water instead”, is another one of his quotes.

Q10 **Sir Mark Hendrick:** What advantages or disadvantages do you see in the UK pursuing a free trade agreement with the GCC rather than individually with some or all of its constituent states?

**Dr Kéchichian:** I said that bilateral agreements would take a long time to accomplish, whereas a multilateral effort would be much faster. The GCC has been involved in FTAs. There are two in place but there have been several others that have not functioned. They are mostly bilateral between several GCC countries with the Republic of Korea, New Zealand, Pakistan and Turkey. All of these have come to naught. They have not really passed. There is only a single agreement or negotiation under way right now between the GCC and China. That has taken a long time and, as we speak, there are several GCC Ministers in Beijing trying to figure out how to accelerate the process.

When you go ahead with the bilateral approach, you have to make sure that you have plenty of time on your hands. If you have 20, 30 years to negotiate on a bilateral level with six countries and then bring them together again, you can accomplish it. On the other hand, if you decide to accelerate the process, it seems more logical to push for multilateral levels, which requires two things: first, to know with some precision what you



want to accomplish in this free trade accord, and secondly, as David said a moment ago, whether or not you want to tie in with a lot of other issues. In other words, if your goal is much more than economic, much more than just the FTA itself, if you want to use the FTA as a vehicle to bring a bloc of countries under your wing, I think the multilateral approach would be the way to go.

- Q11 Sir Mark Hendrick:** Can you give us an example of what sort of obstacles there may be to getting a reasonably quick agreement? Are there any particular characteristics of any of the member states that we would find difficulty in getting a quick and simple agreement with? From the way that the GCC as a whole is being described, basically it seems that all of the states have a fairly strong interest in hydrocarbons, and obviously there are security issues, which through exports we as a country are trying to help. Apart from that, what obstacles could we imagine to a quick and simple agreement?

**Dr Kéchichian:** It depends on whether you see the glass as half full or half empty. If we are going to go through the process of accelerating the change from hydrocarbon economies to more intelligent economies, whether it is education, tourism, a whole bunch of other areas, or whether or not we, as western countries, want to deal with the GCC bloc essentially as a hydrocarbon producer incapable of doing anything else, my view is that we will be surprised by the number of changes that we will see in the conservative monarchies. These are dynamic societies that are changing.

Even though there is a bad record of an ossified education system, ossified norms and traditions that have slowed down the process, we have seen during the past decade the kind of acceleration where a lot of people are taken by surprise. No one expects the GCC countries to succeed. Well, perhaps they will fail but perhaps they will succeed as well.

Therefore, for a country like Britain that is interested in an FTA for economic and political reasons, it seems to me that there is an opportunity here, through negotiations, to mould the kind of multilateral benefits for both sides. That is based on the very clear criterion that you do not expect failure at all levels. If you expect failure at all levels, obviously we are back to square one.

- Q12 Sir Mark Hendrick:** David or Bandar, do you have a view on this?

**Bandar Reda:** Speaking to the GCC earlier this year, it seemed that it is very focused to the point that it has assigned a lead negotiator on behalf of the GCC countries to deal with free trade agreements worldwide. I know that there are seven agreements being undertaken as we speak today, with Korea, China, New Zealand, Australia, India and Pakistan. They are going to aggressively manage those types of free trade agreements as a bloc. I do not think at this point that doing it individually with bilateral agreements will work. It will be much more difficult than working with the GCC as a bloc because it has set its rules internally and has already assigned someone to lead these types of negotiation aspects.



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On the other hand, I think certain points would be a bit difficult to negotiate in the articles if the free trade agreement has been agreed on. Digital trade is one of the main issues. I know that the GCC has so many different points of view and it is a bit complicated when it comes to digital trade. It could agree on certain points like e-commerce and clear points but as a digital space as a whole it would be a bit difficult because there are so many complicating aspects within.

My colleagues have mentioned today the climate change and environment issues. These are basically touchy issues and they contain so many different aspects as well as difficulties with the GCC being one of the biggest oil producers in the world. This is all that I have on this point.

**Dr Roberts:** A couple of quick points. First, the GCC is like any other group of states in the free trade discussions in some ways. As I mentioned, hydrocarbon dominates but the nascent sectors coming through are slightly different across the monarchies and so there may be a misalignment. The perennial concern with free trade agreements is to do with tariffs and the like exacerbating the difficulties in allowing local economies to grow in certain issues. There is that consistent concern, I suppose.

Secondly, I made the point earlier to do with the nature of the language that we use. We must avoid any sort of high handedness in that sense. The obvious example is with recent British-Jordanian discussions on free trade agreements, which caused some ructions within the Jordanian Parliament. This was to do with the specific language that was used, referring to the sovereignty of the English language, of the English court system, whatever it might have been. It is a very legalese point: you are not part of the major discussions, just the usual kind of terms and conditions but the sentiment of the sovereignty of English or British, if you get my drift. Colonialism was a long time ago but, speaking to those concerns, it was a significant issue within the Parliament. It may be a storm in a teacup but it is in the background, so those small finessing concerns can be significant.

One of the persistent issues as to why the GCC-EU free trade agreement has been stalled for so long is, of course, over the issue of human rights. It is up to the UK how those concerns are folded, or not, into these kinds of discussions. The Gulf monarchies are sticklers about this. They have refused to engage, it is probably fair to say, principally because of that with the EU, but we will have to see how we go.

