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QATAR CRISIS IMPACTS CHINA’S AMBITIOUS FOREIGN POLICY

By Philip Gater-Smith

What some have called the Middle East’s most severe diplomatic crisis in years recently shook the Gulf Cooperation Council (GCC) when Saudi Arabia, the United Arab Emirates, Bahrain, Egypt, and several other Sunni Muslim-majority countries cut off diplomatic and economic ties with Qatar. The three GCC states taking action against Doha shut off their land, maritime, and air links with the emirate and told their nationals in Qatar that they had two weeks to depart the targeted country.¹

The reasons for this dramatic step against Qatar are rooted mainly in Doha’s support for Sunni Islamist movements and prominent figures in the Middle East; the emirate’s ownership of al-Jazeera and other media platforms which numerous Arab governments perceive as propaganda networks seeking to stir up unrest; and Qatar’s cordial relationship with the Islamic Republic of Iran, with which the Arab Gulf country shares the world’s largest natural gas reserve. These pillars of Qatari foreign policy have long left the Bahrainis, Egyptians, Emiratis, and Saudis with the belief that Doha’s actions have fueled extremism and terrorism across the Arab world.

The Trump administration’s relationship with Saudi Arabia and the UAE is key. The move against Qatar came two weeks after U.S. President Donald Trump’s state visit to the Kingdom, during which he called for a grand alliance against Islamist terrorism and its alleged supporters, most prominently Iran. The Deputy Crown Prince of Abu Dhabi and Deputy Commander of the UAE Armed Forces Mohammed bin Zayed visited the White House days before Trump’s trip to Riyadh, and Saudi Deputy Crown Prince Mohammed bin Salman paid a visit to Washington in March. Feeling emboldened and empowered by the new American leadership, the Saudis and Emiratis are now acting more assertively against their enemies and rivals.²

Media pundits have been discussing the reasons behind this move and its broader political and economic consequences for Qatar. Given that the Arab Gulf country depends on food imports, fuel exports, and regional and global flight connections, Qatar is in a serious squeeze.³ How long this abrupt and thorough isolation of Qatar will last is unclear. Yet even if the GCC members and their U.S. protector reach an agreement and things return to normal, it will not be business as usual for Qatar moving forward.

China has particularly high stakes in the outcome of the Qatar crisis. Officials in Beijing are focused on how this rift within the Sunni Arab world will impact their country’s geo-economic development with regard to China’s “One Belt, One Road” (OBOR) initiative. China’s ambitious plan is to connect various regions, including the Middle East, through economic corridors stretching from China to the Mediterranean. Given the geo-economic shift from West to East, connectivity to these New Silk Roads is crucial for the Gulf states’ enduring productivity and even survival.

The New Silk Roads Connecting China to the Gulf

Sino-GCC trade has grown rapidly since China became a net-oil importer (1993) and joined the World Trade Organization (2001). Energy has dominated Sino-GCC
trade, as well as trade between China and Iran (and to a lesser extent China and Iraq). China’s oil imports from the Gulf constitute approximately half of its total. Exports of Chinese manufactured goods to the region have strengthened interdependence between China (and other Asian countries) and the Gulf.

Bi-directional investment flows have also risen. Chinese energy and construction companies have won numerous contracts in all GCC states. Chinese banks in the Gulf have followed in the wake of these growing financial ties. Conversely, Gulf energy and petrochemical companies have invested in China. More diverse capital flows and joint ventures are mushrooming in sectors such as aviation, Islamic finance, and real estate. The GCC states’ highly liquid sovereign wealth funds are also underpinning these growing business ties.

The New Silk Road has been a popular label for several years now to characterize these “South-South” economic networks. Yet it was Chinese President Xi Jinping’s multi-dimensional OBOR initiative that boosted its use. The project, which aims to re-connect countries and economies across the Eurasian landmass by investing in roads, railways, and pipelines, also has a crucial maritime component. The large bulk of China’s trade with Europe, Africa, Southern Asia, and the Middle East, including its energy imports, is shipped across the Indian Ocean. The Gulf states were quick to join China’s newly founded investment vehicles for this giant ambition - The Silk Road Fund and the Asian Infrastructure Investment Bank.

Qatar itself is an eager participant. Rich in vast hydrocarbon resources, the emirate is China’s number one foreign source of natural gas, enjoying a 20 percent share in that particular Chinese market. Qatar also imports a large number of Chinese consumer goods. Sino-Qatari ties have deepened also in financial and monetary terms, with Doha having set up a clearing-house for the Chinese renminbi in 2015. Qatar is unquestionably competing with other GCC members to establish a future status as a regional business hub, eager to attract Chinese, Asian, and global trade, investment, and tourism.

Enduring Political Risk in Qatar

What are the implications of the Qatar crisis for China’s plans vis-à-vis OBOR and Sino-GCC relations? It is certainly too early to predict Qatar and the GCC’s next moves, let alone medium- to long-term developments. The only forecasting possible at this stage is to prepare for Qatar making no swift change to its foreign policy, along with the Bahrainis, Egyptians, Emiratis, and Saudis remaining consistent with their demands for Doha. If such a stalemate scenario persists for a few months, the prospects for Qatar establishing itself as the Gulf’s dominant business location will suffer. But even if this cut-off policy is lifted tomorrow, the damage has already been done. All of Qatar’s important diplomatic and economic partners will remain highly wary of what from now on constitutes an enduring political risk in trading with, or investing in, Qatar.

In other words, even if Qatar’s ties with Saudi Arabia, the UAE, Bahrain, and Egypt are re-established, Qatar’s credibility in its regional standing as a business partner and its reputation as a diplomatic partner have taken a huge and lasting hit. Whether or not Qatar is to blame for this escalation and possible future situation is, for now, irrelevant in terms of the consequences.
have taken a huge and lasting hit. Whether or not Qatar is to blame for this escalation and possible future situation is, for now, irrelevant in terms of the consequences.

In terms of China’s OBOR project, there are three big consequences of the Qatar crisis.

**No Regional Business Hub in Qatar**

Qatar is now highly unlikely to develop into a leading Gulf business hub. The UAE has a substantial head-start in that respect anyway and currently enjoys hub status due to its advanced infrastructure, its business-friendly regulatory environment, its diversified economy, its vast international human resource pool, and its level of touristic attraction. The Chinese have long realized this, which is why most of their exports to the GCC, wider West Asia, and even Africa and Europe, go through the UAE.

Qatar’s odds of catching up have now been diminished. Without this prospect, Qatar will certainly not be able to rival the UAE (or even Saudi Arabia or Oman) as the “red dot” on Beijing’s West Asian Maritime Silk Road map. With its sudden diplomatic isolation from its direct neighbors and supposedly close GCC allies, and with land, sea, and air barriers in place, Qatar cannot possibly hope to be of regional economic centrality.

Despite the ongoing GCC diplomatic row and its inevitable aftershocks, China is likely to continue, and probably further advance, its bilateral trade and investment with Qatar. Beijing is successfully walking other far more dramatic tightropes in the Gulf. If it is possible to maintain equally strong diplomatic and economic relations with the region’s main antagonists, Saudi Arabia and Iran, then surely this approach would easily apply to China’s foreign policy regarding Qatar. Nevertheless, the Qatar crisis will certainly impact the emirate’s regional trade prospects.

**No Immediate China-GCC Free Trade Agreement**

The second major economic impact will be felt by the entire GCC. The long-held and recently revitalized plan to negotiate a China-GCC free trade agreement will encounter more problems unless Qatar is ejected from that club. Finding a GCC-wide consensus as long as diplomatic and economic ties remain strained, let alone fully cut off, seems impossible. In that respect, Qatar’s only hope lies with the strong mutual interests the other GCC members share in signing trade deals in general, but especially, in the New Silk Road age, with China, the world’s second largest economy. In other words, it is important to underline that Riyadh, Abu Dhabi, and Manama have accepted to pay a hefty price, since their move will harm the GCC’s overall economic interests.

**No Enhanced Gulf Role for China**

The third major consequence of the Qatar crisis for Sino-GCC relations is not economic, but geopolitical. Since the end of the Mao era, China’s foreign policy, up until now, has largely shied away from promoting assertive political agendas in foreign countries. Its “sovereignty max” approach, by which Beijing detaches itself from other countries’ domestic politics, or indeed from hard security matters overseas, applies globally. This policy vis-à-vis the Gulf has been of particular importance to Beijing. Given the Middle East’s geopolitical and ideological volatility and security cri-
ses, China has consciously refrained from following the path of the diplomatically and militarily engaged and overstretched Western powers. Its “freeriding” on the American security umbrella in the Gulf has directly benefited China’s OBOR plans by saving the Chinese large amounts of money and possibly blood, and by ensuring friendly diplomatic relations and lucrative economic ties with all regional countries.

