



# Iran and the Intra-GCC Crisis: Risks and Opportunities

by Luciano Zaccara

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## ABSTRACT

The intra-Gulf Cooperation Council (GCC) crisis started in late May 2017 with the blockade implemented by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt against Qatar, due to its alleged support for terrorist organisations and its meddling in their internal affairs. The narrow relationship between Qatar and Iran was one of the main factors mentioned by blockading states as threatening the stability and unity of the GCC, thus leading to the severance of bilateral relations with Doha. While the Qatar–Iran relationship was mainly grounded in trade, Iran has improved its image in Qatar due to the support Tehran provided during this critical period. The gains for Iran may be short-lived however, due to the nature of threat perceptions in the region that make it increasingly unlikely for Iran to be recognised as a normalised state in the Gulf.

*Iran's foreign policy | Iran-Qatar bilateral relations | Gulf countries | GCC crisis*

**keywords**

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by Luciano Zaccara\*

### Introduction

The Gulf Cooperation Council (GCC) crisis that started in late May 2017 has reached a stalemate, after several mediation attempts by the United States and Kuwait failed to break the deadlock between Qatar and its Arab neighbours. The two GCC summits held since the crisis started, in Kuwait in December 2017 and Riyadh in December 2018, also ended in failure.<sup>1</sup> Moreover, events surrounding the last Asian Football Cup held in January–February 2019 in the United Arab Emirates (UAE) demonstrated how continued divisions between GCC governments have today seeped deeper into the rest of society. News coverage of the events and the way the public behaved during the Qatar–Saudi Arabia and Qatar–UAE matches, as well as the Cup final between Qatar and Japan, demonstrated that the rift would take longer than expected to heal, and may even not be resolved at all.<sup>2</sup>

Against this backdrop of a prolonged intra-GCC confrontation, new dynamics were established among regional actors, who were forced to adapt both discourses and actions in order to ensure gains and minimise losses in the delicate strategic balance that resulted from the Arab Spring uprisings which were the main trigger for the Gulf crisis of 2017.

<sup>1</sup> While Qatar's Emir Tamim Al-Thani attended the Kuwait summit, neither the rulers or heirs of Saudi Arabia and UAE did so. In Riyadh, Qatar refrained from participating.

<sup>2</sup> Some Saudi and Emirati newspapers did not even mention Qatar in the news titles. See, for instance, "Japan lose Asian Cup final" (in Arabic), in *Al Bayan*, 1 February 2019, <https://www.albayan.ae/sports/asia-cup/2019-02-01-1.3476241>; Ashwani Kumar, "Unlucky Japan Lose AFC Asian Cup Final", in *Khaleej Times*, 2 February 2019, <https://www.khaleejtimes.com/unlucky-japan-lose-afc-asian-cup-final->. Moreover, hundreds of tweets and videos that circulated via WhatsApp showed the misbehaviour of the local public throwing objects towards the Qatari players, as well as Omani attendants celebrating the Qatari victory despite Emirati opposition, with some Qatari flags confiscated violently by the police.

\* Luciano Zaccara is Research Assistant Professor in Gulf Politics at the Qatar University Gulf Studies Center. The author would like to thank Wafa Sultana Mohiddin, Graduate Assistant at Qatar University, for her valuable help in collecting data for this analysis.

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Although not a main actor in the intra-GCC dispute, Iran was among the key justifications in the initial Saudi accusation against Qatar, and it had – and still has – an essential role as one of the main supporters of Qatar in overcoming the blockade. Due to the broader yet overlapping regional confrontation between Iran and Saudi Arabia, and the fact that Iranian influence is perceived as a threat by certain regional state actors, the Iranian stance regarding the GCC crisis has been closely scrutinised. This paper analyses Iran's policies vis-à-vis Qatar and Arab Gulf states, addressing the mixture of gains, losses, opportunities and risks for Iran in the context of the ongoing intra-GCC crisis.

### 1. The Iranian scapegoat for the current GCC crisis

One of the main arguments advanced by this analysis is that Iran was an instrumental factor in building the accusation of the four blockade countries – Saudi Arabia, the UAE, Bahrain and Egypt – against Qatar in May 2017. The diplomatic rift was directly related to the comments allegedly made by Qatar's Emir Tamim Al-Thani at a Police Academy graduation ceremony. As subsequently posted on the Qatar News Agency (QNA) website, in one of these statements Al-Thani allegedly referred to Iran as "a big power in the stabilisation of the region" while criticising renewed tensions with Tehran.<sup>3</sup>

The Qatari government denied the authenticity of the comments, claiming that the QNA website had been hacked, presumably by the Emirates. US intelligence officials later confirmed these hacking allegations.<sup>4</sup> Scholars such as Marc Owen Jones have also extensively documented the massive virtual campaign conducted using tweeter bots and trolls that spread thousands of fake news reports, surveys and tweets against Qatar beginning in May 2017.<sup>5</sup> Among those, a report reposted by the news sites of blockading states alleged the presence of Iranian revolutionary guards in Qatar to protect the emir's palace.<sup>6</sup> This, according to them, proved that Qatar had abandoned the common Arab Gulf front against Iran and therefore deserved to be denounced and punished.