**Sir Mark Hendrick:** On that last point, a colleague has a specific question on that. Is that right, Chair?

**Chair:** Maybe, yes. Thank you very much. I will move seamlessly to Mick Whitley.

Q13 **Mick Whitley:** Good morning, panel. I will follow on from the last question. At this early stage, are there any areas in particular that might prove difficult for the UK and the GCC to reach an agreement?



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**Chair:** David, you might have touched on one.

**Mick Whitley:** Yes, I will go to David first.

**Dr Roberts:** Speaking of the engagement with human rights, in the UK we need to have a fundamental think and a discussion about how we engage with the subject and about what our engagement does and how we build on it. We have a clear goal as to what we want. We all know the kinds of norms and laws that we would like to be instituted, so we need to work on how our engagement gets us along those steps.

If I can take a difficult example and go to a particularly tricky one, in 2015 the UK signed a deal for a couple of million pounds with the Saudi Arabian Justice Ministry for working prison reforms, which strikes me as precisely what we should be doing. There is an area of deep concern for the UK in the nature of the Saudi judicial system and those sorts of concerns. This was us trying to go in to—I do not know what the phrase might be—engage, ameliorate, offer suggestions. But that deal was cancelled before it had even begun because of public pressure about the UK engaging with Saudi Arabia in that sense.

There are two poles here. One is the engagement pole. We need to engage and it is only by speaking to our friends in the Gulf that we can improve the issues. The alternative position is disengagement and isolation. It is difficult to see how the isolation piece works but we need more articulation on how the engagement piece works. That is all I have to say there.

Q14 **Mick Whitley:** Joseph, would you like to make some comments?

**Dr Kéchichian:** Yes. This is an important point. If we mean in the West that we will have strategic relationships—or sometimes we use the words “strategic partnerships”—between different countries, we have to be aware of the fact that we cannot have 100% agreement on a lot of different issues that concern one side or the other.

A few weeks ago, in late December if I am not mistaken, the Foreign Minister of Britain, Liz Truss, met the GCC leaders and Foreign Ministers who were visiting London. There was some kind of an agreement that the GCC countries and Britain were in fact partners. A partnership is a difficult political entity to come to terms with. It takes a lot of effort on all sides to put differences aside and agree on what can be accomplished. Lots of things can be accomplished together and it is for lack of trying that we have not been a lot more successful.

As I said, my premise is that the GCC countries are rapidly changing and, even though their economies are still predominantly dominated by hydrocarbon resources, over the next decade or so we will see an entirely different GCC environment, with a lot more educated young men and women travelling overseas, many of them educated in the West, who are benefiting from this exposure to ideas and concepts that are not traditionally espoused in their societies.



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All of this is positive, but it does not mean that we will not disagree on certain things. GCC countries will almost always disagree with western powers over sovereignty questions, language questions, human rights issues, over a whole slew of things that one can identify, none of which prevent close co-operation and close agreement, if in fact we do mean that we are strategic partners.

That is the whole point. This does not mean that one side has to give in and the other side has to kowtow. It means that we have to find issues of mutual interest and build on them. Sometimes we will succeed and other times we will fail. The onus is on how much of the wins and the losses we are willing to put on the balance. In that respect, choices have to be made.

Q15 **Mick Whitley:** Bandar, do you want to make a comment?

**Bandar Reda:** Yes. The UK and the GCC have already been in agreement on certain aspects and points. The bilateral trade balance reached over £1 billion in the past year and it is growing. If you look at it from that perspective, they are agreeing on so many different aspects.

At this point, we should know that in any free trade agreement there are so many different obstacles. Many articles will not be agreed on, so we can put that aside and look at the common points. Maybe we can establish a few common articles that we could agree on from both sides, the UK as well as the GCC, and then we could take it further in the next step, in the annex or so, and discuss the differences between the two parties. But at this point, we should start the real negotiating aspects on the terms and maybe come to a common ground for an agreement to start with. That will save tremendous time for both and it will encourage both parties to take the next step further.

**Chair:** Thanks very much. Thanks, Mr Whitley. To keep the pace going, as ever, Martin Vickers.

Q16 **Martin Vickers:** My question is specifically for Bandar. How has the Arab-British Chamber approached the prospect of an FTA between the UK and the GCC up until now?

**Chair:** Again, Bandar, come close to the mic and shout if you like.

**Bandar Reda:** I am trying to speak as loud as I can. The GCC has reached us to get our point of view on the free trade agreement and to open different dialogues internally and to see the appetite for that agreement. On the other hand, the Arab-British Chamber of Commerce represents all the local chambers in the UK. They are our agents. We speak to them freely and frequently to receive their feedback.

In my view there is an appetite to have a clear agreement, whether a bilateral agreement or a bloc, between the UK and the GCC, especially when it comes to business-to-business. It will facilitate different aspects and it will eliminate different barriers as well. But yet again it is for the UK



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and the GCC to decide if they want to do it as a bloc or as a bilateral agreement.

Q17 **Martin Vickers:** You speak of the appetite among your members. What particular sectors do you see opening up for new trade prospects?

