Who’s Afraid of Saudi Arabia?

by Cole Altom - June 5, 2019

Two years ago, the United Arab Emirates, Bahrain and Egypt, as well as the Maldives, Mauritania, Comoros, the exiled government of Yemen, and one of the Libyan governments – a veritable who’s that of international players – joined Saudi Arabia in severing diplomatic ties with Qatar, which it had accused of supporting the kinds of terrorists Riyadh prefers not to support when it support terrorists. Some of them had cut ties a few years earlier for similar reasons, creating a dispute that was in many ways the genesis of the current crisis, but this time they took things a step further by imposing an economic blockade, closing their airspace to Qatari aircraft, disallowing Qatari naval vessels to enter their ports, and shutting down Qatar’s only land border – the one it shares with none other than Saudi Arabia.

Though the blockade is still in place today, its advent was the low point of a struggle that has more or less existed ever since Saudi Arabia became a de facto leader in the Middle East – a role that Riyadh has tried to use to bend all other Sunni Arab nations, especially Arab Gulf nations such as Qatar, to its will. Yet it has rarely succeeded in that regard. It’s true that Saudi Arabia has cobbled together a loose alliance of nations that bolsters its power and helps to isolate Iran, its regional rival, but a cursory glance at its recent history shows that the ties that bind Riyadh to nearly every link in this chain are weak. It had to coerce Lebanon by kidnapping its prime minister. It had to save Bahrain by propping up its minority government. It had to buy the loyalties of Egypt and Sudan. Allies like the UAE are arguably more dependable, but their reliability tends to exist within the narrow parameters of countering Iran, preserving their monarchies and keeping oil revenue high.
In other words, Saudi Arabia may be a regional leader, but it’s only as strong as the coalition of allies it leads. So long as it fails to bring to heel the economically, politically and demographically congruous countries that reside in its supposed sphere of influence, it will struggle to be anything more than it is right now – a middling power – and its efforts to rise above its current station will affect the entire region. Of this there is perhaps no starker or more painful reminder than the failure of the Qatar blockade.

Ulterior Motives

It’s not that Saudi Arabia is feckless. On the contrary, it’s pretty strong, as far as middle powers go. Oil and natural gas have made Saudi Arabia famously rich, and Riyadh has used its wealth to develop a large and well-equipped military. (In 2017, it spent nearly $70 billion on defense, equivalent to roughly 10 percent of its gross domestic product, making it the third-largest spender in the world, according to the Stockholm International Peace Research Institute.) It is still the de facto head of OPEC and the first among equals in the Gulf Cooperation Council, and it still counts the mighty United States as one of its closest allies.
No, it’s that Qatar would probably rankle any middle power trying to secure its loyalty. No country’s foreign policy is as roguish as its planners like to think, but Qatar’s comes pretty close. Opportunistic and pragmatic, the government in Doha engages the world by engaging in mediation, negotiation and resolution, deftly trying to be a friend, however fair-weathered, to anyone it can. It spends vast amounts of money on international aid, from disaster relief in the United States to humanitarian aid in the West Bank to foreign investment in developing economies. It cooperates with Turkey and Iran, both of which are long-term competitors with Riyadh, even as it complies with Saudi directives in the GCC. It seeks favor with Washington, too, hosting one of the largest and most important U.S. military bases in the Middle East and brokering peace talks between the U.S. and the Taliban. Until the late 2000s, it was even home to Israel’s only trade commission in the Gulf.
Qatar has ulterior motives for being so altruistic, of course. By inserting itself into faraway conflicts (such as Israel-Palestine and the U.S. war in Afghanistan), it’s gaining future political capital. By cooperating with Iran – the supposed enemy of Sunni Arabs around the world – through their co-administration of the South Pars oil and gas fields or by some other avenue, it skillfully hedges its bets against a potential long-term enemy. By mediating conflicts, it expands its influence in ways uncommon to such a small nation. By being amenable to the prerogatives of so many other countries, it markets itself as an indispensable foreign ally.

