



EUROPEAN
COMMISSION

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Recommendation for a

COUNCIL DECISION

concerning new negotiating directives for a regional Free Trade Agreement and bilateral Free Trade Agreements with the countries of the Cooperation Council for the Arab States of the Gulf and respectively the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the State of the United Arab Emirates

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The Council authorised the Commission to open negotiations in 1989, on behalf of the European Community, with the countries of the GCC on an inter-regional free trade agreement and, as appropriate, on bilateral free trade agreements. After more than ten years of region-to-region negotiations with the GCC, in 2001, the Council adopted revised negotiating directives to reinvigorate those negotiations. The negotiations eventually came to a standstill in 2008 due to insurmountable differences in ambitions for a free trade agreement. Several attempts were made since then to resume discussions for a regional free trade agreement. However, these have not yet resumed.

Notwithstanding the present standstill of the negotiations, at the EU-GCC Summit of 16 October 2024 both parties agreed that the EU-GCC trade and investment relationship “*must be developed, as appropriate, through multilateral, regional, and bilateral frameworks*” and that both sides “*will continue to explore tailor-made agreements supporting trade and investments*”.

The Joint Statement of the EU-GCC Summit of 16 October 2024 reaffirmed also the EU and GCC members’ “*mutual interests and ambition, tapping into the opportunities offered by an enhanced business and investment environment, the green and digital transitions, sustainable energy, connectivity, and advancing on sectoral cooperation in areas contributing to the goal of enhanced economic integration and diversification of our respective economies*”.

In line with these commitments and with the objectives of the EU’s Joint Communication on the Strategic Partnership with the Gulf of May 2022, which called for consolidating the EU economic bilateral partnerships with the GCC countries, the EU is offering the possibility of negotiating free trade agreements with those Gulf partners that are interested and share the EU’s level of ambition in parallel to the bilateral Strategic Partnership Agreements. These agreements would be complementary to the existing EU-GCC trade and investment partnership.

In this view, the new draft negotiating directives aim to update and replace the previous negotiating directives from 1989, as revised in 2001, taking into account the need to enhance the existing regional and bilateral trade cooperation by aligning it with the ambitious strategic orientations underway in the EU and in the GCC countries contributing to promote international standards, economic reforms and improving the business climate. The new negotiating directives will also take into account advanced rules for traders and investors with sustainability at its core, to allow to broaden engagement to new areas of cooperation and to provide for new market access opportunities with the objective to strengthen the EU’s role as a privileged partner of the Gulf countries.

- **Consistency with existing policy provisions in the policy area**

The proposed negotiating directives will further support modern agreements with GCC countries, which will build on a Joint Communication for a Strategic Partnership with the Gulf and complement and form part of a broader network of agreements between the EU and its international partners.

The first-ever EU-GCC Summit, held in Brussels on 16 October 2024, underlined the commitment to a more ambitious framework and reaffirmed both sides' resolve to elevate the EU-GCC Strategic Partnership and strengthen cooperation through multilateral, regional, and bilateral frameworks.

- **Consistency with other Union policies**

The modern agreements with GCC countries are relevant for the EU's 2024-2029 trade policy priorities, notably to increase the EU's strategic competitiveness, diversify trade links and supply chains, encourage investment and strengthen sustainability of the EU economy. They will also align with key policy priorities stemming from the Global Gateway strategy, the European Green Deal, promoting the increase EU's strategic competitiveness, encouraging investment and strengthening sustainability of the EU economy (ie the new Industrial strategy) and should be seen as contributing to the development of a future bilateral Strategic Partnership Agreement and Middle East Strategy.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The recommended draft Council decision for the adoption of revised negotiating directives concerns the negotiation of agreements that fall within the common commercial policy and may also include specific commitments on transport. For that reason, the substantial legal base is provided for by the first subparagraph of Article 207(4) TFEU, and for the transport aspects by Article 91 and Article 100(2) TFEU. Regarding the procedure, Article 218(1) TFEU stipulates that the specific rules of Article 207 TFEU have to be applied with regard to the provisions falling under the common commercial policy. Concerning the transport provisions Article 218 TFEU is relevant for determining the procedural legal base. Furthermore, the procedural legal base distinguishes between the recommendation of the Commission and the decision of the Council. Therefore, the recommendation of the Commission has to be based on the second subparagraph of Article 207(3) TFEU and on Article 218(3) TFEU. For the Council decision the procedural base is the third subparagraph of Article 207(3) TFEU and Article 218 (4) TFEU. Overall, the recommendation for a Council decision has to be based on the TFEU, and in particular Article 91, Article 100(2) and the first subparagraph of 207(4), in conjunction with the second and third subparagraphs of Article 207(3), Article 218(3) and Article 218 (4) thereof.