<sup>3</sup> "Qatar Says State News Agency Hacked After Report Cites Emir Criticising US", in *BBC News*, 24 May 2017, <https://www.bbc.com/news/world-middle-east-40026822>; Kristian Coates Ulrichsen, "What's Going On with Qatar?", in *Monkey Cage*, 1 June 2017, <https://wapo.st/2rbWjfd>.

<sup>4</sup> Karen DeYoung and Ellen Nakashima, "UAE Orchestrated Hacking of Qatari Government Sites, Sparking Regional Upheaval, According to U.S. Intelligence Officials", in *The Washington Post*, 16 July 2017, <http://wapo.st/2tvcnXx>.

<sup>5</sup> Marc Owen Jones, "Propaganda, Fake News, and Fake Trends: The Weaponization of Twitter Bots in the Gulf Crisis", in *International Journal of Communication*, Vol. 13 (2019), p. 1389-1415, <https://ijoc.org/index.php/ijoc/article/view/8994/2604>.

<sup>6</sup> Mohamed Abdel Maguid, "Sheikh Tamim Seeks Protection from IRGC, Deepening Gulf Rift", in *Egypt Today*, 24 July 2017, <http://www.egypttoday.com/Article/2/13376/Sheikh-Tamim-seeks-protection-from-IRGC-deepening-Gulf-rift>.

Following the initial withdrawal of the Arab quartet's<sup>7</sup> ambassadors from Doha and the support coming from US President Donald Trump via Twitter in May 2017, a first list of 13 demands was released by the blockading countries on 23 June. The first of these directly addressed Iran by requesting that Qatar "scale down diplomatic ties with Iran and close the Iranian diplomatic missions in Qatar, expel members of Iran's Revolutionary Guard and cut off military and intelligence cooperation with Iran. Trade and commerce with Iran must comply with US and international sanctions in a manner that does not jeopardise the security of the Gulf Cooperation Council".<sup>8</sup>

The other demands included a serious accusation against Qatar regarding its alleged ties with "terrorist, sectarian and ideological organizations, specifically the Muslim Brotherhood, ISIL, al-Qaeda, [Nusra Front] and Lebanon's Hezbollah", and Qatar's meddling in the internal affairs of Arab states by supporting the activities of these groups while providing leaders and ideologues safe haven in Qatar. In addition, one of the demands specifically took aim at Qatar's famous news channel *Al Jazeera*, which the blockading countries demanded to be closed. Taken together, these demands represented, according to the Arab quartet, the justifications for the decision to blockade Qatar.

While the specific demand regarding Iran disappeared in the following "six principles" list released on 19 July by the quartet,<sup>9</sup> the scapegoat role played by Iran is undeniable. This request clearly evidenced the coincidence of positions between Saudi Arabia, the UAE, Bahrain and the United States regarding Iran, something that was later also confirmed in the Warsaw conference, convened by US Secretary of State Mike Pompeo and hosted by the Polish government in February 2019.<sup>10</sup> Attended by representatives of 70 states but without the presence of Iran, Turkey, Russia, China and Qatar, and with a merely symbolic European representation, the summit called for a common front to isolate Iran and prevent its perceived destabilising activities in the Middle East. The tweet posted by Israeli Prime Minister Benjamin Netanyahu, claiming that the gathering was a fundamental step to advance "the common interest of war with Iran" – then subsequently changed to "combating Iran" – again demonstrated how Iran is the main target of these states.<sup>11</sup>

<sup>7</sup> The "blockading quartet" became the usual way for local and international media to refer to Saudi Arabia, the United Arab Emirates, Bahrain and Egypt, the four countries that decided to cut relations with Qatar and block the country's communications by air, land and sea.

<sup>8</sup> See the list of 13 demands at: "Arab States Issue 13 Demands to End Qatar-Gulf Crisis", in *Al Jazeera*, 12 July 2017, <http://aje.io/mwal>. See also "The 13 Demands on Qatar from Saudi Arabia, Bahrain, the UAE and Egypt", in *The National*, 23 June 2017, <https://www.thenational.ae/1.93329>.

<sup>9</sup> See the six principles list at: Taimur Khan, "Arab Countries' Six Principles for Qatar 'A Measure to Restart the Negotiation Process'", in *The National*, 19 July 2017, <https://www.thenational.ae/1.610314>.

<sup>10</sup> See, for instance, Alex Ward, "The US Held a Global Summit to Isolate Iran. America Isolated Itself Instead", in *Vox*, 15 February 2019, <https://www.vox.com/world/2019/2/15/18225218>; "Warsaw Conference: Gulf Ministers Slam Iran in Leaked Video", in *Al Jazeera*, 15 February 2019, <https://aje.io/hhaex>.

<sup>11</sup> Eli Lake, "Netanyahu Accidentally Tells the Truth", in *Bloomberg*, 14 February 2019, <https://www>.

