



Gulf Research Centre Cambridge
Knowledge for All

Workshop 4

The GCC and Australia

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Abstract

The GCC states and Australia have a long relationship, especially in the commercial realm. This relationship has expanded in the past couple of decades to include higher levels of investment, tourism, and new ties in aviation and other sectors. These changes have brought with them new dynamics in other areas, including in diplomatic relations, the military and strategic realm, and in cultural and other people-to-people links. The two sides also share interests in regional stability, with Australia having made significant military contributions since 2001 to both Iraq and Afghanistan and with both Australia and the Gulf States having strong interests in countering the rise of Islamic extremism and in promoting stability in the Middle East and the Indian Ocean regions. At the same time, there exists the potential for rivalry and tension between the two, especially given that both are net energy exporters competing, at present, in an environment of low hydrocarbon prices and with enormous energy investments at stake. This workshop seeks to address the paucity of scholarly work on the Australian-GCC relationship, and on the historical and contextual factors that have shaped, and continue to shape, it.

Description and Rationale

This workshop will be devoted to examining the relationship between the states of the Gulf Cooperation Council (GCC) and Australia, as well as the historical and contextual factors that have shaped these ties and the perspectives of third parties on the GCC-Australia dynamic.

The GCC-Australia relationship is not the overwhelming priority of either side – both sides are, naturally enough, concerned foremost with their more immediate neighborhoods and with their relationships to major powers – but each side is very important to both, and their relationship is expanding and diversifying. The two are of roughly similar size: the gross domestic product (GDP) of the GCC states combined was around US\$1.6 trillion in 2014, and about US\$1.45 trillion for Australia. Both are high-income economies, with strengths in natural resources. Two-way merchandise trade between them in 2015 totaled A\$12.3 billion (about US\$9.5 billion at current exchange rates), not counting the booming trade in services and the rise of Gulf investment in Australia. Increasingly, other socioeconomic ties are expanding and strengthening, including in tourism, higher education, aviation, English language learning, and an array of social and cultural exchanges.

There are promising new areas of commercial collaboration between the GCC states and Australia. In aviation, Emirates and Qantas entered into a very strong strategic partnership in 2013 which is profoundly changing Australian aviation. There are now 14 daily flights between Australia and Dubai, and when Qatar Airways and Etihad's flights are added in, a total of 8,300 seats per day on direct flights between Australia and the GCC states. This is offering enormous opportunities not only for these carriers, but also for the expansion of tourism, air freight, and other linkages.

There are also economic tensions between the GCC states and Australia. In particular, Australia is a rising gas exporter, likely to be producing 120 Bcm of LNG by 2020, which would be similar to the total LNG production in the GCC projected for that year. Given that an oversupply is emerging in the market, there is the possibility for tension with key Gulf and other gas producers, and for rivalry in attracting investment into the sector.

Australia also has a long history of military involvement in the Middle East, if a more recent one in the Gulf. Australia's first military expedition in World War I was to the Gallipoli campaign in modern-day Turkey, and troops also fought in the Levant and, in World War II, in North Africa. More recently, after the 11 September 2001 attacks in the United States, Australia committed specialized forces to Afghanistan; a force remains

there to the present time. In 2003, Australia was the third-largest contributor to the allied forces in the Iraq War, sending some 2,000 troops. With the GCC states, there is a modest trade in arms and related equipment, and former Australian military personnel have been prominent in assisting some Gulf States with their military modernization.

At times the Australian military involvement in the Middle East has been controversial, especially during the 2003 Iraq War. While this has not affected the diplomatic relationship between Canberra and the Gulf capitals, there is the scope for other policy issues to introduce tensions into the relationship. Differences of opinion sometimes arise over human rights issues, visa regulations, or policies towards regional conflicts. As the strategic dynamic in the Gulf changes – given the Iranian nuclear deal, the war in Yemen, the Syrian civil war, and a lifeless Israeli-Palestinian peace process – so too might the GCC-Australian relationship, whether for better or worse.

