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## Brexit's Impacts on The Arabian Gulf

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**Abstract:** This study aims to highlight the most prominent effects of Brexit on the Britain-GCC countries' relationship, by investigating the developments that occurred in the security and economic aspects after the referendum's outcome in 2016 and drawing the future of this relationship. In addition, it is important to track the evidence that indicates Britain's return to the region as one of the important alternatives to compensate for its expected losses after Brexit. This study examines that Britain would play an important role in the economy and security of the GCC countries and in return, the GCC countries will help Britain to reduce the expected economic losses following the Brexit by using their sovereign funds to invest in the United Kingdom. It can be inferred that the future relationship between the two parties should be a "win, win" technique by activating their partnership and reducing barriers in order to reach free trade agreements.

**Keywords:** Brexit, UK and Gulf Relations, Gulf Security, Gulf Political Economy, International Relations in the Gulf

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### Struggling to come back to the GCC

Many Britain plays a crucial role in global foreign and security matters and the factors that make Britain a world power are being a permanent member of the UNSC, the world's fifth-biggest economy, and having nuclear power. These features contribute to continued good relations between the GCC countries and Britain, in addition to the historical relations between the two entities. The UK administration's main decision after Brexit is to boost its engagement in all sectors with different areas of the world. In this context, the GCC will be a significant factor for the UK in its efforts to counterbalance the economic and political effects of Brexit. Therefore, the UK government is working hard to increase economic, political, and military relations in the region. In the last twenty years, the GCC States have become one of the leading investors in the UK's economy. In 2016, UK trade with the GCC States was estimated to be more than £30 billion (Sharfi, 2018).

The latest series of statements and visits by British officials prove that the UK is seeking to strengthen its existence in the region. The pursuit of free trade with the GCC States, having the most significant number of arms deals including training and maintenance, and developing bilateral relations with the GCC States emphasizes the desire of the UK to have a more significant presence in the Gulf region after Brexit. The geopolitical instability and the claims by some voices inside Britain that the GCC States have practiced some violations of human rights will not have a substantial effect on Britain's desire to strengthen its relations with the GCC states (Vagneur-Jones, 2017).

In December 2016, at the Gulf Summit in Bahrain, the British Prime Minister Theresa May announced Britain's desire to return strongly to the Gulf region. She said that this relationship goes back to the first agreement signed in the mid-17th century with the "East India Company" which ensured trade and military presence in the Gulf. Therefore, leaving the EU provides the opportunity for the UK to go out into the world to have a more significant global role in building alliances, and more importantly, strengthening UK's dealings with its old friends such as Gulf countries. She added that Gulf security is Britain's security, seeking to cooperate more in order to defeat terrorism and the Iranian threat. In addition, she wished that Britain would become the capital of Islamic investment. (Borea, 2019).

Most of the GCC states have been a vital partner to Britain due to historical reasons, and especially its relations with Saudi Arabia have been harmonious beyond the ordinary. Due to such long-lasting relations, Britain could maintain its presence in the GCC countries regardless of withdrawal in 1971. In this regard, it is crucial to understand that Britain never completely disengaged from the area, and for that reason did not sharply break all relations with the regional countries. (Shahandeh, 2019).

### Reasons to Comeback

Following the Brexit, London's officials are currently in imperative need to extend external partnerships to compensate for the loss of Britain's place in the EU. More critical is the revitalization of trade and Britain's attempt to preserve its place in the global trade map, particularly if British officials fail in the coming period to

reach an agreement to keep their membership in the EU Single Market, which looks unlikely. Furthermore, the London decision-makers are keen to maintain their country's geopolitical standing and to evade any decline in Britain's position at the international level (Harris, 2017). As Brexit is approaching, Britain is seeking to double its influence on its existing geographic areas of strength, the first of which is the GCC States, aiming to boost its trade and security ties with the Gulf (Kinninmont, 2016).

Since 2012, economic and trade relations have risen; therefore, Brexit will be an additional boost to growth. Britain will focus more on developing trade with the GCC countries, especially the defense industry, and the possibility of a free trade agreement with the GCC countries will be one of the ways to save Britain from the repercussions of Britain's exit from the EU. As a result, being fully aware of the new climate created by Brexit, and its potential effects on the British economy, in particular, Britain had to prioritize its relations with the GCC countries as a substitute for the former entity. (Shahandeh, 2019).

