

# **Qatar: Emergence of a Regional Power with International Reach**

Written by Kristian Coates Ulrichsen

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KRISTIAN COATES ULRICHSEN, JAN 23 2012

The highly visible role played by Qatar in spearheading the destruction of the Gaddafi regime in Libya has focused world attention onto this tiny Persian Gulf emirate. It capped a remarkable year that began with the surprise announcement that this country of 1.7 million – of whom only 200,000 are Qatari nationals – would host the 2022 FIFA World Cup. Behind these headlines lies a powerful country branding strategy that has shaped its integration into the international system and imprinted it into the public consciousness.[1] Yet Qatar's rise seemingly from nowhere is rooted in deeper political, economic, and security shifts, and, in turn, is reconfiguring the balance of regional power.

This article examines the reasons behind Qatar's emergence as a regional actor with a truly international reach. These include the decision made by the incoming leadership in 1995 to fast-track development of the country's vast reserves of natural gas, a nuanced understanding of the concept and projection of 'soft power,' and, critically, a highly fortuitous 'resources-demands' balance.[2] This last factor has enabled Qatar to avoid the socio-political and economic pressures generated by the Arab uprisings elsewhere, as in Bahrain, only twenty miles off its northwest shore. Nevertheless, challenges lie ahead, notably the risk of domestic overheating and matching policy objectives to local capabilities.

### **Historical Context**

Qatar historically has had to compete with Saudi hegemonic designs on the Arabian Peninsula. On occasions these expanded into outright territorial claims, notably in 1835 and 1851, and culminating in King Abdul-Aziz Al-Saud 'informing' the ruler of Qatar that those living on the peninsula were his subjects and part of his tribal territory.[3] Overlapping cross-border claims of tribal allegiance emerged as a basis for Saudi claims to Qatari territory after the discovery of oil in the 1930s, and have been an intermittent source of tension between the two countries ever since. As recently as 2005, some 6000 members of the Bani Murrah tribe (whose traditional tribal territory spanned the border and included sub-groupings in each country) were stripped of their Qatari citizenship and expelled after a second coup attempt (following one in 1996) instigated – Qatari officials alleged – in Saudi Arabia against the Emir.[4]

The task of managing relations with more powerful and potentially aggressive larger neighbours has thus been a feature of Qatari policy-making objectives. This need to diversify the bases of external support led it to develop a reputation for 'omni-balancing' between seemingly-incompatible policies, such as its hosting of the regional headquarters of United States Central Command (CENTCOM) and Al-Jazeera; its discrete ties with Israel and its provision of safe haven to Islamists such as Yusuf Al-Qaradawi deemed too radical for other states in the Middle East and in the West; and, above all, its absolute security reliance on the United States while sharing the world's largest non-associated offshore gas field with its other large regional neighbour, Iran.[5]

### **Autonomy and interdependency**

Pragmatic concerns for local autonomy and external protection explain the evolution of Qatari domestic policy after the current Emir, Sheikh Hamad bin Khalifa Al-Thani, replaced his father in 1995. The priority for the new leadership

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was to accelerate the development of Qatar's massive gas resources. The giant North Field, discovered in 1971, lay largely untapped as the economy ran a budget deficit almost continuously after 1986. A multi-decade investment program started in the mid-1990s and led to the first export of liquefied natural gas (LNG) in 1995. By 2006, Qatar surpassed Indonesia to become the largest exporter of LNG in the world, and in 2010 production reached its developmental target of 77 million tons per year.[6] The country currently accounts for between 25 and 30 percent of global LNG exports, much of it locked into long-term agreements with East Asian economies, including China, South Korea, and Japan.[7]

Qatar's utilisation of its natural gas resources neatly demonstrates the geo-strategic dimension of economic diversification. The supply of LNG to leading industrialised and emerging economies thickens the web of interdependencies with powerful external actors and gives them a direct stake in the security and stability of Qatar. A case in point is the United Kingdom; despatch of LNG cargoes from Ras Laffan Industrial City to the South Hook LNG Terminal at Milford Haven began in March 2009 and the 100<sup>th</sup> cargo was delivered as early as November 2010.[8] By 2011, Britain was almost totally reliant on Qatari gas imports, which accounted for all but two (90%) of incoming gas cargoes received during the year.[9]

## **Regional power with international reach**

Building on its emergence as a gas superpower, the past decade has seen Qatar translate its growing international leverage into considerable 'soft power' assets. Especially significant was the establishment (by Emiri decree) in November 1996 of Al-Jazeera. Showing a level of editorial independence and investigative reporting that far outmatched its regional state-run competitors, it rapidly gained a mass following across the Arab world. Its coverage of Iraq made it a target for the Bush administration, while its no-holds barred reporting led to it being banned from numerous countries, such as Saudi Arabia, which withdrew its ambassador from Doha between 2002 and 2007.[10] In November 2006, the creation of a sister English channel internationalised the brand, largely through its critically-acclaimed coverage of Israel's offensive in Gaza in 2009. Its subsequent reporting of the Arab uprisings, particularly from Tahrir Square in Cairo and the anti-Gaddafi rebellion in Libya, has firmly imprinted Al Jazeera on the global consciousness.