The Trump administration had already made its intentions clear with its goal of creating a Middle East Strategic Alliance, an initiative originally mentioned during President Trump's first foreign visit, in Riyadh in May 2017, and officially launched in July 2018. Known as the "Arab NATO", the initiative's declared goal is to strengthen the military assets and preparedness of Gulf and Middle East countries to counter Iran's regional policies and missile threat.<sup>12</sup> The recent designation of the Islamic Revolutionary Guard Corp as a foreign terrorist organisation by the US administration, the first time that an entire military structure of a foreign country has been added to that list, only serves to reaffirm the US objective of containing Iran, working to minimise Iranian influence in accordance with the avowed policy of "maximum pressure" towards that country.<sup>13</sup>

However, these efforts by the United States seem to neglect the fact that the current GCC spat is preventing possible long-term strategic alignments between the six GCC members. Indeed, the departure of Qatar from the Organisation of the Petroleum Exporting Countries (OPEC) in December 2018 and the new cooperation framework, the Saudi-Emirati Coordination Council, created in 2016 and enhanced in June 2018 with the signature of 44 new partnership projects including security and foreign policy initiatives,<sup>14</sup> may even point to a possible dissolution of the GCC in the not too distant future.<sup>15</sup>

## 2. Iran–Qatar relations

It is fair to say that Qatar–Iran relations were not at their best before the current crisis, not least since the two countries tend to support opposing factions in regional conflicts. While Qatar maintained that the Iranian-backed Hezbollah movement in Lebanon is a terrorist organisation,<sup>16</sup> Iran shared the Saudi accusation regarding Qatar's sponsorship of extremist groups in Syria that are fighting against

[bloomberg.com/opinion/articles/2019-02-14/netanyahu-accidentally-tells-the-truth-about-war-with-iran](https://www.bloomberg.com/opinion/articles/2019-02-14/netanyahu-accidentally-tells-the-truth-about-war-with-iran).

<sup>12</sup> Yasmine Farouk, "The Middle East Strategic Alliance Has a Long Way to Go", in *Carnegie Articles*, February 2019, <https://carnegieendowment.org/publications/?fa=78317>.

<sup>13</sup> White House, *Statement from the President on the Designation of the Islamic Revolutionary Guard Corps as a Foreign Terrorist Organization*, 8 April 2019, <https://www.whitehouse.gov/briefings-statements/statement-president-designation-islamic-revolutionary-guard-corps-foreign-terrorist-organization>.

<sup>14</sup> Saudi Arabia Ministry of Economy and Planning website: *The Saudi-Emirati Coordination Council*, [https://www.mep.gov.sa/en/Pages/KSA\\_UAE.aspx](https://www.mep.gov.sa/en/Pages/KSA_UAE.aspx); and "UAE, Saudi Announce Strategic Partnership in 44 Projects", in *Khaleej Times*, 7 June 2018, <https://www.khaleejtimes.com/region/saudi-arabia/uae-saudi-announce-strategic-partnership-in-44-projects>.

<sup>15</sup> Nikolay Kozhanov, "Qatar's Exit from the OPEC: Economically Driven, Politically Determined", in *Gulf Insights*, No. 5 (January 2019), [http://www.qu.edu.qa/static\\_file/qu/research/Gulf%20Studies/documents/gulf%20insights%205%20Nikolay%20Kozhanov.pdf](http://www.qu.edu.qa/static_file/qu/research/Gulf%20Studies/documents/gulf%20insights%205%20Nikolay%20Kozhanov.pdf).

<sup>16</sup> Hugh Naylor, "In Jab at Iran, Gulf Arab States Declare Hezbollah a Terrorist Group", in *The Washington Post*, 2 March 2016, <http://wapo.st/1VQc2XY>.

the Iranian-backed Assad regime, for instance the Nusra Front.<sup>17</sup> During several informal conversations held in Tehran in 2017, Qatar was always mentioned as a country whose regional policy was perceived as hostile towards Iranian interests.

Qatar's traditional deference towards Saudi Arabia – for instance in participating in the Saudi-led coalition in the Yemen war, or reducing diplomatic relations with Iran in 2016 after the Saudi embassy storming in Tehran – are generally highlighted as examples in Tehran. However, when the GCC crisis erupted after the May 2017 Riyadh Summit with Donald Trump, Iran quickly decided to prioritise its confrontation with Saudi Arabia, moving to support Qatar in the intra-GCC dispute in order to weaken Riyadh and enhance Tehran's regional leverage.

In this context, following the blockade, there were several direct communications between Iranian and Qatari officials, which not only made Iranian support explicit but also enhanced bilateral relations. On 23 August 2017, Qatar announced that its ambassador would be sent back to Tehran with the "aspiration to strengthen bilateral relations with the Islamic Republic of Iran in all fields".<sup>18</sup> This took place soon after a phone call between the two foreign ministers, Qatar's Mohammed bin Abdulrahman Al-Thani and Iran's Mohammad Javad Zarif. During the conversation, they discussed "bilateral relations and means of boosting and developing them as well as a number of issues of common concern".<sup>19</sup>

By the end of August, President Hassan Rouhani had held a phone conversation with the Emir of Qatar, expressing Iran's willingness to strengthen relations and affirming that "the Islamic Republic of Iran believes that what is being imposed on Qatar is unjust and it leads to more tension among countries of the region".<sup>20</sup>

The Iranian government's support for Qatar went beyond political statements, however. Since the very beginning of the crisis, Iran clearly showed staunch support and expressed its willingness to prevent the blockade on Qatar, its economy and population. Tehran was very swift in setting up new time slots to expedite the use of Iranian airspace by Qatar Airways, which was hit hard by an airspace ban by blockading countries and therefore compelled to explore new routes.<sup>21</sup> Apart from this, Iran sent planes carrying food to Qatar, helping the import-reliant Gulf state

<sup>17</sup> "Qatar 'Maybe' Supported Al-Qaeda in Syria, Says Former PM", in *Middle East Eye*, 30 October 2017, <https://www.middleeasteye.net/node/66993>.