Another reason is the natural resources, which are a significant feature of being a great power; nonetheless, in this era, the most crucial aspect is dominating these resources. For example, except for Russia, the top-10 oil reserve states of the world are not considered as a regional power (Yenigun, 2016). Therefore, the combination of oil and arms trade has deeply affected the British foreign and military policy in the Gulf. Thus, one of the key drives for the British return to the Gulf is to reinforce the relationships with the periphery GCC states and protect the UK's access to oil. In this context, the UK keeps a significant military presence in all the GCC States. Keeping the trade and oil supply routes in the Gulf and the Red Sea is essential to the UK's naval strategy (Vaez-Zadeh & Javadi, 2019).

It is enough to draw attention to the fact that the sovereign wealth of the GCC countries represents 36 percent of the world, as well as its ability to boost the level of oil production and possesses over 30 percent of the world's crude oil reserve, so, that certainly enhances the worldwide significance of the Gulf petroleum sector. Indeed, the GCC countries have an oil reserve assessed to be about 500 billion barrels, which encompass about 41 percent of the whole reserves of OPEC (Hussein, 2014).

In fact, the Arabian Gulf countries' approach also positively to the desire of the UK to come back to the region. There is no doubt that the UK has historical roots in the region, besides an active presence in trade, security, and political issues, which makes it a trusted ally to the GCC countries, especially in necessary times. In addition, the UK plays a significant role in forming some states in the region, as well as its role in supporting Sultan Qaboos in suppressing the socialist revolution in Dhofar. From this standpoint, the need for the GCC States to deepen their relations with Britain is due to several vital aspects. First, the GCC states seek to expand their access to the fifth largest economy in the world, thereby making profitable chances in terms of trade and investment. Second, the UK will continue to be a leading armed partner with the US for the GCC States. Third, Britain will always be a valued partner for the GCC states due to its size, widespread diplomatic links, and its permanent seat on the UN Security Council (UNSC) (Harris, 2017).

Also, the transformation of the international system within the region is another factor, which forces the UK and GCC states to get closer. The GCC states enjoy exceptional standing at the global level and play an essential role in the global military, economic, and political levels. A third of the world's oil supplies pass through the Strait of Hormuz, equivalent to about 40 percent of global oil production, (Source) and it is one of the busiest waterways in the world. In addition, most of the countries that overlook its coasts are oil exporters, and its waters include oil and gas fields. Therefore, Britain has been keen to activate its partnership with the countries of the region to ensure its continued importance as one of the world powers.

Although Britain was, as usual, the main western power with influence over the Gulf in the post-Cold War era, the US presence in the region was dominant after the British exit in 1971. More recently, the Trump administration has strengthened ties between the US and the wealthier countries in the region, such as Saudi Arabia and the UAE. Furthermore, there is an increasing fear of the Russian influence with its advanced weapons such as the S-400 to the GCC states to consolidate its relationship with the GCC countries. Finally, the relentless pursuit of France to regain its position cannot be ignored. For all the above reasons, Britain seeks to regain its position as a regional party, benefiting from the military partnership and its historical position in the region.

In addition to the above-mentioned reasons, the UK's national interests in coming back to the GCC also cannot be ignored. Britain's National Security Strategy (NSS) emphasizes 'Britain's distinctive role' as a country with great commercial, cultural, historical, and political gains that can support particular sets of values to Britain's broader advantage. Therefore, NSS has tried reviving the unique historical role that Britain has played in the Gulf region, through the initiatives taken by Britain in the Gulf in recent years (Roberts, 2014).

UK-GCC relations are significantly crucial to the UK, mainly because 160,000 British nationals live and have jobs in the GCC States. (Source) UK has a robust national interest in GCC states' peace and security and the safe navigation over the Strait of Hormuz. The Gulf States are crucial allies for the UK in its efforts to achieve sustainable, long-term regional stability, particularly terrorism, which is considered a direct threat to UK security, besides the extremism and organized crime, and the security of energy (Vaez-Zadeh & Javadi, 2019).

