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Russian Foreign Policy towards Qatar and Saudi Arabia: Bridging the Gaps
Nikolay Kozhanov

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#### Abstract

Since the beginning of the diplomatic relations between post-Soviet Russia and the Arab monarchies of the Gulf, Moscow has been considering its ties with Doha and Riyadh as having strategic importance for its presence in the region. Nevertheless, during the last decade, Russian relations with Saudi Arabia and Qatar have experienced several stress-tests. Periods when both of the Gulf Monarchies declared their readiness to improve the dialogue with Moscow swiftly changed into periods when relations seriously cooled between them and Russia. The events of the Arab spring and the active support provided by Moscow to Assad's regime after the beginning of the civil war in Syria were expected to turn Russia into one of the main geostrategic opponents of Riyadh and Doha. Unexpectedly, by 2015, the dialogue between the countries resumed and demonstrated a tendency for normalisation. Even the blockade of Qatar by Saudi Arabia and its allies that started in 2017 did not prevent Moscow from having equally positive relations with the two monarchies, although initially there were serious concerns that the Kremlin could take the side of one of these countries, thus, spoiling relations with the other. The current Russia's rapprochement with Saudi Arabia and Qatar was determined by a complex mixture of factors to be discussed in this monograph.

### Short bio:

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#### Introduction

Since the late Russian imperial times, the idea of reaching the warm waters of the Gulf and Indian Ocean was part of Moscow's geostrategic agenda. However, until the 2000s, any attempts to establish a solid Russian presence in the region resulted in a clear failure. With the exception of Kuwait, permanent Russian diplomatic missions at the GCC countries were opened only slightly before or shortly after the fall of the Union of Soviet Socialist Republics (USSR) in 1991. In practical terms, the region was really opened up for Russia only in the mid-2000s by president Vladimir Putin who tried to implement the Russian doctrine of a multipolar world by establishing close ties with non-European and non-Western countries. In 2003, during his visit to Malaysia, Putin stated that Russia would cooperate with the Islamic world. Later, he declared that Arab countries are considered to be of the main vectors of Russian diplomacy. In 2007, Putin backed this statement up with official visits to Saudi Arabia and Qatar. Putin demonstrated the Russian's intention to have a presence in the region for the long-term. Saudi Arabia and Qatar, being the first GCC countries to be visited by President Putin, demonstrated Moscow's appreciation of the role that Riyadh and Doha play among other GCC countries. Since then, the Kremlin's policies towards the GCC have been heavily affected by the dynamics of its bilateral relations with these two monarchies. In terms of the Russian vision of its political presence in the Middle East, Moscow considers Saudi Arabia and Qatar as the informal leaders of the GCC. The Russian leadership believes that the cooperation/relationship with Doha and Riyadh might have greater importance for achieving Russian regional goals than the Kremlin's dialogue with the other GCC members, although Russia's tight economic ties with the UAE should not also be overlooked. This approach, in turn, determined the focus of this paper on the analysis of Moscow's relations specifically with Saudi Arabia and Qatar to demonstrate how the Russian government managed to build up the positive contacts with both of these in spite of existing tensions and contradictions between the two

During the last decade, Russian relations with Qatar and Saudi Arabia have experienced several stress-tests. Periods when Doha and Riyadh declared their readiness to build up relations with Moscow swiftly changed into periods when relations seriously cooled between the two countries and Russia. The events of the Arab

spring and the active support provided by Moscow to the regime of Bashar Assad were expected to turn Russia into one of the main geostrategic opponents of Riyadh and Doha. Unexpectedly, after 2015, the dialogue between the countries resumed and demonstrated a tendency for normalization. This situation was determined by a complex mixture of factors that include the growing intensity of Moscow's presence in the region, changing dynamics of the US relations with Russia, GCC and the Middle Eastern powers, evolution of energy markets, existing tensions between the Middle Eastern countries as well as the transformation of GCC foreign policy vision. This paper will look into the influence of these factors on the current development of the Russian relations with Saudi Arabia and Qatar. It will assess the prospects for dialogue between them and Moscow including the ability of these countries to bring these relations at a new level. Special attention will be paid to the study of the impact of the Saudi-led blockade on Qatar on the main trends of the Russian foreign policy towards the Gulf.

# Arab Spring as a Turning Point in Russian Relations with Saudi Arabia and Oatar

In 2011–2013, differences in Russian and GCC views on political outcomes of the Arab Spring caused serious tensions between Moscow and the Gulf Monarchies especially Qatar and Saudi Arabia. This, in turn, put the future of the Russian dialogue with Doha and Riyadh under a serious question. Being frustrated by the unwillingness of the GCC states to continue dialogue with the Assad regime and their support for the Syrian opposition, the Russian authorities had difficulties in finding a common language with either Qatar or Saudi Arabia. Growing tensions between Moscow and these two Gulf countries backfired which affected the relations between both parties. For instance, during 2010–2011, Russia offered to involve Qatar in a number of investment projects worth 10–12 billion US dollars in different fields of the Russian economy (especially in the oil and gas, construction and gold mining sectors).¹ However, all these proposals were ignored by Doha. Political factors such as Russian-Qatari different approaches to the Arab Spring and the Syrian conflict were, according to some analysts, critical in determining the lack of a response.²

<sup>1-</sup> Eldar Kasaev, "Rossiya i Katar: Prichiny Ekonomicheskoy Stagnatcii," Institute of the Middle East, accessed October 4, 2013, http://www.iimes.ru/?p=17847.

<sup>2-</sup> Ibid.

Qatar and Saudi Arabia were even able to create troubles for Russian interests outside of the Middle Eastern region. Thus, at that time, Doha was seen as one of the Russian rivals in the gas market. After the beginning of the Arab spring, this unofficial confrontation received an ideological base. Additional troubles were created by the fact that both Russia and Qatar are members of the Gas Exporting Countries Forum (GECF). The political confrontation often influenced the behaviour of these players within the framework of that structure. Thus, in 2011, Russia deliberately sent to the summit of the leaders of the GECF countries in Qatar a delegation whose level was far below what is required by protocols. In 2013, Qatar responded in the same way when the meeting was held in Moscow.<sup>3</sup> Taking into account that the two other members of the Forum, Libya and Egypt, were busy with their domestic situations, the behaviour of Moscow and Doha made the GECF a less effective organisation. This, in turn, harmed the interests of all participants.

By 2013, Riyadh and Doha managed to defeat Moscow in the Middle Eastern front of the information war. The crucial role in this process was played by the newspapers and TV channels supported by Qatar and Saudi Arabia. Taking into account the influence which Asharq Al-Awsat, Al-Hayat and AlJazeera have on public opinion in the region and outside, Moscow was inevitably doomed to lose the information war for the Middle East. Due to the efforts of these media channels, by the end of 2012, Russia had become closely associated with everything Arab Spring was supposedly confronting: violence, dictatorship and bloodshed. Apart from that, the stance of Moscow on the Arab Spring provided an opportunity for the Saudi and Qatari media to discuss other topics which were sensitive to Russia, such as the state of democracy and Muslim minorities in Russia. In July 2012, Al-Jazeera voiced concerns about the domestic policy of Putin and called him 'the dictator of the XXI century'. The active polemics on these issues in the Arab press led to the further demonising of the image of Russia. Subsequently, on 12 October 2012, in an interview on Qatar's state TV channel one of the leading religious figures of the Middle East, Yusuf al-Qaradawi, called Russia "enemy number one" of Islam and Muslims 4

<sup>3-</sup> Eldar Kasaev, "Rossiya i Katar: Prichiny Ekonomicheskoy Stagnatcii," Institute of the Middle East, accessed October 4, 2013, http://www.iimes.ru/?p=17847.

<sup>4-</sup> Eldar Kasaev, "Ekonomicheskoye Partnerstvo Rossii i OAE: Tekushchee Sostoyaniye i Politicheskiye Riski," Institute of the Middle East, accessed October 4, 2013, http://www.iimes.ru/?p=18069.

The statement by al-Qaradawi constituted a very negative signal for the Kremlin, indicating that Riyadh and Doha could use their influence to undermine Moscow's dialogue with the religious leaders of the Middle East. The positive development of these relations was traditionally seen by Moscow as one of the factors directly influencing the political stability of the country. The Russian authorities believe that as long as the majority of Muslim religious leaders in the Gulf considered the situation of the Russian Muslim community as normal, moral and financial assistance to radical Islamists acting in the South of Russia from abroad would be limited. Under these circumstances, it was not surprising that in 2011–2012 Moscow became deeply concerned about the possible efforts by Qatar and Saudi Arabia to support the opposition factions in Syria, including those that were actively recruiting foreigners from the post-Soviet space.<sup>5</sup>

However, the Arab Spring did not lead to the end of Russian dialogue with Saudi Arabia and Qatar. While the period 2011–2012 was the time of a serious challenge for the development of Russian relations with Saudi Arabia and Qatar, the events of 2013–2015 demonstrated that Russia still had every chance to preserve its presence in the Gulf region. First of all, Moscow made several steps to re-establish its contacts with the Saudis and Qataris. Thus, on 22 November 2013, Moscow appointed a new ambassador to Doha without receiving official apology for the incident with his predecessor Vladimir Titorenko in 2011 when the security forces of Doha airport attacked and seriously injured the diplomat while he was accompanying diplomatic mail bags.<sup>6</sup>

The intention to re-establish relations was mutual. Not only was Russia making steps towards Saudi Arabia and Qatar, but also Doha and Riyadh had decided not to close the doors. In February 2014, Sheikh Tamim Bin Hamad Al Thani, Emir of Qatar, visited the Olympic Games in Sochi. At the same time, Russia became involved in a dialogue with Saudi Arabia on the situation in Egypt.<sup>7</sup> The visits of

<sup>5-</sup> Yuri Shcheglovin, 'Razmyshleniya o vozmozhnosti ekspansii islamistov v Rossiyu', accessed May 18, 2019, http://www.iimes.ru/?p=15752.

