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Russia–Gulf Relations

A Case Study of North-South Relations within West Asia

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ABSTRACT

Russia's relations with the Gulf, which have long been an under-studied topic, have now become more pertinent in view of Russia's recent activism in the Middle East. Russia's contemporary interests in the Gulf are built on three pillars: regional stability, recognition of Russia as a great power, and energy market strategies. This article evaluates the tenor and challenges of Russia–Gulf interactions in these areas and argues that despite Russia's use of military force in Syria, improvement in Russia–Gulf relations will continue to be achieved by non-military means.

The Middle East's Northern Tier countries of Russia, Iran, and Turkey have been active in their formal and informal interactions with states and transnational groups in the Southern Tier. This paper focuses on the relationship between Russia, the largest of the Northern Tier countries, and the Arabian Gulf states, in the Southern Tier. It identifies three pillars that frame Russia's relations with the Gulf and analyses the motives behind the Kremlin's interest in the region.

REGIONAL STABILITY

Russia's prime concern in the Middle East is to minimise the potential for conflicts there spilling over into its traditional "soft underbelly", the Caucasus and Central Asia, and into the Russian heartland itself. These conflicts include civil uprisings such as those during the Arab Spring, which were perceived to have inspired domestic constituencies in Russia to do likewise between 2011 and 2013, as well as today, most recently over pension reforms. In justifying Russia's intervention in

Syria, its defence minister argued that Russia had "helped solve the geopolitical task of breaking the chain of 'color revolutions' replicated in the Middle East and Africa."[1]

Terrorism in the Middle East is another concern for Russia. Up to 5,000 Russian citizens and 4,000 citizens from other post-Soviet states were estimated to have fought in conflicts in Syria and Iraq. The fear is that returning militants may bolster long-standing local insurgencies in Russia or radicalise the large numbers of Central Asian migrants in Russia. In this connection, President Vladimir Putin declared at the 70th session of the UN General Assembly in September 2015 that "now that those thugs have tasted blood, we can't allow them to return home and continue with their criminal activities."[2] His defence minister duly reported that "over 2,000 criminals who have come from Russia have been eliminated in Syria, including 17 field commanders".[3]

Consequently, Russia's relations with the Gulf states are informed by the latter's leverage over key actors or groups in the Middle East. The Gulf states' religious soft power, support for local proxies, and financial muscle are influential in intensifying or de-escalating conflicts.[4] On the one hand, Kuwait-based donors were very active in funding rebel groups in Syria, and Saudi-born fighters have played prominent roles in terror attacks in Russia. On the other hand, the UAE has invested in reconstruction projects in Chechnya, funded an anti-extremist Islamic conference there, and played host on multiple occasions to Ramzan Kadyrov, leader of Chechnya and Putin's ally; its role in promoting stability was acknowledged through the conclusion of the June 2018 Russia–UAE Declaration of Strategic Partnership, the first such agreement between Russia and a Gulf state. As for Saudi Arabia, the recent efforts by its Crown Prince to rein in the export of ultra-conservative Wahhabist practices — long a bone of contention with Russia — are partly responsible for the uptick in Russia–Saudi Arabia relations. The visit of King Salman to Russia and the agreement to purchase US$3 billion worth of Russian weaponry, both of which are a first, underline this new phase in relations.

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[1] "Moscow's Syria Campaign 'Breaks Chain of Color Revolutions' in Mid-East, Africa," *Sputnik News*, 2017.
[2] Notte, H., "Russia in Chechnya and Syria: Pursuit of Strategic Goals," *Middle East Policy* 23, No. 1 (2016), 59-74.
[3] Melamedov, G., "Moscow's Middle East Resurgence: Russia's Entrenchment in Syria," *Middle East Quarterly* 25, No. 1 (2018).
[4] Dickinson, E., "Playing with Fire: Why Private Gulf Financing for Syria's Extremist Rebels Risks Igniting Sectarian Conflict at Home," Brookings Institution, December 6, 2013; Speckhard, A. and K. Akhmedova, "The new Chechen Jihad: Militant Wahhabism as a Radical Movement and as a Source of Suicide Terrorism in post-war Chechen society," *Democracy and Security*, 2006(1), 103-155; Karasik, T., "Russia's Financial Tactics in the Middle East," Jamestown Foundation, December 20, 2017; Kamel, L., ed., *The Frailty of Authority: Borders, Non-State Actors, and Power Vacuums in a Changing Middle East* (Rome: Edizioni Nuova Cultura, 2017).