Given the GCC’s overwhelming security dependence on the U.S. as the Council members’ energy exports to America rapidly decline, the Arab Gulf states have increasingly, yet unsuccessfully, sought to diversify their political and even military alliances. While looking east to China and India, the GCC states have expressed interest in both Asian powers playing a more pronounced role in the Gulf’s security environment. Yet up until now, Beijing has largely resisted this due to its sheer lack of both necessary military capability and political will in China. Now, with longstanding tensions among GCC members reaching unprecedented heights - which raise the possibility of a military confrontation among Arab Gulf states - China is unlikely to change its mind soon.

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GERMANY AND THE QATAR CRISIS

By Jeremias Kettner

Within a week of Bahrain, Egypt, Saudi Arabia, the United Arab Emirates (UAE), and other governments of Arab/African countries severing/downgrading relations with Qatar, German Foreign Minister Sigmar Gabriel warned that “this dispute could lead to war”, referring to the Sunni governments’ “dramatic” harshness regarding Doha. Germany’s top diplomat stated that he had conferred with officials in Qatar, as well as in Kuwait, Iran, Saudi Arabia, and Turkey, with the aim of defusing the beleaguered Middle East’s latest crisis. After Qatar’s Foreign Minister Sheikh Mohammed bin Abdulrahman Al Thani traveled to Germany to meet with him on June 9, Gabriel called for “solutions, especially lifting the sea and air blockades.”

The Foreign Minister’s defense of Qatar during the ongoing Gulf Cooperation Council (GCC) diplomatic crisis speaks volumes about the European country’s relations with the Arab Gulf emirate, a rapport long ignored by foreign policy analysts.

Germany developed diplomatic relations with Doha in 1973. Unlike Great Britain and France, Germany had no colonial past in the Middle East that would have created enduring political, economic, energy or security ties. Nonetheless, bilateral relations have developed steadily since the beginning of the 21st century. This analysis examines that growth, beginning in 1999, when a Qatari monarch made his first visit to Germany, and explores the trends and important characteristics of the present-day Berlin-Doha relationship.

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From the establishment of the GCC in 1981 until 2001, the six Arab Gulf states played somewhat insignificant roles in Germany’s economic and foreign policy. In fact, in 1999, the German Foreign office had plans to shut down certain diplomatic missions in the GCC, including its consulate in Jeddah. In Doha, the mission had not been functioning effectively for a long-time due to inadequate resources.

The terrorist attacks of September 11, 2001, however, prompted Berlin to step up investment in its Gulf state diplomatic missions. During that period, visits of high-ranking German politicians to the region began to increase. In 2001, German president Johannes Rau travelled to Qatar, followed a year later by then-Prime Minister of Lower Saxony Sigmar Gabriel. In 2005, Gerhard Schröder, accompanied by a comprehensive business delegation, became the first German chancellor to visit Doha. An ensuing security agreement, albeit largely symbolic, led to a German federal police official serving in Doha as a document and visa consultant. In addition, Germany provided Qatari coastal guards with training to protect the emirate’s coastal waters. Cooperation in counter-terrorism and intelligence spheres, and coordination of regional policy initiatives, continues today.

"Stronger German-Qatari military cooperation created controversy within Germany’s parliament"
That said, stronger German-Qatari military cooperation created controversy within Germany’s parliament shortly after the public learned that Doha had purchased 62 Leopold II tanks from Germany. Regulations on arms deliveries to so-called “areas of tension” require the approval of the national security council. The Qataris argued that deeper military cooperation would enhance bilateral relations overall, yet scores of German politicians had difficulty justifying their country’s sale of weapons to the Arab Gulf state, due to sensitivities surrounding human rights allegations.

Today the German Foreign Ministry website states: “Qatar’s strong engagement in foreign policy.....makes it an important partner for Germany on different regional political issues.” The two countries’ shared interests include the promotion of peace and stability in the Middle East, the stabilization of world energy prices, and the fight against international terrorism with the aim of securing international shipping routes and free trade. Germany and Qatar take a mutual interest in each other’s views of regional developments. For example, both countries work closely together within the Friends of Syria Group. Germany initially improved relations with Qatar in search of partners in the region other than Saudi Arabia. Qatar became a promising candidate after its 2005 announcement of internal political reforms, a development that Berlin regarded positively. Another factor was Qatar’s relations with Israel – the security of Israel is part of Germanys “raison d’état” – and its pragmatic relations with Iran.

Qatar considers Germany an exceedingly important actor in the West. Despite Berlin’s reluctance to pursue a more aggressive Middle East foreign policy, its economic clout in the region has grown in recent years. Berlin is set to pursue a more active foreign policy vis-à-vis the Arab world and Iran. Germany, together with other European countries, can help Qatar become less dependent on the U.S., although there is no perception of Berlin having the means, or the interest, to replace Washington as Qatar’s security guarantor. Qatar’s interest in becoming further embedded in German security and intelligence networks is indicative of Doha’s strategic pivot to Berlin and other capitals such as Moscow, Tehran, and Ankara to diversify its security and political partnerships.

An important issue for Qatar and other GCC members is Germany’s role within the P5+1 group. The six world powers negotiated the watershed Joint Comprehensive Plan of Action (JCPOA), commonly referred to as the Iranian nuclear deal, which Germany, Iran and the UN Security Council’s five permanent members passed in mid-2015. Whereas some GCC states confirmed their official support (lukewarm at best) for the JCPOA, Doha sincerely supported the historic accord’s passage, having long called for a peaceful and diplomatic settlement to the standoff over Tehran’s nuclear program. The emirate shares the world’s largest offshore gas field with Iran, and promoting a stable Gulf region and decreasing tension in GCC-Tehran relations are foreign policy objectives for the leadership in Doha.

German-Qatari relations have certainly improved in recent years and diplomatic visits on political levels have become routine. Yet since Angela Merkel became Chancellor of Germany 11 years ago, she has visited Qatar only once. German authorities find it difficult to maintain a close working relationship with their Qatari counterparts, as most government decisions in Qatar come top-down. Hence, a traditionally strong hierarchy in Qatar constitutes an obstacle to follow-up activities on agreements arranged by top officials.

"Qatar considers Germany an exceedingly important actor in the West"
Economic Relations

Throughout the GCC, Germany’s high-quality products and services have contributed to its positive image. Knowledge transfers through joint ventures between Qatari and German companies can help achieve the Qatari National Vision 2030 goal of building a strong private sector based on a knowledge-based economy and society.

Until 2000, bilateral trade and investment figures had been marginal. This changed rapidly when Qatar began investing massively in its local infrastructure. (By 2022 Qatar expects to invest about USD 200 billion in infrastructure.)\(^{14}\) In 2002, a German Business Council was established in Qatar and, around the same time, an office of the German Industry and Commerce Office was opened in Doha. Since 1999, an Investment Promotion and Protection Agreement as well as an Air Transport Agreement have been in force. A German-Qatari joint economic commission was founded in 2007, and met for the fifth time in 2016.\(^ {15} \)

Negotiations over a double taxation agreement, however, have not yet been finalized. Officials in Doha maintain that this issue hinders their willingness to invest more in Germany while also lamenting the small proportion of German foreign direct investments in Qatar. Their counterparts in Berlin, on the other hand, are not willing to agree to a tax-free repatriation of Qatari investments in Germany.

Against this backdrop, Germany has been able to attract Qatari investments in recent years valued at more than USD 18 billion. Qatar holds stakes in Volkswagen, Hochtief, Siemens, Deutsche Bank and others. The German government has welcomed Qatari investments, particularly during the financial crises of 2008/09, when the Qatari sovereign wealth fund, Qatar Investment Authority (QIA), bought stakes in many European banks, including Barclays, Santander, UBS, Credit Suisse and Deutsche Bank. On the occasion of the 2013 Business and Investment in Qatar Forum in Berlin, attended by then-Qatari Prime Minister Hamad bin Jassim Al Thani, as well as Chancellor Merkel and other dignities and businessmen from both sides, the QIA announced its decision to further invest in Germany.

Bilateral trade is constantly on the rise, having reached a record high of USD 2.87 billion in 2015. Approximately 1,700 German citizens lived and worked in Qatar in 2013 (but only 25 percent of the number of German nationals in Dubai).\(^ {16} \) Sixty-four German companies are present in Doha, most of which are active in the construction and service sectors, amounting to a major increase since 1999, when there were only two.