<sup>18</sup> Qatar's Ministry of Foreign Affairs, *Qatar Announces Return of Its Ambassador to Tehran*, 23 August 2017, <https://www.mofa.gov.qa/en/all-mofa-news/details/2017/08/23/qatar-announces-return-of-its-ambassador-to-tehran>.

<sup>19</sup> "Qatar to Reinstate Ambassador to Iran", in *The Peninsula*, 24 August 2017, <https://www.thepeninsulaqatar.com/article/24/08/2017/Qatar-to-reinstate-ambassador-to-Iran>.

<sup>20</sup> Iranian Ministry of Foreign Affairs, *Tehran Ready to Cement Ties with Qatar/Iran Willing to Help Muslim Countries of Region Deepen Relations*, 31 August 2017, <http://air.ir/Zsq2Szp>.

<sup>21</sup> According to one Hamad International Airport technician consulted, the normal time allocated between aircrafts to cross the Iranian airspace was three minutes, which the Iranian authorities reduced to two minutes to accommodate Qatar's needs.

to deal with the air, sea and land blockade imposed by its neighbours.

Although economic diversification away from the oil and gas sector has always been part of its national strategy, Qatar sensed the key importance of non-hydrocarbon trade in light of the blockade. Hence, there was a surge in non-oil trade with Iran, and Iranian businesses began to tap into growing opportunities in Qatar, which sought new trading partners to replace links with Saudi Arabia and the UAE. Iranian producers and business delegations have visited Doha since June 2017 with an aim to establish permanent links with the Qatari market.

In November 2017, Qatar's Economy Minister Ahmad bin Jassim Al-Thani travelled to the Iranian capital for talks with government ministers on business links between the two countries, including the Minister of Industry, Mines and Trade, Mohammad Shariatmadari, and Foreign Minister Mohammad Javad Zarif. Following the talks, Shariatmadari said trade between the two countries was currently worth around 1 billion US dollars per year, but noted that Qatar wanted to boost this five-fold to 5 billion US dollars annually.<sup>22</sup>

It is not clear how this may be achieved, but economic activity has grown sharply this year and there is certainly more potential. Data from the Iran Customs Administration show that Iran exported 139 million US dollar worth of non-oil goods to Qatar in the seven months from April to late October – a timeframe that covers both pre- and post-boycott periods. This was equivalent to a 117.5 per cent increase over the previous year.<sup>23</sup>

Major Iranian shipping companies have started transport services to Qatar and most Iranian shipping lines have changed their services, moving from Dubai and Muscat to Doha in an effort to meet the new needs of the Qatari market.<sup>24</sup> Iran's biggest confectionery company, the Shirin Asal Food Industrial Group, with a turnover of 5 billion US dollars per year, decided to enter the Qatari retail market and aims for a long-term supply contract to meet the growing Qatari demand for Iranian goods.<sup>25</sup>

The main export goods were food, agricultural products and bitumen. In addition to this, Iran, Turkey and Qatar signed a transportation agreement to boost trade among the three countries. As per the deal, goods from Turkey and Azerbaijan can be transported by land through Iran, reducing costs by about 80 per cent compared

<sup>22</sup> "Iran FM, Qatari Minister Call for Promotion of Business Ties", in *Iran Front Page*, 26 November 2017, <https://ifpnews.com/?p=87554>.

<sup>23</sup> Dominic Dudley, "How Qatar Is Being Pushed into the Arms of Iran by Saudi Arabia and Its Allies", in *Forbes*, 27 November 2017, <https://www.forbes.com/sites/dominicdudley/2017/11/27/qatar-pushed-into-arms-of-iran-by-saudi>.

<sup>24</sup> "Iran, Turkey, Qatar Sign Deal to Ease Doha Blockade", in *Financial Tribune*, 27 November 2017, <https://financialtribune.com/node/76877>.

