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Forbearance in the Silk Road Region: Connectivity, Cooperation, Competition

Hungary, the Turkic World, and Connectivity
Balázs Orbán

On Some Conceptual Advantages of the Term ‘Silk Road Region’
Damjan Krnjević Mišković

Türkiye, Russia, and their Rules-Based Competition
Daria Isachenko

The GCC and Geopolitics
Urs Unkauf

Awakening Peripheries in the Great Power Clash Zone
Jakub Korejba

A Geo-Economic Forecast

When the Economic Road Ends:
Is Another Great Depression on the Horizon?
Tuomas Malinen

Understanding Classical Foresight

What Teaching Was Thucydides Trying to Convey?
And Why It Remains So Important for Us Today
David Polansky

Reminiscence

How the “Night of Sapper Blades” Changed Everything for Me
Tedo Japaridze

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The GCC and Geopolitics

Navigating Challenges and Maximizing Influence

Urs Unkauf

The Gulf region is one of the most important geo-strategic regions in the world. It comprises the Persian Gulf countries, including Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman. The region is of great importance to the global economy, being home to one of the largest oil and gas reserves in the world. The Gulf region is also an important hub for international trade and shipping. The Persian Gulf is one of the busiest shipping lanes in the world, connecting the region with Europe, Asia, and Africa (it is also adjacent to the Silk Road region). The ports of the Gulf region are important trans-shipment points for trade in oil, gas, and other commodities. In terms of security, the countries of the region are important stakeholders for Western, especially U.S. defense

policies, and take a key role in the fight against terrorism and nuclear proliferation.

Due to the foregoing, the states of the Gulf Cooperation Council (GCC), which was founded in May 1981, are playing an increasing role as actors in regional and international politics. Recognizing their vulnerability as hydrocarbon-dependent economies, the GCC countries have undertaken substantial efforts to diversify their revenue streams. They have shifted their focus towards sectors such as tourism, finance, technology, renewable energy, and manufacturing. Initiatives like Saudi Arabia's Vision 2030, UAE's National Innovation Strategy, and Qatar's National Vision 2030 have set ambitious goals to reduce reliance on oil and gas, foster innovation, and

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attract foreign investments. These strategies have not only led to the establishment of new industries but also facilitated job opportunities for the younger generation.

The GCC countries have invested heavily in infrastructure projects to support economic growth and improve living standards. From iconic skyscrapers to modern transportation systems, these states have left an indelible mark on their urban landscapes. The construction of the Qatar World Cup stadiums, the expansion of the Dubai Expo 2020 site, and the high-speed rail network in Saudi Arabia are notable examples of their ambitious infrastructure endeavors. Such investments not only boost the tourism sector but also enhance connectivity within and outside the region, fostering trade and economic cooperation.

Embracing the digital age, the GCC countries have also prioritized technological advancements as catalysts for development. Smart cities, artificial intelligence, blockchain technology, and 5G networks have become integral to their innovation agendas. The UAE, in

particular, has taken bold strides in this area, with initiatives like Dubai's Blockchain Strategy and the establishment of AI research centers. These advancements not only enhance efficiency in sectors such as healthcare and education but also position the GCC countries as global leaders in technological innovation.

Numerous world-class conference formats now line up in the diaries of high-ranking delegations from politics and business all over the world—be it Saudi Arabia's Future Investment Initiative, the upcoming COP28 Summit in Dubai, or the Qatar Economic Forum (QEF). The latter is particularly interesting in sev-

eral respects because—in the wake of the selective perception of the emirate during the World Cup—several processes, tendencies, and trends can be observed from which geopolitical course settings can be derived. I led an international business delegation to this conference and, alongside the QEF, conducted numerous background discussions with leading Qatari institutions on economic and geopolitical developments in the region.

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Geostrategic Importance

The geostrategic importance of the Gulf region will continue to grow, as the demand for energy and raw materials increases worldwide. The Gulf states will continue to play an important role in international trade and shipping. Udo Steinbach, who served from 1976 until 2007 as Director of the German Orient Institute, made the following summary observation in his 2021 book titled *Tradition and Renewal in the Struggle for the Future: The Middle East Since 1906*: “The fact that even small states like Qatar and the United Arab Emirates are empowered by their oil and gas billions to project political and military power beyond their borders makes the overall situation even more complex.” Indeed, Qatar is the world’s largest exporter of liquefied natural gas (LNG) and has one of the highest per capita incomes in the world. It is also a major financial and commercial center and hosts the headquarters of the influential Al Jazeera news channel.

