

Competition within Cooperation

The Gulf States in Conciliatory Mood

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Outline of Presentation

Regionalism & Regionalisation

- Actor mapping

The Al-Ula Summit as a Watershed

- The Gulf Cooperation Council

Economic Competition Amid a Regional Thaw

- Pivotal events & ensuing opportunities
- Fallout or competition?

Middlepowerhood

- Conceptual underpinnings & quantifiable material capabilities
- More than material capabilities
- Saouli's classification

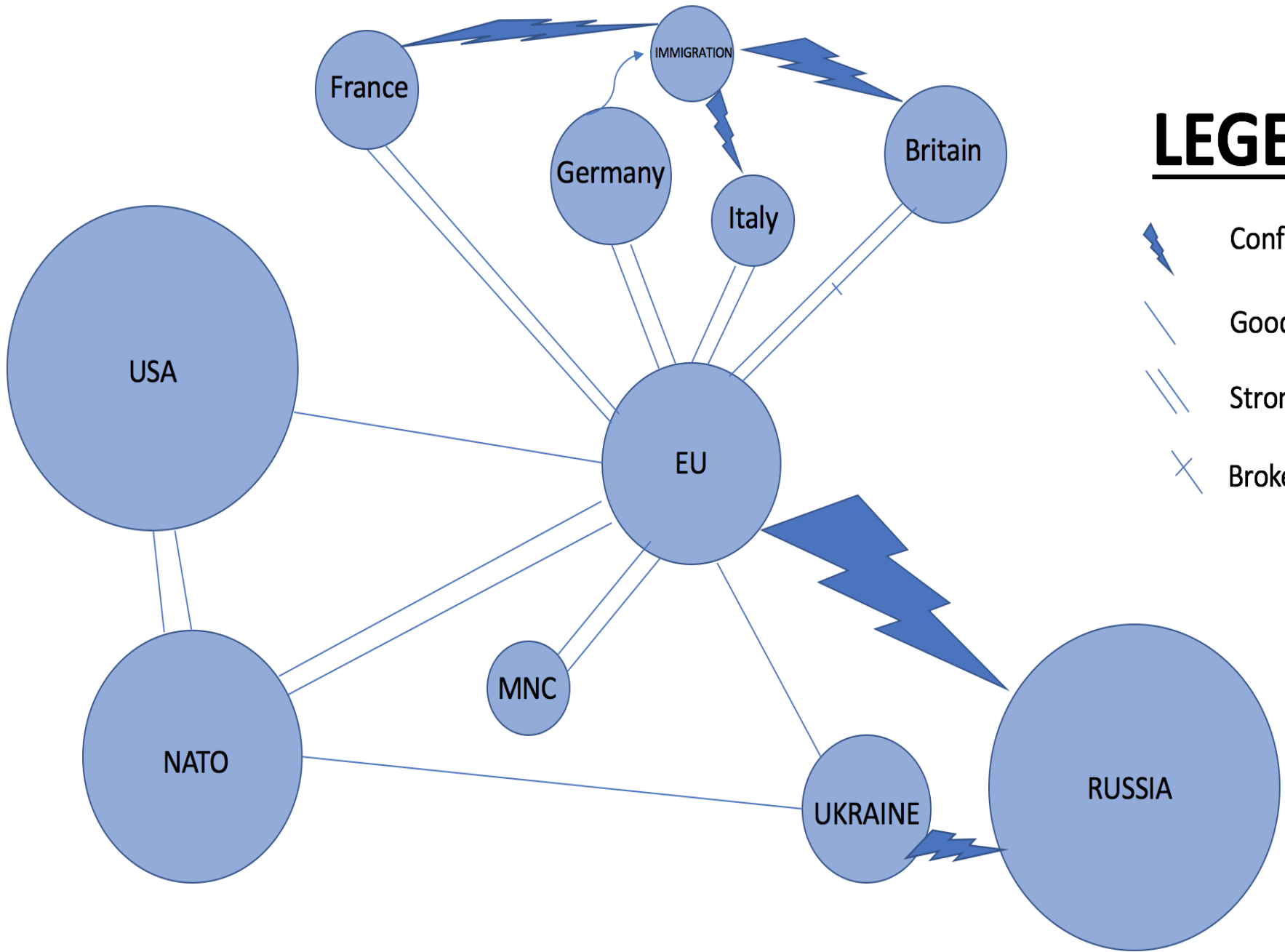
Aspirant, Constrained and Hesitant Powers