Politicians from both countries regularly stress the potential opportunities that increased bilateral trade and investment could provide. Yet there are many factors thwarting a strengthening of economic ties.

It is important to differentiate between internal and external factors. External factors include a somewhat inefficient Qatari jurisdiction, a highly competitive market, and the huge scope of Qatari projects, especially in the infrastructure sector. Moreover, the lack of access for most foreign companies to local financing is a problem. Eighty percent of the Qatari economy is completely, or partially, state-owned. Major projects are tendered by procurement offices and are often bound to political guarantees. Foreign companies must pay not only tender bonds but in many cases performance bonds. Without local financing opportunities, most German companies cannot survive in the Qatari market. This is especially true for small and medium size businesses (SME), which comprise 90 percent of all German businesses. For this reason, with a few exceptions, German companies work mainly as sub-contractors in Qatar.

The main internal factors are relatively high cost structures within German companies, a conservative risk
allocation, as well as almost no representation inside local Qatari companies, let alone Qatari government institutions. The latter is important since the Qatari business culture is based on trust and characterized by personal relationships. Therefore, national consultants can act as “door openers”.

In addition, most German companies deliver products or services. With the exception of Siemens, Thyssen-Krupp, and a few others, there are no Qatari-German joint ventures. This is especially true in the oil and gas sector, including downstream businesses such as petrochemicals. Wintershall, which left the market in 2010, was the only German company to be heavily invested in the Qatari energy sector. Even though the situation has changed today - especially since the Russian-Ukrainian conflict, Germany is more willing to reduce its strong dependency on Russian gas and look for alternative sources - there are almost no capacities left for the German market. The problem is that the Qatari LNG output is linked to long-term contracts with Asian countries such as Japan, South Korea and China.

**Culture, Education, Science, Sports, and Technology**

A German International School that stresses cultural competence was established in Doha in 2008. In the medical sector, there is cooperation between the Hamad Medical Corporation and the University Hospital of the Johann-Wolfgang-Goethe-University Frankfurt. Leading German museums and The Dresden State Art Collections are collaborating with Qatar Museums (QM). Germany and Qatar have also developed closer relations in the sports sector, as highlighted by the summer camp for FC Bayern Munich in Qatar and the many German employees who helped build the Aspire Sports Academy. Currently, a bilateral cultural year is in place.

Both countries are willing to invest in the education and science sectors, with a focus on research and development in the field of new technologies such as renewables. In her 2010 speech at the Museum of Islamic Art in Doha, Chancellor Merkel stressed that Germany and Qatar are “global front runners” in this area.¹⁸

**Conclusion**

Bilateral relations between Qatar and Germany have steadily improved since 2005. One obstacle to the relations from a strategic point of view is a lack of security and energy cooperation. Whereas commercial interests on both sides had been the main driver of German-Qatari relations until 2011, Qatar’s rise as a political player in the Middle East and its active role in the “Arab Spring” made the emirate a key political partner for Germany and the rest of the EU. Yet the accusation by the German development aid minister that Qatar was financing Daesh (“Islamic State”), as well as the negative German press coverage of labor conditions for expatriates in Qatar, have represented challenges for the Berlin-Doha relationship. Nonetheless, Merkel has called Doha a “strategic partner” and claimed that she has no reason to mistrust the Emir of Qatar’s reassurance that the Qatari government has never been behind the financing of terrorism.

Germany’s participation in the P5+1 talks, as well as Chancellor Merkel’s historic decision to welcome more than one million Syrian refugees, clearly indicate a more active German foreign policy in the Gulf and the greater Middle East. One could argue that both countries have experienced an emancipation within their regions (EU, GCC). Germany is now Europe’s economic powerhouse and has played a major role in stabilizing European markets during the aftermath of

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The 2008/2009 financial crisis. Qatar has developed a more active foreign policy and in 2011 became one of the Arab world’s major players amid political openings caused by numerous anti-regime revolts and rebellions. Moreover, the emirate has helped stabilize European banks and is heavily invested in European companies. This factor makes Doha essentially a natural partner in many regards for the future.

Ultimately, Qatar needs Germany as part of its strategy to maintain good relations with key Western countries. Germany, in turn, sees Qatar as an important “piece of a puzzle” in an extremely complicated and volatile region. The leadership in Berlin values Qatar as a bridge between the Islamic and the western worlds, which can help to secure German and other European countries’ interests in the Middle East and beyond. According to diplomatic sources, Qatar’s Emir Sheikh Tamim is scheduled to visit Merkel in Germany after Ramadan. That meeting should provide a better indication of possible increased momentum in German-Qatari relations at a time when Doha requires additional support from major players in the global arena.

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HYPER-RENTIERISM? VISION 2030 AND THE SOCIAL CONTRACT IN 2017

By Dr. Courtney Freer

Vision 2030, at first glance, appears to be yet another major Saudi effort to lessen the Kingdom’s dependence on hydrocarbon resources – by reducing government spending on public sector employment and ramping up development in new economic sectors. Although similar visions date back to the 1970s, this plan is unique in that it will expand the government’s remit into something of a hyper-rentier arrangement. Not only is the government meant to provide health, education, employment, and housing to its citizenry; it is also meant to actively manage the diversification process, while expanding entertainment options and enriching the social life of its citizens. For the younger generation of Saudis who have grown up with rentier benefits, such developments, especially at the hands of the young Deputy Crown Prince Mohammed bin Salman, hold appeal and could potentially open up the Kingdom socially.

That the government released a document as expansive as Vision 2030 is evidence of the large role it envisions for itself, even if dependence on hydrocarbon wealth will be diminished. Such a central role for government is logical, considering that two-thirds of the workforce is employed by the public sector. Nonetheless, Vision 2030 sets up the government, with the funds from the IPO of Saudi Aramco, as the primary developer of the new diversified economy, while also citing the need to “cut tedious bureaucracy”. Furthermore, the Public Investment Fund (the state’s sovereign wealth fund) announced in April its plans to construct an entertainment city, roughly the size of the Las Vegas strip, south of Riyadh. It is slated to include a theme park and a safari park, and aims to promote tourism as well as to aid citizens in their efforts to “achieve a healthy and harmonious life, and provide more entertainment, joy and fun.” These new government-funded social ventures, though historically more common in the religious field, are new in the secular portion of Saudi entertainment – and this new government-styled and -funded sector is only likely to grow.

The Entertainment Authority, a new government entity established through the Vision, has taken the lead in organizing a series of concerts, comedy shows, and other performances of a type never before seen in the Kingdom. These restrictions have been largely due to the government’s centuries-old alliance with religious scholars (ulama) of the Wahhabi strand. The relationship requires Al Saud ruling family to respect a highly conservative and textualist understanding of Islam in order to maintain religious legitimacy as guardians of the two holy mosques. Wahhabi authorities focus their efforts on both cleansing Islam of what they consider incorrect religious practices (namely the ratification of innovations – from cemeteries to cinemas) as well as preserving a literal interpretation of the Qur’an. In an effort to reconcile a wider variety of secular entertainment options with this alliance, the chairman of the Entertainment Authority, Ahmed al-Khateeb, assures that “[w]e have rejected more than 150 activities that we considered to be violating Islamic tenets [....] We will never abandon this line and will never do anything that may be against the Kingdom’s consistent policies.”

"For the younger generation of Saudis who have grown up with rentier benefits, such developments, especially at the hands of the young Deputy Crown Prince Mohammed bin Salman, hold appeal and could potentially open up the Kingdom socially"
Some members of the *ulama* have made public complaints on Twitter, placing the blame primarily on performers themselves or on the Entertainment Authority, rather than on members of the ruling family or the government, for allowing this immoral and inappropriate entertainment. Gender mixing during Comic-Con in Jeddah, to which an estimated 7,000 Saudi-based fans flocked in February, fueled more complaints about unseemly behavior. A 2016 decision further shifted the balance of power away from the *ulama*, stripping them of their authority to arrest and urging them to act “kindly and gently” in their enforcement of appropriate, Wahhabi-defined, public behavior.

The increasing centralization of government authority and the government’s taking on of new social responsibilities could also alter social life more broadly by changing the position of women. For instance, the Vision states the ambitious goal of increasing the percentage of women in the workforce from 22 to 30 by 2030. Furthermore, in February, the first licenses for women’s gyms were granted, with plans to establish them in all major neighborhoods. Women’s gyms were previously marketed as expensive and exclusive health centers, and, though the new facilities will not allow competitive sports, their existence does grant women more choice in terms of entertainment options. Nonetheless, the major question of allowing women to drive remains. Deputy Crown Prince Mohammed bin Salman, the main government backer of the Vision, did state, however, that the issue is cultural, rather than religious, and that Saudi society “is not convinced about women driving.”