**Bandar Reda:** Goods and services. The free trade agreement will facilitate different points when it comes to terms and conditions, documentation, trading goods among those six countries, free goods transport among those countries, downstream investment opportunities, investment obstacles to be eliminated inwards to the UK and outwards from the UK to those countries. We could discuss so many different articles but, in general, I see goods and services are the main aspects being transported or exported from the UK to the six GCC countries.

**Chair:** Thank very much. Now we turn to Mike Wood. Mr Wood is a newer but nevertheless very capable member of our Committee.

Q18 **Mike Wood:** Thank you. As the Chair said, I am a new member of this Committee, so apologies if this is a rather basic question. We have a good idea of how trade negotiations work with the European Union and with the United States, but what approach does the GCC take to the process of preparing for and then negotiating trade agreements?

**Chair:** Who wants to kick that one off? David, you have opened your mouth there, so we will let you carry on.

**Dr Roberts:** I opened my mouth to defer to Professor Joseph, in fact.

**Dr Kéchichian:** As I said in my earlier answer to one of the questions, the GCC is a complicated institution in the process of being put together. It is not a completely institutionalised framework like the European Union or similar groups in Asia. Therefore, the preference has always been to do bilateral agreements, which upsets one or two of the countries.

Let us remember that there are already bilateral free trade agreements between Oman and the United States and between the United States and Bahrain. Of course, other Arab countries have also signed FTAs with the United States—Morocco and Jordan come to mind. But in the Gulf, Saudi Arabia in particular has preferred that these bilateral agreements not be pursued and that it would be much better for a multilateral approach to take on the challenges ahead.

You will tell me that of course the Saudis prefer this because they are the strongest and the largest country and they can channel the interests of the five smaller countries within the GCC. I answer that by saying, yes, it is true, Saudi Arabia has the largest GDP within the GCC, approximately 45%, give or take a few. It has the largest population, approximately 65% of the entire region. Of course it is the largest country. It has 80% of the land mass of the Arabian Peninsula. Therefore, by definition, it will have a lot more to say. It is like, for example, both Germany and Luxembourg are fellow members of the European Union but let us be honest about the fact



that Germany will carry more weight than Luxembourg, with all due respect to the Luxembourgian friends that I have. The same norms must be applied here as well.

Multilateralism is the preferred approach in Riyadh, not only at the Government of Saudi Arabia level but also at the GCC level, because of the difficulties of handling individual countries. As I said before, and I do not mean to repeat it, if we go the bilateral way, it will take a long time and it will be negotiating with different personalities. Let us not forget that in Arab societies personalities matter. In negotiating a lot of these agreements—whether it is over trade, transportation, the purchase of machinery or science and technology transfer, a whole bunch of issues that can be identified, all of which will come under the wings of the free trade agreement—imagine the complexities of negotiating with personalities who disagree with each other. My personal opinion is that multilateralism is much more preferred.

**Q19 Mike Wood:** Looking at the mechanics of negotiation, what would be the role of the GCC secretariat and what would be done by Ministers?

**Dr Kéchichian:** This is a key question. In any future negotiations, the secretariat will have to be brought along. Individual Ministries in their respective capitals will have the final say, make no mistake about that. Personalities in Kuwait City, Manama, Doha, Muscat, Abu Dhabi and Riyadh have preference over the GCC secretariat.

I agree with what Bandar Reda said a few moments ago that there is now an awareness at the secretariat level in the GCC that they have to coordinate much better among themselves and present a joint point of view on whether they negotiate with the Chinese or the UK and other countries as well. This process has now started. I have no way of knowing how fast it will go along this line but presumably a decision has been made at the GCC summit level as recently as December 2021, when the 42nd summit took place in Riyadh, that they should give more power to the secretariat and allow its officials, who are presumably experts on these questions, to have the final say. Again, summiteers can agree on certain things but these have to go back to the individual capitals, where negotiations will have to take place at both the Government and Cabinet level of each of the six countries and then, once the Cabinets decide, at the individual Ministry level.

Let me give you an example of what I mean. If transportation issues have to be negotiated, the Ministry of transportation in Oman, let's say, will have to negotiate its own preferences within the Cabinet of Oman. Once that is completed, that agenda and those decisions will have to go to Riyadh. In turn, those have to be matched against similar negotiations that will take place in the other five capitals. The process takes for ever to go down that line.



Having said this, I do not mean to complicate it more than it deserves to be. My point is simply for us to be aware of the complexities involved when personalities that are so strong clash with each other.

**Q20 Mike Wood:** What might a typical negotiation look like from start to finish, from the point when you start to explore the prospects for a negotiation through to concluding an agreement?

**Dr Kéchichian:** Again, the question is for me, I assume. I am no negotiator on free trade matters but if I were in that position, the first thing I would want to do is to identify what I want to accomplish. The second is to identify the partners in the, in this case, six countries with whom I have to deal on a particular issue that I am interested in. The third is to negotiate with my counterpart within the GCC secretariat to facilitate the process.

There are three processes here. One is to decide what I want and how fast I want to move on this. The second is to identify the individuals at both the secretariat level and the individual country level and to negotiate with them, perhaps on a bilateral level but always keeping in mind to keep this process within the secretariat. The third is to come to terms on agreed points with the secretariat itself. It is a three-pronged process, as far as I can tell.

**Q21 Mike Wood:** Would the overall strategy and objectives on the GCC side typically be formed in national capitals or at a more central level?