Qatar simultaneously has carved out a niche in diplomatic mediation initiatives. The new constitution unveiled in 2003 included reference to the "peaceful resolution of international disputes" as the cornerstone of its foreign policy. Since then, Qatar has mediated in conflicts in Yemen, Darfur and, most successfully, in Lebanon. There, the 2008 Doha Accord ended eighteen months of political paralysis that came close to re-igniting civil conflict on several occasions.[11] Qatar's role as 'a non-stop mediator' has earned it widespread international recognition and a reputation as a (relatively) honest broker, although its critics allege there is little follow-through to ensure sustainable implementation of initial agreements.[12]

Other examples of Qatar's international branding strategy at work include the creation of Education City with its branch campuses from six leading American universities; aggressive expansion on the lucrative MICE (meetings, incentives, conferences, exhibitions) tourism and trade fair circuit; sovereign wealth investment in 'iconic' global brands such as Harrods and Porsche; and the hosting of international organisations (such as the Gas Exporting Countries' Forum) and gatherings (such as the triennial World Petroleum Congress in December 2011 and the forthcoming COP 18 round of climate change negotiations in November 2012). Coupled with Qatar's geographic location between West and East, all are designed to position the country as a central pivot around which the broader global rebalancing is taking place.

## **Freedom of manoeuvre**

All these came together in 2011 in shaping Qatar's response to the Arab uprisings and its 'full-court' intervention to facilitate regime change in Libya. The combination of immense natural resources and a small citizen population described above gave the Qatari leadership great leeway in formulating domestic and foreign policy. In 2008, the Economist Intelligence Unit estimated the GDP per capita *per citizen* to be an astonishing \$448,246.[13] This level of extreme wealth provides insulation from the social and economic discontent that built up elsewhere in the Middle

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East and North Africa. For Qatari nationals, the state is a distributor of wealth, whether through public sector employment, grants of land or the provision of subsidised goods and services. This stands in stark contrast to the tensions that have built up in Bahrain, Oman, and parts of Saudi Arabia where models of wealth distribution are fraying under the strain of rapid population growth.[14]

In March 2011, Asda'a Burson-Marsteller, a Dubai-based public relations company, published the results of its third annual Arab Youth Survey. It found that the proportion of respondents in Qatar who ranked democracy as important had fallen from 68% in 2008 to just 33% in 2010. Two-thirds of respondents placed greater importance on stability and living in a safe neighbourhood. This remarkable drop demonstrated the premium placed on a strong economy intermixed with national pride following the successful World Cup bid. Qatari citizens have too much to lose by rocking the boat and disrupting the status quo, while the 1.5 million expatriate labourers remain disempowered and unable to mobilise without sanction. The winds of change blasting so forcefully through the region (including oil-rich Abu Dhabi, which saw an increase from 58% to 75% of respondents ranking democracy as important) largely passed Qatar by.[15]

### **Qatar and Libya**

Qatari responses to the Arab Spring with expressions of declaratory and material support for opposition movements were thus unlikely to rebound domestically. Rather, they reinforced Qatari efforts to be taken credibly as a responsible international actor, and Al Jazeera English experienced a CNN-style 'Gulf War' breakthrough in Western markets.[16] This freedom of action was evidenced most clearly in Libya, where the bloodshed unleashed by a failing dictatorship provided an opportunity to make a high-visibility stand against tyranny. This enabled Qatar to showcase its support for the protection of human rights and popular expression in a manner that resonated powerfully with the (Western-led) international community.