Government advisers say the Vision’s budget is likely to be slashed by around 30 to 40 percent, and it will be telling which portions are maintained. The expansion of the social sphere could well be used as a hook for investment or it could ultimately be dropped due to complaints by the religious authorities. The success of the Saudi government’s venture into the entertainment sector hinges primarily on the decisions taken by Mohammed bin Salman—as well as the degree to which disapproval from the Wahhabi *ulama* is taken into consideration. What does seem likely, though, is that the Vision will continue to enjoy political support from primary members of the ruling family, with a recent cabinet reshuffle confirming the primacy of King Salman’s branch of the family.

The only part of the Vision on which the government has so far changed course, interestingly, is the one that seemed most straightforwardly linked to its economic goal, the reduction of allowances for public sector employees. These were reinstated in April because King Salman, as he explained, is “keen to provide comfort to the Saudi citizens.” They were also restored in the face of mounting online resistance, expressed through the hashtag “April 21 Movement”. Tweets associated with this hashtag demanded a stop to the IPO of Aramco, the restoration of benefits, the establishment of a constitutional monarchy, and the
"The ruling bargain with the Wahhabi ulama may simply become less sustainable, at least in the way it has been arranged in the past, with an increasingly younger population hungry for change and a young ruler eager to provide it, at least in the social sphere"

restoration of the full power of the religious police. Though it is nearly impossible to know the popularity of this sentiment, a government-sponsored poll insists that 77 percent of the population is in favor of the Vision.29

What we may be seeing in the Kingdom is a wide generational shift. With some 70 percent of the population under 30, the style of 31-year-old Mohammed bin Salman, in addition to his support for more

entertainment options in Saudi Arabia, holds appeal for this demographic, even though their parents may consider it socially harmful. The ruling bargain with the Wahhabi ulama may simply become less sustainable, at least in the way it has been arranged in the past, with an increasingly younger population hungry for change and a young ruler eager to provide it, at least in the social sphere. In the meantime, the goal of changing the social contract and altering rentier benefits may be fading – or at least considered unattainable.

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THE DANGER OF WASHINGTON SUCCEssING TO A “RIYADH CONSENSUS”

By Justin McCauley

U.S. President Donald Trump’s speech to Arab leaders at the Arab Islamic American Summit in Riyadh on May 21 was noteworthy for several reasons. The president displayed his ability to stay on script, recasting his previous anti-Muslim rhetoric into a sort of Manichean struggle between good and evil and asking that the rest of the Sunni Arab world join him in combating Islamic terrorism. But the most significant segment of the speech was no doubt the characterization of Iran as the greatest purveyor of Islamic terrorism in the world, bringing Washington unequivocally in line with a sort of “Riyadh consensus” on the Middle East’s security landscape.

While Trump’s call for counterterrorism unity was no doubt genuine, past presidents have made it before, with mediocre results. Saudi Arabia has been extremely helpful with intelligence and tactical support, particularly in the post-9/11 era. Yet the bolstering of militant Salafist-Jihadists in the region has been the Kingdom’s consistent policy.

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Although the U.S. and Saudi Arabia have maintained an enduring alliance based on pragmatic mutual interests for nearly a century – essentially, oil for security – rarely has a president so explicitly aligned Washington with Riyadh’s agenda. Trump’s speech was not just an affirmation of partnership; it was a declaration of commitment to the Saudi worldview pertaining to the geopolitics and security landscape of the region. Most importantly, the Trump administration is on board with Riyadh’s anti-Iranian agenda.

The realpolitik of the U.S.-Saudi alliance is straightforward enough. Trump’s new commitment, however, to what amounts to the Sunni “side” of the region’s struggle for hegemony raises questions about the wisdom of the new American trajectory. His stated policy of “principled realism” suggests that the U.S. will seek to keep out of the fray of local politics and internecine conflicts; yet his summit speech indicates that America is becoming detrimentally tied to one regional power.

According to international relations theorist Stephen Walt, the U.S. maintains three strategic interests in the region - preserving the flow of oil and gas, mitigating the threat of anti-American terrorism, and preventing the proliferation of weapons of mass destruction - all of which depend on good relationships with a variety of states. After nearly a decade of U.S. blood and treasure expended in Iraq, it has now become all but a foregone conclusion that Iran is, and will remain, the primary foreign influence inside the country. The U.S. still retains considerable power and influence in Baghdad, but much will depend on how it manages the Sunni-Shi’ite divide going forward. Iraq desires good relationships with both Iran and Saudi Arabia. However, the political, cultural, sectarian and geographical connections between Iraq and Iran run deep (despite tribal connections with the Nejd for some southern Iraqis) and should not be underestimated, particularly if Baghdad is put in a position where it must choose.
Likewise, while the future of Bashar al-Assad’s regime remains unclear, its re-entrenchment following Russia’s intervention along with renewed Iranian and Hezbollah efforts should be considered. This is particularly true when remembering that Trump is more focused on Daesh (“Islamic State”) than on Assad. The same holds true for Lebanon, where President Michel Aoun and his Hezbollah allies remain close to Tehran. Indeed, the power structures in the Levant generally remain indebted to Iran and hostile to Saudi Arabia.

Throughout the post-war period until Iran’s 1979 Islamic Revolution, Washington effectively balanced close relationships with the Kingdom and the Shah’s Iran, much to the chagrin of both. This approach was based on a realism that worked - not gambling solely on one power, and not allowing either one to become too powerful. The policy was geared toward preventing the kind of regional destabilization that a hegemon brings. This balance could be achieved again, given Iran’s rational and pragmatic character. As Washington slowly slides into this “Riyadh consensus”, it is instructive to remember the history of the U.S. relationship with Israel.

Beginning roughly with the founding of the Jewish State in 1948 through the mid-1990s, the U.S., although a solid and dependable ally of Israel, carefully calibrated its relationship with both Tel Aviv and the Arab states. This balance provided America with chess board-like leverage across a dozen Middle Eastern capitals. But at the start of the twenty-first century, U.S. policy slid firmly into the Likud-Kadima orbit. As a result, America’s credibility in many Arab capitals, and its ability to manage peace with the Palestinians, has grown increasingly slim.

In the process of drastically limiting its options, Washington must also consider Riyadh’s internal stability and its ability to check Tehran. The Islamic Republic retains a fundamental stability that the Kingdom lacks. The House of Saud, on the other hand, is forced to play a balancing act between its religious extremists and the West, and finds itself in a constant state of reassessment. And with subsidies set to decline when oil prices stabilize, civil strife is possible. Meanwhile, regardless of the Islamic Revolutionary Guards Corps (IRGC)-led deep state in Iran, the country has once again displayed a powerful inclination toward democracy and reason. A massive voter turnout enabled the reelection of moderate President Hassan Rouhani over the IRGC’s preferred candidate, Ebrahim Raisi.

"Regardless of the Islamic Revolutionary Guards Corps (IRGC)-led deep state in Iran, the country has once again displayed a powerful inclination toward democracy and reason. A massive voter turnout enabled the reelection of moderate President Hassan Rouhani over the IRGC’s preferred candidate, Ebrahim Raisi"

Moreover, given Iran’s 30 years of success in asymmetric warfare (and its stalemate with Iraq in the longest conventional war of the twentieth century), it is highly questionable whether Saudi Arabia, with no real-world combat experience to speak of other than its failing performance in Yemen, can compete with Tehran when it comes to warfare, conventional or, more importantly, unconventional.

Indeed, by all measures Iran is an ascendant power in the beleaguered Arab world. This is particularly true as we see Russia bolstering its efforts to further patronize Tehran. This competition between Washington and Riyadh on one side and Moscow and Tehran on the other is nothing new. The Cold War offered similar challenges in the region with the U.S. backing conservative and pro-Western Arab sheikdoms with the Kremlin lending its support to Leftist, secular, and Arab nationalist regimes.

Today, however, Washington should remember that as a superpower it should have its own strategic agenda, and not simply adopt that of the Saudis. The U.S. response to the Qatar crisis ignores the strategic necessity of maintaining unity in the GCC (especially if
"The U.S. response to the Qatar crisis ignores the strategic necessity of maintaining unity in the GCC (especially if seeking to counter Iran). At the same time, the muted American response, and President Trump’s obvious feelings of schadenfreude following the June 7 Daesh attacks in Tehran, contradict the stated primacy of U.S. counterterrorism efforts against the terror group"

History serves as a good teacher. The era during which the U.S. successfully balanced its relationships with Iran and Saudi Arabia, as well as with Israel and the Arab powers, was a time of unparalleled American power, influence, and strategic success in the region. Ultimately, for Washington the risk of further succumbing to a “Riyadh consensus” is that the U.S. could lose further influence in the Middle East.