Project versus Process




- **Regionalisation** refers to the growth of economic interdependence within a given geographical area, often further specified to those processes being driven from below, that is, by non-state, private actors
- **Regionalism** is a *political and ideological project*, aimed at creating a formal arrangement among states on a geographically restricted basis (Hoshiro 2019)
 - Involves pooling of sovereignty, institutionalisation, and setting membership norms



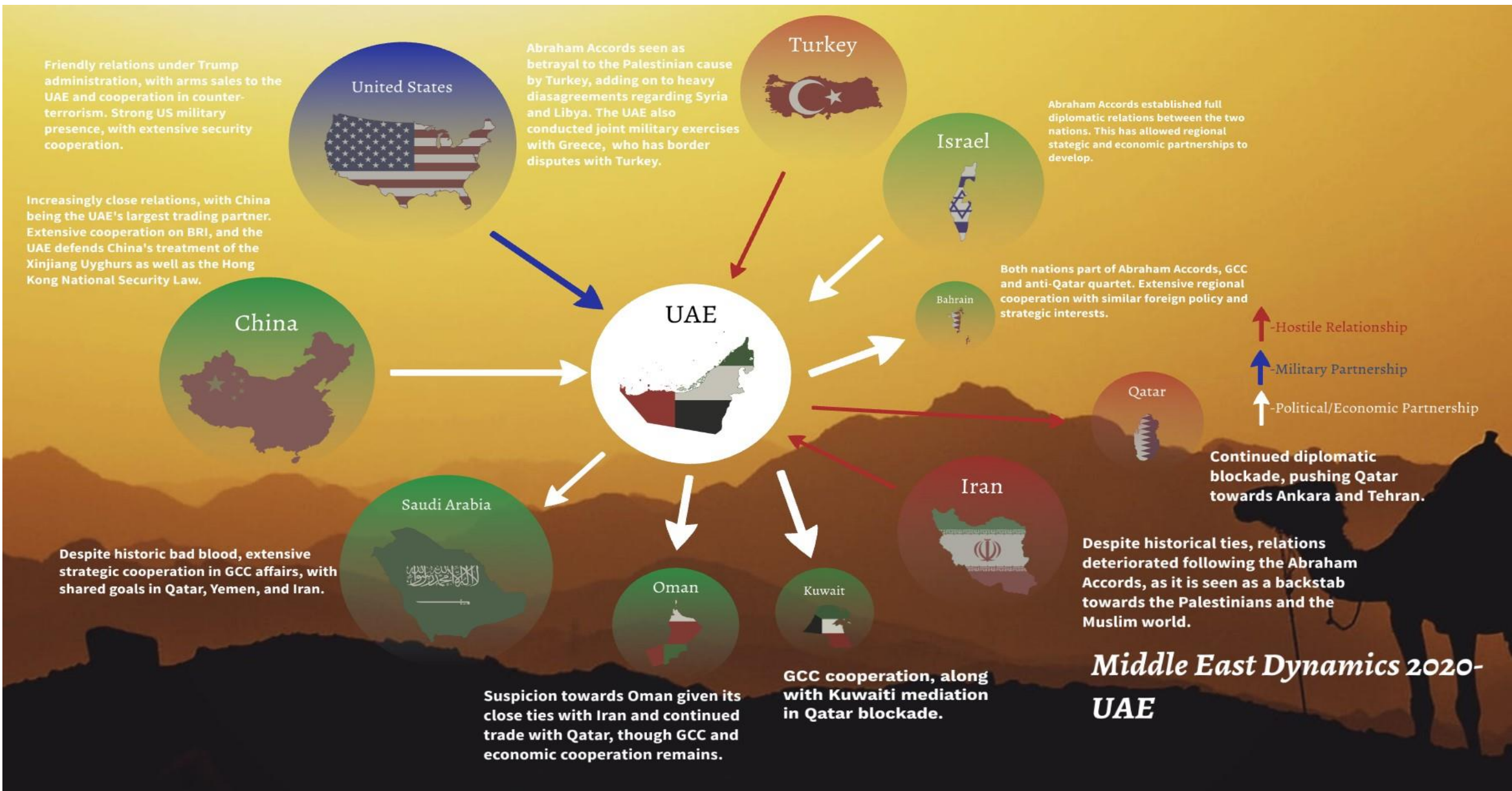
In a nutshell...