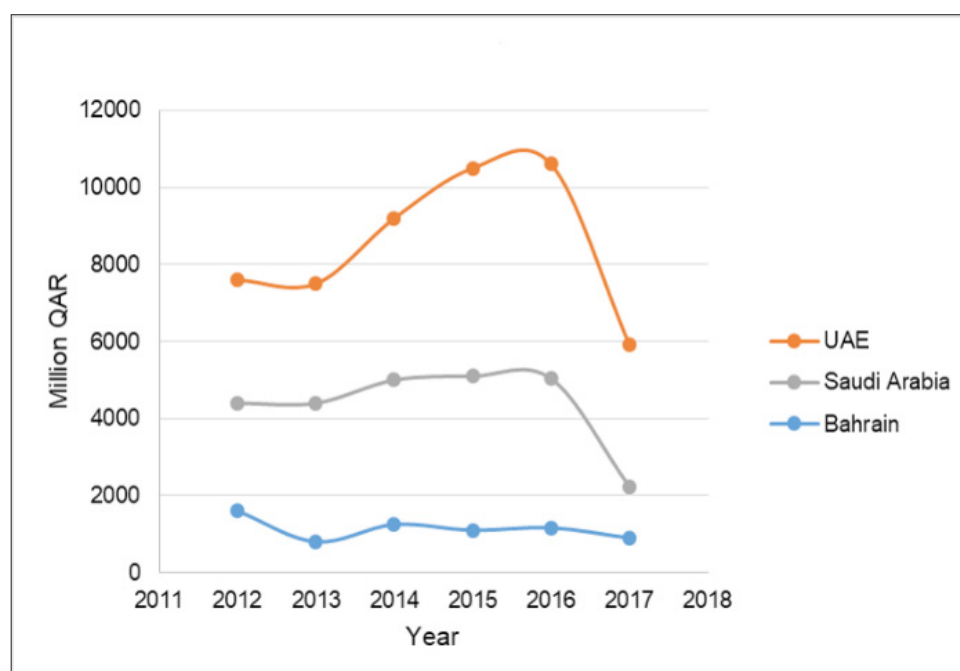
<sup>25</sup> "Iran Confectionery Giant Makes Inroads Into Qatar Market", in *Financial Tribune*, 29 October 2017, <https://financialtribune.com/node/75193>.

to airfreight charges.<sup>26</sup> There has also been a gain for Iran from the rerouting of Qatar Airways flights, which are no longer able to fly through the airspace of Bahrain, Saudi Arabia or the UAE. That means they have to take longer paths to get to the Americas and parts of Europe and Africa, and Iran has been happy to offer its airspace, gaining substantial overflight fees in the process.

Iran's role during and after the blockade has also resulted in an improvement of popular perceptions of Iran among the Qatari population. A survey conducted by Qatar University's Social and Economic Survey Research Institute (SESRI) between April and May 2018 and consisting of 1,502 respondents (733 Qataris and 769 expatriates), showed how perceptions improved among Qataris, with Iran, Turkey, Kuwait and Oman considered Qatar's biggest supporters during the blockade among both nationals and non-nationals in the country.<sup>27</sup>

Figure 1 below shows yearly import data for Qatar from the UAE, Saudi Arabia and Bahrain. The dip in 2017 is quite noticeable and is directly linked to the blockade against Qatar. The drop in UAE imports from 2016 to 2017 was about 1.1 billion US dollars and the drop in Saudi based imports was about 824 million US dollars.

**Figure 1** | Qatar imports from UAE, Saudi Arabia and Bahrain, 2011–2018



Source: Estimates obtained from CEIC Insights data.

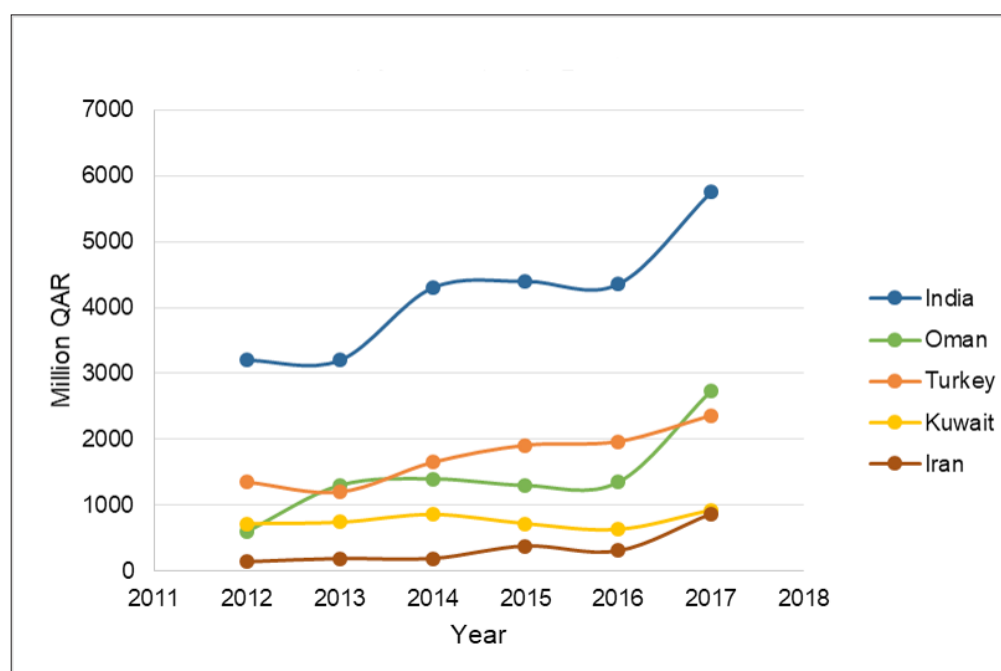
<sup>26</sup> "Turkey, Iran and Qatar Sign New Trade-Transport Agreement", in *Middle East Monitor*, 27 November 2017, <https://www.middleeastmonitor.com/20171127-turkey-iran-and-qatar-sign-new-trade-transport-agreement>.