### **Security Perspectives Between the UK And The Gulf**

Security cooperation is Britain's central field to develop with the GCC countries, which maintains its exceptional position in the area. In 1996, Britain signed a Defense Cooperation Accord (DCA) with the UAE, which is considered as one of the UK's most significant defense commitments out of NATO (Vagneur-Jones, 2017). Indeed, Brexit represents an opportunity for Britain to develop a true partnership with the GCC states as it has always been blaming the EU for not developing a security vision for the Arab Gulf region. Consequently, being outside the European system may give Britain the flexibility to move in this direction. Britain has enormous ingredients to enhance this partnership, starting with its historical experience in the region, and passing through it was within the international alliances in the region during the regional crises. The military sector always takes the lion's share in trade exchanges between Britain and the GCC countries, in return for its profits for the UK compared to other industries. Britain is always a permanent destination for the GCC States concerning weapons and security technologies.

In 2016, Britain's armed forces sent 45 short-term training teams to Oman. These teams undertook the task of training the Omani forces on a set of necessary skills like crisis management, educating engineers on how to use vital equipment as well as training medical teams. It also includes a complete training program that contains a four-day naval exercise concentrated on the threats of naval mines, and a six-week ground exercise to train Omani forces on how to function in the mountain environment (Gov.UK, 2016). Moreover, Britain will continue to increase its armed competences in the Persian Gulf, promising to spend about £3 billion in regional defense over the next decade (Piper, Aboudi, Browning, 2016). Britain assured its purpose to raise its considerable presence in the GCC states of more than 1,500-armed soldiers and seven warships belonging to the British Royal Navy, as well as the latest aircraft of the British RAF. This number is more significant than what is allocated by any other western country in the region except the USA. Britain always seeks to help the GCC States in the face of global threats, most notably terrorism and extremism. UK pursues to save its interests in the region by supporting the GCC states in overcoming regional challenges in order to achieve a more stable and prosperous region.

Obama launched the "Pivot to Asia" vision, which revolves around the US desire to intensify its presence in the Asia Pacific region due to the threat China poses in that region. Consequently, some voices emerged that saw Obama's vision as an opportunity for Britain to increase its influence in the Gulf region and play a more prominent role in the Arab Gulf scene. However, despite this, Britain is not in a position to replace its strong American ally, which has shown tremendous influence in the projects implemented through the United States Central Command (CENTCOM), and with the presence of about 250 thousand soldiers stationed in all the GCC States (Shahandeh, 2019).

Despite opposition from politicians, most notably Labor Party leader Jeremy Corbyn, trying to prevent the Conservative government from completing arms sales deals for GCC regimes, the Conservative government concluded deals with the GCC states as they believed that international humanitarian law had been violated (The Spectator, 2017). One glaring example is the on-going war in Yemen between the Saudi-led coalition forces and UAE participation. In the same context, the strong relationship between Britain and Saudi Arabia has been criticized by some UK newspapers, opposition politicians, and non-governmental Organizations (NGOs) expressing dissatisfaction over the successive governments' tolerance of the war in Yemen. Amnesty International has accused the UK of violating the International Treaty on the Regulation of International Arms Trade, as it is committed to not supplying weapons to anyone who infringes on human rights. Oxfam joins forces with organizations demanding that the government stop massive arms deals and push for an end to wars. The criticism also included arms sales to the UAE in light of its human rights record, as the British government is accused of selling the GCC states electronic surveillance devices it uses to spy on its citizens, and weapons it is accused of using to carry out war crimes in Yemen. At the same time, Britain's relationship with Bahrain was criticized, after Britain refused in 2016 to support a joint UN statement condemning Bahrain's human rights record (Merrill, 2017). In return, the government insists that its arms sales comply with a licensing system subject to strict conditions as it indicates that it always checks all applications and works according to the terms of the national and European export licenses.