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BAHRAIN MONITOR

- Court orders dissolution of island sheikdom’s largest secular society
- King of Bahrain visits Malaysia, Brunei, and Thailand
- U.S. President declares that Washington-Manama relations will grow stronger
- Five deaths result from Bahraini security forces’ operation in Diraz

May 3

King Hamad pays historic visit to Malaysia

As the first Bahraini monarch to visit Malaysia, King Hamad traveled Kuala Lumpur, where he signed agreements and memorandums of understanding regarding defense, energy, investment, and air services. The Malaysian leadership and King Hamad also discussed the need to strengthen cooperation in the struggle against international terrorist organizations.

Analysis: With his visit to Malaysia, King Hamad launched a swing through ASEAN countries with the goal of developing bilateral relations not only with individual ASEAN countries but also with ASEAN itself. Manama is seeking new partnerships in energy and finance in order to help the archipelago’s economy. Part of that approach is linked to the expansion of Islamic finance products and services. King Hamad also emphasized the necessity of working together against terrorism. This echoes Saudi sentiment, especially in the wake of King Salman’s recent Asia tour of which Malaysia was the first leg.

"With his visit to Malaysia, King Hamad launched a swing through ASEAN countries with the goal of developing bilateral relations not only with individual ASEAN countries but also with ASEAN itself"

May 4

Bahraini King visits Brunei

During his trip to Southeast Asia, the King of Bahrain visited the Sultanate of Brunei to cement Manama-Bandar Seri Begawan relations. Bahrain’s Minister of Foreign Affairs, Sheikh Khalid bin Ahmed bin Mohammed Al Khalifa, met with Brunei’s Minister of Energy and Industry, Haji Mohammad Yasmin bin Haji Umar, to discuss the growth of bilateral relations across a range of areas from Islamic causes to trade and global security.

May 5

Monarch of Bahrain visits Thailand

After visiting Malaysia and Brunei, King Hamad arrived in Bangkok, where he paid his respects to Thailand’s royal family, government, and citizenry following the death of His Majesty Bhumibol Adulyadej. King Hamad wrote in the visitors’ book: “His Majesty King Bhumibol will long be remembered and respected both in the Kingdom of Thailand and around the world for his initiative and devotion to the eradication of poverty and the promotion of social and economic development to improve the lives of his people and country, as well as for his contribution to world peace and stability.”

May 6

Saudi troops return to the archipelago kingdom, according to Al-Masdar News

Al-Masdar News, often described as a pro-Syrian regime media outlet, reported that Saudi Arabia had deployed its troops to Manama two days prior to an expected Bahraini court ruling against Ayatollah Sheikh Isa Qassim, the spiritual leader of the Bahraini Shi’ite opposition. According to the report, locals captured video footage of the Saudi troops entering the island-sheikdom via the causeway linking these two Arab Gulf states.
Analysis: Saudi Arabia maintains a military presence in Bahrain that rotates every few months. GCC interlocutors note that the rotation had been scheduled, but clearly the optics of the troops was meant to show a robust Saudi presence backing up the royal Al Khalifa family.

May 13

Bahrain condemns “cowardly terrorist act” in Qatif, Saudi Arabia

Bahrain’s Ministry of Foreign Affairs conveyed its condolences to the victims of the “cowardly terrorist act” committed in Saudi Arabia’s Qatif area, situated in the Eastern Province, which resulted in two deaths, including an infant, and several injuries. The statement condemned those seeking “to terrify the innocent people and undermine security.”

May 21

U.S. president maintains that Washington-Manama ties will improve

U.S. President Donald Trump declared that the U.S.’ relationship with Bahrain is set to improve following his meeting with King Hamad in the Saudi capital. Trump elaborated, “Our countries have a wonderful relationship together, but there has been a little strain, but there won’t be strain with this administration...We’re going to have a very, very long-term relationship. I look forward to it very much - many of the same things in common.”

Court sentences Sheikh Isa Qassim to one-year sentence and seizes his assets

Based on charges of money laundering and promoting extremism in Bahrain, a court in the monarchy sentenced Sheikh Isa Qassim, the country’s leading Shi’ite opposition figure, to a one-year sentence and seized assets belonging to the cleric. Supporters of Qassim organized anti-regime protests across Bahrain in response to the court ruling.

May 23

Operation in Diraz results in five deaths

Bahraini security forces conducted an operation in Diraz near the home of the kingdom’s Shia-Muslim spiritual leader, Ayatollah Isa Qassim. According to Bahraini officials, a terrorist cell had carried out an attack on the officers, using “hand grenades, iron bars, and bladed weapons and axes” which resulted in 19 injuries among the security forces. The authorities killed five and arrested 286, including some who had escaped from Bahrain’s Jau prison at the beginning of 2017. The Interior Ministry stated that “it is unfortunate that these young people fall victim to these acts, which are incited from abroad.”

Iran’s Foreign Minister Mohammad Javad Zarif condemned the violence, calling it an attack on Bahrainis holding peaceful protests, and linking the bloodshed to U.S. President Donald Trump’s visit to Riyadh shortly before the operation. Hezbollah warned of dire consequences if Bahraini authorities harmed Qassim.

May 31

Court orders dissolution of the National Democratic Action Society (Waad)

Bahrain’s High Civil Court ordered the dissolution of Waad, Bahrain’s largest secular society. The court interpreted Waad’s term “martyrs” (in describing three Shi’ites executed in January on terrorism charges) as a violation of the country’s Law on Political Associations. It also accused the society of “advocating violence, supporting terrorism and incitement to encourage crimes.” The judiciary ruled that Waad had violated the Law on Political Associations by expressing solidarity with the island sheikdom’s dominant Shi’ite opposition society in addition to having rejected Bahrain’s 2002 constitution as “illegitimate.”
KUWAIT MONITOR

- Emir of Kuwait hosts President of Turkey
- Government officials travel to Beijing to discuss Sino-Kuwaiti relations

May 2

Governor of central bank opposed to taxing expatriates’ remittances

Mohammad al-Hashel, governor of Kuwait’s central bank, cited a “negative impact on the overall economy” which taxes on remittances by expatriates would bear, making his case against such a proposal. “The remittance figures being circulated in the media are exaggerated. We must take into consideration that the imposition of such a tax entails operational and administrative costs and expatriates will most likely resort to other channels to transfer their money to their home countries in a bid to avoid paying the extra fees.”

Analysis: Remittances are a critical part of GCC economies and the well-being of laborers. Kuwait’s remittance system is subject to scrutiny, given the country’s austerity measures. Adding taxation to remittances may bring in extra revenue to Kuwait’s Central Bank, but too much pressure may lead to labor problems.

May 9

President of Turkey visits Kuwait

Turkish president Recep Tayyip Erdogan arrived in Kuwait to inaugurate a new airport terminal (which Limak Holding, one of Turkey’s largest construction companies is building) and to meet with the Emir of Kuwait. The two leaders’ talks focused on enhancing security and economic ties between Kuwait City and Ankara. Erdogan declared that the world “depends on the stability” of the Middle East and he called on Kuwaiti firms to invest more in Turkey’s economy. The Turkish president also stated that talks on a GCC-Turkey free trade zone were ongoing, although he provided no details.

Analysis: Turkey continues to build robust ties with Kuwait. As tension mounts between Ankara and the GCC states that have taken diplomatic and economic action against Qatar, Kuwait’s role as a “neutral” mediator in the row will prove important to Turkey. Beyond the Qatar crisis, Turkey’s strategic importance in the Levant will probably lead to President Erdogan to build closer ties with Kuwait. Ankara knows that Kuwait can play a role in brokering the future of Syria. According to GCC interlocutors, certain Sunni Islamists in Kuwait donated the seed money for al-Nusra and Daesh. Kuwaiti authorities cracked down on this phenomena and Turkish authorities want to keep close tabs on this link.