<sup>27</sup> Justin Gengler and Buthaina Al-Khelaifi, *Qatar against the Blockade (2nd Wave)*, report of the SESRI 2018 Omnibus Survey, August 2018.



Figure 2 shows imports from other countries to Qatar. The imports from Oman increased significantly from about 357 million US dollars in 2016 to 770 million in 2017, which is an increase of about 103 per cent. Kuwaiti imports also increased from 174 million US dollars in 2016 to 257 million in 2017. Interestingly, imports from Iran remained low comparing 2016 to 2017 at about 82 million US dollars. Turkey also increased its exports to Qatar by about 20 per cent from about 541 million US dollars in 2016 to 660 million in 2017.

**Figure 2** | Qatar imports from other countries, 2011–2018



Source: United Nations COMTRADE data.

According to a leading Qatari English daily, *The Peninsula*, Iranian exports to Qatar have surged significantly since the crisis began. Iranian exporters have dispatched a total of 624,840 tons of goods valued at over 119 billion US dollars to Qatar since March 2017, which amounts to an increase of more than 81 per cent compared to figures for the same period over the previous year provided by the Iranian Customs Administration.<sup>28</sup> The chairman of Iran’s Chamber of Commerce also predicted that exports to Qatar would rise further to 300 million US dollars in 2018–19 and highlighted the growing trade relationship between Iran and Qatar.<sup>29</sup>

It must be noted that soon after the blockade Qatar reinstated its ambassador to Iran. Mohammed bin Hamad Al Hajri became the newly appointed Qatari ambassador, moving to restore diplomatic relations with Iran previously cut off by Qatar in

<sup>28</sup> Irfan Bukhari, “Iran’s Exports to Qatar Surge Significantly”, in *The Peninsula*, 21 November 2017, <http://www.thepeninsulaqatar.com/article/21/11/2017/Iran's-exports-to-Qatar-surge-significantly>.

<sup>29</sup> Economist Intelligence Unit (EIU), *Iranian Exports to Qatar Continue to Rise*, 25 January 2019, <https://country.eiu.com/article.aspx?articleid=87579392>.

solidarity with Saudi Arabia when the latter accused Iran of interference in the domestic affairs of Gulf and Arab countries. In 2016, Iranian protestors ransacked the Saudi Embassy in Tehran after Saudi Arabia executed senior Shia cleric Sheikh Nimr al-Nimr along with several others on charges of terrorism and for being an outspoken critic of the Saudi regime. This resulted in all Gulf states breaking off diplomatic ties with Iran, with Qatar withdrawing its ambassador from Tehran following the embassy assault.

### 3. Are Iranian gains short lived?

The intra-GCC crisis has resulted in a number of positive outcomes for Iran especially with regard to its bilateral relations with Turkey and Qatar. However, these benefits for Iran will not last long if the intra-Gulf conflict is resolved abruptly, or if it further worsens in coincidence with enhanced regional and international pressure on Tehran. Despite a surge in trade links that has resulted in Iranian exports to Qatar increasing five-fold compared to the previous year, countries like China, the US, India, Japan and Germany continue to be Qatar's key trading partners. More than 74 million US dollar worth of goods were shipped from Iran to Qatar in the first quarter of the Persian year, up 214 per cent from the same period in the previous year, while China, the US and India exported goods worth 272, 265 and 219 million US dollars respectively.

Though Iranian gains may seem overwhelmingly positive, they are not that different from the trade profits made by other countries on which Qatar had to rely in the wake of the blockade. Thus, this circumstantial reliance on Iran could be cut short should the crisis be resolved and the blockade lifted, although this option remains so far unlikely due to the lack of improvement exhibited in December 2018 GCC summit and April 2019 Arab League summit, in which no direct contact was established between the rulers involved in the spat.<sup>30</sup>

The Qatari and Iranian governments have been very proactive in promoting bilateral visits of businessmen. Yet, efforts to establish an Iranian–Qatari Chamber of Commerce have been successful in Iran, but have thus far not materialised in Qatar.<sup>31</sup> Moreover, while it is true that since June 2017 Iranian goods – mainly fruits, vegetables, dairy products, dry fruit and other food items – have become more visible in Qatari supermarket chains, it is also true that these products need to travel relatively small distances compared to other non-oil products such as construction items, which are coming from Turkey and Azerbaijan. In other

<sup>30</sup> The December 2018 GCC Summit in Riyadh was not attended by the emir of Qatar. Previously, the rulers of Saudi Arabia and the UAE had refrained from attending the December 2017 Kuwait Summit. Finally, the April Arab League summit in Tunisia witnessed the sudden departure of Tamim Al-Thani during the inaugural speech. These absences prevented any potential contact among the leaders of the blockading states and Qatar.

<sup>31</sup> Interviews conducted in Iran and Qatar in January 2019 with Iranian businessmen and members of the Iranian Chamber of Commerce.

words, perishable products are more likely to come from Iran because of the short distance and reduced price compared with other origins.