**Dr Kéchichian:** Decisions of this sort are always made at the national capital level. Let us be realistic about this. It does not mean that individual countries will not accept joint decisions that are made by the group as a whole, but we will have to start from the premise that national interest comes first, some of the sovereignty is surrendered to the bloc itself, and then the secretariat officials are empowered to negotiate on behalf of the six with the foreign party, in this case the UK. This process might seem to be complicated and it is complicated. But at the same time, if there is a will to accelerate the process, as it seems that the GCC individual member states are now willing to embark on, we will see progress.

What is happening with China now is indicative of the pattern that we are seeing. Let us not forget that the FTA negotiations with China have been going on since 2004 or 2005, if I am not mistaken. Therefore, we have a long process. GCC Foreign Ministers—four of them, not all six—went to Beijing and essentially told the Chinese, “Look, you are wasting time. This is what we want to accomplish. If you are with us, let us move ahead. If not, we will see each other in a decade or two.” There has to be some kind of awareness not to fall into the same pitfalls that the Chinese have fallen into.

That is why I come back to the three-pronged approach: in the UK’s case, a decision as to what you want to accomplish, identify the individuals in the six countries with whom the negotiations will take place and, thirdly, co-ordinate at the GCC level to accelerate the process.



Q22 **Chair:** Thank you. That was quite an answer. You said that you were not a negotiator, but perhaps after that answer you might find yourself becoming a negotiator. Who knows? We shall see.

The ministerial council, from my understanding, is meant to meet every three months and there is a quorum of four from the six member states. Has that been happening over the piece? I am trying to understand the structure of this. We know it is not quite the dynamic situation that the European Union is but it is on the foothills of being something like that. Are they doing this stuff, Bandar?

**Bandar Reda:** Can I comment on this, please, and what Dr Joseph mentioned earlier? I was invited to the GCC commercial ministerial meeting in October 2021. All the GCC Ministers of Commerce were attending at that point. They agreed and made it clear that they would go as a bloc when negotiating any free trade agreement with any country. Also, at that point they empowered the chief lead negotiator to speak on their behalf and to tackle the main issues without going back to them frequently. They are working to a straightforward target of agreeing all together on the main aspects for a trade agreement. That clears the system and how it works in the GCC.

Again, as Dr Joseph mentioned, for sure it will go downstream to each Ministry to discuss certain points, but as to the main picture and who speaks on their behalf and who takes the main decision on their behalf, it will be one person, which is the chief lead negotiator working under the GCC umbrella.

**Chair:** Thanks for that. We are ready to move to Mick Whitley.

Q23 **Mick Whitley:** I have a quick question to Joseph. Given the structure of the GCC, is there a particular approach that the UK could take to ensure that FTA negotiations are effective?

**Dr Kéchichian:** The UK is a known quantity in the Gulf region. It has spent several hundred years there and all of the Gulf states are familiar with Britain and with the UK in general. They know how to deal with you. The question is the following. If I am not mistaken and if I understand your question, you are asking me whether past behaviour will be duplicated in the future now that things are changing. I do not mean to put words in your mouth but this is the way I understood your question.

It seems to me—and I have said this a number of times not just in this forum but at every speaking opportunity that I have—very few people seem to be under the impression that the Gulf states are not fundamentally changing because personalities are changing. Individuals who behaved in a certain way because their fathers or their grandfather behaved in a certain way will no longer continue to do the same thing in the future. Our young people are much more ambitious than before. Our leaders know exactly what they want. That does not mean that they want to forgo their relationships or their ties with partners and allies. It means that



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increasingly they know what they want in their national security interests, whether political, economic or in other areas.

Therefore, for Britain and for the UK to build on the past record, it has to find ways to come to terms with the new leaders who are emerging in the region. Several of them are young, several of them may be inexperienced, but they are ambitious and they know what they want. It is up to the rest of the world to come to terms with this new reality.

**Chair:** Thank you. Does anybody have anything to add on that point? Are you happy enough? Okay, at this point we can move to Anthony Mangnall.

Q24 **Anthony Mangnall:** A number of you have mentioned agreements that either are forthcoming or have stalled. In this Committee Room we all have seen a list of some of the agreements that have either stalled or been suspended. I read Australia, China, European Union, India, Japan, Mercosur, New Zealand, Pakistan, South Korea and Turkey. Sorry to go back to you, Joseph. Can you give us an understanding of why these deals have, first, taken the time they have and, secondly, been suspended or have stalled and what message that sends? If the UK goes down the route of potentially doing a deal with the GCC, we probably do not want it to last as long as the negotiations have with, say, the European Union, which I understand started in the 1990s. Any clarity on that would be helpful.

**Dr Kéchichian:** The way I want to answer is to go back to the two successful FTA accords with Singapore and the EFTA. It seems to me that we had certain successes, especially with Singapore, because there was a willingness to come to terms with what both sides wanted to accomplish. Negotiations are still under way with the other countries that you mentioned and, as far as I can tell, even though negotiations are going on, none of them has moved forward. Even the Chinese have had unending negotiations going on.

Of course, the devil is in the detail, as everybody knows, so we have to be careful. For the UK, the approach should be the Singapore model, not the China model, when it comes to negotiating. You have certain advantages already because you are familiar with the region and because people in the region are familiar with you. Therefore, you have already eliminated 30% to 40% of the difficulties that exist. Familiarity is important.