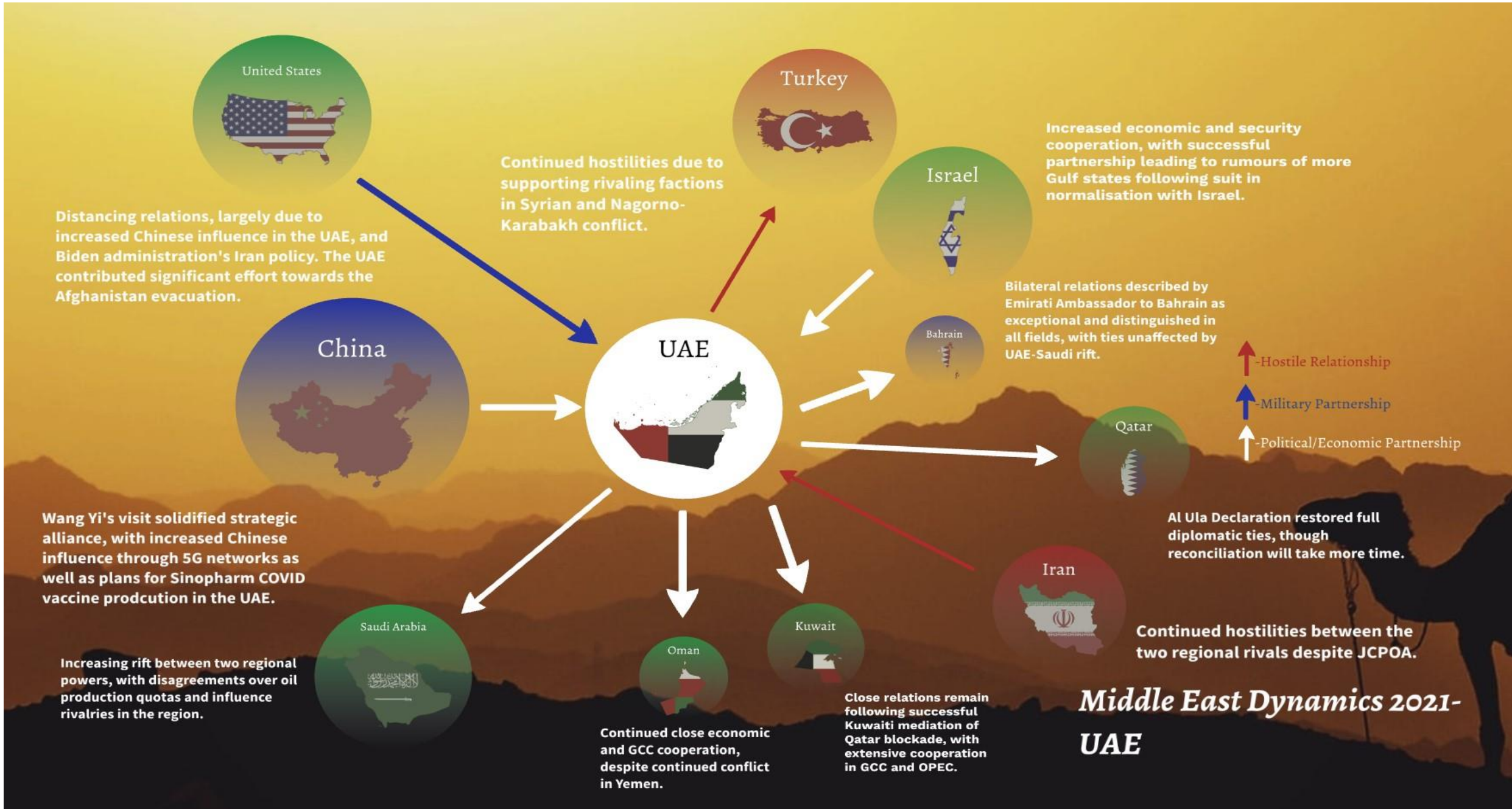
LEGEND

-  Conflict
-  Good relationship
-  Strong relationship
-  Broken alliance

Actor map by student group in 2017



Actor map by Ethan Phua (2021)