In many ways, Qatar’s foreign policy is a consequence of its geography. The country is tiny – a peninsula of under 5,000 square miles (13,000 square kilometers) that juts out from southeastern Saudi Arabia into the Persian Gulf. A small nation in such a volatile location can’t afford to go it alone, nor can it forsake the stronger countries around it – namely Saudi Arabia. It has little choice but to be party to the GCC, whose members share enough of its interests, and thus avail itself to the directives of Saudi Arabia. Yet it can afford to be, or at least try to be, everything to everyone because of its vast natural gas reserves. Qatar is among the most profitable natural gas exporters in the world, and since it has a population of just 2.6 million, it has one of the highest per capita GDPs in the world. (It’s worth noting how important natural gas is here. It provides untold amounts of financial and diplomatic leverage for Qatar, considering the market is far less liberalized than the oil market is, and it gives Qatar a degree of economic security and autonomy from Saudi Arabia and the GCC.) Politically, it’s similar to its neighbors in the Gulf, insofar as the ruling family in Qatar is every bit as monarchic as the families in Saudi Arabia and the UAE. But with foreign citizens accounting for roughly 90 percent of the entire population, Qatar is much less demographically uniform than the others and so has a more multicultural populace to manage.
Qatar’s is a creative way to maintain national security and stability. But it works only so long as Qatar is generally seen as neutral. In the eyes of many of its Gulf peers, that perception changed during the Arab Spring, when its long-standing support for the Muslim Brotherhood became too much for other Arab countries to bear. (As my colleague Jacob Shapiro recently wrote, the Muslim Brotherhood threatens these governments in ways few other groups can.) Saudi Arabia et al. panicked as Islamist political parties supplanted entrenched regimes like theirs in Tunisia and Egypt and as uprisings broke out in Syria, Bahrain, Libya and Yemen. For them, no less than the sustainability of their regimes was at stake.

They saw Qatari involvement in Libya as especially unacceptable. There, Doha acted in ways that could hardly be described as neutral. It broke with the rest of the GCC in recognizing anti-Gadhafi rebels’ legitimacy. It tried to find ways to help them market their oil and thus provide them with revenue they otherwise would not have. It attempted to create a news station, modeled after Al Jazeera, to sell the rebels’ message to the world. And it sent fighter aircraft to participate in the U.S.-led air campaign.

So even though Qatar in some instances of the Arab Spring sided with the rest of the GCC – by committing troops, for example, to quash the uprising in Bahrain – the episode left most Arab states
more suspicious of Qatar than ever before. Those suspicions were the basis for the initial diplomatic blockade of Qatar in 2013-14, which was quietly resolved when Doha agreed to certain stipulations, including the repatriation of Egyptian Muslim Brotherhood members to whom Qatar had given shelter. But in the eyes of Saudi Arabia, some demands were ignored. Others were never really honored.

Riyadh may have had a point. Qatar didn’t really stop cooperating with Iran, nor did it end its support for the Muslim Brotherhood. Al Jazeera continued to criticize the likes of Saudi Arabia and the UAE, and it continued to provide a platform to Islamist groups. It kept foreign military bases belonging to Turkey and the United States in country, and it kept inserting itself into the affairs of others – mediating, negotiating and resolving its way to relevance, much as it always has. In a remarkable display of brass, it even offered to mediate the current diplomatic standoff between Iran and the U.S.

By 2017, Saudi Arabia and the UAE had had enough of Qatar’s defiance. What they didn’t have was pretext to make their move – that is, until May of that year, when reports surfaced on Qatar News Agency that the emir of Qatar, Tamim bin Hamad Al Thani, praised Iran and Hamas and threw shade at the UAE. (Never mind the fact that in July the Washington Post reported, and U.S. intelligence officials confirmed, that those news stories were planted by hackers enlisted by the UAE.) The outraged Arab monarchies moved quickly. By June 5, Saudi Arabia, the UAE and Bahrain withdrew their ambassadors from Doha, and Egypt, which rounded out the so-called “quartet,” quickly followed suit. The next day, U.S. President Donald Trump joined the fray, pledging his full support for the quartet. He would later relent, persuaded by then-Secretary of State Rex Tillerson and then-Defense Secretary James Mattis that Qatar was indispensable to Washington’s Middle East strategy, but not before the quartet issued a list of demands that Qatar must agree to for the blockade to be lifted. The list included the severing of ties to all “terrorist” organizations, shutting down Al Jazeera and its affiliate networks, and removing Turkey’s military presence from the country. These are demands that Qatar would never accept, and though the quartet probably understood as much, it nonetheless gave Doha 10 days to accede to them, or else. Qatar chose or else. The deadline came and went, and the blockade remains in place today.