Arms deals between the UK and the Gulf states is another important factor of the necessity of close relations. The UK has increased its arms sales to the Gulf dramatically especially after the Brexit decision in 2016. In December 2017, Qatar and the UK signed a contract to supply 24 Typhoon fast jets with a set of missiles and laser-guided bombs. The deal valued about a total of £6 billion. The UK also uses the RAF base as al-Udeid, near Doha, and Qatari cadet's train at Sandhurst each year. Some believe that Brexit plays a role in concluding the deal due to the economic return that will be important to the British in light of the search for economic alternatives to Britain from its allies. In 2018, the UK's defense exports increased to about £14bn, the GCC countries particularly Saudi Arabia, UAE, Qatar, and other countries in the Middle East ordered almost 80% of that number (Sabbagh, 2019). Statistics indicate that the GCC countries are among the top countries that have UK export licenses for military goods from 2015 to 2020. It shows that Saudi Arabia took licenses at a value of

5.9 billion pounds, while the Sultanate of Oman is worth 1.5 billion. As for the UAE, it is valued at 736 million pounds. (Arm Trade, 2019)

On April 5, 2018, Her Majesty's Ship (HMS) Juffair, the British military base in Bahrain was formally opened by Bahraini Crown Prince Salman bin Hamad Al Khalifa and Britain's Prince Andrew. Up to 500 soldiers will staff the base, sailors, and pilots, and the total cost of the base is estimated to be around 40 million pounds. Most of the cost is paid by Bahrain, with the UK contributing around £7.5 million. The Juffair base has significant indications of British intentions to be present in the Gulf region, as some have considered the base as the most visible evidence of Britain's actual return to the region since its withdrawal in the 1970s. Moreover, Bahrain's bearing the largest part of the base cost indicates their big desire to bring in the British ally to contribute to alleviating their fears against Iranian ambitions, as it is considered as the first external threat to Bahrain.

In August 2017, Britain signed a memorandum of understanding and services with the Sultanate of Oman. The agreement includes the ability of the British Armed Forces to use the Duqm Port facilities, particularly the Royal Navy, before the conclusion of the UK Joint Logistics Support Base (UKJLSB) at the port. Consequently, the UK will establish a strategic and permanent naval base in Duqm. The Royal Navy is the primary beneficiary of the establishment of this base in Oman. Unlike the Juffair Base in Bahrain in which aircraft carriers are moored away due to the shallow waters, the Duqm dry-dock is deep enough to accommodate submarines and Elizabeth aircraft carriers. (Tossini, 2018).

Military exercises between the UK and the regional countries are also a significant sign that the relations are resurrecting again. Swift Sword exercises are some of them. In 2018, The UK and Oman held is one of the most extensive exercises between the two countries, where approximately 70,000 members of the Royal Omani Army, the Royal Omani Navy, the Omani Royal Air Force, the Omani Special Forces as well as the Royal Guard participated. From the British side, approximately 5,500 soldiers from different forces like the British Army, the Royal Navy, as well as the Royal Air Force and Army Air Corps participated it (Royal Navy, 2018). Following the exercise, Britain and the Sultanate of Oman announced an agreement to conclude a joint defense agreement between the two countries which was held in

In addition, the UK and Oman signed a joint defense agreement in February 2019. It aims to frame the commitment of the two countries to jointly defend their security, stability, prosperity, and support for their sovereignty and territorial integrity, besides, to develop bilateral military action in a manner that achieves harmony between the armed forces of the two countries. (Forces, 2019).

Regarding the Qatar Crisis, Britain tried to intervene positively to increase its prestige within the region. It acted as a facilitator for the talks between Qatar and the boycotting GCC states, trying to balance its relations between the two parties, while at the same time not antagonize either of the two. As a result, Britain's influence in the Qatari crisis is much less than that of the US, whom Qatar had approached at the beginning of the crisis. Britain's awareness of its current position in a region will push this country to work harder to play a more active role in the future.

### **Economic Perspectives Between the UK And The Gulf**

The majority of the statesmen within the GCC states consider that the UK as a trusted partner whose capability and effect in the financial sector can support them perform the modifications (Kukushkin, 2019). London views the GCC states as permanent economic partners, and the cooperation with these countries is beneficial for both parties. Thus, the GCC States constitute a significant market for British products, which is the third-largest market, after the EU and the US (Harris, 2017). Besides, Britain identified the GCC States as a region in which trade and investment could be growing in the future. Britain's overall trade with the GCC in 2016 was \$44.5bn, a noticeable rise from the \$19.1bn in 2010 and \$13.2bn in 2005 (Patel, 2018).