May 16

Kuwaiti and Chinese officials meet in Beijing to discuss bilateral ties

In an effort to enhance bilateral relations on all levels, Kuwait’s Minister of Amiri Diwan Affairs and China’s Vice President Li Yuanchao met in the Chinese capi-
tal to address Beijing’s role in Kuwait’s visions for the future, particularly regarding the Arab Gulf country’s ambitions to become a major international financial hub. China’s One Belt, One Road initiative (OBOR) and Kuwait’s role in this ambitious planned economic corridor was another important subject in the discussion.41

**Kuwait announces its preparedness to host talks on ending the Yemeni crisis**

Kuwait’s Deputy Foreign Minister Khalid al-Jarallah announced that Kuwait was ready and committed to host a new round of talks on the Yemeni civil war. This statement coincided with the arrival in the region of UN Special Envoy for Yemen, Ismail Ould Sheikh Ahmed. The aim of his visit is to revive the peace process before the Holy month of Ramadan began.42
OMAN MONITOR

- Foreign Minister travels to Islamabad for discussions on deepening Omani-Pakistani ties
- King of Jordan meets with Sultan Qaboos in Muscat
- Amid low oil prices Standard & Poor’s cuts Oman’s credit rating

May 9

Oman and Pakistan hold talks on improving ties across a wide range of sectors

Oman’s Foreign Minister Yusuf bin Alawi met in Islamabad with Sartaj Aziz, a high ranking foreign affairs advisor. Aziz declared that Pakistan has an appreciation for the “great vision and sagacious leadership of Sultan Qaboos and for the importance he has always attached to Oman’s relations with Pakistan....Pakistan also attaches great importance to its relations with Oman. We take great pride in Oman’s success and development in recent years.” His Excellency Yusuf bin Alawi and Aziz discussed deeper cooperation across a range of sectors from commerce and culture to trade and regional security. Oman vowed to step up support for Pakistan in the energy sphere. The Sultanate’s foreign minister added: “Pakistan is full of resources but Pakistanis are not fully benefitting from them.....Together we can come out of these circumstances....Our bilateral trade can be multiplied.”

Analysis: Over the years, Muscat’s historical relationship with India has stymied Omani-Pakistani relations. Nevertheless, Muscat’s pragmatism recognizes opportunity in Pakistan, especially given Islamabad’s growing role in international trade via Gwadar and, of course, China’s ambitious OBOR initiative. Oman is seeking to balance its relationship with the two sub-continent nuclear powers and Iran as part of Muscat’s calculus for dealing with the relations between all three countries.

May 10

Turkish official tours the Sultanate in pursuit of deeper bilateral trade

Turkey’s Deputy Prime Minister, Mehmet Simsek, toured Oman and called for Muscat and Ankara to increase bilateral trade, calling for a Free Trade Agreement (FTA) between the two countries. Simsek asserted: “Once we get this there will be a defined set of easy regulations that both Oman and Turkish companies can make use of and increase bilateral trade. There is such huge untapped potential in the tourism sector. Turkey has grown from negligible tourism revenue to [USD] 41 million in a decade and a half and this is what we can help Oman do.” The Deputy Prime Minister delivered his remarks at an event held by Omani and Turkish officials for the signing of a Memorandum of Understanding which recommends a Turkish Park in Duqm’s Special Economic Zone. Other sectors where Omani and Turkish representatives called for deeper collaboration include agriculture, banking, healthcare, logistics, and mining. Simsek spoke of the Sultanate as having the capability to serve as Turkey’s “gateway” to Asia and Africa, just as Turkey provides Oman with a “door” to Southeastern Europe and the rest of the continent.
May 12

**Standard & Poor’s (S&P) cuts Oman’s credit rating, citing cheap oil**

S&P downgraded Oman’s credit rating to junk. The credit ratings agency cited plummeting oil prices which have damaged the Sultanate’s external reserves beyond the point where external reserves can offset the impact of cheap oil. According to S&P’s expectations, the Arab Gulf country will be a net external debtor within three years. The agency warned of a “disruptive period of uncertainty” in the event that the royal Al Said family fails to decisively and quickly select Sultan Qaboos’ successor.45

May 14

**Numerous institutions in Omani government temporarily halt electronic services**

In the wake of massive cyber-attacks across 150 countries which affected some of the Omani government’s websites, the Ministries of Manpower, Health, Environment and Climate Affairs, Higher Education, Education, as well as the Public Authority for Consumer Protection and Muscat Municipality, halted their electronic services in an effort to safeguard data and investigate the potential attacks.46

May 15

**King of Jordan ends Oman visit**

Jordan’s King Abdullah II left Oman, following two days of meetings with Sultan Qaboos in Muscat. The two leaders discussed Amman-Muscat relations and the strong bonds between Omani and Jordanian citizens.47

"Few in Oman have forgotten the assistance which Jordan provided the Sultanate during the Dhofar rebellion"

Analysis: At this point the issuance of Islamic bonds is a necessary measure in GCC states affected during the transformation by troubling economic statistics. It is notable that al-Balushi made his comments in Sau-

May 18

**Sultanate plans to sell USD 2 billion in Islamic bonds during era of cheap oil**

Officials in Muscat decided to sell USD 2 billion in Islamic bonds in an effort to counterbalance the negative economic impact that low oil prices have had on Oman since 2014. Speaking in Saudi Arabia, Oman’s Finance Minister, Darwish al-Balushi, stated: “We are confident that our economy is heading in the right direction because the government has taken several measures for economic and fiscal reform...These measures led to improvement in the fiscal situation and the government will continue to take more measures.”48

Analysis: At this point the issuance of Islamic bonds is a necessary measure in GCC states affected during the transformation by troubling economic statistics. It is notable that al-Balushi made his comments in Sau-
di Arabia, whose own economy requires the issuance of Islamic bonds and other instruments, especially the Kingdom’s Aramco IPO which is scheduled for March 2018.

May 24

Omani diplomats help to secure Australian man’s safe release from kidnappers in Yemen

Australia’s Foreign Minister Julie Bishop announced that an Australian national held captive in Yemen for seven months had been “released and is safe and well”, and expressed her thanks to “His Majesty Sultan Qaboos bin Said Al Said, the Sultan of Oman, for Oman’s work to locate and receive the Australian national into Oman.” A group of armed assailants kidnapped the unnamed Australian in October 2016 and due to mediation facilitated by Oman with local Yemeni tribes, efforts to release him proved successful. Oman’s foreign ministry did not disclose which group released the Australian man, nor his location in Yemen when captured.
QATAR MONITOR

- Emir of Qatar visits Poland to discuss Doha-Warsaw ties
- GCC information wars erupts following alleged Qatar News Agency hacking
- Amid GCC rift, Qatar seeks Kuwaiti mediation
- Following “fake news” story, Emir of Qatar has phone conversation with re-elected Iranian president

May 3

**Doha aims to spend roughly USD 103 billion on World Cup-related infrastructure**

According to a government report, Qatar plans to spend approximately USD 103 billion on major infrastructure projects as the country prepares for the Fifa 2022 World Cup. This amount represents 47 percent of the emirate’s national budget.\(^{50}\)

May 5

**Emir travels to Warsaw for talks with Polish leadership**

Emir Tamim met at the Presidential Palace in Warsaw with Poland’s president, who hailed the strong diplomatic ties between Doha and Warsaw, emphasizing the need for the two countries to enhance bilateral cooperation across a range of sectors, including economics, culture, tourism, health, sports, and defense.\(^{51}\)

May 8

**Qatar and Bangladesh sign memorandum of understanding (MoU) on banking**

To enhance cooperation between Qatar and Bangladesh in the banking sector, Doha’s Central Bank Governor, Sheikh Abdullah bin Saoud Al Thani, and Dhaka’s Foreign Minister, AH Mahmood Ali, signed an MoU between both countries’ central banks. Qatari officials praised Bangladesh’s development as a nation and vowed to step up support for deeper bilateral cooperation in the banking sector, with Abdullah bin Saoud suggesting that a Qatari delegation soon visit Bangladesh to follow up on strategies for achieving the goal set forth by this MoU.\(^{52}\)

**Qatar continues calling for Bashar al-Assad’s exit from power**

Speaking to *al-Jazeera*, Qatar’s Foreign Minister Mohammed bin Abdulrahman Al Thani declared that in any final agreement on the Syrian crisis, the country’s president must step down. He emphasized how implementing “de-escalation zones” must not retard the process of moving toward a solution to the civil war and the political questions of transitioning to a post-Assad era in Syria. The zones represent “a step toward reaching a solution and not the solution itself”, asserted Al Thani.\(^{53}\)

May 9

**Washington’s ambassador to Doha makes controversial statement on social media**

U.S. Ambassador to Qatar Dana Shell Smith captured attention by posting a message on Twitter that seemed
critical of President Donald Trump and his administration. The ambassador remarked that it is “increasingly difficult” to explain American democracy and institutions to the rest of the world. The timing suggested that her message was in response to Trump’s firing of former FBI director James Comey. The tweet drew ample criticism from many voices who found it inappropriate coming from a U.S. ambassador. Smith defended her original tweet with another: “Diplomats explain & defend our political system. Can be tough when partisan acrimony so high, but there is still no greater country. #USA”.