A Country Under Siege?

If the purpose of the blockade was to inconvenience Qatar economically, it was a success. Roughly 60 percent of Qatar’s imports, including much of its food imports, go through the countries that now boycott it (Qatar is one of the world’s largest destinations for re-exports, relegating some GCC members merely as way stations from source to destination), so the government had to find new supply routes. Tourism revenue fell, accounting for an estimated 2 percent of GDP in 2018, down from 3.3 percent in 2017. Real estate prices also reportedly fell, even as consumer prices immediately increased, with the consumer price index jumping from 108.5 in June 2017 to an all-time high of 109.3 in January 2018. Doha was also forced to enact labor, privatization and foreign ownership reforms to attract more foreign investment. And the sovereign wealth fund reduced some
of its overseas stakes and issued a $12 billion bond in early 2018.

But if the purpose of the blockade was to squeeze Qatar into submission, it failed. As early as September 2017, Doha was sending $30 million in aid to victims of Hurricane Harvey in the United States. And as late as May 2019, Doha was sending $480 million in aid to the West Bank and the Gaza Strip. And some of its import losses were mitigated by the opening in September 2017 of Hamad Port, which can handle nearly 8 million metric tons of cargo annually. The diplomatic aspects of the blockade are no more ironclad than the economic. Just last week, representatives from Doha were invited to attend the Saudi-led emergency meetings on May 30 to defuse tensions in the Middle East. This is hardly the fallout one would expect for a country under siege.

So why did the blockade fail? As with all things Middle East, the answers are many. First, there’s somewhat of a consensus that the quartet miscalculated how steadfast Washington’s support would be. It’s true that the Trump administration has been a much better friend to Saudi Arabia than had been its predecessor – the president’s first foreign trip was to Riyadh, where he pledged billions of dollars in arms sales – and it’s true that he immediately supported the Qatari embargo. But it’s also
true that the U.S wants to maintain its access to the Al-Udeid Air Base, which hosts countless U.S. aircraft, including fighters, bombers, tankers and reconnaissance planes, and has played a central role in Washington’s air campaign against the Islamic State. It houses more U.S. troops than any other base in the Middle East and hosts the headquarters of Air Force Central Command. It’s little wonder that Doha pledged nearly $2 billion in January to upgrade the air base. (Not coincidentally, Qatar is also a major patron of the U.S. defense industry, buying $12 billion worth of F-15s last year.) In the end, practicality won out.

Second, Qatar was saved by what Qatar does best: being rich. After the blockade was imposed, Qatar had to scramble to find new trade partners to make up for the shortfall in imports. And so it reached out to nontraditional partners such as Germany in late 2018, promising to invest more than $11 billion in German energy and finance to encourage stronger bilateral commercial ties. It also had to dip into its sovereign wealth fund (to the tune of $50 billion as of May 2018) to offset the damage of the blockade, ramping certain domestic industries and creating others from scratch.

But after this early scramble, Qatar recovered pretty easily because it was still able to trade its oil and gas relatively unabated. It exported roughly 81 million tons of natural gas in 2017, accounting for roughly 28 percent of global gas trade that year. (It continued to export roughly 600,000 barrels of oil per day.) All told, Qatar’s economy actually grew after the imposition of the blockade, by 1.6 percent in 2017 and by an estimated 2.2 percent in 2018, according to the International Monetary Fund.