. Brexit will present economic opportunities for the GCC countries too, for several reasons. The important one being that British companies have become less dependent on the EU as the world will leave the door wide open for British enterprises after Brexit. Likewise, Britain has control over its trade policies, allowing it to conclude trade agreements separately with all countries of the world, including the Gulf region, in addition to the depreciation of the pound sterling. GCC investors benefit from the weakness of the pound, waiting for further weakening of the pound after the Brexit. In addition, 32 % of GCC imports from Britain are in services, particularly in the health and education sectors (Belbagi, 2019).

The GCC investment in British companies is diversified in various fields. About 4.9 percent of Citigroup belong to Abu Dhabi, and Kuwait has 5.7% of Merrill Lynch (Wearing, 2018). Some of the investments are also increased by sizeable business portfolios that contain constructions, for instance, Qatari consortia have invested in construction projects like the Shard, which was accomplished costing about £1.5bn, and Harrods –a luxury department store– was bought by Qatar for the same amount. Abu Dhabi has Excel London, and Travelodge belongs to Dubai. In 2017, Britain drew investment chances in the GCC States across 15 sectors, valued around £29bn over the next five years (Middle East Monitor, 2017). In the same year, according to British government statistics, the GCC countries account for \$50.83 billion of the UK's \$57.19 billion worth of trade with the Middle East, an increase of 14.8% from 2016 (Middle East Monitor, 2017). As per the information from the

UK's Department for International Trade (DIT), in 2017 the UK's exports to Saudi Arabia increased by 66% to £1.13bn and in the UAE it increased by 94% to £260m" (Bove, 2018). The UAE has confirmed its promise to accomplish the trade target of £25bn by 2020; Qatar has devoted £5bn to be invested in the UK's transportation, property, and digital technology sectors over the next five years (Vagneur-Jones, 2017).

British multinational companies (MNCs) have never left the Gulf region, although British military withdrawn in 1971. They had a presence in the Gulf States, even in security sectors and (in)directly political affairs. For example, in 1952, IPC presented commercial assistance to increase an armed force that support the Omani Government in conquering the interior region of Oman, a zone that geologists supposed to be rich in oil. This led to the 1954 rebellion of the Jebel Akhdar War (Peterson, 2013). Despite the British withdrawal from the region in the 1970s, British companies have had a permanent presence in the GCC States, especially their investments in oil and gas sectors. The presence of British companies in the GCC countries have increased due to the discovery of oil in the region and the consequent mutually beneficial relations, as Britain provided technology and knowledge in the field of extraction and marketing. Thus, the emergence of oil played an active role in strengthening relations between Britain and the Arab GCC states while making them flourish as we see today. It provided British companies such as Shell and BP with technologies that allowed the GCC countries to reap the benefits of their vast reserves of "black gold" (Shahandeh, 2019).

Over 10,000 British corporations are functioning in the GCC states, 5,000 of them are in the UAE, the leading British corporations are BP, Shell, BAE Systems, and HSBC (Petroff, 2019). In response to that, The GCC states formed an attractive international market for British companies in the post-Brexit era. GCC countries have around 27 million national consumers and 29 million foreign residents, total GDP of \$ 1.7 trillion, sovereign wealth funds worth about \$ 3 trillion, and private wealth not less than \$ 1.5 trillion (Shahandeh, 2019). As a result, Britain has marked \$ 38 billion in new opportunities yearly for UK's companies in the GCC States by 2021.

The UK opened the UK Export Finance Office in Dubai (UKEF), the government's export credit agency in Dubai in 2018. Although the target of UKEF is to finance the traditional infrastructure and energy sectors, which are a permanent focus, its financing will contain other fields such as education, health care, life sciences, and creative services to support the efforts of the Gulf countries in achieving the economic diversification. The UKEF will provide the UAE with up to \$ 7.1 billion of volume for project sponsors, with an extra \$ 5.7 billion for projects in Dubai. In Bahrain, it will initially provide approximately \$ 1 billion, \$5.7 billion in Kuwait, and \$ 5.8 billion to fund Saudi Arabian projects (Arabian Business, 2018).