<sup>6-</sup> This incident extremely aggravated Russian relations with Qatar. Moscow even temporarily downgraded its relations with Qatar, demanding formal excuses as a precondition for the arrival of a new ambassador.

<sup>7-</sup> Eldar Kasaev, "Ob Otnosheniyakh Rossii i Katara na Sovremennom Etape," Institute of the Middle East, accessed October 27, 2014, http://www.iimes.ru/?p=19895.

Saudi prince Bandar Bin Sultan to Moscow on 31 July and 3 December 2013 were. probably, another example of Saudi and Qatari intention to re-build bilateral ties. The details of the talks between Putin and prince Bandar during these visits were kept secret. Nonetheless, analysts argue that the talks constituted an unofficial attempt to bridge relations between Russia and Saudi Arabi, creating a constructive dialogue in areas of common interest to both.8 During these visits, prince Bandar sought to use every leverage to influence the behaviour of Moscow. He was believed to discuss potential cooperation between Russia and the GCC in the oil and gas sector in exchange for the Kremlin refusing to support the Assad regime. Riyadh was also reported as promising to start full-scale imports of Russian arms. This information, however, has never been officially confirmed. After the visits of prince Bandar to Moscow, however, Russian relations with the Gulf monarchies did noticeably improve. A further factor in the improvement was the Saudi government's condemnation of radical movements in the Middle East, articulated in February-March 2014. The statements by the Saudi officials clearly demonstrated to Moscow that the Kingdom would not support Islamic separatists operating in the South of Russia.10

The mutual intention of Russia, on the one hand, and Saudi Arabia and Qatar, on the other, to improve bilateral relations with Russia was determined by a set of factors that includes:

- change in the perceptions of the US and Russia by regional players;
- -Russian growing involvement in the Middle Eastern affairs, including its attempts to play a role of the regional broker;
- -economic interests and challenges faced by Russia.

<sup>8-</sup> Naser al-Tamimi, "Saudi-Russian Relations: Between Assad and Sisi," *Al-Arabiya*, August 18, 2013, accessed October 5, 2013, http://english.alarabiya.net/en/views/news/middle-east/2013/08/18/Saudi-Russian-relations-between-Assad-and-Sisi.html.

<sup>9-</sup>Vesti, "Saudovskaya Araviya Obeshchayet i Ugrozhayet Rossii po Sirii," *Vesti*, August 27, 2013, accessed on October 5, 2013, http://www.vestifinance.ru/articles/31671.

<sup>10-</sup> Ekaterina Kudashkina, "Qatar scandal still a "family matter" for GCC countries," *The Voice of Russia*, accessed October 27, 2014, http://voiceofrussia.com/radio\_broadcast/25298789/269002772/.

## **Changing Perception of Global Players' Role**

First of all, after 2012, there have been a serious change in the perception of the Russian and US role in the Middle East by the GCC countries. Thus, analysts started arguing about US disengagement from the Middle East and reluctance to protect the interests of the Gulf Monarchies. According to them, under Barack Obama (2009-2017), Washington gradually became less inclined to involve in the Middle Eastern affairs. Instead, the US adopted the strategy of "restrained power" which implied the active interference in the regional affairs (including the use of force and means of coercion only in rare occasion) only when and where it was really needed. These concerns were first strengthened in 2011 as a result of the American reluctance to save its loyal ally, Egyptian president Hosni Mubarak, from the revolutionary uprising in his country when the US authorities did nothing to help Mubarak stay in power. This was considered as a treachery, and it negatively affected the US perception in the Middle East: according to the traditions of the region, a treachery is never forgotten and considered as a sign of weakness.

In 2013–2015, the readiness of Iran to discuss the issue of the nuclear program with the international community made the American leadership less interested in putting pressure on Tehran regarding its regional policies. <sup>14</sup> Yet, this inevitably created fear in the GCC states that the US was trying to improve its relations with Tehran at the expense of the interests of the Arab monarchies of the Gulf (especially Saudi Arabia) that always believed that the US presence in the region was a guarantor against Iran's excessive expansion. <sup>15</sup> Finally, in 2013, the US decision to refuse the use of force against Bashar Al-Assad clearly signaled to the Middle Eastern and Gulf countries that they should not be solely reliant on the American presence in the region while pursuing their foreign policy tasks. Instead, they should diversify

<sup>11-</sup> Shalom Lipner, 'How Obama and Trump Left a Vacuum in the Middle East', *Brookings*, 28 November 2017. https://www.brookings.edu/blog/markaz/2017/11/28/how-obama-and-trump-left-a-vacuum-in-the-middle-east/ accessed 18 May 2019, Robin Wright, 'The Shrinkin U.S. Footprint in the Middle East', *The New Yorker*, 21 December 2018, https://www.newyorker.com/news/our-columnists/the-shrinking-us-footprint-in-the-middle-east accessed 18 May 2019.

<sup>12-</sup> Interviews with the Lebanese and US experts on the US foreign policy in the Middle East. Carnegie Middle East Center. Beirut, Lebanon. 5 May 2015.

<sup>13-</sup> Interview with a Saudi official, London, the UK, 1 October 2015; Interview with Qatari diplomats. Doha, Qatar. March 2019.

<sup>14-</sup> Interview with the US official. Washington DC, the US. 2 May 2012.

<sup>15-</sup> Interview with a Saudi official, London, the UK, 1 October 2015.

external contacts to achieve existing foreign policy goals.

Donald Trump's victory at the US president elections of 2016 did not change this situation much. While his pompous trip to Saudi Arabia in May 2017 certainly improved the US relations with Riyadh, Trump's moves such as the proposition of the so-called 'deal of the century' to handle the Israeli-Palestinian issue, on the contrary, created new points of contradiction between the American leadership and the GCC. Trump's initial attempt to support Riyadh's blockade of Qatar pushed Doha further in its attempt to diversify the range of regional and international partners to rely on, although the US president was quick to change his mind and declare U.S neutrality.

Moreover, Trump's periodical statements that his foreign policy will be pre-determined by the US objective domestic needs that had little to do with the Middle East only additionally supported region's concerns that in most cases the White House will still be sticking to Obama's policy of non-interference and neutrality with regard to the region. Under these circumstances, the US airstrike against Syria's al-Shayarat airbase in April 2017 partly confirmed region's negative expectations. On the one hand, this airstrike - that was obviously impossible under Obama was a signal to the Middle East that Trump is much more decisive in using force than his predecessor was. The airstrike also showed that Russian or anyone else's support does not guarantee full protection for the regional rouges. Yet, on the other hand, it was also a disappointment: the al-Shayarat incident did not become a game changer. Neither the Assad regime nor its Russian and Iranian allies changed their strategy. The main reason for this reluctance to change their strategy after the al-Shayarat incident was the absence of any US follow-up after the airstrike. The US did not exploit existing opportunities to put its serious demands to either Russia or Assad. This, in turn, showed the potential absence of the long-term Middle Eastern strategy in the US or, at least, American decisiveness to be consistent in its implementation. All in all, the al-Shayarat case demonstrated to the region that, while Trump is more prepared to use force, he, like his predecessor, does not want to get too involved in the Middle East or, at least, go beyond the existing level of the American involvement.

By that moment, Russia, on the contrary, seemed to acquire greater interest in the region and demonstrated readiness to get deeply involved in the Middle Eastern affairs. First and foremost, after 2012 Moscow had reconsidered its approaches towards the Middle East. Instead of considering the Middle East as a region of a secondary importance to the Russian foreign policy, like it was under the two Russian presidents, Boris Yeltsin (1991-1999) and Dmitry Medvedev (2008-2012) Moscow began to pay a lot of attention to it. This was probably partly related to the return of Putin to the presidential seat in 2012. As opposed to his predecessor, Putin appeared to be less pro-Western and more pragmatic. After the failure to reset relations between Moscow and Washington under Medvedev, Putin was more determined to develop relations with non-Western countries. Moscow was also concerned with the possibility to lose stand in the Middle East as a result of the fall of friendly regimes in the region in the due course of the Arab Spring. Apart from that, the Kremlin strategists sought to use Russian presence in the region as a way to re-establish Russia as an important player on the international arena. <sup>16</sup> Consequently, the Russian foreign policy on the region became tougher in defending its red lines and, at the same time, more astute. This, in turn, created expectations among regional players including Qatar and Saudi Arabia that Russia as its political predecessor, Soviet Union, could play a role of a third force in the region and an alternative to the US

Russia certainly could not match the economic and political capacities of the USSR. It was also unwilling and unable to confront the Americans on every matter. Yet, it obviously exploited the interest of the GCC members in the diversification of its foreign policy relations in its own interest. Occasionally, Russia was awkwardly trying to reclaim its Cold War role as a counterweight to the US in the region. However, it tried to avoid the emergence of unnecessary parallels with the times of the Cold war. This, in turn, had several ramifications. Russia did not directly oppose the US, but rather exploited the region's pre-existing disappointments with the latter through practical moves that contrasted with the US behavior. Thus, the reluctance of the US to protect Mubarak compared with the Russian support provided to Assad encouraged regional powers, including GCC leaders, to consider Russia

<sup>16-</sup> For more details see Nikolay Kozhanov, Russian Policy across the Middle East: Motivations and Methods (London: Chatham House, 2018).

as a more reliable partner.<sup>17</sup> The fast dispatch of weapons to the Iraqi authorities in 2014 when they badly needed new equipment to fight a rising ISIS (while the US-led Western states were only thinking about whether and how they should help the Iraqi army) also demonstrated Russia's responsibility towards an ally. The US decision to limit weapons exports to Egypt in 2013 was one of the reasons for the rise in sales of Russian arms in the region. Consequently, even the GCC countries (Saudi Arabia in particular ) expressed an interest in approaching Russia on this matter, while not wanting to be dependent on just one side for weapons supplies.