The third reason the blockade failed is Turkey. On June 7, 2017, just two days after the embargo’s imposition, the Turkish parliament ratified an agreement that allowed Turkish troops to be in Qatar and approved an accord on military training cooperation. These moves mean little in and of themselves, but recall that one of the quartet’s demands for lifting the blockade was the removal of Turkey’s military presence from Qatar. It was a signal to Doha that amid the GCC’s hostility and Washington’s ambivalence, Ankara had its back. In fact, Turkey was among the first to step in to replenish Qatar’s food supply. From 2016 to 2017, Turkish exports to Qatar increased 50 percent, and in 2017, Turkey was the eighth-largest destination for Qatari exports. (Some supply routes were also rerouted through Turkey.) Their friendship has remained relatively strong ever since. In August 2018, the Qatari emir pledged to invest $15 billion in Turkey’s economy, including a $3 billion currency swap, just as the value of the lira was plummeting. Bilateral trade between Qatar and Turkey reached approximately $2 billion in 2018, and Turkish and Qatari officials have said they want to raise that figure to $5 billion over the next few years.
Put simply, the quartet overplayed their hand by underestimating the extent to which certain allies would come to Qatar’s defense. And it may not have mattered in any case, because Qatar’s wealth enabled the government to absorb whatever blows came from the blockade and adjust its economy accordingly. (Kuwait’s efforts to mediate the conflict, which were rumored to involve a military invasion by the quartet, deserve an honorable mention.)

Complicity

The blockade of Qatar isn’t interesting because it failed. It’s interesting because of what its failure means for the region.

The U.S. hasn’t yet thrown the weight of its full support behind any one country. Its newly rekindled romance with Saudi Arabia was cooled by the murder of Jamal Khashoggi. Its on-again, off-again relationship with Turkey remains largely unchanged; Washington and Ankara disagree on any number of issues, but their strategic relationship is too important to forego. Likewise, the U.S. is clearly not prepared to throw Qatar under the bus even if it wanted to, since doing so would deprive it of one of its most important military bases in the region. One issue that could pit the U.S. against Qatar, and promote even more cooperation between it and Qatar’s Arab Gulf neighbors, is Iran, whom Washington seems determined to confront. Even then, Doha is unlikely to side wholesale with either party.

Similarly, Qatar is unlikely to go all in on its relationship with Turkey. For all the newfound cooperation between the two, the economic deals signed so far mean more to Qatar than they do to Turkey, whose bilateral trade with Qatar accounts for just a small portion of its total trade portfolio. The deals were designed to be short-term solutions for short-term problems, leaving open the possibility of working more closely together in the future, or less if the circumstances so dictate. And Doha has plenty of reason to want the wiggle room. We at GPF are on record as saying we expect Turkey to be the dominant force in the Middle East. It has the geostrategic location, the advantageous population, a suitable economy and military, and the Islamic bona fides to make it happen. And if it does, it will come at the expense of Saudi Arabia. That’s not the sole reason Ankara supported Qatar throughout the blockade, but it was certainly an added benefit. Any low-cost chance to alienate and disempower its rivals in Riyadh is probably too good an opportunity to pass up.

Perhaps the most ironic part of this entire episode is that Saudi Arabia was complicit in its own disempowerment. By trying to undercut Turkey, Saudi Arabia ended up enabling it to expand its role in the Middle East by supporting Qatar. By murdering Jamal Khashoggi, Riyadh bought itself only negative attention, undercutting its efforts to curry international support for the blockade by portraying Qatar as a rogue regime, only to be considered guilty of crimes just as bad in the eyes of the international community. It’s difficult to see this as anything less than a deficiency in Saudi hard power.

It seems as though the only country able to capitalize on the Qatar blockade was Qatar itself. The
boycott was supposed to be punishment. Instead, it was validation. Some of the allies it made over the years, especially Turkey, were all but forced to come to its aid. For Qatar, it'll be important to know who’s on its side in the coming decades as Turkey and Saudi Arabia vie for supremacy in the Middle East – to say nothing of a potential conflict with Iran – but it’s hard to see Doha changing its behavior anytime soon. Turkey can never replace the United States as an ally, nor are Qatar’s ties with the U.S. or Turkey or anyone else strong enough for Doha to fully break with Saudi Arabia. What’s certain is that Qatar isn’t nearly as scared of Saudi Arabia as it once was.