The global and Middle Eastern strategic environments are both changing, as are the dynamics of international trade and investment, the politics of energy, and the socioeconomic impacts of globalization and new technologies. These factors will directly impact both the GCC states and Australia, and the profile of their relationship. The interests and policies of other actors will become perhaps even more important than they already are, as new major powers such as China emerge, while more established powers such as the United States and the European Union remain important to both the GCC and to Australia. It is an opportune time, now, to examine the GCC-Australian relationship in light of both its recent strengthening and deepening, but also the uncertain future that it faces.

Contribution to the Future of Gulf Studies

It is intended that this workshop will do two key things, both of them making a contribution to Gulf studies.

First, it will introduce into the scholarship some initial work on Australia, including its diplomatic, strategic, economic, social and cultural linkages to the Gulf region. In so doing, it will expand the extremely limited extant work on how the GCC states and Australia view each other, and begin a discussion on the opportunities and hindrances to GCC-Australia links. Very little has been done by scholars on the diplomatic and strategic dynamic between the GCC and Australia, and while the current changes in the Middle East make such work speculative, any new contribution would make an outsized contribution to a very neglected area of Gulf studies. There is a little more on the economic dimension of the dynamic, but these works are predominantly government

papers; critical scholarly research focused specifically on the Gulf States and Australia remains rare, and more ought to be welcomed by those in the field.

Second, the workshop will provide context for a better scholarly understanding and analysis of the GCC-Australia dynamic. By making welcome contributions on the history of the relationship, and on the perspectives and roles of third parties (for example, on how major powers, commercial actors, or social forces see it), greater depth will be added to the understanding of the GCC-Australia relationship and to how this relationship shapes other dynamics. By bringing together an array of scholars – from those specializing in the Gulf, to experts on Australia, to those looking afresh at the GCC-Australia relationship from another angle or approach – this workshop seeks to offer some fresh insights and ideas on the specifics of the relationship while also ensuring that its descriptive and analytical scope is of value much more widely.

Finally, it is interesting to note that Australia has emerged as a rising geopolitical area of importance in the energy industry, in that its massive deposits of coal seam gas, coupled with its strategic decision to use this for export purposes, is seeing its export capacity develop at a very rapid pace. Projections from the IEA and EIA expect Australia to eclipse Qatar's export capacity by around 2020. It is telling that, as of 2016, Australia has US\$61 billion of LNG and natural gas infrastructure investments which are currently under development, and constitute upwards of 60% of global LNG infrastructure investment between 2010 and 2015. Indeed, since Qatar implemented a moratorium on further exploration and development over its giant North Field, its export capacity has plateaued, yet it still can claim to be the world's largest, with 30% of LNG market share. However, the trend concerning Australia is striking in that by 2030, some estimates are indicating that it will be in a position to export nearly twice what Qatar is currently able to do. From a supply perspective, it is clear that the next decade is going to be marked by a heightened level of competition in the global LNG market which has emerged on the back of higher oil prices. Yet with the other five GCC states needing to import natural gas, there are conversely clear opportunities for Australia from an energy supply perspective.

Anticipated Participants

This workshop should appeal to a range of scholars, students, and others, including those focused on:

- GCC foreign relations and foreign policy making;

- Australian foreign relations and foreign policy making, and likely those with expertise on other parts of the South Pacific (New Zealand, Papua New Guinea, etc.);
- The factors shaping conflicts and political change in the Middle East, especially in cases where the GCC and/or Australia are active (Iraq, Syria, Yemen, etc.);
- Military and security issues in the Gulf, and the Middle East more widely;
- The gas sector, and new trends in oil and gas;
- Other emerging trends in international business and commerce, especially tourism, aviation, higher education, the energy sector, and new technologies; and
- Cross-cultural exchanges and people-to-people links, especially in/with/from the Gulf.