Secondly, like with the Singapore model, the UK is in a good position to advance on the FTA negotiations rather fast because—and forgive me for being a bit political; it is not my intention but you will understand what I am saying in a moment—it seems to me that it is willing to do this because of Brexit and because of its divorce from the European Union. The GCC model will be a good success story if one can be accomplished within a reasonable period, which I think it will be.

The model of Pakistan or New Zealand or Turkey or any number of other countries has dragged on and on because there were so many details that needed to be tackled. Again, one has to look at individual agreements. The



Singapore model stands out for its efficiency because both decided what they wanted to accomplish rather quickly. There was a clearer idea of the end game in this process.

**Q25 Anthony Mangnall:** It is welcome to hear that, but it still took six years to do the agreement with Singapore from the start of formal negotiations and eight years with the European free trade agreement. The UK is clearly moving at pace to do free trade agreements with other countries, as we see with Australia and New Zealand and hopefully at some point this year the CPTPP.

Has the time it has taken also had an impact on the depth and broadness of the agreements signed? At the beginning, someone—I think it was Bandar but please correct me if I have misquoted you—said that a free trade agreement with the GCC would come about by being broad and shallow. How broad and shallow is the deal with Singapore? Forgive me for not knowing the details.

**Dr Kéchichian:** It is not broad and shallow. Six years is actually quite fast for FTAs. Most FTAs, as far as my reading of the record tells me, take much longer than that. One can make the argument that because Singapore is a very small country of roughly 5 million people the GCC has an advantage because it is a much larger environment, but it is not shallow. The Singapore model is a good model on which to build.

You are asking me a different question as well, if I am reading between the lines of your argument: will the UK negotiators have as much difficulty as the negotiators from Turkey, Pakistan, New Zealand, down the list? I will go back to what I answered earlier: it depends on what you want and how fast you want to get it. It takes two to tango. The GCC is much happier to come to terms with an FTA with the UK. It does want to have an FTA with the UK and it wants to improve relations as much as possible because of familiarity, common interests and a vision for the future, so it is up to you.

**Dr Roberts:** Can I offer a quick thought here? I agree with everything the Professor has mentioned. A key thing about Singapore is that there was a real political willingness to engage and get the FTA done, quick as it was or was not, over and above the details of it. The GCC monarchies have always been slightly fascinated by Singapore as a country and as a model. It is an extremely successful, internationally competitive little microstate with few natural resources in a region surrounded by potential antagonists. My goodness, how on earth has Singapore managed it? There has been an allure of sorts to try to emulate in some ways the Singapore model, at least in the background. That political willingness facilitated the overcoming of the detail to some degree, not that I want to pretend to be an expert on the detail of that FTA.

Maybe the UK can draw an analogy there. Yes, this is about the detail of any putative FTA but going back to the history piece and the unusual defence interactions that we have and the likes, the UK can make a case of offering a higher purpose of sorts as well, perhaps. That political



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engagement might be able to trump some of the nitty-gritty detail at some stage.

Q26 **Anthony Mangnall:** Did Singapore have bilateral free trade agreements with all the GCC members before it signed this free trade agreement with the GCC?

**Dr Roberts:** I do not think so but I will defer.

**Dr Kéchichian:** No, the GCC member states did not have bilateral agreements with Singapore. They decided to do it all at once.

Q27 **Chair:** Thank you. I want to move on, because a question has come into my mind. In many of the free trade agreements that the UK looks to pursue, there is talk of a GDP gain or what GDP might be given by a particular trade agreement. Are there any numbers around for either side of GDP gain that any of the witnesses are aware of?

**Dr Roberts:** I have not come across any.

Q28 **Martin Vickers:** Joseph has responded to what was going to be my question in his answer to Anthony, but could I get some clarification? You talked about a broad and shallow agreement and you foresee the fact that there is a political impetus on both sides to reach an agreement. But from the GCC's end of the negotiations, will broad and shallow be in its best interests?

**Dr Roberts:** If I can jump in before the professor, the phrasing came from me. It was my assumption that if there is to be a UK-GCC FTA in a reasonably swift timeframe—and I am happy to be corrected on my assumption—it will have to be broad and shallow. A detailed agreement, fundamentally, generally, as we all know, takes quite a lot of time, as a rule.

Secondly, with the nature of the GCC, as we have discussed, and the slightly Gordian intricacies that the Professor outlined for us a few minutes ago, engaging in any depth from the GCC's point of view would inevitably take a good amount of time. Yes, there might be room to get the shorter-term political capital win or whatever the phrase might be but I assume it would have to be fairly broad and shallow. That was me. I do not think I am misquoting Bandar here.

Q29 **Martin Vickers:** Joseph or Bandar, did you want to come in?

**Bandar Reda:** Yes, I want to clarify that it was Dr David who said "broad and shallow", for the record.

**Dr Kéchichian:** It does not have to be broad and shallow. One can make the argument that in international affairs everything can be broad and shallow or can be detailed and effective. We are thinking about the future and how to improve ties between blocs of countries, associations and so on. Presumably the purpose of these agreements is to better people's lives. It is logical to assume that one can be broadminded, accept differences of



opinion and disagree on a whole bunch of issues, but at the same time one can also enter into detailed negotiations in good faith. Even if one cannot accomplish everything during the first round, one can always go back and have a renegotiated deal, which has been the case a number of times throughout history. I liked David Roberts's broad and shallow analogy, but maybe we should amend it for the sake of the future of mankind. Not everything should be broad and shallow, David, if I may.