May 17

Foreign Minister discusses Qatar’s foreign policy and Arab Gulf-Iranian relations

Speaking to Arab News, Qatar’s Foreign Minister Sheikh Mohammed bin Abdulrahman Al Thani addressed a host of controversial regional issues. Qatar’s top diplomat asserted that amid escalating tensions throughout the Middle East, it would be best for Arab Gulf states to negotiate with Tehran and establish “positive” ties across the region. Regarding Doha-Tehran relations, however, he maintained that since Qatar withdrew its ambassador Iran in early 2016 (as did almost all GCC states), relations between the two countries have not been the same. On the topic of the Muslim Brotherhood, he affirmed that Doha does not support the movement, yet has not joined other Arab countries indesignating it a terrorist organization due to lack of evidence that the group poses a threat to Qatar’s security.

In defense of Qatar’s record of hosting prominent Islamist leaders and activists in Doha, Al Thani maintained that those individuals constituted “political oppositions” and that Qatari authorities do not permit them to use the emirate as a launching pad to “abuse or attack[ing]” other countries. When Arab News asked the diplomat about the presence of the controversial figure Yusuf Qaradawi in Qatar, he maintained that because the cleric is an elderly Qatari citizen, the idea of having him depart the emirate is not an option.

May 21

Qatari claims it has become victim of smear campaign

The Director of the Government Communications Office, Sheikh Saif Al Thani, issued a statement alleging that in the lead up to U.S. President Donald Trump’s historic visit to Riyadh, there had been an “orchestrated barrage of opinion pieces by anti-Qatar organizations in a variety of mainstream and online publications” that made claims about Doha sponsoring terrorism, which are “absolutely and unequivocally false.” The statement emphasized how the Arab Gulf state itself is vulnerable to terrorism and, thus, like all other governments in the Middle East, Doha is committed to the struggle against extremism.

Analysis: A campaign to bring closer attention to Qatar’s role in financing groups such as Hamas, which numerous Western and Middle Eastern governments consider to be terrorist organizations, took a new twist during May, beginning several weeks before several Sunni Arab regimes severed diplomatic and economic ties with Doha in June. A series of articles appeared in Washington, DC publications, criticizing the U.S. ally for its alleged double-faced behavior.
numerous Western and Middle Eastern governments consider to be terrorist organizations, took a new twist during May, beginning several weeks before several Sunni Arab regimes severed diplomatic and economic ties with Doha in June. A series of articles appeared in Washington, DC publications, criticizing the U.S. ally for its alleged double-faced behavior. The media campaign, backed by the UAE, establishes division lines in DC between think tanks that receive money from the Arab Gulf States and those that do not. From Doha’s perspective, the State of Qatar acts as a platform for negotiating with the toughest of opponents and such criticism of its relations with certain non-state actors is unjustified.

May 23-25

Info war targets Qatar and four Arab countries block al-Jazeera

Four Arab countries – Bahrain, Egypt, Saudi Arabia, and the United Arab Emirates (UAE) – blocked al-Jazeera and other Qatari media platforms in response to a host of controversial comments attributed to Emir Tamim. These remarks pertained to U.S. President Donald Trump, Iran, Israel, Hamas, and Hezbollah. Qatar News Agency ran a report quoting the Qatari monarch. Yet officials in Doha declared that their state-owned news agency had been hacked by those who sought to spread “fake news” to target Qatar. With other Arab Gulf states broadcasting the original report of the Emir purportedly making these comments and having blocked Qatari media outlets, there were suspicions in Doha that a foreign-orchestrated coup plot was underway.57

May 27

Emir speaks to Iranian president

Shortly after Hassan Rouhani secured his re-election victory, he spoke by telephone with the Emir of Qatar. Iran’s state-owned media reported that Rouhani emphasized the need for regional actors to pursue “more cooperation and consultations to resolve the crisis in the region” and that Tehran stands ready to begin such cooperation. The Emir reportedly stressed that dialogue between the Arab Gulf sheikdoms and Iran must continue.58

May 29

Emir visits Kuwait in pursuit of political assistance

Qatar’s monarch travelled to Kuwait to meet with the Emir in an effort to secure Kuwaiti help in mediating Doha’s ongoing crisis with three other GCC members: Bahrain, Saudi Arabia, and the United Arab Emirates (UAE).59
SAUDI ARABIA MONITOR

- Riyadh hosts Arab Islamic American Summit and U.S. President Donald Trump
- Deputy Crown Prince visits Russia
- King of Saudi Arabia speaks with Emmanuel Macron following France’s presidential election
- King shuts down al-Jazeera amid diplomatic spat with Doha

May 13

King Salman speaks to France’s President-elect

Following Emmanuel Macron’s win in the French presidential election earlier this month, the King of Saudi Arabia spoke to him by phone, congratulating the French president-elect on his triumph. King Salman emphasized the close ties between Riyadh and Paris and vowed to enhance cooperation in pursuit of promoting stability across the world. Macron thanked the Saudi monarch for his words and vowed to deepen French-Saudi relations in pursuit of solutions to international problems.60

May 18

Report surfaces on Jared Kushner’s welcoming of a Saudi delegation to discuss an arms deal

The New York Times reported that the U.S. president’s son-in-law, Jared Kushner, welcomed a Saudi delegation to the White House on May 1 to discuss a USD 100 billion arms sale in the lead up to Donald Trump’s visit to the Kingdom. The list of weapons discussed in Kushner’s meeting included “planes, ships, and precision-guided bombs.” One U.S. official brought up the possibility of Riyadh purchasing a sophisticated radar system with the means to fire at ballistic missiles.61

May 20

U.S. President begins Saudi leg of international trip

President Trump arrived in Riyadh, the first stop on his nine-day tour of five Middle Eastern/European countries. Saudi Arabia is first country he has visited officially in his capacity as President of the U.S. On Trump’s first day in the Kingdom, the U.S. and Saudi Arabia signed a USD 110 billion arms deal (brokered by Trump’s son-in-law Jared Kushner) which will result in Riyadh obtaining American-made ships, planes, and bombs in pursuit of its goal of becoming an increasingly regional military force. Trump cheered the agreements involving major U.S. and Saudi firms such as Saudi Aramco, promising “hundreds of billions of dollars of investments into the United States and jobs, jobs, jobs.”62

Analysis: The Trump administration and Saudi Arabia share the same views on major security dilemmas, and the White House and Riyadh seek to establish a better understanding in areas where the two states have not seen eye-to-eye on past occasions. The Kingdom wants to show the Muslim world that Donald Trump is moderate. To be sure, the Trump administration views a golden opportunity in working with the Kingdom to show respect for Islam as well as support for Saudi Arabia’s Vision 2030. Protecting achievements and pacifying battlefields are front and center between the National Security Council and Riyadh. Specifically, the Trump administration is looking to Muslim countries to partner in the fight against terrorism and to hem in the Islamic Republic of Iran. The American move is meant to create a counter arc to the Shi’ite crescent that stretches from the Iranian-Afghan border to the Eastern Mediterranean. In other words, the Trump administration is throwing its full support behind the “Riyadh consensus” when it comes to the Middle East’s most dire security crises.

May 21

Donald Trump delivers speech on terrorism before Arab/Muslim officials

U.S. President Donald Trump delivered a speech before several dozen Arab/Muslim leaders in Riyadh. His
"The Trump administration is throwing its full support behind the ‘Riyadh consensus’ when it comes to the Middle East’s most dire security crises"

emphasis was on Washington’s commitment to building on its traditional alliance with Sunni Arab regimes and he did not criticize or condemn their human rights records. Trump clearly differentiated himself from his predecessor in pointing to Iran and indicating that his administration will not seek to make accommodations for, or overtures to, that country’s regime. His speech singled out four specific groups – Daesh, al-Qaeda, Hamas, and Hezbollah – and he praised all Arab Gulf states, save Oman, for their support in Washington’s efforts to combat extremism. Trump emphasized how defeating such terrorist forces is the responsibility of the Middle East’s governments and that the U.S. is unable to achieve this goal by itself.63

Analysis: Donald Trump’s address was significant for its tone toward Islam and the perception that he, as a Westerner, is approaching Islam and Muslims with dignity and common cause. On Iran, Trump’s tough talk sat well with the Saudi hosts and other attendees who seek to eject Iran’s expanding and consolidating influence from Arab lands. They are also endeavoring to shrink Tehran’s ability to back actors such as Lebanese Hezbollah and Yemen’s Houthi rebel movement by sanctioning Iran and asking other governments to not do business with the Islamic Republic. Trump, importantly, reversed his predecessor’s approach to Iran, which is part of the White House’s strategy to review the Iranian nuclear deal and slap harder sanctions on Iran for its missile testing. Increasingly tough actions may be forthcoming to hem in Iran.