Russia also avoids using ideological rhetoric in its official dialogue with the countries of the region. Unlike in the post-Soviet space, it tries to avoid imposing its views either by force or by economic coercion unless in case of extreme necessity. In dialogue with the countries and political groupings of the region, Russia tries to focus on commonalities rather than differences and contradictions. In most cases, Russia also remains extremely pragmatic. It tries to support a dialogue with all countries in the region without expressing obvious support for any particular state or coalition. So far, it has been successful. For instance, by the beginning of 2019, Russia had managed to maintain good relations with Iran, Israel, Qatar and Saudi Arabia in spite of contradictions existing between them. Moreover, its relations with each of these countries are on the rise.

Russian authorities' pragmatism, opportunism and loose adherence to moral values in its foreign policy approaches certainly helped Moscow to find friends in the Gulf region. Thus, on 26 October 2018, a day after the phone call between Putin and King Salman, the Kremlin's spokesperson Dmitry Peskov stated that Russia trusts the Saudi explanations of Khashoggi's killing and believes that the Saudi ruling family is not involved in it. This statement was unprecedented for the Kremlin and especially Putin who usually prefers to keep silence on political murders carried out in the Gulf region and/or by the Gulf states authorities. Yet, Putin took the Saudi side in Khashoggi investigation. This political gesture was well received in Riyadh and additionally strengthened the bilateral ties of the two coun-

<sup>17-</sup> Interview with a Saudi official, London, the UK, 1 October 2015; Interview with Qatari diplomats. Doha, Qatar. March 2019.

<sup>18-</sup> RIA Novosti, 'Peskov ne Vidit Osnovaniy ne Verit' Saudovskoy Storone po Povodu Khashugdzhi', *RIA Novosti*, 26 October 2018, https://ria.ru/20181026/1531538985.html accessed 18 May 2019.

tries by bringing the relations between Putin, King Salman and Saudi crown prince Muhammad bin Salman at the level of personal friendship. For now, it is hard to expect that Russia will call back its support of the Saudi side in Khashoggi's case even if there are clear and indisputable evidences confirming the involvement of Muhammad bin Salman in the murder of the Saudi dissident. Apart from the obvious gains in the form of new economic contracts with Saudi Arabia, Russian leadership hopes that the scandal around Khashoggi's assassination will create a split between the KSA and the West (particularly, the US), and, thus, it will further push Riyadh towards Moscow. Russian business elite have the same hopes: while the large Western business tried to keep distance from the Saudi economic forum (so called Davos in the desert) that started in Riyadh on 23 October 2018, the Russian companies and investment bodies (first of all, Russian Direct Investments Fund, RDIF) clearly stated that they were going to participate in it regardless of the political situation. Moreover, the size of the Russian delegation that participated in the above-mentioned forum was deliberately increased by the Kremlin to show its full support to Riyadh.<sup>19</sup>

Meanwhile, the current Russian tactics in building up the dialogue with the Middle East and the GCC region are not the same as the open doors policy, which Russia used before the Arab Spring. This also contributed to the fact that both Saudi Arabia and Qatar were interested in improving ties with Moscow. Russia is ready for dialogue with many regional groupings, but it is also ready to defend its red lines (such as the unacceptability of foreign military intervention in Syria) which, if crossed, could bring retaliatory measures from the Russian government. Two events - the failure of the US to conduct a military operation in Syria in 2013 and the beginning of Russia's military deployment in this country after 2015 - were important to strengthen the perception of Moscow as an influential player in the region in the eyes of Qatar and Saudi Arabia.

Thus, Moscow military deployment in Syria became not only the symbol of the Russian decisiveness to protect its allies but also clearly showed that Russia can be a game changer. Its military operation ensured the survival of the Assad regime and demonstrated that the Western monopoly on the use of force in the Middle East that

<sup>19-</sup> Interview with Russian expert on the Middle East. IMEMO. Moscow, Russia. 19 December 2018.

emerged after the fall of the USSR was over. This, in turn, was acknowledged in the GCC as a sign that Russia should not be considered as a week player anymore. Consequently, when Moscow decided to provide support to the forces of Khalifa Haftar in Libya, it did so in the coalition with Egypt, the UAE and Saudi Arabia.<sup>20</sup>

All in all, after 2012, there was a serious shift in the perception of Russia and the US as non-regional players in the Middle East. Certain divisions between the US and GCC on a number of regional issues created new opportunities for Russia, which had been trying unsuccessfully to increase its presence in the Gulf since 2003. The rumors about US withdrawal from the region compelled Saudi Arabia and Qatar to look for other non-regional allies capable of compensating for a future decrease in the US presence. As a result, more attention was now paid for the cooperation with Moscow. In spite of all existing contradictions with Moscow, the members of the GCC were compelled to continue the dialogue with Russia.

# Russia's growing involvement in the regional affairs and Moscow's bilateral dialogue with Qatar and Saudi Arabia

Apart from the change in the Gulf states' perception of US and Russia, there were other factors that were bringing Qatar and Saudi Arabia closer to Moscow. Even with the American factor being taken out of the equation when it comes to Russian relations with the KSA and Qatar, Moscow's growing involvement in the region itself was creating preconditions for the improvement of its ties with Doha and Riyadh. After 2012 Russia in one way or another was involved in the key conflicts of the Middle East taking place in Syria, Iraq, Libya, Palestine and even Yemen where the direct Russian national interests are extremely limited. Eventually, this created the long list of items to be discussed between Moscow and the Arab monarchies of the Gulf, although Saudi Arabia and Qatar did not always shared the Russian point of view. Yet, the understanding that both sides could benefit from the constructive dialogue made them cooperate and put aside certain contradictions. Thus, in spite of obvious differences in approaches to the Syrian conflict, in November 2013, the Saudis expressed their willingness to help the Egyptian authorities buy Russian weapons in order to compensate for the decrease in the supply of US munitions.

<sup>20-</sup> Aleksandr Gostev, 'Bolshaya Liviysakaya Sdelka Kremlya. Kto Kogo Podderzhivayet v Novoy Voyne', *Svoboda*, 10 April 2019, https://www.svoboda.org/a/29872791.html accessed 18 May 2019

For both the Russians and Saudis this deal was intended to improve the positions of the Egyptian secular authorities against the Muslim brotherhood and, consequently, leads to the stabilization of the situation in Egypt.

Moscow also started to look at the domestic situation in the region more carefully. For instance, after 2012, Russia has established relations with the different groups of the Syrian opposition.<sup>21</sup> Thus, until the summer of 2012 the Russian authorities were dealing mostly with semi-legal and moderate opposition forces, such as members of the National Coordination Council. After that, the Russians started looking for contacts with members of the Syrian National Council (SNC) and groupings that cannot be labelled as semi-official opposition to Assad. Gradually, these contacts made Saudi Arabia and Qatar see Moscow as a force that can also be flexible and ready to adjust its approaches to accommodate the interests of not only its allies.<sup>22</sup>

To a certain extent, this flexibility was determined by the complexity of the Russian presence in the Middle East that is formulated after 2012 - 2013. By intensifying its current activities in the region, Russia is pursuing goals in the following three arenas:

- 1. Economic: compensating for the sanctions on the Russian economy, securing sources of income, and protecting the interests of Russian energy companies and their share in different markets.
- 2. Political: avoiding complete international isolation, creating leverage to affect US and EU behavior, promoting Russia's conception of the "right world order", and shaping Russian popular opinion.
- 3. Security: reducing security threats to Russia and the post-Soviet space posed by the situation in the Middle East.

<sup>21-</sup> Ministerstvo Inostrannikh del Rossiyskoy Federatcsii, "Intervyu Minisra Inostrannikh Del Rossii S.V.Lavrova v Programme "Voskresniy vecher s Vladimirom Solovevim" na Telekanale "Rossiya-1", Moskva, 10 Fevralya 2013 goda" Russian Ministry of Foreign Affairs, accessed May 31, 2013, http://mid.ru/bdomp/brp\_4.nsf/2fee282eb6df40e643256999005e6e8c/02ebc66354ef10e544257b0e0045ad41!OpenDocument.