**Dr Roberts:** I do not want it to be broad and shallow, but we will see.

Q30 **Chair:** Thank you. Perhaps I will continue with the broad and shallow theme. The agreements that the GCC has with the EFTA countries and Singapore are less than 100 pages. The agreement the UK has with Australia is about 2,000 pages. I am not saying that what is written on the pages matters differently but there definitely seems to be a volume issue that could lead into broadness and shallowness if you want.

The point I was going to push was that the agreements with Singapore and EFTA, even though they are quite short, took several years to negotiate and come into force. The talks with EFTA began in 2006 and eight years later in 2014 it came into force. Singapore started in 2007 and six years later in 2013 it came into force. But it did show there was capacity to do two at once, which was interesting in itself.

The UK seems to be in a comparative rush at times to do things. Let's not beat about the bush. We know that from the top of the UK Government there is a wish to have deals and to not be lost in the "rabbit warrens of Parliament"—that is a quote I have heard in the last few days. Is there an advantage for the GCC states to see a willing victim coming around the corner looking for something—it is a good negotiating position to be in—or will they go for the six-year or eight-year negotiation that was done with Singapore and EFTA?

**Bandar Reda:** First, the GCC does not look at the UK as a victim at this point. It looks at the UK as a great partner to deal with among the priority countries that it has—

**Chair:** You might find yourself on a negotiating team, too. You have the diplomatic skills for that. Sorry about that. Apologies, I was making a light remark there.

**Bandar Reda:** No worries. As I said, the UK follows on the priority list of the GCC countries to negotiate and to finalise the free trade agreement. If you look at the behaviour of the GCC individual countries in the past five years, the pace they are going at is tremendous. As my colleagues mentioned, the younger generation is playing a big role in developing these countries and the speed is tremendous. If you go to a certain GCC country at the beginning of the year and you go at the end of the year, you will see a tremendous improvement in e-commerce, GDP, economic transformation, entertainment and in all aspects. The trend in the GCC countries is for speed. The need to do free trade agreements with the world in the GCC is a good opportunity for the UK to look at rather than a need.



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Again, the UK is pushing for speed. On the other hand, the GCC is pushing for speed. Negotiating terms will not take as long as it took before.

The other reason is you have a great team—at least I can speak on behalf of the GCC because I saw them—with ex-bankers, tough negotiators who have negotiated different terms and conditions other than free trade agreements worldwide and so they mean business and they have the mandate to take that to an action. From the GCC perspective definitely, any agreement will not take that long any more. Thank you.

**Dr Kéchichian:** I agree with Bandar Reda on everything that he said but add that if in the past some of these agreements were narrow, the FTA with the UK will be rather broad. It might take a little longer to bring all of this under the same roof for more than 100 pages, for a simple reason. Presumably here we are talking about key items that need to be included in this FTA, things like maritime law agreements, purchasing of machinery, patterns in trademark regulation, consumer protection issues, industrial laws. Earlier David Roberts mentioned, correctly, the Justice Ministry in Saudi Arabia and the prison reform question. Presumably the same kind of legal issues will come up. All of this has to be included.

One can make a list of all the critical issues that the UK team and the GCC team will have to address. One can add even mundane items such as plants, veterinary items, seeds and seedlings. You can make a list. If you want the document to be 100 pages long, you can make it 100 pages long. If you want it to be 1,000 pages long, you can add a lot of things about different rules and regulations that you want to accomplish. Presumably, the more logical approach is to have a shorter document—or “broad and shallow”, to use David Roberts’s favourite term—so that it becomes more efficient to apply it on the ground and let the individual partners at the different Ministry levels or between London and Riyadh at the GCC headquarters sort out the differences and the details when they come up. It is up to negotiators from the beginning to decide what they want to accomplish.

I agree 100% with David Roberts that the reason the Singapore FTA was successful is that there was a political will on both sides, not just on the Singaporean side, to accomplish this in an efficient and mutually beneficial way.

Q31 **Chair:** We are trying to run telescopes in several directions but given the negotiations that are open and in play, why would the Gulf states push for a deal with the UK when perhaps more significant markets are in some of the others like the European Union, Japan or China? Do they want particular things from the UK? Why spend the effort? There will be a GDP ranking somewhere and I would be surprised if the UK were the biggest cherry to be pulled from the tree. Do you know what I am saying?

**Dr Kéchichian:** Partners are important in life and, as we have said a number of times, the GCC countries’ leaders and populations perceive the United Kingdom as a partner, not just a place for a second home but a



place where people can acculturate themselves, visit, enjoy themselves and share a lot of interesting things together. Partnerships are important in life. Do not underestimate yourself.

Q32 **Chair:** Okay. David, did you want to throw in anything there?