RECOGNITION OF RUSSIA AS A REGIONAL AND GLOBAL POWER

Consistent with its goal of being recognised and treated as a global power, Russia's second interest in the Middle East is to insert itself opportunistically into conflicts so that it becomes an indispensable extra-regional power. This way, all roads to conflict resolution in Syria, Libya, Iran, Iraq, and Yemen pass through Moscow. It is a strategy Russia has already perfected in the former Soviet republics, where it plays a significant role in entrenching multiple "frozen conflicts". Engaging the influential Gulf states as interlocutors, therefore, strengthens Russia's credentials as a global power that can project influence beyond its backyard. A few examples should suffice.

In Libya, Saudi Arabia and the UAE are the patrons of General Khalifa Haftar, who is opposed to the UN-backed Government of National Accord (GNA). While Russia provides diplomatic, financial, and military support for Haftar, it also maintains friendly ties with the GNA and an alternative power centre, the Misrata brigade. These ties have disconcerted the two Gulf states because the GNA and Misrata are suspected of harbouring radical Islamist orientations; additionally, their Gulf rival Qatar is a patron of the GNA. Which way Putin eventually leans is of crucial importance to Saudi Arabia and the UAE because of the perceived implications of the conflict on the security of Gulf regimes. In contrast, for Russia, Libya is of less importance than it is to the Gulf states. While Libya is, like Syria, a long-standing Soviet client state and a recipient of Soviet weaponry and military advisers, it is geographically more remote (which makes access rights to its naval bases less attractive), and its relationship with Russia did not in Soviet days, nor do they in present times, have the strategic depth of Russia–Syria relations. Hence, as noted by a former US diplomat, "there are a number of Russian 'nice to haves' with respect to Libya, but few 'must haves'".[5] Russia can, therefore, afford to hedge its bets in Libya and demur on taking sides while being courted by the Gulf states.

Likewise, in Yemen — and again unlike in Syria — Putin has adopted the "support opposing sides simultaneously" approach.[6] He is probably wary of Russian overstretch and of the potential for being exploited by local "clients", as the Soviets sometimes were in the past. While recognising the government of Abdrabbuh Hadi, Russia also received Houthi delegations in Moscow — the Houthis had previously offered the use of Yemeni airports and ports — and played host to the former president of South Yemen in 2017 and 2018. Then, in March 2018, Russia vetoed a Western-backed resolution to condemn Iran for fuelling the conflict in Yemen through its alleged support of the Houthis. Consequently, Saudi Arabia and the UAE appear to have accepted that the best way to extricate themselves from the brutal and expensive three-year long war in Yemen is through Russian

[5] Chorin, E., "*Russia's Strategic Waiting Game in Libya*," Barcelona Center for International Affairs, 2017

[6] Katz, M.N., "Support Opposing Sides Simultaneously: Russia's Approach to the Gulf and Middle East," Al Jazeera Center for Studies, 2017; Trenin, D., *What is Russia up to in the Middle East?* (Cambridge: Polity, 2018).

mediation, given the latter's contemporaneous relationship with all concerned parties and its significant influence in facilitating the reunification of Yemen in 1990.

The purchase by Abu Dhabi's sovereign wealth fund of a 44 per cent stake in an oil subsidiary of Russia's Gazprom, the pre-qualification of Russia's Rosatom to build two nuclear plants in Saudi Arabia, the latter's interest in investing in Russia's Arctic liquefied natural gas (LNG) facility, Qatar's purchase of a 19 per cent stake in Russia's state-owned oil giant Rosneft and its interest in procuring the advanced S-400 may, therefore, be attempts by various Gulf interlocutors to incentivise a desired Russia response.