Businessmen interviewed in Iran expressed that several Qatari delegations visited different factories in several locations. The aim was to demonstrate Iranian readiness to adapt production lines according to Qatari requirements, producing goods for its market. However, so far no agreements have been reached. While Iranian producers seem to look for Qatari investments in their factories, their Qatari counterparts are more interested in establishing factories inside Qatar, meaning that the main investment effort should originate from the Iranian side. This request seems logical, since Qatar's previous dependence on external food production, mainly from Saudi Arabia and the Emirates, should not be replaced by a dependence on Iran, a country still considered a threat in the GCC context.

Thus, long-term expectations of consistent and permanent trade agreements between Iran and Qatar are not likely to be fulfilled. Moreover, and even though Saudi–Qatari relations are currently in a deep freeze, interviewed Qatari officials at the Ministry of Foreign Affairs argue that the situation will not persist indefinitely. An eventual reconciliation with Saudi Arabia would necessarily affect any long-term agreement with Iran, and surely Qatar does not want to give the Saudi government justification for its concerns regarding Doha's close relations with Iran.

The fact that it is difficult to find concrete data or information regarding the actual amount of bilateral trade between Iran and Qatar, and that few people are willing to be quoted on the record on these matters, is also a demonstration of how sensitive the topic is for all actors involved.

Bilateral agreements, therefore, seem to be a necessary but circumstantial mechanism to guarantee the provision of goods to Qatar, from Iran and elsewhere. The main aim is to diversify providers, making Iran the main delivery route to Doha. Data from the Ministries of Trade have not yet been published, and nor have data from international organisations such as the World Trade Organisation or the World Bank. However, one can presume that trade between Qatar and Turkey has increased in absolute terms much more than Qatari–Iranian exchanges; and that, in any case, trade volumes with Iran are likely to reach similar levels as Qatar had with Saudi or the UAE before the blockade started in June 2017.

#### 4. The Iranian role in the region and future prospects

Iran has long competed for power and influence in the Persian Gulf region. This competition is intertwined with territorial conflicts and cultural differences, and, after the Islamic Revolution in 1979, an ideological component. As a matter of fact, a common aspect derived from the analysis of Iranian foreign policy well before 1979 reveals an aspiration to become a key player not only in the Persian

Gulf but also the wider Middle East and Central Asia. Under Shah Mohammad Reza Pahlavi (1941–1979) Iran deployed several foreign policy initiatives, such as the “independent national policy” that used hard-power tools, including direct military involvement in regional scenarios, to exert the role of regional power and gendarme of the Gulf.<sup>32</sup>

Yet, beyond a given states’ aspirations, capabilities and achievements, a decisive factor for the categorisation of a state as a regional power is its acceptance by others within this regional system or sub-system as well as those extra-regional actors, or global powers, who continue to determine the rules of the game within the region and at the broader international level as well.<sup>33</sup>

In the Iranian case, such an acceptance was invisible until the Joint Comprehensive Plan of Action (JCPOA), the Iran nuclear deal, was signed in 2015. Prior to this, Iran was excluded from all regional dialogue frameworks relating to security issues, an aspect that prevented Iran from normalising its relations with Persian Gulf states or key international actors.

However, under reformist President Hassan Rouhani, Iranian foreign policy towards GCC states changed in orientation. With several diplomatic initiatives aimed at improving relations – especially with smaller states, like Qatar, Kuwait and Oman – Iran sought to gain trust in its foreign policy. As luck would have it, the 2017 intra-GCC crisis provided Iran an opening to depict Saudi Arabia as the real threat to regional stability and sovereignty, using the crisis to expand its influence in Qatar and Lebanon for example. In other words, the crisis provided Iran the opportunity to demonstrate that Tehran is not the “bad guy in the neighbourhood”, pointing to Saudi Arabia instead.

Despite Iranian concerns regarding Qatari support to groups opposed to Iranian interests, Iran sided with Qatar, using a very pragmatic approach that prioritised long-term confrontation with Saudi Arabia. Iran showed its readiness to help in any way possible, and swiftly expressed its strong support to the Qatari emir, as well as mobilising all productive forces to guarantee the provision of fresh goods in the first weeks of the blockade.

The crisis has also helped Iran move away from the traditional sectarian dichotomy since Tehran has strengthened its relations with Sunni states such as Qatar and Turkey despite their rivalries in Syria and other regional issues. On the other hand, Qatar maintained a very different approach towards Iran compared to Saudi

<sup>32</sup> Luciano Zaccara, “Iran’s Permanent Quest for Regional Power Status”, in Jacqueline Braveboy-Wagner (ed.), *Diplomatic Strategies of Nations in the Global South. The Search for Leadership*, New York, Palgrave Macmillan, 2016, p. 181-211.

<sup>33</sup> Detlef Nolte, “How to Compare Regional Powers: Analytical Concepts and Research Topics”, in *Review of International Studies*, Vol. 36, No. 4 (October 2010), p. 881-901, [https://www.giga-hamburg.de/sites/default/files/publications/how\\_to\\_compare.pdf](https://www.giga-hamburg.de/sites/default/files/publications/how_to_compare.pdf).

Arabia not only because they share the biggest gas field in the world<sup>34</sup> but also due to the fact that Qatari authorities do not share with Saudi Arabia the same threat perceptions about Iran.