**Dr Roberts:** Yes, thank you. There are two important questions. Of course the GCC will extract its pound of flesh. What negotiating group or individual state would not when it can? Of course it will. It sees us coming at it quickly with this evident and obvious desire. It is fair to say that the UK instituted this latest round of discussions. We want it as quickly as we possibly can. The GCC is well aware of the Brexit background, the proclivities, the preferences and the push coming from the current Government. It knows the rush that we are in, which potentially does tilt the scales a little bit: "Well, if you are in that sort of a rush, we can come to an agreement". It does change things.

But who benefits more from a putative FTA is a tricky and interesting question. From the UK's point of view, we need to carefully and specifically articulate how our FTA with the GCC states will materially contribute to the ongoing and increased diversification of the Gulf economies, which is the central mandate of pretty much all of the Gulf Governments at the moment. We need to pitch this there. If we do not successfully pitch this in that kind of a context, it strengthens the hand of the Gulf monarchies. If this FTA does not make a huge amount of difference to them, potentially, and if that is not articulated to them, their proverbial price goes up. That is for us to do.

Q33 **Chair:** Thank you. Some of us here—Anthony Mangnall and I at least on this Committee and maybe others—were in Qatar in the autumn and patently obviously the Qataris also had the personal connections that Joseph Kéchichian has been mentioning. The Emir of Qatar has a castle in Scotland but he is also investing. He is encouraging £5 billion of investment over a certain period, which happened more quickly than expected. He is also looking for more investments to happen not just in the south-east of England but hopefully in Scotland as well. Lord Lovat once owned his castle. It did, incidentally, have a famous author, Compton Mackenzie—an esteemed Englishman—there as well. The best part about Compton Mackenzie, of course, is that he was a founder of the Scottish National party. You can see the connections are all there.

What I am driving at is that the connections that have been mentioned are indeed leading to investment. You were saying that it is not just the dry balance sheet that is pushing some of this movement from the GCC in concert with the UK. It is actually the connections and the experience over quite a number of years if not decades. I see David is nodding.

**Dr Roberts:** Yes, very much. All these sorts of engagements with the Gulf monarchies are multilayered in this way. To continue with the Qatar example, as we all know the RAF stood up its first squadron since the second world war precisely because of the unusual level of engagement



that we have with Qatar. We need to think about—and I am sure the Gulf monarchies on the other side will be thinking about—these unusual ways and the unusual offerings that we can make. We think we are unusual and special in the UK, like every state does. What do we have that we can engage with the monarchies? The RAF squadron is a nice example, at least in the military sphere.

The other almost flippant example that comes to mind—I am trying to claw it from the back of my memory—is that many moons ago in France they established a new law when it came to real estate investing such that Gulf buyers, when they bought in Paris or wherever, would have a much lower tax rate. This is a flippant example of an unusual element to this that might be folded up. I do not mean to push that in any way, shape or form but that leapt to mind. It is finding those interesting elements that we can bring to it.

**Q34 Mick Whitley:** I have a quick question to Bandar. What should the UK Government do to ensure that negotiations with the GCC do not lose momentum?

**Bandar Reda:** Again, speed is the main aspect. A free trade agreement should be a win-win agreement between two parties. Of course, there are certain negotiating points that you could—

**Chair:** Bandar, sorry, come in towards that microphone there, please. Two or three inches seems to make quite a difference. Thank you.

**Bandar Reda:** I was saying speed is one of the main elements to securing good and fast trade agreements. The momentum to them is speed. Yet again, a free trade agreement should be a win-win agreement for both parties. No one should have an upper hand in that agreement.

To come up in conclusion with a strong and fast agreement, from the UK perspective, we could look at the main common points that we agree on and put them in the list. We could establish that agreement based on those agreements with the GCC. Then we could put as an annex in a different downstream agreement certain points and details to be discussed further. To gain the GCC's quick response and interest in having an agreement, we should find both UK and GCC common grounds and agree on them for articles. Then we should look at the differences in different articles or annexes downstream after signing the basic agreement. Thank you.

**Dr Kéchichian:** May I add something to this good question? The Singapore FTA worked so well—and the UK FTA with the GCC could work so well too—because of the informal decision-making process. To a certain extent, one should not neglect the fact that some informal decision-making may be required. In other words, not everything should be left to the experts to go into so much detail that it will drag on and on at every level until the end of time. One could do that. A lot of GCC countries' leaders and populations are familiar with and comfortable and at ease with the UK system because of some similarities as well. There is also in the UK an attitude of some



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level of informality, consensus building and accepting and paying attention to what the other is saying. Therefore, this is a mutually beneficial agenda.

- Q35 **Chair:** Thank you. We are coming towards the end but we are not quite at the end. I have listened to what people have said about a lot of the informal decisions being made and the importance of certain individuals. I mentioned the Emir of Qatar driving levels of investment, from my own personal knowledge at least. I hope that future investment will involve tunnels from Scottish islands. Maybe that is another matter for another day but it is certainly worth flagging at any time.

Which non-governmental organisations and individuals within the GCC should the UK seek to engage with? Is it the monarch level? Is it the ministerial level? Does it vary from state to state? There can be a temptation to see the template in each of the six as similar when it is probably nuanced and different. At what stage would it be most helpful to look out for the non-governmental organisations and individuals for engagement?

**Bandar Reda:** Can I comment on this? When talking about free trade agreements, at this point, from what I saw in the past year of the pace and the groupings that they are having, the GCC committee's chief negotiator is the only person that you need to get in touch with at this point. They are focused, sharp and empowered by all the leaders in the GCC. I have seen it first hand and so that is my take on this point.