The geopolitical interests of foreign powers in relation to Qatar are manifold. The U.S. has a major military base in Qatar and considers the country an important partner in the

region. Qatar also maintains close relations with other Western countries like the UK, Germany, and France in various spheres and began to intensify its public diplomacy approaches several years ago—not only in view of the FIFA 2022 World Cup, but with the serious aim to establish itself beyond the aspirations of merely a regional power.

Because of its relations with various groups and countries in the region, Qatar is also of geopolitical interest to other countries, including Iran and Türkiye. Iran and Qatar have close trade relations and share the largest gas field in the world. Türkiye has close political relations with Qatar and has established a notable military base in the country. It is therefore worth taking a closer look at what is currently happening in the GCC region through the example of the Qatari perspective with reference to the QEF as a leading business and political conference in the region and also worldwide.

The fact that the main perception of the region has long been focused on the pronounced rivalry between Riyadh and Tehran speaks to the importance of taking a closer look at

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recent developments in these relations, which will be done below. Currently, the UAE is perceived as Qatar’s main rival in the struggle for intra-regional influence. It is significant that numerous ministers from neighboring Saudi Arabia attended QEF and were prominently placed only two years after the resolution of the Qatar blockade, while Abu Dhabi was largely absent. Instead, guests included the presidents of Rwanda, Ghana, and Paraguay, as well as the prime ministers of Bangladesh, Georgia, and Hungary.

Hosted in Doha from 23 to 25 May 2023, QEF was organized by Bloomberg in cooperation with Qatar. This was interpreted as constituting a clear signal from the American side—something like: ‘we are establishing one of the leading dialogue formats for decisionmakers in this part of the world.’ Michael Bloomberg himself, in the presence of Emir Tamim bin Hamad Al Thani, underlined the importance of QEF in finding solutions to the challenges facing the global economy and the current period of “extraordinary change,” as he put it.

Although China and India were not represented at senior governmental levels, numerous participants from Asia, especially from

the private sector, were among the approximately 1,000 foreign guests from, according to the organizers, around 100 countries. The content of the event, entitled “A New Global Growth Story,” was wide-ranging and covered international and security policy as well as numerous sectoral and industry topics, such as investment opportunities, energy, finance, digitalization, construction, tourism and hospitality, sports, food industry, and agriculture. The forum featured CEOs from major international companies, including Boeing CEO David Calhoun, as well as IMF Managing Director Kristalina Georgieva and former U.S. Treasury Secretary Stephen Mnuchin. Other prominent keynote speakers included economist Nouriel Roubini, David Petraeus, and CEO of TikTok Xu Ziqiu.

In recent years, Qatar has successfully established a country branding that is internationally known through sports and economic diplomacy as well as a broad portfolio of strategic foreign investments. Although the emirate is geographically located in the center of the world, its awareness was previously largely unmanageable.

These developments are currently driven by a growing rivalry with the UAE, which, with

Dubai as a lifestyle metropolis and thanks to favorable tax conditions, is also experiencing a boom that goes beyond the dimension of fossil fuel exporter. Saudi Arabia is pursuing its ambitious Vision 2030 and is subjecting its heretofore structurally closed society to a profound and rapid transformation.

The Gulf states are aware that they are no longer objects of foreign powers or mere projection surfaces of higher-level conflicts, but proactive actors with their own agenda setting. This varies in terms of national preferences, but there is a common sense of regional interests that they strive to assert in international politics.

Another driver of growing ambition is the escalating rivalry between the U.S. and China—not just in terms of geopolitics but also in the context of climate change conditions and the establishment of global governance structures such as ESG legislation. The strategic priorities, therefore, common to all countries in the region, include building long-term capacity-building partnerships for the structural diversification

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of economies and shaping the prospects of a post-oil and gas era.

The interconnections between politics and the economy are always particularly close in the Gulf region, due in part

to the political systems (including the particularities of formal dynastic rule). By hosting annual high-level formats such as QEF and the Doha Forum, which this year will take place in the fourth quarter of 2023, Qatar is pursuing a goal of positioning itself as a diplomatic mediator on a supra-regional scale. This is driven by the idea of cultivating multi-sectoral ties and thereby increasing its own political relevance.

Although the conflict over Ukraine played a role in terms of its geopolitical impact, it was not the defining theme of QEF. Rather, new cooperation formats and interest-driven alliances were discussed under the label “South-South relations.” This term cannot hide the fact that Western state actors—with the exception of the United States—have not managed to play a significant role in this part of the world for quite some time.