<sup>22-</sup> Interview with a Saudi official, London, the UK, 1 October 2015; Interview with Qatari diplomats. Doha, Qatar. March 2019; Interview with a Russian diplomat. Doha, Qatar. March 2019.

The implementation of these tasks required Moscow to reject its previous perception of the Middle East as a region of a secondary importance and treat it more as a region that would bring benefits and leverage to Russia . This, in turn, implied the intensification of the contacts with Qatar and Saudi Arabia as influential regional players.

Thus, for long period, the Russian support for Bashar Assad remained one of the main deterrents for the development of the Russian-Saudi contacts. Since the beginning of the civil war, Riyadh heavily criticized Moscow for its stance on the conflict. Yet, in order to shape the situation in Syria towards its interests, Russia needs to cooperate with Saudi Arabia that has an influence on a certain part of the Syrian opposition. To establish this cooperation, Moscow used the strategy of stick and carrot. On one hand, after the deployment of its military forces in Syria in 2015, Moscow has been persistently weakening those military groupings supported by Saudi Arabia. Consequently, by 2017, the Kingdom was put in the situation when it had to talk to Russia: otherwise, the remaining assets of Saudi Arabia on the Syrian ground could have been taken out of the game. On the other hand, Russia offered a number of incentives for the intensification of the peace process in Syria. First of all, by the mid-2017, Russia supported Saudi efforts to assemble the united opposition group to take part in Geneva talks. Secondly, the Kremlin demonstrated to Riyadh that there are other topics of mutual interest (including the situation in the international oil market) that could be discussed if the Russian-Saudi disagreements on Syria are either put aside or overcome. Finally, the Kremlin also demonstrated its readiness to give certain concessions to Saudi Arabia in exchange for the reciprocal moves of Riyadh. Thus, by mid-2017, Russia agreed not to voice any objections against Saudi actions in Yemen in exchange for Saudi flexible position on Syria.<sup>23</sup> Moreover, on 21-23 January 2018, Russia hosted the visit of Abulmalik al-Mekhlafi, the foreign minister of the Saudi-supported Yemeni government of Abd-Rabbu Hadi. Previously, Moscow supported Hadi's opponents from Abdullah Saleh's team. As a formal gesture of support from the Russian side, Moscow agreed on a formal request by Hadi's government to send 50 tons of grain

<sup>23-</sup> Interview with a Russian expert on the Middle East. Higher School of Economics. Moscow, Russia. 19 September 2018.

to Yemen.<sup>24</sup> In addition, some Russian experts began to argue that Moscow is getting more involved in the international discussion of the situation in Yemen on the de-facto pro-Saudi side.<sup>25</sup> Apart from that, Russia is trying to capitalize on its role as a regional broker. Given Russian ability to maintain good relations with different players of the Middle East, it didn't offer to mediate between Saudi Arabia and Iran nor between Saudi Arabia and Qatar to settle existing issues in their relations.

The rationale behind the Russian transactions with the Saudi side is simple. Moscow would like to prepare ground for launching the political process of the conflict settlement in Syria. It assumes that Saudi connections with certain groupings of the Syrian opposition might be useful for the achievement of Russia's goals. In exchange for Saudi support in bringing the Syrian opposition at the table of negotiations, Russia is ready to secure Riyadh's economic and political presence in the post-conflict Syria. Currently, Russia is also discussing with Riyadh possibilities to use Saudi money for Syrian reconstruction project as well as the Kremlin is asking the Kingdom assistance in the re-establishment of the relations between Syria, the Arab countries and regional organizations such as the League of Arab States (LAS). 27

The qui-pro-quo approach used by Moscow brings necessary results for both sides. Saudi Arabia helped Moscow to launch the dialogue with part of the Syrian opposition supported by Riyadh. In 2018, Saudi Arabia gave its silent consent regarding Bahrain and the UAE intentions to re-open their embassies in Damascus. In addition, on 19 April 2019, deputy head of the Russian Ministry of Foreign Affairs, Sergey Vershinin, and Russian special president envoy on Syria Aleksandr Lavrentyev visited Riyadh and Damascus. In Saudi Arabia, they met with Mohammad bin Salman. After that, they arguably delivered to Assad the Saudi consent to discuss

<sup>24-</sup> Marianna Belenkaya, 'Yemen Poprosil u Rossii Zerno i Prizval Ee Okazat Davleniye na Iran', *Kommersant*, 23 January 2018, https://www.kommersant.ru/doc/3527227 accessed 18 May 2019.

<sup>25-</sup> Interview with a Russian expert on the Middle East. Higher School of Economics. Moscow, Russia. 19 September 2018.

<sup>26-</sup> Interview with a Russian expert on the Middle East. Higher School of Economics. Moscow, Russia. 19 September 2018.

<sup>27-</sup> Interview with Russian experts on the Middle East. Moscow, Russia. September, December 2018.

the restoration of ties between Riyadh and Damascus.<sup>28</sup> If this discussion ends up with success, it will be an important political achievement for the Kremlin.

Positive dialogue with Saudi Arabia is also believed to be important factor to ensure the security of the post-Soviet space. Moscow is still concerned with the issue of the so-called Russian-speaking foreign fighters that joined different opposition groupings in Syria believing in the high possibility of their subsequent return to Russia and/or post-Soviet space to destabilize the situation there. Consequently, Moscow would like to establish stable channels for the exchange of information between Moscow and Riyadh on the security situation in the Middle East. Thus, on 23 January 2019, the head of SVR (Russian intelligence service) Sergey Naryshkin visited Riyadh to meet Mohammad bin Salman and the head of Saudi General Intelligence Directorate (GID) Khalid al-Humaidan. Among other aspects, they discussed cooperation between the two security services.<sup>29</sup>

At the security track, Moscow is also very concerned with the ideological support to radical Islamic movements in Russia and post-Soviet space that can be potentially provided by religious figures in the Gulf. As a result, the Kremlin used different channels to persuade Riyadh to be more focused on supporting pro-government Islamic leaders in Russia rather than focusing on potential contacts with the radicals and/or criticism of the Russia's domestic policies regarding Islam in Russia and Russian Islamic ummah. For the last several years, they managed to achieve substantial progress. Russian Muftis are welcomed in Mecca at the very high level whereas Saudi officials stopped criticizing Moscow for the real or imagined abuses of Muslim rights in Russia. Moreover, on 21 Jan 2019, Saudi minister of Islamic affairs Sheikh Abdullatif Al-Sheikh took part in the 29 International Islamic conference in Cairo where he met with the deputy head of Russian muftis' council, Rushan Abbyasov. They discussed the situation with the rights of Muslim community in Russia. After this meeting, Al-Sheikh gave an official interview where he praised the Russian authorities for their just and fair policies towards the Russian Muslim community since the fall of the USSR. His statements marked

<sup>28-</sup> RIA Novosti, 'Lavrentyev Peredal Sirii Poslaniye ot Saudovskoy Aravii, Soobshchil Istochnik', *RIA Novosti*, 20 April 2019, https://ria.ru/20190420/1552878420.html, accessed 18 May 2019.

<sup>29-</sup> Al Arab, 'Rossiya Obeshchayet Saudovskoy Aravii Obuzdat Iran v Sirii', *Inosmi*, 24 January 2019, https://inosmi.ru/politic/20190124/244448534.html accessed 18 May 2019.

the drastic change of Saudi rhetoric and narratives on the situation of the Russian Muslim community in thepost-1991.<sup>30</sup> Previously, at least till 2016), Moscow was occasionally accused of violating Muslims rights in the Caucasus and Volga region by different religious and political figures in the GCC. Though, it is still unclear how deep the Saudi approach changed with regard to the support of Muslim radicals in Russia, but some analysts assume that, by 2019, its volume was close to nil.<sup>31</sup>

Russian-Qatari relations are also developing roughly within the same pattern. Moscow believes that its positive dialogue with Doha might either help Russiain its regional efforts or, at least, allow keeping the reaction of the Qatari authorities toward Moscow's moves in the Middle East neutral. This also implies the provision of certain concessions. For example, Moscow did not react on Qatar's decision to quit OPEC in the late-2018 which could have had some negative impact on the future of the Cartel as well as encouraged the exit of other members that are dissatisfied with the Saudi dominance of this structure. Meanwhile, the Russian authorities were interested in the unity of the organization that was helping the Kremlin to affect the situation at the global oil market.

When building up its relations with Qatar, Moscow puts emphasis on the use of the economic means of influence. Thus, in August 2018, the Russian government commission approved the purchase of 14.6% of Rosneft (cost 2.5 bln Euro) by the Qatar Investment Authorities (QIA) which brought the share of the QIA in the Russian company up to 18.93%. It is not yet clear whether QIA was supposed to have 14.6% stakes in Rosneft from the beginning. Yet, the sell of Rosneft's shares to the QIA is currently used by Moscow to strengthen Russian connections with Doha and open another channel of communication. The latter partly fits in the role of Rosneft as an informal arm of the Kremlin's diplomacy that conducts sensitive missions to that Moscow would like not to draw much attention. Thus, on 29 March 2019, the head of Rosneft, Igor Sechin visited Doha. He met Sheikh Tamim Bin Hamad Al Thani and transferred to him Putin's personal message that allegedly had some suggestions with regard to the improvement of bilateral ties.