Actor map by Ethan Phua (2021)

The Gulf Cooperation Council (GCC)



- Initially established in Riyadh as an alliance of the six Gulf Arab oil economies of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE
- Charter focuses on economic, educational and cultural cooperation
 - External threat of a revolutionary Iran precipitated/hastened the GCC's inception

Top Arab Sovereign Wealth Funds

| | | Country | World Rank | AUM |
|----|---|--------------|------------|------------------------|
| 1 |  | Kuwait | #3 | \$692.9 Billion |
| 2 | ADIA | UAE | #4 | \$649.2 Billion |
| 3 |  | Saudi Arabia | #7 | \$430 Billion |
| 4 |  | UAE | #10 | \$302.3 Billion |
| 5 |  | Qatar | #11 | \$295.2 Billion |
| 6 |  | UAE | #13 | \$243 Billion |
| 7 |  | Libya | #19 | \$67 Billion |
| 8 |  | UAE | #25 | \$44.5 Billion |
| 9 |  | Bahrain | #36 | \$18.7 Billion |
| 10 |  | Oman | #38 | \$17 Billion |
| 11 |  | Egypt | #41 | \$11.9 Billion |
| 12 |  | Palestine | #73 | \$856.2 Million |
| 13 |  | UAE | #75 | \$793.2 Million |

Data as of July 11, 2021 | Source: SWFI

Gulf SWFs ranked

“The total assets under management of Arab's sovereign wealth funds surged by nearly 10% to touch more than \$2.77 trillion in July 2021, compared to \$2.52 trillion last March, according to recent data by the Sovereign Wealth Fund Institute (SWFI).”

(Forbes Middle East, July 2021)

Gulf energy in the international system

relations' (Goswami 2002, p. 794). By viewing the global as a process or force existing external to the local, the nation-state is posited as a self-contained and discrete repository of social relations, with analytical attention drawn to the supposedly determinate factors operating inside national borders and the ways that these may shape patterns of interaction with an externally imagined outside. From this methodological starting point, much of the literature on the contemporary Gulf has traditionally sought explanations for the Gulf's developmental trajectory in various supposedly 'unique' internal characteristics: the institutional structures mediating the deployment of oil rents, Islam, authoritarian political regimes, tribal legacies, and the like. Consequently, the Gulf – as two insightful scholars of the region comment – is often treated as a kind of 'constructed exceptionalism' (Thiollet and Vignal 2016, p. 4), singularly distinct from not only other spaces 'in the Arab world, but also in the wider space of economic, cultural and political globalization' (p. 3).

In recent years, this dichotomous view of the local and the global has been challenged by a new generation of work that attempts to theorise the Gulf as a constitutive element to broader patterns of global processes and transnational flows – not apart from, or in reaction to, an externally posited outside. Scholars working on the region have begun to explore how the Gulf exists as a formative part of the global, examining such

- Strategic importance of Gulf energy (Wearing 2018, *AngloArabia*)
 - “National energy security cannot be disaggregated from global energy security”
 - “In an era of global energy markets [...] consumer nations are affected by the price changes that may be dictated by events in the Gulf, irrespective of where their own supplies come from.”

Framing the improvement in Singapore-Gulf relations in terms of Asianization is, however, simplistic for several reasons. First, it does not account for the periodization in Singapore-Gulf relations, which improved markedly after the second half of the 2000s. Second, the Asianization paradigm assumes that engagements between Northeast Asia or South Asia and the GCC – which are the focus of extant literature on Asia-Gulf relations⁷ – are representative of Southeast Asia-GCC relations. In fact, trade between the latter declined between 2000 and 2016 in contrast to the booming trade between Northeast Asia/South Asia and the GCC.⁸ There are also nuances in the level of engagement between individual Southeast Asian and Gulf states that are not easily captured by referencing Asianization. For instance, trade with Saudi Arabia as a share of Singapore's global trade is declining; conversely, Singapore's trade with the UAE has increased six-fold since 2000 (see Table 1). Third, there is a dearth of scholarly work that systematically examines Singapore-Gulf ties, let alone research that assesses the applicability of the Asianization paradigm to this bilateral relationship. Finally, the Muslim population in Northeast Asia (0.1% in Japan and South Korea and less than 2% in China) is far less significant than in the Southeast Asian region (42%); the role and impact of Islam on relations is therefore different and more consequential in the latter.⁹