Qatar and the other Gulf states use their geostrategic position to form and expand multiple alliances. The GCC countries face significant challenges arising from regional conflicts, including the ongoing conflicts in fragile neighboring states like Yemen, Syria, and Iraq. These conflicts pose security threats, disrupt regional stability, and have the potential to spill over into neighboring countries. Hence, the political leadership of countries like Qatar must navigate the complexities of these conflicts, address security challenges, and work towards regional cooperation to mitigate the risks they pose.

China’s influence in the region, on the other hand, is stabilizing as a mediating power factor, which resulted inter alia in the March 2023 breakthrough to resume Saudi-Iranian relations that had been on hold since the early 2000s. It has often been forgotten that Beijing’s footprint in the region dates back to the mid-1970s, although a coherent strategy regarding the People’s Republic’s interests in the region initially had to give way to other priorities.

As a result of the economic boom begun thanks to Deng Xiaoping’s reforms in the late 1970s, China became a net importer of crude

oil, which has since become one of the dominant factors in its Middle East policy. From then on, the question of regional stability in the Gulf (and elsewhere) began to gain in importance, ultimately becoming integral to China’s security interests.

Currently, China obtains more than 50 percent of its crude oil needs from the GCC countries; moreover, these countries are located along an indispensable transport corridor in the China-led Belt and Road Initiative. Saudi Foreign Minister Prince Faisal bin Farhan Al Saud just recently officially visited Teheran and had meetings with Iranian President Ebrahim Raisi and his Iranian counterpart Hossein Amir-Abdollahian. In a comment published on 6 June 2023 in *Arab News*, one of the leading English-language newspapers in Saudi Arabia, Henry Huyiao Wang, Founder and President of the think tank Center for China and Globalization (CCG) noted the following: “Many regional countries have been actively diversifying their foreign relations, seeking to improve ties with different regional and global powers. This strategic approach aims to break dependencies on specific global powers and enhance autonomy in decisionmaking.”

The rapprochement of the two regional powers (Iran and Saudi Arabia) has the potential to set the balance of power in the region—which is marked by numerous conflicts—on a new footing in the medium term. The traditional mediating role of the U.S. in the Middle East and the Gulf region is being challenged by China's successful moves.

The GCC countries have also shown interest in participating in China's Belt and Road Initiative. Projects such as the construction of the Duqm Port in Oman and the expansion of the Jebel Ali Port in the UAE demonstrate China's growing influence in regional infrastructure development. It can therefore be assumed that the GCC region will continue to gain importance in the struggle of the two leading world powers for influence and regional hegemony in the coming years.

Multivectoralism

Properly understood, QEF made it clear that Qatar's ambitions to take its proper place in world politics are to be taken seriously. Doha's available capital and the country's strategic stakes in international companies, coupled with the country's cultural

diplomacy and its soft power, are to be understood as essential factors in this strategy.

The GCC states, above all Qatar, see themselves as a link between Europe, Africa, and Asia. This results in a geostrategic prioritization of multivector constellations and a focus on maintaining a balance of power between Washington and Beijing—both regionally and globally. The Gulf region is therefore expected to continue playing an important role in contemporary geopolitics, as it remains an important source of energy and a major hub for international trade.

Qatar's geopolitical significance lies in its proactive and independent foreign policy, regional engagements, economic influence, soft power initiatives, and defense cooperation. Despite its small size, Qatar has skillfully navigated the complexities of regional dynamics and global geopolitics, establishing itself as a significant player with a voice that resonates far beyond its borders. As Qatar continues to leverage its strengths, build strategic alliances, and contribute to regional stability, it will play an increasingly important role in shaping the evolving dynamics of the Middle East and the wider international community.

The foreign interests in the GCC region are multifaceted, encompassing energy security, geopolitical influence, economic partnerships, security cooperation, counterterrorism efforts, and maritime security. These interests shape the interactions between foreign actors and the countries of the region, influencing regional dynamics, economic development, security cooperation, and potential risks.

Understanding and managing these interests is essential for the GCC states to ensure their sovereignty, stability, and long-term development while balancing external engagement with their respective national objectives and national interests. Any major power pursuing a comprehensive approach to geostrategic and

It is essential for all the major powers and all other serious actors to understand the perspectives of the countries in the Gulf region as they themselves understand them, and to provide appropriate offers for cooperation on this basis.

economic action can no longer afford to neglect the Gulf region. In addition to building regional competence and networks with decisionmakers, it is essential for such outsiders (as well as all other serious actors in international politics) to understand the perspectives of the countries in the region as they themselves understand them, and to provide appropriate offers for cooperation on this basis.

The time in which the Gulf states could be understood as mere object of great power rivalry has passed; like other places (including the Silk Road region), the Gulf region is on the cusp of becoming a fully-fledged subject of an emerging international order still in the midst of being established. ^{BD}

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