- Q36 **Chair:** Bandar, the message you are giving there is that the six states have ceded enough autonomy or sovereignty—call it what you want—and have invested trust in the GCC secretariat and that is all that needs to be touched on at the moment and dealt with. Is that what you are saying?

**Bandar Reda:** For sure, 100%.

- Q37 **Chair:** Do the other two witnesses agree or maybe caution there is a little extra on the side of that?

**Dr Kéchichian:** One group of individuals that needs attention is the media folks. We often neglect the media in the Gulf states, saying that they are all controlled by Governments and that there is no freedom of the press and so on. Here is an opportunity for negotiators in the UK and GCC to present their cases to the local papers, local media outlets and local television. Every time you get a chance to go out there to present your case, it does not hurt to explain these things to a broader range of people so that they can be brought on board as well.

The NGO is a peculiar concept in the non-western world with which we have to be careful. We are now talking about human rights associations, economic groups, legal groups that may have a beef with one Government or another. But the media is often neglected and the media is not as unfree as a lot of people think, especially when it comes to economic questions and non-political items. Here is an opportunity that UK negotiators can bank on if they want to.



Q38 **Chair:** Thank you. I am mischievously tempted to ask if there is media there that could misrepresent the GCC and cause one of the six countries to leave it, as happened in another trade bloc somewhere else.

The final question I want to ask, unless anybody else wants to come in, is about the what fors? What are the trade gains you can see? Quite often people ask if a tariff fell there or if a non-tariff barrier fell somewhere else, what would be the changing face of trade between the UK and the six GCC states—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE—that we might see 10 or 20 years after any trade agreement comes into force? Does anything particularly jump to mind for any of you?

**Bandar Reda:** I can clarify one point for sure. We could see much more foreign investment or GCC investment coming into the UK if terms and conditions are right, for example protecting certain investment interests, investment law and investment clarity in the UK. Definitely we could see the trend from Qatar, Saudi Arabia, the UAE and other Gulf countries investing here in the UK, but in the past two years due to Covid and so many other factors, we can see the trend has been slowing. But if this agreement falls into place and is agreed upon, those types of investments will increase in a big way in the UK.

Q39 **Chair:** What sort of investment? Do you see that being greenfield investment or will it be mergers and acquisitions, which is driving prices up further?

**Bandar Reda:** It will be diverse. I cannot pinpoint one of them, but whatever you mentioned—real estate, greenfield and different types of investment—and in general—

Q40 **Chair:** Some of that is welcome and some of it is not. If you are driving up house prices, people in the UK might say, "That is the sort of investment we do not particularly want".

**Bandar Reda:** I cannot go into details but I could say investment in general. I do not know what the impact will be on these types of investments at that point. It could be positive or negative impacts. We do not know what the impact is at that point.

Q41 **Chair:** That is fair enough. We might have to invest in better microphones. Do either of the other two want to come in on that final point on the changing face of trade between the two entities here?

**Dr Roberts:** If I were an economist, I might give you a more financial answer. If I were a lawyer, I would focus on law. But I am focused on politics and geopolitics, so forgive me if I give you an answer within my wheelhouse. I do not think purely in terms of, "These are the net GDP benefits; these are the specific economic sectors that might be improved or leveraged." I see the FTA as a wider leverage for fundamentally furthering or maybe restructuring the Gulf-UK relationship, like a 2.0 sort of idea. I assume that if the Government wanted to snap up a wide-ranging, significant deal, this would be a key part of it but this would be part of finding the intricacies, innovations and unusual things, based on



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our history, our engagement and all this other stuff, where we can leverage wider opportunities for mutual benefit and that sort of thing.

**Dr Kéchichian:** Briefly, to add to what David Roberts has said, in the future, the one area that we did not talk about, which presumably the FTA between the UK and the GCC might also include, has to do with high technology, artificial intelligence, cybertechnology and so on. Presumably Bandar Reda is correct that there could be some FTA for the companies that do these very advanced technologies and the transfer of technology and the limitations that western powers like the UK and others would want to place on the transfer of technology in the future. In fact, a very basic question that a lot of people are asking now is whether industrialised societies can curtail the transfer of technology in the future. Presumably the answer is yes, but the answer would be no if in fact there are effective FTAs in place for the benefit of both sides.

I can see down the line 10 or 20 years from now the kind of rapprochement that could exist between partners who are willing to, essentially, swim in the same lane. A lot depends on the willpower on both sides, what we want and how we go about getting it.

**Chair:** Thank you very much. That is quite a nice, optimistic end to our session this morning. Thanks for the seminar, all three. We have all collectively learned quite a lot. The headline message that surprised me perhaps most was the social message that this is an area of change. I suppose, if we look back in history since the independence of these areas in the last 60 years, there has already been change and this change will continue. I have a feeling that many of us in Europe and in other places might have thought of the Gulf as being a place in aspic. That is certainly wrong. It is a place that is in change and in transition with new ideas and brimming to move on, like many other places in the world of course. That is a particularly interesting point and is a good jump-off point for trade with any group of people in the future when things are changing, dynamic and interesting.

I thank all three of you for your time this morning. It has been much appreciated by us all.