Li-Chen Sim (2022): Singapore's relations with the Gulf: from defensive to positive engagement, *Asian Security*

The persistence of these monarchies runs against the dominant analytical tradition in political science, where such regimes are considered “an anachronism in the modern world of nations.”³ The longstanding assumption held ruling monarchies—given their inability to overcome what Samuel Huntington deemed the “King’s Dilemma”⁴—to be incompatible with modern political order. In newly independent Arab countries, the thinking went, the centralization of power required for state-building would ironically undercut absolute monarchy by requiring kings to share authority with crucial new groups such as the urban middle class. Kings could yield to the logic of this process and become constitutional monarchs, or they could face violent revolution. Either way, continued absolutism would not be an option.

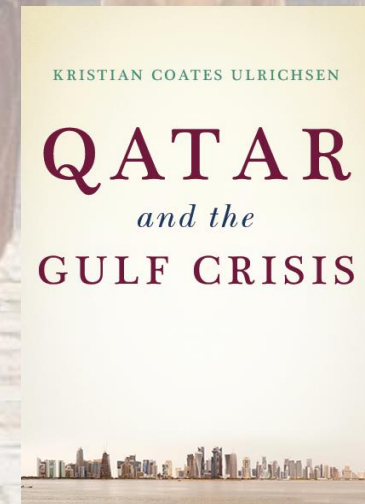
Outside the Middle East, political development since 1945 seems to have confirmed this prediction. As recently as 2008, the last king of Bhutan gave up his supremacy in favor of parliamentary democracy.

Exceptionalism?

(Sean Yom and Gregory Gause III, 2002)

The Al-Ula Summit as a Watershed Moment in Intra-Gulf Relations

- **A Gulf reconciliation in early 2021 when the Qatari Emir Tamim was met with an embrace by Saudi Crown Prince Mohammad bin Salman**
- **Gulf blockade/crisis (2017-21)**
- **Has Qatar re-emerged stronger?**
 - (1) Safeguard Qatar's territorial integrity and physical security;
 - (2) Minimise the disruptive impact cause by the closure of the only land border + sea/air space
 - Tools of 'soft' and 'smart' powers that Qatar had cultivated over two decades (US force structure + Turkish troop deployment)



“The Blockade Against Qatar: A Blessing in Disguise?”
Alexis Antoniades, Rafia Al-Jassim & Khalique Gharatkar (2021)
Journal of Arabian Studies 11(1): 81-99

Economic competition heats up

- Saudi-UAE standoff in OPEC+
 - UAE desires a raise in its baseline production level (3.168 million b/d); to reflect present production capacity or about 4 million b/d
 - Compromise reached, granting Abu Dhabi's request to have UAE's baseline raised to 3.65 million b/d from April 2022
- Saudi Arabia's Programme HQ
 - Requirements for Saudization & state-sponsored contracts

Economic competition heats up

- UAE response? Easing the business/social environment further
 - By the end of 2021, the late President of the UAE, Sheikh Khalifa bin Zayhan approved a series of extensive legal reforms (40 new laws & updated legislations)
 - Complete ownership of onshore companies under amended Commercial Companies Law
 - Decriminalisation of consensual relationships outside marriage
 - Alcohol consumption permitted in authorised areas *without* requiring an alcohol license