<sup>30-</sup> RIA Novosti, 'V Saudovskoy Aravii Vysoko Otcenili Uroven Religioznykh Svobod v Rossii', *RIA Novosti*, 21 January 2019, https://ria.ru/20190121/1549665385.html accessed 18 May 2019.

<sup>31-</sup> Interview with a Russian diplomat. Doha, Qatar. March 2019.

Apart from helping Doha to gain the prestigious status of a stakeholder of the Russian main government oil and gas company, the purchase of the Rosneft's share has clearly apolitical benefit for Qatar as well. The final decision to acquire the shares of Rosneft was taken after the beginning of Qatar's blockade by the Saudi-led coalition in 2017 and should be considered as part of its international relations' diversification strategy. The purchase of Rosneft was to prove the serious intentions of Doha to develop its relations with Moscow. As noticed by both Russian and Qatari experts, the investments done by Qatar abroad are either economically or politically driven.<sup>32</sup> In the first case, Qatari authorities try to make targeted, carefully chosen and not excessively large investments in economically profitable projects, thus demonstrating their famous business grip and pragmatism. The decisions on these investments are not taken fast. Investments used by Doha for the political needs are just the opposite: they not always take into account economic benefits, might ignore potential risks and can be made 'on spot' if this is required by the political situation. The size of the QIA investments in Rosneft, short preparation period, obvious economic risks of investing in Rosneft, given that the company has serious debts, risky assets in Venezuela and Iraq and the sanctioned by the US, definitely show that the QIA purchase should be attributed to investments determined by political considerations of Qatar. Additionally, it cannot be a coincidence that Qatar's decision to invest in Rosneft has strengthened after the visit of Sheikh Tamim Bin Hamad Al Thani to Moscow in March 2018

The serious rift in the Saudi-Qatari relations that emerged in 2017 was also for Moscow's benefit. On the one hand, the beginning of the Saudi-led blockade was an unpleasant surprise for Russia: while Moscow had no information regarding feuds existed among the GCC members, it could not expect the beginning of such a deep rift between them. At the same time, the Kremlin chose to stay neutral and offered itself as a mediator. Picking sides would be harmful for Russia as this would mean the downfall in relations with one of the twosides. Yet, Moscow wants to preserve good relations with all GCC members in all aspects. On the other hand, Russia's relations with Doha were not on good terms in the period 2009 - 2015. As a result, every opportunity was used to improve them. Under these circumstances, it was normal/expected that the Kremlin was clearly demonstrating its readiness

<sup>32-</sup> Interview with Qatari diplomats. Doha, Qatar. March 2019; Interview with a Russian diplomat. Doha, Qatar. March 2019.

to help Doha minimize possible negative effect from its conflict with other Arab countries. Moreover, on 9 June 2017, shortly after the beginning of the Qatar's rift with Saudi Arabia, Russia welcomed Qatari minister of foreign affairs Mohammad bin Abd Al-Rahman Al Thani in Moscow who thanked the Kremlin for its readiness to help. This behavior of the Kremlin was to a certain extant surprising. A couple of days before Al Thani's visit to Moscow, the Russian officials were discussing the prospect for cooperation in the oil and gas sphere and beyond with Mohammad bin Salman and Saudi minister of oil Khalid Al Falih. However, there was certain logic in Russia's behavior.

First of all, Russia understands that the size of the state does not matter in the Middle East and, in spite of all difficulties with getting along with Doha, it is better to be friends with the relatively 'small' Qatar. Doha has big influence in the media space (neither the Saudis nor their allies have anything equal to al-Jazeera channel), and it definitely has a word to say in the Middle Eastern political affairs. Apart from that, Russia takes into account that Qatar is one of the leading exporters of the LNG (the niche in the gas market that Russia only plans to occupy). It also matters for Moscow that Doha has good relations with Turkey and tries to retain good relations with Iran. Both of these countries are important for Russian plans in the Middle East. Under these circumstances, the Saudi-Qatari conflict provided Moscow with new opportunities to improve relations with Doha. In June 2017, Tamim Al Thani visited Moscow where he was promised Russian help in settling Qatar's tensions with the Saudi-led coalition. The Russian authorities also promised the Emir their support in offsetting the negative economic impact of the blockade on his country. Of course, the promise of help was quite formal. There were no doubts that the Qatari authorities would not accept the offer. Doha has much more influential allies to fight the Saudis back. Yet, this move was important as a political gesture showing Russia's good will towards Qatar.

The positive experience of Russian economic cooperation with Qatar also determines Russian neutrality in the conflict. In spite of the periodical turbulences in political relations, the two countries managed to build up a sustainable economic dialogue. From this point of view, the comparison is not in favor of Riyadh that only promises huge investments in the Russian economy but never fulfils these

promises. Doha, on the contrary is one of the biggest Middle Eastern investors in the Russian economy. Thus, by 2019, the volume of the Saudi investments in Russia was lower than 2.5 bln US dollars invested by Qatar in the Russian economy (excluding the purchase of the Rosneft's share). The choice of investments projects made by the Qataris is also important. Apart from Rosneft, in 2013, Qatar bought the share of one of the leading Russian bank, VTB, and three years after they invested in Pulkovo, a key airport in the second largest city of Russia, St.Petersburg. In the due course of the preparation of these deals, the Qataris were acquainted with influential figures of the Russian business and politics.

Yet, demonstration of any sympathies by Moscow towards any participant of the Saudi-Qatari rift will be informal. Moscow will stick to its strategy of balancing. The reason is not only related to the concerns of losing connections with one side for the other. Moscow perceives the Saudi-Qatari conflict through the prism of its Syrian policies. From this point of view, helping one side to defeat the other is not an option as well. Russia believes that confrontation among the GCC members have a positive effect: it diverts attention of both the Saudis and Qataris from Syria and makes them less interested in direct involvement in the Syrian affairs. Consequently, Russia that sees Riyadh and Doha as its opponents in Syria has more freedom of actions.<sup>33</sup>

### Economic drivers of the Russian relations with Oatar and Saudi Arabia

By the beginning of 2015, the Russian economy was incurring heavy losses from Western sanctions and the drop in oil prices. The high cost of the Crimea annexation and general structural problems put additional pressure on the country's budget. Under these circumstances, every existing source of income became important for both the Russian authorities and the business elite. This affected their perception of business opportunities in the Gulf area. Previously, Russian companies never hid the fact that the region is of a secondary importance to them; however, after 2014 and 2015, they have demonstrated much more interest in the region.

Russian economic relations with the region has certain specifics. Trade between

<sup>33-</sup> Multiple interviews with Russian experts on the Middle East. Moscow, Russia. November – December 2017.

Russia and the two Gulf monarchies, Saudi Arabia and Qatar, constitutes only 1.2 billion dollars due to the inability of the economies of the three countries to offer enough items for trade.<sup>34</sup> Nevertheless, the cooperation in the investments sphere has far bigger potentials. First and foremost, Russia needs Saudi and Qatari money to develop its oil, gas and petrochemical projects. In 2015, the Russian Direct Investment Fund (RDIF) signed an agreement with the Saudi PIF. According to this document, the PIF is expected to invest up to 10 bln dollars in the Russian economy. In 2015, the RDIF also signed a cooperation agreement with the SAGIA. In April 2017, the speaker of the upper chamber of the Russian parliament, Valentina Matvienko, stated that the Saudis have already invested up to USD 0.6 bln in the Russian economy. She also stated that, Moscow and Riyadh plan to start the implementation of several important projects that are worth up to USD 3 bln.<sup>35</sup> As of the end of 2019, this figure managed to reach 2 bln dollars.<sup>36</sup>

Among all, the Russian authorities currently would want Saudi and Qatari investors to participate in the projects aimed at establishing joint ventures to conduct research, design and produce oil and gas equipment. The latter is necessary to help Russia deal with the negative consequences of the Western sanctions that are putting limits on the imports of advanced oil, gas and petrochemical equipment in Russia.

By May 2019, Russia and Saudi Arabia also reported that they are soon to finalize deals on Saudi Aramco's investments in Russian oil service companies Novomet and Eurasia Drilling Company. Another Russian petrochemical company, Sibur, was invited together with Sinopec to join the project on the construction of Al Jubeir petrochemical factory currently conducted by Saudi Aramco and TOTAL. During the last several months, Saudi Aramco's negotiations with Rosneft and Lu-

<sup>34-</sup> See http://russian-trade.com/reports-and-reviews/2019-02/ accessed 18 May 2019.

<sup>35-</sup> RIA Novosti (2017), 'RFPI i saudovskiy fond do kontsa goda zapustyat proyekty na \$3 milliarda' [Russian Direct Investment Fund and Saudi fund will launch projects worth \$3 billion by the end of the year], *RIA Novosti*, 17 April 2017, https://ria.ru/economy/20170417/1492390102.html (accessed 25 Dec. 2017).; RIA Novosti (2017), 'RFPI i saudovskiy fond do kontsa goda zapustyat proyekty na \$3 milliarda' [Russian Direct Investment Fund and Saudi fund will launch projects worth \$3 billion by the end of the year], 17 April 2017, https://ria.ru/economy/20170417/1492390102.html (accessed 16 Nov. 2017).