Moscow, it should be noted, has no desire to upend American hegemony in the Gulf. For one, America's bases in and alliance with the Gulf Arab states have brought relative stability, predictability, and unprecedented prosperity, which serve to underpin Russia's growing trade and investment ties with these countries. Also, America's deep engagement in the Gulf and the Middle East acts as a lightning rod for extremist fighters and critics of Western policies; its departure would re-focus the attentions of extremist fighters and critics on Russia's transgressions in the north Caucasus and Central Asia. In addition, Putin is acutely aware that Russia's resources are comparatively limited and must be used judiciously.[7]

This implies that for a relatively non-core region like the Gulf and the wider Middle East, Russia's focus is on accumulating bargaining chips there to trade off with Europe/the United States over key priorities such as sanctions relief and Ukraine.[8] Another focus is achieving anti-access and area denial (or A2AD) capabilities. Russia's imminent delivery of an S-300 air defence system to Syria, expansion of its permanent naval presence at Tartus, Syria, and previous use of air bases in Turkey and Iran all constrain the freedom of manoeuvre that the United States once enjoyed in the Middle East. Henceforth, the Gulf states are obliged to take into account Moscow's interests, something they had not done for almost 40 years.

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[7] For instance, Russia accounts for 3.6% of global GDP compared to the US share of 15.3%; Russia's GDP is less than 8% of America's; Russia's annual military expenditures are 11% of America's military expenditures. See IMF, "GDP, current prices," *IMF Datamapper*, 2017; IMF, "GDP based on PPP share of world," *IMF Datamapper*, 2017; SIPRI, *World Military Spending*, 2017.

[8] Korzhanov, N., "Moscow's presence in Libya is a New Challenge for the West", Chatham House Expert Comment, 2017, https://www.chathamhouse.org/expert/comment/moscow-s-presence-libya-new-challenge-west; Mills, R. and D. Iosif, "*Russia's Energy Geopolitics*," Qamar Energy, 2018.

ENERGY MARKETS

The third pillar of Russia–Gulf interactions concerns energy. As the two largest exporters of oil whose budgets are largely financed by oil revenues, Russia and Saudi Arabia compete for customers and market share. Russian officials, for example, claimed that Saudi Arabia's overproduction in 2014–15 to drive down the price of oil and thereby weaken Iran's geopolitical hand did more damage to the Russian economy than sanctions imposed by the West.[9] Saudi Arabia has also watched in dismay as Russia became the largest supplier to China in the past two years. Whereas in 2013, Russia was the source of 9 per cent of China's oil imports, this share grew to 14.6 per cent in 2017. Saudi Arabia, in contrast, found that whereas it was the source of 19 per cent of China's oil imports in 2013, in 2017, its share fell below Russia's share to 12.6 per cent. Over the next few years, Russia — which delivers its oil to China via pipelines — is likely to expand its share of the Chinese market as the latter looks to diversify away from seaborne oil, the source of 80 per cent of its oil imports. Saudi Arabia and the UAE are also keeping a wary eye on the activities of Russian oil companies in Iraq. LUKoil, Rosneft, and Gazpromneft have been partly responsible for the growth in Iraqi oil production to a level that now exceeds that of the UAE and, with it, the implications for power distribution within OPEC.

Notwithstanding the above, the degree of competition in oil markets should not be overstated. Despite a poor historical record of cooperation, Russia and the Gulf states managed to abide by an agreement to reduce production levels so as to prop up prices from a low of US$28 in 2015 to over US$70 today. As a result, Russia's federal budget in 2018, which was projected to run a deficit of minus 3.2 per cent of GDP, is likely to run a surplus for the first time in three years.[10] This coordination in oil markets is likely to continue in the short term to mitigate against two scenarios. On the one hand, rising oil prices will only encourage more shale oil and alternative energy projects. On the other hand, giving in to pressure to increase supply — to finance diversification in the Gulf, to replenish the coffers of the National Reserve Fund in Russia, and to slow down uptake of renewable energy — may result in another collapse in oil prices.

The global gas market also contains elements of Russia–Gulf rivalry. In Europe, where Russia's Gazprom makes the bulk of its profits, Poland and Lithuania have switched from Russian pipeline gas to LNG to reduce their vulnerability to Russia's propensity to use the "gas weapon". In energy-hungry China, Russia's desire to expand its multi-billion "Power of Siberia" gas supply agreement has been tempered by a deal that China signed in September 2018 to purchase LNG from Qatar for the next 22 years. Nevertheless, a closer look at the structure of Russia and the Gulf states' gas

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[9] Koronowski, R., "Dropping oil prices and sanctions are hurting Russia to the tune of $140 billion," in ThinkProgress.org November 25, 2014, https://thinkprogress.org/dropping-oil-prices-and-sanctions-are-hurting-russia-to-the-tune-of-140-billion-98ed368256e2/