The Sporting Scene

| Rank | Owner | Football club (s) | Est. net worth (2019) |
|------|---|---|-----------------------|
| 1 | Public Investment Fund | Newcastle | \$430bn |
| 2 | Sheikh Mansour | Manchester City, Melbourne City, New York City | \$20bn |
| 3 | Dietrich Mateschitz | Red Bull Salzburg, New York Red Bulls, RB Leipzig | \$19.4bn |
| 4 | Andrea Agnelli (and family) | Juventus | \$13.5bn |
| 5 | Dietmar Hopp | Hoffenheim | \$13bn |
| 6 | Roman Abramovich | Chelsea | \$12.4bn |
| 7 | Philip Anschutz | LA Galaxy | \$10bn |
| 8 | Stan Kroenke | Arsenal, Colorado Rapids | \$8.7bn |
| 9 | Nasser Al-Khelaifi | Paris Saint-Germain | \$8bn |
| 10 | Zhang Jindong | Inter | \$7.6bn |

Pivotal Events

- The US withdrawal from Afghanistan

- Observations of a hasty and poorly managed evacuation exercise
- Gulf perceptions of the US Indo-Pacific Strategy

- Russia-Ukraine War

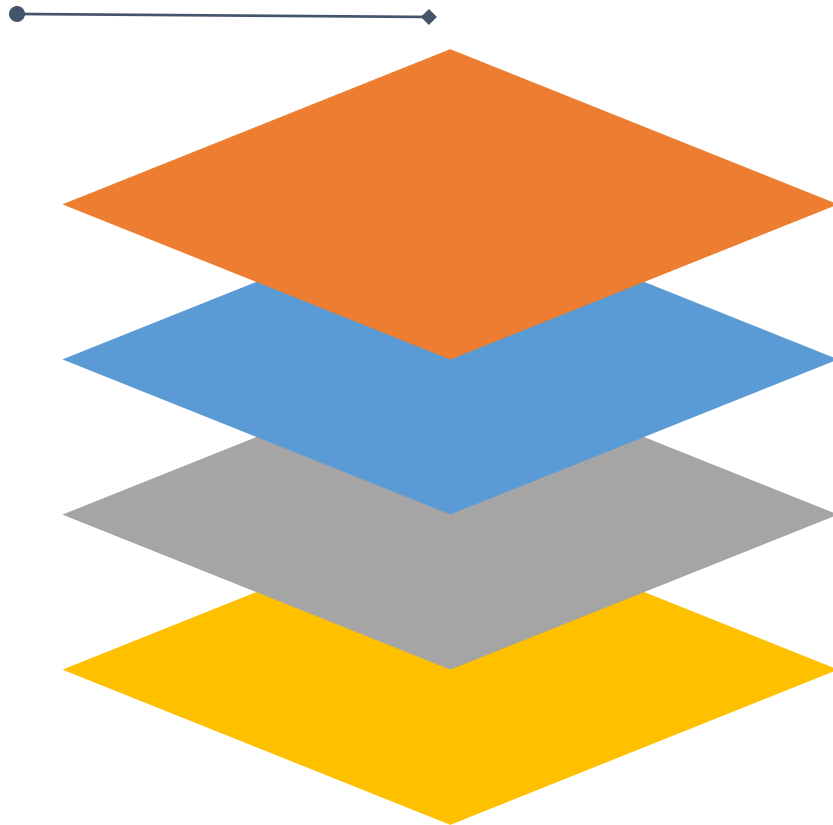
- The alternative to Russian gas
- Prince Abdulaziz bin Salman: “a reality check for countries that have not paid enough attention to energy security
- President Biden’s recent trip to Jeddah

- Leadership changes

- Oman, Kuwait, and most recently, the UAE



Aspirations for Middlepowerhood



Hierarchical approach (based on the realist premise) defines middle powers as countries that occupy the middle range in a ranking of states established by some **quantitative** measure of national power.

*“A middle power is a power with such **military strength, resources and strategic position** that in peacetime the great powers bid for its support, and in wartime, while it has no hope of winning a war against a great power, it can **hope to inflict costs on a great power out of proportion to what the great power can hope to gain by attacking it.**”*