- **Subsidiarity (for non-exclusive competence)**

The common commercial policy is a matter of exclusive competence of the Union in accordance with Article 3(1)(e) TFEU. The negotiation of international agreements covering commitments on the provision of services in the area of transport has become an exclusive competence in accordance with Article 3(2) TFEU.

- **Proportionality**

The negotiation of the envisaged agreements does not go beyond what is necessary or appropriate to achieve the policy objectives of the common commercial policy.

- **Choice of the instrument**

The recommendation is the only legal instrument available for the Commission to initiate an adaptation of the Council negotiating directives.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

A wide stakeholders consultations process involving the private sector, trade unions, and other non-governmental organisations will be carried out as part of the Sustainable Impact Assessment providing an opportunity to express views, expectations and concerns.

Complementary information will be sought in academic literature, think-tank and NGO reports, and any other relevant reputable source, which could contribute to obtaining additional information on the possible impact of the agreements.

- **Collection and use of expertise**

Not applicable

- **Impact assessment**

A Sustainable Impact Assessment of the agreements will be carried out in parallel to the negotiations.

- **Regulatory fitness and simplification**

Not applicable.

- **Fundamental rights**

The recommendation concerns negotiating directives which the Council addresses to the Commission. It has no effects on the fundamental rights established in the Charter of Fundamental Rights of the European Union.

4. BUDGETARY IMPLICATIONS

The recommendation has no budgetary implications.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 91, Article 100(2) and the first subparagraph of 207(4), in conjunction with the second and third subparagraphs of Article 207(3), Article 218(3) and Article 218 (4) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

- (1) In 1989 the Council authorised the Commission to open negotiations, on behalf of the European Community, with the countries of the GCC on an inter-regional free trade agreement or on bilateral free trade agreements. In 2001, the Council adopted revised negotiating directives to reinvigorate those negotiations.
- (2) Since 2008 the Free Trade Agreement negotiations between the EU and the countries of the Cooperation Council for the Arab States of the Gulf are stalled.
- (3) On 20 June 2022 the Council endorsed the “Joint Communication on a strategic partnership with the Gulf”, called for comprehensive and stronger partnership between the EU and the GCC and its Member States.¹
- (4) The first ever EU-GCC Summit, held in Brussels on 16 October 2024, underscored the growing significance of EU-GCC relations and reconfirmed the EU’s commitment to a more ambitious partnership with the Gulf countries, including on trade and investment related matters.
- (5) In the Joint Statement of the EU-GCC Summit of 16 October 2024 the countries of the Cooperation Council for the Arab States of the Gulf expressed renewed interest to further develop their trade and investment relations with the EU through multilateral, regional, and bilateral frameworks, as appropriate.
- (6) Given the EU’s and GCC members’ mutual interests and ambition to tap into the opportunities offered by an enhanced trade and investment partnership the EU is offering the possibility of negotiating free trade agreements with those Gulf partners that are interested and share the EU’s level of ambition in line with the objectives set out in the “Joint Communication on a strategic partnership with the Gulf” of June 2022.
- (7) With the objective to strengthen the EU’s role as a privileged partner of the GCC countries the new negotiating directives aim to enhance the existing regional and

¹ [Joint Communication on a “Strategic Partnership with the Gulf” | EEAS](#)

bilateral trade cooperation by aligning it with the ambitious strategic orientations underway in the EU and in the GCC countries,

HAS ADOPTED THIS DECISION:

Article 1

The negotiating directives for a regional Free Trade Agreement and bilateral Free Trade Agreements with the countries of the Cooperation Council for the Arab States of the Gulf and respectively the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the State of the United Arab Emirates adopted 1989, as revised in 2001, are replaced by the negotiating directives as set out in the Annex to this Decision.

Article 2

This Decision is addressed to the Commission.

Done at Brussels,

*For the Council
The President*