[10] Aris, B., "Russia Inc goes into profit as the budget breakeven price for oil falls to $53," *The Moscow Times*. January 26, 2018.

exports suggests some complementary aspects. Russia dominates in pipeline exports, where 93 per cent of its gas exports are via pipeline, while Qatar has a pre-eminent position in LNG exports, with 84 per cent of its gas exported in this form.[11] In addition, LNG cannot completely substitute for pipeline gas in Europe, where there is currently enough import and re-gasification capacity to cover only one-third of its gas demand, although additional terminals are being built or planned. For its part, Russia, given its lack of LNG export facilities, is unable to quickly re-focus on and compete for consumers in Asia, the destination for two-thirds of Qatar's LNG exports. In any case, with China's gas demand expected to soar by 60 per cent between now and 2023,[12] there is plenty of room for more suppliers.

CONCLUSION

Particularly in the United States, there is a tendency to see in Syria a harbinger of Russia's future military involvement in regional conflicts, accompanied by a clarion call to take firm action against Russia's expansionism.[13] This paper has tried to highlight that Russia's behaviour in Libya and Yemen is different from its more one-sided intervention in Syria. Similarly, conflating Russia's intervention in Syria with a potential military role in the Gulf is misguided. First, Syria is a long-standing client and ally: diplomatic relations between the two were established in 1944, the Soviet Union/Russia has been Syria's top weapons supplier, Syria is home to a Soviet/Russian naval base and it used to host thousands of Soviet/east European political and economic advisers. The political and strategic depth of Russia's relations with Syria has a different tenor from Russia's more pragmatic engagement with the Gulf states. Second, a Russian security role in the Gulf is far more likely to be met with a robust American response, compared to the Russian security role in Syria, since the Gulf is of vital interest to the United States in terms of energy and its ability to maintain command of the global commons.[14] Third, Russia's intervention in Syria against anti-government forces was shaped by a desire to prevent a blowback in terms of emboldening grassroots movements in Russia. In contrast, none of the Gulf states seeks a Russian security guarantee in view of monarchical resilience.[15]

As a leading Russian commentator has noted, discussions of Russian foreign policy in the Gulf and wider Middle East are usually highly securitised, thus raising fears that Russia is seeking a military

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[11] BP, "BP Statistical Review of World Energy," BP, June 2017.
[12] "China to become world's top importer of natural gas in 2019, report says," in *South China Morning Post*, June 26, 2018.
[13] Borshcevskaya, A., "Moscow's Middle East Resurgence: Russia's Goals Go Beyond Damascus," *Middle East Quarterly* 25, No. 1 (2018); Blank, S., "The Foundations of Russian Policy in the Middle East," Jamestown Foundation, October 5, 2017.
[14] Posen, B.R., "Command of the Commons: The Military Foundation of US Hegemony," *International Security* 28, No. 1 (2003), 5-46.
[15] Gause, F.G., and S.L. Yom, "Resilient Royals: How Arab Monarchies Hang On," Brookings Institution, October 15, 2012.

foothold or presence.[16] While there is a security element in Russia's policy towards the region and legitimate cause for concern, the relationship is also much broader and encompasses energy market interactions. Russia under Putin, no doubt, desires to reduce America's footprint in the Gulf and consequently seek a larger role for itself, commensurate with its self-identification as a great power. But it looks to achieve this goal through non-military means.

In an earlier issue of *Insights*, Serkan Yolaçan had intimated the existence of a two-tiered, rivalrous Middle East. This article suggests that while there are elements of competition between states in the Northern and Southern Tiers, there are also shared interests. For Russia and the Gulf states, the synergies include coordination in global energy markets, combatting terrorism, and conflict management in Syria, Yemen, and Libya. In addition, the two tiers are not entirely determined by geography; the UAE, for instance, has a strategic partnership with Russia but maintains a blockade against Qatar. Such fluidity in terms of bloc membership is a consequence of power and ideological multipolarity[17] in the Middle East today.

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[16] Barmin, Y., "Russia in Libya: From Authoritarian Stability to Consensus Settlement," Al Sharq Forum, August 3, 2017.

[17] Gause, F Gregory III, "Ideologies, Alignments, and Underbalancing in the New Middle East Cold War", *Political Science and Politics* 50, no. 3 (2017), 672-675.