The Qatari prime minister, Shaikh Hamad bin Jassim bin Jabr al Thani, was instrumental in rallying GCC and Arab League support around the idea of a No-Fly Zone in March, and subsequently recognising the fledgling National Transitional Council (NTC). Qatari Mirage fighters participated in the NATO-led air strikes and gave the military operations the Arab support necessary to dilute concerns about Western intervention in the region. Qatar also supplied weapons and training and provided operational advice, as well as special forces which reportedly played a key role in getting the rebels into Tripoli. The full scale of Qatar's military involvement only became clear after the end of the fighting in October 2011, when the Qatari chief of staff, Major-General Hamad bin Ali al-Attiya revealed that hundreds of his troops had operated in every region of Libya, and that the Qataris had also been responsible for the Libyan rebels' training, communication and strategy.[17]

Non-military forms of assistance included more than \$400 million in financial aid, supplies of water, heating gas and essential goods, and help with selling and marketing Libyan oil. Four tankers of gasoline, diesel and other refined fuels shipped by Qatar Petroleum to Benghazi in June met the majority of the area's energy needs. Immediately after Gaddafi's fall, Doha organised a meeting of the provisional government in waiting. This featured a select gathering of close international allies of the NTC. It focused on unlocking frozen Libyan assets to kick-start stabilisation efforts and fund urgent food, fuel, and medical supplies. For these reasons, the sight of the Qatari flag flying alongside the rebels' flag in the Bab al Aziziya compound after its capture in August was rich in symbolism.[18]

### **Clouds ahead**

Yet it is not all plain-sailing for Qatar, as increasingly choppy waters lie ahead. The extent of its involvement in Libya has already caused controversy and considerable unease within elements of the NTC. As revelations emerged about Qatari funding and arming for multiple Islamist militia groups, including the commander of the Tripoli Brigade Abdul Hakim Belhadj, these murky and sub-state networks could hinder a return to stability and normalcy and further fragment the fragile anti-Gaddafi coalition. It was almost certainly Qatar that the NTC oil and finance minister had in mind when he stated in October that "It's time we publicly declare that anyone who wants to come to our house has to knock on our front door first." Ali Tarhouni subsequently expanded on these comments after leaving office as he alleged that "what they have done is basically support the Muslim Brotherhood, and I think that's an infringement on

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the sovereignty of the country.”[19]

Concerns in Qatar itself ask whether the country has attempted too much too fast, and whether its foreign policy objectives risk outstripping local capabilities. The pace of development is so rapid that the Qatar National Vision 2030 (unveiled in 2008) is already out of date; Qatar’s population has more than doubled since 2006.[20] Reports of tensions within the ruling family have resurfaced lately, particularly between the Heir Apparent and the Prime Minister.[21] So, too, have signs of economic overheating, evidenced publicly in the travails of the United Development Company, the group behind the flagship Pearl Island.[22] Meanwhile, the surprise resignation of Al Jazeera’s director-general in late-September, and his replacement by a member of the ruling family, has reignited simmering debates about its editorial independence, following the disclosure of a leaked US diplomatic cable from 2009 alleging the channel “has proved a useful tool for the station’s political masters.”[23]

Longer-term vulnerabilities also exist in the gas sector, the engine of Qatar’s international reach. Prices for LNG have plummeted since 2008, due in large part to a glut of supplies reaching the market. Falling LNG revenues are straining Qatari spending priorities as the majority of its \$120 billion investment in LNG infrastructure was borrowed from banks and industry partners. After repayments and operational costs are factored in, one recent study forecast that “Qatar barely breaks even or could be losing money,” with knock-on effects over its ability to continue spending on ambitious real estate and other ventures such as the Pearl.[24] In addition, massive LNG investment in Australia (set to overtake Qatar as the world’s largest exporter by 2017), Russia, and in shale gas in the US, promise to re-draw the global LNG map over the next decade.

The bursting of Dubai’s bubble in 2009 carries a cautionary tale for Qatar. During the height of its boom years, some nationals voiced their concern at the perceived helter-skelter expansion and erosion of local identities and values as the (expatriate) population soared.[25] Qatar has been exhibiting signs of similar unease in recent months, notably with the suspension of the sale of alcohol at the Pearl, a move ascribed to social (rather than religious) motivations.[26] There is also concern that ambitious and frequently headline-grabbing initiatives lack common purpose, and that the decade leading up to 2022 must be managed carefully and responsibly.[27]

Qatar is thus approaching a crossroads. Its leadership has astutely managed its transformation into a gas superpower, and leveraged its influence across the globe. The successful country branding strategy has meant the country is rarely out of the headlines, and not for the wrong reasons either. Uniquely in a troubled region, the Arab Spring has presented far more of an opportunity than a challenge. Cumulatively, these developments place Qatar at the forefront of Gulf developments as the region becomes one of the centres of gravity in the shifting balance of geo-economic power. However, as the final section above makes clear, there are pitfalls ahead, and these must be borne in mind during the next phase of Qatari development, on both domestic and foreign policy levels.

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