<sup>36-</sup> TASS, 'Saudovskaya Araviya Mozhet Narastit Svoi Investitcii v Rossiyu', *TASS*, 1 December 2018, https://tass.ru/ekonomika/5858597 accessed 18 May 2019.

koil regarding the creation of joint ventures in the petrochemical sector entered the very active phase as well. Apart from that, these companies are seriously studying options for swap operations with oil to meet the demands of their refineries around the globe.<sup>37</sup> During his contacts with the Russian side in 2018, Khaled al-Falih argued that Riyadh is determined to increase the production capacities of its refineries. Yet, according to the minister, Riyadh does not have enough oil to satisfy the growing needs of its petrochemical sector. Consequently, it hopes that Rosneft can help Riyadh to compensate the lack of resources. In exchange, Saudi Aramco is ready to invest in Rosneft and Lukoil efforts to buy/build refineries in the third countries. Al-Falih argued that there are vast options for cooperation between Saudi Aramco and Rosneft in petrochemical sector and oil trading.<sup>38</sup>

Apart from cooperation in oil and gas sector, Russian companies are interested in entering the agro-industrial sector of Saudi's economy, creating joint ventures in the field of telecommunications, IT-technologies, petrochemical sector. The Russian Direct Investment Fund (RDIF) actively lobbying the interests of the Russian national railway company (RZD) that is to bid for railroad construction tenders in Saudi Arabia. Finally, in 2018, Russian company Alrosa and Saudi SAGIA agreed on the exports of Russian polished diamonds to the Kingdom. Gradually, Moscow develops its cooperation with Saudi Arabia in the field of arms trade.

At the bilateral level, Moscow does not plan to limit itself by investment cooperation between the Saudi Public Investment Fund and RDIF – the main gateway for Saudi's investments in the Russian economy. In mid-October 2018, the head of Russian leading bank VTB Andrey Kostin conducted negotiations with the PIF on the formation of a joint fund to invest in the Russian and Saudi economy. The Kremlin also plans to involve the Saudis in multilateral investment projects. Thus, in October 2018, the PIF agreed to join Russian-Chinese Investment Fund (RCIF) by allocating to this fund USD 0.5 bln. It is expected that this money will be invested in the development of Russian and Chinese economic infrastructure. If successfully implemented, this multilateral model with Russian and Saudi participation

<sup>37-</sup> Vedomosti, 'Saudi Aramco Mozhet Sozdat Sovmestnyye Predpriyatiya s Rosneftyu i Lukoilom', *Vedomosti*, 22 October 2018, https://www.vedomosti.ru/business/news/2018/10/22/784264-saudi accessed 18 May 2019.

<sup>38-</sup> Ibid.

might be implemented in other regions of the world.<sup>39</sup>

## **OPEC+**, **GECF** and energy issues

By 2015, the dropping oil prices and the growing expenses incurred by the Russian budget (including those related to the annexation of Crimea) made Moscow look cautiously at the situation of the oil and gas sector in the Middle Eastern countries. Regional reserves in other parts of the world can create both challenges and opportunities for Moscow and its interests on the international energy markets. The Kremlin has traditionally been concerned with Saudi influence on international oil prices and occasionally with Qatar's role in the global gas market (especially its influence on the GECF).

The document *The Energy Strategy of Russia until 2030*, which was adopted by the Russian authorities in 2009, implies that Russia's strategy aimed at securing the safety and profitability of governmental and semi-governmental oil and gas corporations. <sup>40</sup> This suggest a relatively aggressive and expansionist approach. The document states that Moscow's ultimate goal should be the preservation of the necessary level of supplies of energy resources to the European market and the manifold increase in exports to the East. These aims were expected to be achieved by not only raising the output of domestic gas and oil fields, but also through the active intervention in the energy sectors of other countries (both producers and consumers) and the establishment of Russian control over most of Eurasia's gas and oil transportation infrastructure.

Russia's 2009 Energy Strategy had controversial outcomes for the Gulf. On the one hand, the Russian government was interested in negotiating with the Gulf countries a common market policy for the international arena within the framework of established economic organisations, such as the Gas Exporting Countries Forum. On the other hand, the periodic attempts of some GCC members, especially Qatar, to position themselves as an alternative to the Russian supply of gas to the European

<sup>39-</sup> Vedomosti, 'RFPI Raskryl Razmer Investitciy Saudovskoy Aravii v Rossiysko-Kitayskiy Fond', *Vedomosti*, 25 October 2018, https://www.vedomosti.ru/business/news/2018/10/25/784720-investit-sii-saudovskoi-aravii-v-rossiisko-kitaiskii-fond accessed 18 May 2019.

<sup>40-</sup> https://minenergo.gov.ru/node/1026 accessed on 24 November 2019.

market made Moscow consider them as potential rivals.<sup>41</sup> However, this perception of the GCC countries as possible rivals in the international oil and gas markets leads to closer Russian cooperation with them. Moscow would like to intensify its interaction with the Gulf countries in international projects in order to acquire a stake in the Gulf energy market.<sup>42</sup>

Under these circumstances, Moscow is ultimately interested in close dialogue with the GCC states on oil and gas markets. The strategy of coordinating Russia's efforts with those of the other main gas producers such as Qatar and Iran, has been cherished by the Russian authorities for years. The Kremlin tried to approach the countries of the region at both the bilateral level and by offering to establish regional OPEC-like organisations. Thus, in different years, Moscow was promoting the idea of creating a Gas Exporting Countries Forum (GECF) (initially proposed by Iran), a Gas Troyka (regular trilateral consultations between Russia, Iran and Qatar) and an International Organization of Non-commercial Oil and Gas Associations (MANGO). Yet, in none of these cases Moscow has been successful. MAN-GO has never been created. The Gas Troika was established in 2008 but did not survive for long due to the sanctions and growing pressure on Iran as well as the political contradictions between Doha, Moscow and Tehran. In 2007-2008, the Russians managed to finalize the process of creating an institutional base for the GECF, but they lost their bid to make St. Petersburg as the GECF's new headquarters and, thus, failed to acquire the desired influence over the organisation. Nevertheless, Moscow tried to use the forum as a ground for the dialogue with Qatar that acquired a positive trend after 2015.

After the drop in oil prices, Russia started to develop active dialogue with other hydrocarbon producers to stabilize the situation in the market. As a result, after decades of negligence, Russia declared its intention to develop closer relations with OPEC. This decision was driven by largely due to domestic political considerations. Fluctuations of the oil prices immediately affect key Russian macroeconomic figures, whereas it is important for the Kremlin to demonstrate a strong economic performance and to show that Putin is able to deliver on his promises of

<sup>41-</sup> Nikolay Kozhanov, Ekonomicheskiye Sanktsii Protiv Irana: Tseli, Masshtabi, Vozmozhniye Posledstviya Vvedeniya (Moscow: Institut Blizhnego Vostoka, 2011).

<sup>42-</sup>Interview with a Russian expert on Iran and the Persian Gulf. Moscow, 17 October 2011.

economic growth. Consequently, 2016-2017 was marked by the intensification of the dialogue between Russia and Saudi Arabia. Among all, Moscow and Riyadh managed to work out the common stance on the adoption and, later on, extension of the so-called OPEC+ deal. This document was initially signed in 2016 between the OPEC and non-OPEC members including Russia who agreed to decrease their oil production in order to encourage the growth of oil prices on the international market.

Since then, Moscow and Riyadh have been supporting the extension of the oil deal several times. Currently, the Russian side positively regards its experience of cooperation with Riyadh within the framework of the OPEC+ agreement. Moreover, the Kremlin is convinced that, even after the end of the OPEC+ agreement, the two countries will continue to cooperate and exercise joint efforts to stabilize the international oil market.<sup>43</sup>

### Challenges for the Russian dialogue with Saudi Arabia and Qatar

Moscow's capacities to develop relations with Saudi Arabia and Qatar have their natural limits. First of all, in spite of certain problems in their relations with the United States, both Qatar and Saudi Arabia consider the U.S as their main foreign partner. Consequently, steps to develop relations with Russia taken by them are always considered within the framework of their relations with the U.S. Under these circumstances, neither Doha nor Riyadh are ready to cross certain red-lines (such as to purchase S-400 missile complexes from Russia in case of Qatar) that could irritate the Americans 44

In the long-run, Moscow's influence in the Middle East can possibly decrease. This negative forecast is based on the assumption that the two main pillars of Russia's Middle Eastern diplomacy, which are its military presence in Syria and the ability to play the role of a 'third power' capable to broker different deals in the Middle East, can face certain challenges. On the one hand, the expected gradual end of the 'hot' phase of the war in Syria, means that everyone's focus shifts from the Syrian battlefields to the political track of the conflict. This is not good for Russia, as it

<sup>43-</sup> Interview with a Russian oil market expert. Doha, Oatar. April 2019.

<sup>44-</sup> Interview with Qatari diplomats. Doha, Qatar. March 2019.

requires more effort to dominate the political track, where – in contrast to the military theatre where the Russian dominance is fairly unquestioned – regional powers such as Iran, Turkey and even the Gulf States are able to effectively challenge the Kremlin's ambitions. This can make Moscow's military factor less important for preserving Russia's leading role in Syria and beyond.