May 22

Riyadh and Baghdad agree on need to nine-month extension of global cut in oil supply

Two key members of OPEC, Saudi Arabia and Iraq, reached agreement on the need for a nine-month extension of a curb on oil supply. While in Iraq on a rare visit, Saudi Energy Minister Khalid al-Falih and his Iraqi counterpart, Jabar Ali al-Luaibi, held a joint press conference, telling reporters that both governments had given the “green light” for a proposal that would extend this cut for an additional nine months. Al-Falih’s visit marked the first time a senior energy official from Riyadh had made a trip to Baghdad in nearly 30 years.64

May 30

Deputy Crown Prince visits Moscow

Deputy Crown Prince Mohammed bin Salman (MbS) met with Russian President Vladimir Putin in Moscow. The two leaders discussed their countries’ relationship, praising their deepened cooperation in the oil sector and their dialogue on Middle Eastern security crises. This was the second meeting between MbS and Putin over the past year, marking a major improvement in ties between Riyadh and Moscow. The two governments have clashed in recent years on numerous international and regional issues, from global oil markets to the Syrian civil war. MbS told the Russian president that Riyadh-Moscow relations are experiencing “one of their best movements ever.” The Deputy Crown Prince added: “We have a lot of common ground. As far as our disagreements are concerned, we have a clear mechanism of how to overcome them. We are moving forward quickly and in a positive way... The most important thing is that we are succeeding in building a solid foundation to stabilize oil markets and energy prices.” As a result of their discussions, Saudi Arabia’s Public Investment Fund and the Russian Direct Investment Fund have signed a memorandum of understanding to pursue cooperation via a consortium of investors in a Russian real estate project.65
**UAE MONITOR**

- Libyan leaders of opposing sides meet in Abu Dhabi
- The Crown Prince of Abu Dhabi pays U.S. president a visit in Washington
- UAE blocks al-Jazeera after diplomatic spat erupts with Qatar

**May 2**

**Heads of opposing sides in Libyan civil war meet in Abu Dhabi**

UAE officials expressed an optimistic outlook on a rare meeting held in Abu Dhabi between the head of Libya’s internationally recognized Government of National Accord (GNA) in Tripoli, Fayez al-Sarraj, and Field Marshal Khalifa Haftar, who heads the Libyan National Army (LNA). This was the second meeting between al-Sarraj and Haftar since the former became Libya’s prime minister in 2015. The UAE foreign ministry stated that the meeting marked an “important step to push forward the political process in Libya.”

"Although the UAE hailed this meeting as an important step in the process of restoring peace and security in the North African country, there were concerns on the part of officials in Libya’s internationally recognized Tripoli-based government that such talks in the UAE could pave the way toward Haftar consolidating his power in the country, which, in the eyes of certain Libyans, represents a menace to the 2011 revolution."

**Analysis: Abu Dhabi seeks to promote a diplomatic push in Libya with the UAE’s national interests in mind as Abu Dhabi has lent Haftar support. Although the UAE hailed this meeting as an important step in the process of restoring peace and security in the North African country, there were concerns on the part of officials in Libya’s internationally recognized Tripoli-based government that such talks in the UAE could pave the way toward Haftar consolidating his power in the country, which, in the eyes of certain Libyans, represents a menace to the 2011 revolution."

**May 3**

**President of Egypt makes two-day visit to the Emirates**

Egyptian President Abdel Fattah el-Sisi arrived in the UAE, accompanied by Egypt’s foreign and investment ministers, to meet with high-ranking Emirati officials. Sheikh Mohammed bin Zayed (MbZ), Crown Prince of Abu Dhabi and Deputy Supreme Commander of the Armed Forces, welcomed Sisi at the Presidential Airport. *Gulf News* reported that while receiving Sisi, MbZ expressed Abu Dhabi’s commitment to strengthening the Middle East and all regions’ “pillars of stability and security through a positive cooperation with key influencers in the region and the world including Egypt.”

**May 11**

**Washington approves USD 2 billion arms sale to Abu Dhabi**

The U.S. State Department approved a USD 2 billion weapons sale to the UAE, including 60 Patriot Advanced Capability 3 missiles and 100 Patriot Guidance Enhanced-Tactical (GEM-T) missiles. American defense firms Lockheed Martin and Raytheon will manufacture the missiles. The U.S. government announced: "This proposed sale will contribute to the
foreign policy and national security of the United States by improving the security of an important ally which has been, and continues to be, a force for political stability and economic progress in the Middle East.”

May 14-15

MbZ visits Washington for talks with Donald Trump

Abu Dhabi’s Crown Prince and the Deputy Supreme Commander of the Armed Forces became the second Arab Gulf royal to visit the White House since Trump became president. (Saudi Deputy Crown Prince Mohammed bin Salman visited in March.) The White House announced that Washington and Abu Dhabi had updated a Defense Cooperation Agreement (DCA) which both governments first signed in 1994. The updated DCA will allow Washington to deploy more troops and military equipment to the Emirates. The U.S. president’s press secretary, Sean Spicer, maintained that the updated DCA will help Washington and Abu Dhabi “work more closely together to address common security threats.” Spicer hailed MbZ, calling him a “strong partner of the United States and a leader in the Middle East on a number of importance topics including defense cooperation, regional security, and counterterrorism.” Trump called MbZ a “very special person” who loves the UAE and the United States.

Analysis: MbZ’s trip to Washington was important for the future of Abu Dhabi-Washington relations. As a strong ally who has cooperated closely with the U.S. in the counter-terrorism sphere, the UAE is determined to deepen its ties with America. Both the Trump administration and Abu Dhabi see opportunities to strengthen military coordination, and the White House sees major weapons sales necessary to generate badly needed foreign exchange to create new jobs for Americans, particularly in the U.S.’ Midwest. That region, which tipped the country’s electoral college in Trump’s favor and led him to victory, has suffered the most out all parts of the U.S. from recent global economic trends. Additionally, MbZ’s visit to Washington was important for Trump, who is depending on help from the UAE to navigate the choppy diplomatic waters of the Arab world. This meeting served to better prepare the 45th American president for his first official visit to the Saudi capital.

May 23

UAE blocks al-Jazeera and other Qatari networks

Emirati authorities took an extraordinary step by blocking al-Jazeera’s website and other Qatari-owned media platforms in response to controversial statements about U.S. President Donald Trump, Iran, Hezbollah, Hamas, and Iran attributed to the Emir of Qatar.

Analysis: Saudi Arabia and the UAE launched a cyber and media salvo at Qatar to punish the emirate for its broadcasting of specific programs on al-Jazeera and

"The escalation of this rift in June resulted in three GCC members - Bahrain, Saudi Arabia, and the UAE - plus scores of its Sunni Muslim allies including Egypt, Mauritania, and the Maldives, severing diplomatic and economic ties with Doha, creating the Council’s gravest political crisis among its own members since the organization’s establishment in 1981"
for Doha’s cordial relationship with Iran. The move comes just days after the conclusion of the Arab Islamic American Summit, where over 50 Muslim countries agreed with Washington to work together to end extremism and counter Iran’s agenda in the Middle East. The escalation of this rift in June resulted in three GCC members - Bahrain, Saudi Arabia, and the UAE - plus scores of its Sunni Muslim allies including Egypt, Mauritania, and the Maldives, severing diplomatic and economic ties with Doha, creating the Council’s gravest political crisis among its own members since the organization’s establishment in 1981.

May 28

**Minister of State for Foreign Affairs warns GCC of looming crisis within Council**

Anwar Gargash, UAE Minister of State for Foreign Affairs, declared on Twitter that unless the GCC’s six members take steps to rebuild trust, the Council would face “great danger”. Although it was abundantly clear that the statement referred to Qatar, Gargash made the following comment without mentioning any country by name. “Fending off sedition lies in changing behavior, building trust and regaining credibility.” He added that solving the problems among the Arab Gulf states requires all “to have true intentions, abide by commitments, change the behavior that has caused damage and turn a new page.” Gargash asserted that the Council’s stability and unity stems from “honest intentions.”
ENDNOTES


2 Ibid.

3 Ibid.


7 Ibid.


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25 Ibid.


Ibid.


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