Especially after the Brexit decision, the UK, struggled to enhance economic and political relations with the GCC. To achieve this target, the UK Prime Minister May, declared the formation of a UK-GCC Joint Working Group (JWG) in December 2016, to unblock outstanding obstacles to trade and take steps to additional liberalization to both economics. In the first meeting of the JWG in October 2017, aimed to discuss and remove current economic restrictions between the GCC and the UK. Accordingly, some complications needed to be eliminated to reach a future agreement. These contain a deficiency of clarity and transparency in the legal atmosphere in the GCC States, requests of GCC-wide labeling, and requirements that a part of the staff comes from the residents. Moreover, there is no clear framework that saves corporate rights in case of late or non-payment of contracts.

The UK was not permitted to discuss any Free Trade Agreements (FTA) until it departs from the EU in accordance with the EU Law. Brexit yielded a way to the UK to arrange that kind of very beneficial agreement. Therefore, Britain indeed has been seeking the prospect of free trade agreements, FTA, with GCC countries in the last 4 years. UK has formally left the EU on January 31, 2020, so it can conduct negotiations regarding its trade deals now. Therefore, it is not unlikely that we will see a free trade agreement between Britain and the Arab Gulf states during the coming period, as this agreement will have a role in attracting Gulf investments to London, as well as the opposite (Euronews, 2020).

There is no doubt that the biggest potential economic partner is Saudi Arabia with its giant income level. UK and the Saudi Arabia in March of 2018 agreed to build \$90.29 billion of trade and investment ties in coming years, containing direct investment in the UK and new Saudi Arabia procurement with British companies and the UK officials considered this step as an essential enhancement for UK wealth and indisputable evidence for the global trust in the UK's economy (Arabnews.com 2018). However, they are leaving the European Union. The declaration assured that Saudi Arabia is one of the world's 20 largest economies; besides, it is the third fastest-growing economy in trade with the UK. Furthermore, the statement assures that after Brexit, there will be enormous chances for the UK in the wake of the Saudi Arabia vision (Arabnews.com 2018). Saudi Arabia investments in Britain are already valued to an overall of more than £60 billion. This growth of investment is linked to the UK's contribution to Saudi Vision 2030, which offers additional post-Brexit cooperation potentials; as do all GCC countries diversification strategies. (Galeeva, 2019).

By the Brexit decision, the Gulf Integrated Activity Fund (IAF) started to work also as a supplementary tool for the Gulf relations. It aims to serve the British government's strategy in the Gulf. Spending began in the financial year of 2016-2017. One of the foundation's goals is to fund projects whose primary funding sources are affected.

It also aims to support the provision of flexible, inclusive, and sustainable investments in the region. It supports various activities such as aquaculture, sports and culture, health care, and institutional capacity building. The fund has a budget of £1.2bn a year, divided between foreign development assistance, and other funding for the Gulf activities.

### **Policy Alternatives for Further Collaborations**

#### **The UK Side**

The fluctuations in oil prices force GCC countries to get rid of the oil cloak and diversify their sources of income as their primary goal. Consequently, Britain needs to focus on helping the GCC countries to implement their diversification plans, whether by providing expertise or investment in different sectors. For instance, the UK can invest in renewable energy such as water, wind, and sun. The Kuwaiti Diplomatic Center for Strategic Studies indicated that the GCC states could achieve returns of up to \$ 200 billion annually by incorporating renewable energy plans and projects by 2030 (Al Saidi, 2020).

Due to the withdrawal of the European companies from Britain in the Post-Brexit period, the British government has to compensate for this by resorting to other regions, specifically the GCC States. Therefore, the British government and institutions should guarantee their share in the investment components provided by the GCC countries in light of significant development projects implemented in the sectors of tourism, construction, transport, industry, and others. Furthermore, it must ensure a consumer market for British products in the GCC countries, which is also considered as one of the largest consumer significant markets.

Britain must take advantage of its investment in the construction sector in the GCC States, which provides enormous opportunities for British companies because of the GCC States' goals in implementing many projects and infrastructure development plans. Dubai Expo-2020, the World Cup 2022 in Qatar, the future city of Neom in Saudi Arabia, Duqm Port in Oman, the Silk City in Kuwait, and the Gulf of Bahrain require an increase in government spending on infrastructure to meet the diverse economic visions in the region, and those projects are the potential opportunities for the UK. Besides, projects require the latest digital data technology; Britain can also take its share in this field. Moreover, the incoming British government must be having the passion to progress free trade and the other central pillars of the international economy. The UK should also support the efforts of the GCC countries by diversifying their economies, providing more effective governance, focusing on innovation, non-oil sectors, education, technical training, and services.