On the other hand, Russia's ability to play the role of a regional broker is often questioned. Moscow's influence on Houthis is limited. Therefore, its role in settling the Yemeni conflict is uncalled for. In addition, Russia's relations with Israel encounter some difficulties that undermine any Russian attempts to become a broker in the Israeli-Palestinian conflict. Kremlin's attempt to bridge relations between Saudi Arabia and Iran as well as between Saudi Arabia and Qatar were coldly received in the Arab part of the Persian Gulf. Finally, in late 2018, Moscow refused to increase arms supplies to Haftar, which in turned created a negative reaction in Tobruk and made Libya less encouraged to count on the Kremlin. All these difficulties are clearly signalling to the Russian leadership that Moscow will need to be more active in preserving its current positions in the region. As a result, in 2019, Russia's presence in the region was marked by intensive efforts. For example, Moscow got more involved in different regional diplomatic initiatives to demonstrate its importance.

A notable diplomatic effort occurred in July 2019 when the Ministry of Foreign Affairs released its 'Concept of collective security in the Persian Gulf'. The Kremlin believes that it will be able to use this document - not only in the Gulf, but further afield too - to show that it plays an important international role. The Ministry of Foreign Affairs presents the concept as a response to attempts by Western actors to impose a 'western solution' on the region. The Kremlin believes that the emergence of a new security system in the Gulf is inevitable, and it does not want it to be established without Russia's participation. Russia's diplomats believe that current tensions in the region mean that the international community will be ready to support its initiative to start a discussion on what a new security arrangement could look like. There are no illusions in Moscow that its concept will be adopted by others as it is: the document is intended to secure Russia a seat at the table in any discussion on the future structure of international relations of the Gulf. Putin's visit

to Saudi Arabia and the UAE in October 2019 served roughly the same goals. It did not facilitate any substantial break-through in Moscow's relations with the Gulf. Yet, it clearly reminded other players that Russia has presence in this traditionally pro-American part of the region.

However, this way of response to potential challenges is quite traditional for Moscow. From a short-term perspective, it can help to improve the situation and ensure the Russian important role in the Middle Eastern affairs. Yet, in the long run, the Russian leadership will need to invent new measures to ensure its strong presence in the Middle East. If Russia fails to fulfil this, it might lose its leading role and, subsequently, become less appealing for Qatar and Saudi Arabia as a key player in the region.

Moscow's relations with Tehran and its ties with the Syrian regime remains one of the main factors deterring the development of Russia's relations with the Arab monarchies. Thus, any improvement in Russian-Saudi relations will have little noticeable impact on Russia's sometimes prickly but nevertheless longstanding strategic alliance with Iran. However, in spite of Saudi attempts to involve Moscow in the anti-Iranian camp, Russian strategy ensures balancing between key regional players that excludes any chances for "friendship against". Moreover, Russia sees Tehran as an important player in the Middle East, Central Asia and Caucasus whose, at least, neutral attitude towards Russia's regional initiatives is important to ensure their success. In Syria, Russia and Iran also remain mutually dependent on each other. Under these circumstances, it cannot afford any steps that would be against Tehran.

On the other hand, Moscow retains certain mistrust towards Saudi Arabia while still seeing Iran as an occasional partner in its efforts to counterbalance the US plans in the region, when it is necessary for Russia. This often makes Riyadh unhappy with Moscow's reluctance to put pressure on Iran, for instance, in order to decrease Tehran's presence in Syria. In the late 2018, the Saudi leadership was also dissatisfied with the statements made by the Russian officials on necessity to ensure Iran's access to the international oil market after the second package of the US sanctions on Iran in November 2018. Moscow refused to help Saudi Arabia to compensate oil consumers the Iran's absence on the oil market by increasing its own oil output.

As for Saudi Arabia, it binds its assistance to Syria with the transformation of the Assad regime as well as the decreased presence of Iran in the country. However, Moscow had little progress or even interest in either transforming Assad regime or decreasing Iran's presence in Syria. This, in turn, further irritates the Saudi authorities. Qatar occupies even more critical position towards Russia's attempts to save the Assad regime. It continues to reject any Russian initiatives related to the reconstruction of Syria and/or efforts to reincorporate it in the international community and regional organizations such as the LAS.<sup>45</sup>

Russia's economic potential to develop cooperation with the Gulf is seriously limited. In spite of the proclaimed attempts of the Russian authorities to accelerate economic growth, Russia is still heavily dependent on the export of raw materials (minerals, hydrocarbons and wood). The policy of diversification and modernisation declared by president Medvedev has been implemented at a slow pace, and it has obviously failed to reach the initial projected goals. The Russian Federation demonstrates aspects of a country with a rentier economy. In addition, the increasing technological backwardness, compared to the West, in certain fields makes these aspects more obvious. As a result, Moscow has a very limited range of products and technologies to offer the Gulf, and this range is gradually shrinking.

For instance, in the past, Saudi Aramco demonstrated certain interest in buying a share in Arctic LNG – 2 project in Russia. 46 One of the key reasons for the Saudi side to invest in LNG industry abroad is to get access to LNG technologies in order to become an important player at the market of LNG supplies. However, Russia is only developing its own technologies of the natural gas liquification. In this case, Riyadh needs to invest in the development of the LNG technologies in Russia first, hoping that sanctions are not going to hamper the development of the Russian LNG projects. Meanwhile, participation in, for example, the US' LNG projects can grant an access to a more developed technological base. As a result, the Saudi side openly pointed to the Russian side that there were much more interesting, profitable

<sup>45-</sup> Nikolay Kozhanov, Leonid Issaev, 'Russian Influence in the Gulf has its Limits', Al Jazeera, 5 April 2019, https://www.aljazeera.com/indepth/opinion/russian-influence-gulf-limits-190404133832327. html accessed 18 May 2019.

<sup>46-</sup> Znak, 'Arktik SPG-2 Mozhet Stat Chastyu Gazovoy Strategii Saudi Aramco', *Znak*, 14 February 2018, https://www.znak.com/2018-02-14/arktik\_spg\_2\_mozhet\_stat\_chastyu\_gazovoy\_strategii\_saudi aramco accessed 18 May 2019.

and less risky projects. Moreover, as of August 2019, Saudi Aramco mostly lost its interest in investing in Russian LNG projects.<sup>47</sup>

The purchase of Novomet's shares by Saudi Aramco might also be delayed by economic problems. The deal was supposed to be signed by 2019. Yet, the agreement is still being discussed. According to some market analysts, Saudi Aramco is cautious about investing in Novomet. In the recent years, the financial performance of this company was not satisfying. The quality of its products also raises some questions. This, in turn, makes the Saudis doubt in the profitability of investments in Novomet. At least by September 2019, they were not in a hurry to buy the share of the company.<sup>48</sup>

Apart from that, the US and EU sanctions imposed on Russia extremely worry Qatar and Saudi Arabia. Thus, on 4 April 2019, Saudi Aramco warned its existing and potential shareholders about hypothetical risks that might emerge as a result of company's cooperation with Russia. As stated in the announcement, Saudi Aramco is determined to seek cooperation with Russian oil companies. Yet, given that some of the Russian companies are under the Western sanctions, the company might be exposed to certain risks. This statement by Saudi Aramco was interpreted in two different ways: on the one hand, market analysts believe that Saudi Aramco clearly demonstrated its intention to work with Moscow even though it is aware of potential repercussions. On the other hand, by speaking about sanctions' risks of doing business with Russia the managers of Saudi Aramco were also preparing justifications to explain possible failures to reach agreements with Russian partners.

In other words, Riyadh does not exclude the situation when none of the deals currently discussed between the Saudi company and Russian oil majors worked out. Finally, Russian cooperation with Saudi Arabia in the OPEC+ might also end although the two countries declare their intention to cooperate on an indefinite basis. On early February 2019, the Western media resources even burst out with the news

<sup>47-</sup> Interview with a Russian oil market expert. Doha, Qatar. April 2019.

<sup>48-</sup> Aleksandr Shamayev, 'Arabika v Permi ne Varitca', *Izvestiya*, 11 February 2019, https://iz.ru/843452/aleksandr-shamaev/arabika-v-permi-ne-varitsia-prodazha-novometa-sauditam-zastoporilas accessed 18 May 2019.

on Saudi efforts to create a new structure to regulate the oil market.<sup>49</sup> This structure is expected to be formed on the base of the 2016 Vienna agreement, a deal between OPEC and 10 non-OPEC countries (so-called OPEC+) to temporary limit their oil output in order to stabilize oil market and ensure oil prices growth. Since 2016, this agreement has, several times, been extended and partly managed to achieve its goals. However, the experience of the past two years clearly showed that in order to improve the oil market situation, temporary measures are not enough. Instead, there is a need in a forum-like structure that would be able to monitor the situation at the oil market and, when necessary, make practical steps to regulate the volume of oil production by its members to ensure the balance between supply and demand. Under these circumstances, it was natural for Saudi Arabia and Russia, informal leaders of the OPEC+, to suggest the creation of such a new structure.