Again, pragmatism seems to be the main driver of the current bilateral relations between Doha and Tehran. One of the facts that shows this is an interview with the former Qatari Prime Minister Hamad bin Jassim Al-Thani on France24, where he urged the Trump administration to resolve its differences with Tehran in a peaceful way, and also stressed that the GCC needed to engage in a serious dialogue with Iran.<sup>35</sup>

The fact that Qatar hosts the Al Udeid airbase, the regional headquarters for the US Central Command (CENTCOM) with almost seven thousand soldiers, puts both states in a very sensitive situation, bearing in mind Qatar's cordial relations with Iran and the accusations that President Trump levied against Qatar at the beginning of the crisis in late May 2017. Also sensitive is the fact that the recently re-imposed US sanctions against Iran, and the third round expected in May 2019, will definitively have an impact on Qatar–Iranian relations.

It is undeniable that US–Qatar relations are essential for the survival of the Emirate at a military level, and the Qatari government would not risk losing US support because of its lack of compliance with US sanctions. On the other hand, Iran now represents the only air and sea exit and entry to Qatar, and its government is not willing to risk the withdrawal of Iranian support while the Saudi-led blockade continues.

### Conclusion

Iran has been used as a scapegoat for the intra-GCC crisis, since the Islamic Republic is portrayed as a threat by Saudi Arabia as well as by the US Trump administration and Israel. The instrumentalisation of the Iranian threat has been useful since 1981 and has become a source of several policies aimed at containing Iranian regional influence since the signature of the JCPOA and the Trump administration's disavowal of the deal, including the abovementioned Middle East Initiative, the Warsaw Summit or the recent designation of the Iranian Revolutionary Guard Corps (*Sepah-e Pasdaran*) as a terrorist organisation. However, the current crisis can be interpreted as a side effect of the Arab Spring, as a result of the different approaches

<sup>34</sup> The South Pars–North Dome gas field is divided between the territorial waters of Iran (3,700 km<sup>2</sup>) and Qatar (6,000 km<sup>2</sup>). According to the 2018 International Energy Agency (IEA) report, the field holds an estimated 51 trillion cubic meters of natural gas and some 50 billion barrels of natural gas condensates, totalling almost as much recoverable reserves as all the other fields combined. See IEA, *World Energy Outlook 2008*, Paris, IEA, November 2008, p. 298, <https://www.iea.org/publications/freepublications/publication/weo-2008.html>.

<sup>35</sup> Marc Perelman, "Saudi Crown Prince 'Not Well Advised', Former Qatari PM Tells France 24", in *France24*, 17 September 2018, <http://f24.my/3crB.T>.

the GCC states used to tackle the effect of the revolts in their own countries, and the conflicting identification of threat perceptions for regime survival that resulted from the spread of popular unrest. Iran has been clearly identified as one of the main threats by Saudi Arabia, due to the perceived negative role Iran played in regional scenarios such as Yemen, Syria and Bahrain. Thus, Tehran's relations with Qatar became part of the problem as seen from Riyadh or Abu Dhabi.

Iranian gains during the crisis have been visible in terms of strengthening bilateral relations as well as trade exchanges with Qatar. However, these may be short-lived, since dynamics affecting international relations in the Gulf prevent Iran from being recognised and accepted as a normal state with regional power aspirations. Without this formal recognition, any long-term agreement that can include foreign investments, joint ventures or strategic partnerships between Qatar and Iran are highly unlikely. In the eventual, although so far unlikely, scenario of Saudi-Qatari reconciliation, it is very likely that the relation with Iran would be sacrificed for the sake of intra-GCC stability and unity. In this respect, refraining from signing long-term commitments with Tehran will likely make it less problematic for Doha to eventually re-enter the GCC fold.

On the other hand, regional actors with similar aspirations of being regional powers in a zero sum game, such as Saudi Arabia or Israel, will not share their power with a state which is perceived as the main security threat for their own state and regime. Moreover, with the change in Washington's orientation since Donald Trump assumed office, the pressure is now concentrated towards containing Iran, rather than achieving a regional settlement or dialogue that can accommodate the concerns and interests of all actors.

To sum up, Iran has emerged as a temporary winner in the ongoing cold war with Saudi Arabia since the intra-GCC crisis began. Although the siege countries calculated that Qatar would be forced to cut off diplomatic ties with Iran as an outcome of the blockade, the state of affairs has turned these initial hopes on their head. Iran's efforts have led it to improve relations with both Qatar and Turkey, with Tehran entering into long-term agreements on various bilateral and multilateral issues with both states.

Nevertheless, acknowledging Iran as a regional power has little consensus among many countries, including Qatar. While Saudi Arabia's mission is to curb Iranian domination in the Persian Gulf and across the region, US President Donald Trump is intent on doubling down on his country's policy of "maximum pressure" towards Iran, withdrawing from the Iran nuclear deal, re-imposing sanctions on Iran and ratcheting up regional and international pressure on Tehran. Thus, as the intra-GCC crisis continues, so do anti-Iranian sentiments across the Gulf, further weakening Iran's claim to regional leadership and legitimacy in the Persian Gulf and broader region.

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Via Angelo Brunetti, 9 - I-00186 Rome, Italy

T +39 06 3224360

F + 39 06 3224363

[iai@iai.it](mailto:iai@iai.it)

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