- Martin Wight, in *Power Politics*

Updated figures provided by CIA World Factbook

| Country | Area (square km) | Population | GDP (\$bn) | GDP per capita | Military Expenditure (% of GDP) | Armed Forces (total) | Armed Forces (active) |
|--------------|------------------|-------------|------------|----------------|---------------------------------|----------------------|-----------------------|
| Algeria | 2,381,740 | 44,178,884 | \$169.912 | \$10,700 | 5.6% | 470,000 | 140,000 |
| Egypt | 1,001,450 | 107,770,524 | \$323.763 | \$12,000 | 1.3% | 929,000 | 450,000 |
| Iran | 1,648,195 | 86,758,304 | \$581.252 | \$12,400 | 2.3% | 790,000 | 550,000 |
| Iraq | 438,317 | 40,462,701 | \$231.994 | \$9,300 | 3.7% | 325,000 | 200,000 |
| Israel | ~21,937 | 8,914,885 | \$394.93 | \$38,300 | 5% | 738,000 | 173,000 |
| Oman | 309,500 | 3,764,348 | \$76.883 | \$27,300 | 8% | 40,000 | 40,000 |
| Qatar | 11,586 | 2,508,182 | \$191.29 | \$85,300 | 4% | 15,000 | 15,000 |
| Saudi Arabia | 2,149,690 | 35,354,380 | \$792.849 | \$44,300 | 6% (follows a downward trend) | 350,000 | 225,000 |
| Turkey | 783,562 | 83,047,706 | \$760.028 | \$28,400 | 1.6% | 595,000 | 445,000 |
| UAE | 83,600 | 9,915,803 | \$421.077 | \$67,100 | 5.6% | 65,000 | 65,000 |

More than material capabilities...



1. A state's willingness and aspiration to transform, and interest in transforming, whatever material and normative means it possesses into real power that can be projected outside its boundaries.
2. The capacity to articulate a strategy that bridges these means to specific goals.
3. The capability to project power to different parts of the region—North Africa, Levant, and the Gulf—and to influence the power balance within and among states in the region.
4. The possession of ideological and cultural power to influence the normative (Islamist, Arabist, Nationalist, Democratic) order of the region.
5. The ability to construct and enter alliances with states and nonstate actors.
6. The ability to enable or disrupt international strategies in the region.¹¹

Aspirant, Constrained, Hesitant

(according to Saouli's classification)

Aspirant

Iran
Qatar

Constrained

Syria
Iraq
Egypt
Israel

Hesitant

Algeria
Saudi Arabia

Saudi Arabia

1

Religious legitimacy, but has tended to alternate between various normative systems (Saudi nationalism, Islamism, Arabism, and now, moderate Islam)

2

A pillar in energy security, esp. considering the European energy crisis

3

A proactive foreign policy led by de facto leader Mohammad bin Salman (both within and outside the region)

4

Projecting domestic developments globally (i.e. nation-branding)

UAE: “Little Sparta”

1

“Internationalis-ing military partnerships”

- Robert Mason
- Military effectiveness via Yemen episode (see David Roberts)

2

Economic statecraft; openness/ease of doing business (esp. Dubai)

- Inward investment and diversification strategy

3

Projection of power elsewhere (Africa)

- Confronting perceived threats elsewhere based on anti-Islamist stance

4

A host of mega events (MICE industry); Expo, COP 28

Qatar

1

Hub for events and tourism: notably the World Cup

2

Largest LNG producer, and sharing the world's largest gas field with Iran (North Dome-South Pars)

3

Diplomatic mediation

- Lebanon's long political standoff (2008)
- Darfur
- Now Chad, JCPOA, Taliban
- Success? With limits

4

Growing security partnership with the US:

- Al Udeid (largest military base in the Middle East); home to US Central Command & Air Force Central Command
- Recently conferred MNNA status by the US

Aspirant, Constrained,

Aspirant

Qatar
Saudi Arabia
UAE

Constrained

Iran
Kuwait
Oman
Bahrain (severely
constrained)

Hesitant

- Decline of traditional powers in the Middle East have propelled the Gulf states (esp. KSA, Qatar & UAE) into prominence
- **Opportunities offered by ongoing crises cement their role in the international system**
- Current form of pre-regionalism (in the Gulf, at least) is following a Saudi-led trajectory
 - Regionalisation has benefitted from the conciliatory atmosphere
- **A multipolar system with several regional middle powers constantly balancing each other (and preventing one from rising to regional hegemony), but also one where external powers take interest in the Gulf region**
 - Court and be courted i.e. hedging

Concluding remarks