Regarding the security field, in a post-Brexit era, the UK needs to pursue to raise its regional presence depending on three interrelated drivers, which are the security of its national interests, continuing playing an essential role in ensuring the GCC security and a more significant diplomatic contribution to resolve conflicts in the region (Obeid, 2020). Britain should not be limited just to intelligence cooperation and the exchange of information but also needs to work more broadly in the field of combating terrorism by creating more joint initiatives with the GCC countries to achieve better results, for instance, establishing international counter-terrorism centers.

#### **The GCC Side**

Britain's interests in GCC countries are generally concentrated around four main areas: defense (arms exports), oil (oil companies' investment and fuel trade), trade (industrial goods exchanges, machinery, and transportation) and services like banks, insurance companies, transportation, health care, education, and others. Gulf countries, primarily institutional and private sector investors should take advantage of relatively low-cost opportunities in Britain, assuming that the value of the British currency will decrease and that British companies and real estate will become a lucrative purchase transaction.

Britain ranks fifth in the world in terms of industry, following the USA, Germany, Japan, and France, as it is considered a very developed industrial country. The UK embraces many industries on the global markets such as pharmaceuticals, food, beverages, chemicals, engineering, paper, minerals, textiles, clothing, footwear, leather, and other major British manufacturing industries. Therefore, the Gulf countries should benefit from Britain concerning manufacturing industries as they have essential results in the prosperity of the economy and the diversification aimed at by the Gulf countries. The GCC countries possess many fortunes with the potential to be exploited by manufacturing to achieve a higher return rather than exporting them as raw materials. The most important manufacturing sector activities in the Gulf countries are food, oil, and gas, as well as fuels and other minerals. GCC countries can get benefits from Britain whether by their expertise or direct investment in manufacturing industries such as hydrocarbon industries, which include refining and petrochemical industries, gas liquefaction, chemical fertilizer industry, iron, and steel, food industries, and other industries. On the other hand, GCC countries can attract British companies to invest in various fields such as defense, construction, financial services, healthcare development, education, as well as emerging areas, such as artificial intelligence and science. Through the vision of Saudi Arabia 2030, Saudi Arabia aims to quadruple the size of its mining, renewable resources, and logistics, and therefore it may find from the United Kingdom a reliable trade partner so that it can contract with it in the aforementioned areas and other areas.

The field of telecommunications is a crucial portal to benefit from British experiences in this field. Consequently, the Sultanate of Oman, through the Oman Telecommunications Company, signed an agreement with the strategic partnership with the British Telecom Company "Vodafone" to establish the third mobile operator in the Sultanate in 2019 (Ocampo, 2019).

The GCC countries need to expedite the conclusion of free trade with Britain and make it broader and more comprehensive, in proportion to the interests of both parties without harming the local producer and merchant. In addition, establishing an advanced joint Islamic financial market between the UK and the GCC countries would be useful for both sides. Besides, the GCC countries should focus on investing in the transport sector in the UK because of its geostrategic location between Europe and the American continents.

As the GCC countries are seeking to have a crucial role in shaping the region's broader political and economic future, the GCC states need to develop their relationships with the UK to guarantee Commonwealth support in the international arena. Moreover, the GCC states should take full advantage of the British global political influence in facilitating the development of their relations with other countries in the world.

The Gulf countries must strive to localize many military industries and services, including the transfer of knowledge. London has shown its readiness to keep pace with these goals. Saudi Arabia began its attempt to localize the military industry in September 2017, when the first Saudi-British initiatives were aimed at manufacturing and assembling 22 Hawk aircraft manufactured and assembled by 100% Saudi expertise.

## CONCLUSION

Britain had the upper hand in the Gulf region during the period of 1880 to 1971, and although the GCC States gained independence in 1971, Britain continued its role as a political, economic, and cultural actor with influence in the region. Britain's decision to withdrawal from the EU raises important questions about the future trilateral and bilateral relationships between the UK and the GCC States. Britain and GCC countries need each other as the former is seeking to compensate for the economic losses following Brexit by intensifying its trade to other markets. At the same time, the GCC states need to prepare meticulous and detailed agreements with the UK for its diplomatic, economic and military presence in the region to have a win-win situation.