Some of the areas in which we believe that workshop papers could usefully be contributed include the following:

- The history of Gulf-Australian relations and contacts.
- Foreign policy perceptions related to Gulf-Australian relations, especially:
 - Of one or more of the GCC states towards Australia; and
 - Of Australia towards one or more, or all, of the GCC states;
 - Of either Australia or one or more GCC states towards a foreign policy issue (e.g., the Israeli-Palestinian conflict, Iraq, Syria, ISIS, Iran, etc.), and how this might shape or be shaped by the GCC-Australia dynamic; and
 - Of an external actor (e.g., the United States, China, Russia, Japan, Iran, Turkey, India, the EU, etc.) towards the GCC-Australia dynamic.
- The trade and investment relationship between the Gulf and Australia, including:
 - An analysis of the trade relationship, and the factors that have shaped it and which assist or hinder its development and expansion;
 - The prospects for, and issues with, a free trade agreement (FTA) and double taxation agreement between the Gulf States and Australia;
 - Tourism links, and issues in tourism between the GCC states and Australia;
 - Education links, including higher education and English language education;
 - Finance and banking, including Islamic banking/finance, and its potential in Australia;
 - The role and activities of Gulf sovereign wealth funds, including in Australia;
 - The nature of the investment relationship between the Gulf and Australia, including not only bilateral investment but also how the two parties seek to attract third party investment; and
 - Any other dynamics that are a barrier or hurdle to trade and investment, or which might induce cooperation or competition between the Gulf States and Australia.

- People-to-people contacts between the Gulf States and Australia, including as examples in tourism, education, cultural production, sport, and as expatriates/long-term residents in each other's countries.
- Third country perspectives on the Gulf-Australia relationship:
 - Papers likely to be of particular importance and interest include the perspectives of the United States, China, India, Russia, and Iran; but
 - Papers on other states or regions, such as key states in Southeast Asia, East Asia, or Europe, would also be potentially useful.
- Other topics, including but not limited to:
 - Australian military involvement in the Middle East, including in the Gulf, in various capacities, and what this means for Gulf-Australian relations;
 - Issues related to criminal activity, and what they mean for the Gulf-Australia dynamic; e.g. unlawful immigration, the drug trade, human trafficking, money laundering, etc.; and
 - The role of sport in the Gulf-Australia relationship (e.g., sports exchanges, the 2022 Soccer World Cup, etc.).

While the focus of the workshop will primarily be on the GCC and Australia, papers on the GCC's relationships with other South Pacific states are also encouraged (e.g., on New Zealand, Papua New Guinea, Fiji, etc.), including papers that present a Gulf or Middle Eastern perspective on the relationship with these states.

Workshop Director Profiles

Steven Wright is an Associate Professor of International Relations and Gulf Studies at Qatar University. He was previously an Associate Dean in the College of Arts and Sciences at Qatar University, and also served as the Head of the Department of International Affairs from 2010-2012.

Dr. Wright has held research fellowships at the London School of Economics (LSE), Exeter University and also at the University of Durham where he was the Sir William Luce Research Fellow. He was elected a Fellow of the Royal Asiatic Society of the United Kingdom. His areas of research focus on the politics and international relations of the GCC, in addition to US foreign policy and energy geopolitics. He has authored several publications concerning the Gulf States, including authoring *The United States and Persian Gulf Security* (Reading, Ithaca, 2007) and coediting *Reform in the Middle East Oil Monarchies* (Reading, Ithaca, 2007). He has previously been the Assistant Editor of the *Journal of Arabian Studies* (Routledge). Dr. Wright received his Bachelor's

degree with Honours in Social and Political Science from the University of London, and his M.A. and Ph.D. degrees in International Relations from the University of Durham.

Matthew Gray joined the School of International Liberal Studies (SILS), Waseda University, Tokyo, Japan in September 2016 as an associate professor. Prior to that, he spent over 11 years at the Centre for Arab & Islamic Studies, at the Australian National University in Canberra, Australia. He has also been a visiting fellow at Durham University, UK, and Tokyo University, Japan. Over 1997 to 2005, he worked in various roles with the Australian government, including in trade promotion, defense intelligence analysis, and immigration policy.

He is the author of *Global Security Watch - Saudi Arabia* (Praeger, 2014); *Qatar: Politics and the Challenges of Development* (Lynne Rienner, 2013); *Conspiracy Theories in the Arab World: Sources and Politics* (Routledge, 2010); and various articles and chapters on Middle Eastern politics and political economy.

Selected Readings

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