Meanwhile, to have a word to say in the OPEC+, a country should have high volume of production and, preferably, the spare output capacities as well as the ability to change the output within the wide range of volumes. The Saudi oil sector perfectly fits in all these parameters. Consequently, this determines the situation when Russia and Saudi Arabia have the last word in decision-making process of the OPEC+. Nevertheless, the word alliance or partnership should be applied with the extreme caution to the Russian-Saudi dialogue at this structure. Thus, Moscow is more counting on the psychological effect of the deal on the oil prices rather than the practical effect from the drop down in the oil output by the OPEC+ members. This, in turn, makes it less decisive to comply with the demands of the agreement. While there is still doubts that Moscow was joining agreement without any intention to fulfill it, the compliance was, indeed, considered a problem for Russia.<sup>50</sup> Moreover, in December 2018, Russia agreed to scale down the oil output only on the condition of the gradual decrease of production. This can be explained not only by the high fuel consumption rates in Russia but also by the fact that Moscow has traditional problems with persuading its own corporations of the necessity of oil

<sup>49-</sup> Benoit Faucon, Summer Said, 'OPEC Pursues Formal Pact with Russia', *The Wall Street Journal*, 6 February 2019, https://www.wsj.com/articles/opec-pursues-formal-pact-with-russia-11549394604 accessed 18 May 2019.

<sup>50-</sup> Yuliya Deveeva, 'Rossiya v Maye Vypolnila na 95% Sdelku s OPEK po Sokrashcheniyu Dobychi Nefti', *Komsomolskaya Pravda*, 3 June 2018, https://www.kp.ru/online/news/3134373/ accessed 18 May 2019; Gazeta.Ru, 'Rossiya ne Vypolnyayet Obyeshchaniy po Neftyanoy Sdelke OPEC+', *GazetaRu*, 19 February 2019, https://www.gazeta.ru/business/news/2019/02/19/n\_12657289.shtml accessed 18 May 2019.

cuts. As a result, Russia has to balance between them and OPEC+ obligations even closing eyes on some deviations in the implementation of agreed production quotas by Russian companies. This cannot but irritate the Saudis who are taking their obligations much more seriously. However, when it is necessary, Riyadh can even decrease its share beyond the agreed level.

Finally, the prospects of the Russian oil industry are quite gloomy. It is expected that after 2020, the Russian oil production will start falling in the natural way while Riyadh is quite confident in its industry's future. Under these circumstances, the question on whether the Saudi authorities will remain interested in the close coordination of their efforts with Moscow are still open.

There are also serious doubts that the new formalized OPEC+ is going to be influential and effective. The existing statistics show that not only Russia has problems with the level of compliance. Quite a number of players, including Iran, could be characterized as free-riders. Due to different reasons (sanctions, domestic instability or economic problems) they cannot ensure the stable output nor support oil production cuts although they still participate in the organization and profit from the higher oil prices with less efforts. Consequently, the chances for the further success of the OPEC+ efforts are vulnerable; they depend on a number of other factors such as the volume of US shale oil production, tempos of international economic growth, emerging political (in)stabilities, dynamics of global commercial oil reserves and etc.

### Conclusion

All in all, the interplay between Russia's abilities and limits to exercise influence in the Gulf region determined its small chances to bring up relations with Qatar and Saudi Arabia at a new level. Further development of the Russian ties with these countries has natural limits that are difficult to overcome. In terms of its regional presence, Russia needs to demonstrate to the GCC countries and other local players that the Kremlin still retains great interest in the Middle East as well as capacities to influence the region. Theoretically, this can be done either economically, militarily

<sup>51-</sup> Neft Rossii, 'Strany ne-OPEK v Yanvare Vypolnili Obyazatelstva po Sokrashcheniyu Dobychi Nefti na 25%', *Neft Rossii*, February 2019, http://www.oilru.com/news/559771/accessed 18 May 2019.

or politically. Yet, the economic means are obviously not an option due to the deteriorating state of Russia's own economy. During the last several years, the Kremlin tried hard to draw the attention of the Gulf monarchies to a number of ambitious investment projects in Russia. Nevertheless, these attempts were in most cases unsuccessful or, have not yet brought results. The exchange of business delegations between Russia, on the one hand, and Saudi Arabia and Qatar, on the other, is very active and accompanied by loud statements by officials from both sides on plans to invest billions of dollars in the Russian economy. However, the final investment decisions of the GCC business are mostly determined by the cost-benefit approach rather than by loud statements and political consideration. This pragmatic approach shows that Russian projects as well as business environment are not the most appealing and safe for investment. At the same time, there are much more existing profitable alternatives.<sup>52</sup>

Russian cooperation with Saudi Arabia within the so-called OPEC+ also has its specifics. While presented as a symbol of Moscow's close relations with Riyadh, this cooperation is full of underwater stones. First of all, in the past, Riyadh has never been happy about the frequent insufficient level of Russia's compliance with the taken obligations to cut its oil production. In addition to that Moscow is always attempting to bargain better conditions for itself in the OPEC+ while potential gradual decrease in Russia's oil production after 2020 makes Moscow less important for the future of the OPEC+. All these factors cannot but concern and sometimes irritate the Saudis and other participants of the oil cartel from the Gulf.

Under these circumstances, Moscow has to capitalize on two other leverages of influence: its military presence in Syria, and existing perception of Russia as a broker which will handle issues of the Middle East. Believing in its capacities to shape the future of post-conflict Syria while being in need of financial and diplomatic support for launching the process of political reconciliation and economic reconstruction, Russia tries to persuade the Gulf monarchies to agree on the resumption of Syria participation in the League of Arab States (LAS). This move is necessary to further legitimize the Assad regime and allocate economic support to it. Mos-

<sup>52-</sup> Al Jazeera, 'Russian Foreign Minister Sergey Lavrov Holds Talks in Qatar', *Al Jazeera*, 4 March 2019, https://www.aljazeera.com/news/2019/03/russian-foreign-minister-sergey-lavrov-hold-talks-qatar-190304070458781.html accessed 18 May 2019.

cow's calculations are simple: in exchange to the guarantees of the GCC future presence in Syria, Russia will be able to settle, at least, some of its problems in this country and ensure Gulf economic assistance in the reconstruction of the war-torn country. Yet, these calculations seem to be unjustified. So far, the answer of Saudi Arabia and Qatar to the Russian question regarding Damascus return to the LAS was predominantly negative. This is explained by the fact that Russia is probably overestimating the current potential of its military investments in Syria to affect the international relations of the Middle East. The Syrian war entered its new stage when the military leverages became less important than political process. While the Russian dominance at the battlefield remains somehow unquestioned, the influence of Russia on the process of political reconciliation and reconstruction of Syria is challenged by regional players whose words in this discussion are of an importance. Apart from that, it is not yet clear what Russia's guarantees to ensure the future presence of the Gulf in Syria are worth. Consequently, the GCC region values its importance; therefore, it is not in a hurry to agree on Moscow's proposals.<sup>53</sup>

However, Moscow also tries to set itself as a regional broker by discussing with the Arab monarchies issues such as the Israeli-Palestinian conflict and current crisis in the GCC itself. Neither of these efforts draw much attention. Moscow's initiative to reconcile Qatar with the so-called 'blockade countries' is spanning around the suggestion to resume the ministerial consultations of Russia-GCC forum in Moscow whose meetings were put on hold after Qatar's diplomatic crisis in 2017. According to some insights received from the Arab diplomats, in March 2019, Lavrov came up with certain list of concessions for the conflict parties to make to each other. However, there was almost no reaction to it. Currently, the region is overwhelmed by mediators from the US, EU and the Middle East itself. Russia is only an addition to this choir that try to persuade the GCC to reunite. However, being one of these countries that attempts to mediate between Qatar and its opponents, Moscow is weaker in terms of its influence on the GCC than the Americans or Europeans. Yet, the conflict is too deep and too personal. To achieve the truce, a mediator has to have power to guarantee its fulfillment, something that Moscow lacks. As it was

<sup>53-</sup> Nikolay Kozhanov, Leonid Issaev, 'Russian Influence in the Gulf has its Limits', Al Jazeera, 5 April 2019, https://www.aljazeera.com/indepth/opinion/russian-influence-gulf-limits-190404133832327. html accessed 18 May 2019.

<sup>54-</sup> Interview with Qatari diplomats. Doha, Qatar. March 2019.

argued by one diplomat from the GCC countries in the interview with the author, 'Russia has to have cards to play the mediation game and it does not'.<sup>55</sup>

However, the absence of progress can have two alternative impacts on the Russian policies in the Gulf. In the first scenario, Moscow will understand existing limits and try to overcome them. In the second scenario, Russia might decide that the region is unperceptive in terms of its use for Russian foreign and domestic policies. Consequently, it will put its efforts to strengthen relations with Saudi Arabia and Qatar on hold. The first option is less possible as it will require more efforts and resources from Russia it does not have. The other option is far more possible: Russian economists have already started arguing about the emergence of the 'Middle Eastern fatigue' among the Russian business bringing the disappointment in the GCC opportunities as an example.<sup>56</sup>

<sup>55-</sup> Interview with Qatari diplomats. Doha, Qatar. March 2019.

<sup>56-</sup> Konstantin Simonov, 'Vermya Otrezvleniya', *ValdaiClub*, 27 February 2019, http://ru.valdaiclub.com/a/highlights/vremya-otrezvleniya/?sphrase id=91293 accessed 18 May 2019.