Indeed, Brexit would be the main reason for Britain's return in the region. On the other hand, the GCC countries also need a reliable and robust ally to create a balance between the other big powers in the region. It is important to understand that the goals of the GCC states concerning Britain differ from one country to another. For example, Saudi Arabia needs Britain's support in its ongoing confrontation with Iran and Britain's high tech arms in the region. At the same time, Oman aims to keep its historical relationship with Britain to continue applying its neutral policy and guarantee the non-interference of any regional power in its affairs. The UAE aims to be the UK's investment center in the region by attracting British investments, in addition to benefiting from the diplomatic power of Britain to implement its agenda worldwide

Britain is struggling to return to the Gulf region after five decades of British forces withdrawal from the region. The British flag is flying over the Juffair Base in Bahrain, in addition to other British military installations in Dubai and Oman now. Britain confirmed its intention to return to the region and demonstrates that it is a reliable ally of the GCC States after the Brexit decision. This return was the establishment of British military bases to ensure its permanent presence in more than a location in the region. Statements by British officials indicate the importance of strengthening the British presence in the Gulf and joint defense agreements between Britain and the GCC states. On the other hand, its presence in the region was undoubtedly in coordination with the US, the most potent force present in the region. The UK's security and strategic collaboration with the GCC States is also essential to protect their interests in the Arab region. Indeed, Brexit could offer a chance to promote already close collaboration between the UK and the GCC States. Britain recognizes that competition for influence in the GCC states and their markets will collide with other powers in the region such as the US, China and the EU are also trying to take advantage of the GCC Countries in economic, political and sphere of influence perspectives. However, Britain's historical and permanent presence in the region and its experience in dealing with its leadership will undoubtedly help to play a vital role in developing its relationship with the GCC States.

In addition, the future of relations between the GCC states must include commercial partnerships to manufacture weapons, as there are concrete steps by the GCC countries to develop their joint military industry starting from the munitions factories in partnership with Western countries. Consequently, Britain is seen as a reliable ally to provide the GCC states with the necessary expertise to develop its military-industrial system or to develop joint investments in the military industry. At the same time, the GCC countries are fully prepared to receive these investments due to their integrated infrastructure as well as being a permanent market for the purchase of weapons, besides the influence of Britain and the GCC countries in many other regions in the world helps them to market the products of these factories.

The GCC states also provide essential investment opportunities for Britain in many areas, including energy, education, infrastructure, and health care. UK affirms its strong support for the various economic visions in the GCC States, and thus to aid GCC countries in achieving their desires to diversify the economy, transforming into leading investment forces, improving human capital skills and capabilities, and unleash the talents and

competencies of all citizens in the region. This can be achieved by providing advanced British expertise in education, health, culture, entertainment, financial and technical services, science and innovation, energy, security, and defense.

However, issues related to the lack of the union in the Gulf may complicate the establishment of trade relations between the United Kingdom and the GCC countries together. As a result, the GCC states have started to and will do bilateral agreements with the UK, which is one of the biggest issues for the GCC states. Because in bilateral agreements, UK always gets a big part of the win-win that does not mean dividing in half, but also 90-10% sharing is a win-win arrangement. In March 2019, the UK expressed its desire to negotiate a free trade agreement with the GCC countries after Brexit by individual agreements, and the UAE is expected to be the first signatory side of it, as it is the most important GCC country with commercial interests with the UK.

There are incentives for trade to flourish between the GCC states and the UK. Brexit unchains Britain from the European trade and economic restrictions, economic diversification policies, which were put in place by the GCC countries in the wake of the decline in oil prices, as well as the link of many GCC business people who mostly graduated from the UK. Brexit will be an opportunity for British companies to break free from the constraints of EU laws, which were governing their trade relations with non-European countries. Therefore, the GCC countries and Britain need to review the most important common points of investment between the two sides and work to achieve them. Islamic banking, infrastructure construction, and other economic fields can be focused on developing economic relations. At the same time, encouraging media campaigns, as well as holding conferences, seminars, and exhibitions between the UK and the GCC countries must be intensified to encourage investment between the two sides.

#### **Conflict of interest**

No conflict of interest

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