

# **The Inconsistencies in Russia's Foreign Policy On the Members of the Persian Gulf Countries Council (GCC)**

**Mahdi Amiri<sup>1</sup>**

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## **Abstract**

Russia's foreign policy always is based on different principals on other countries and regions. Among them, Persian Gulf Countries Council that is known GCC has important geopolitics and geostrategic position, and then imposes imperatives on Russia's foreign policy. Inconsistency is the most important aspect of Russia's foreign policy in relation to the GCC. This inconsistency is described by pragmatic approach. Evidence tends to support the view that inconsistent is the best description and easiest way to understand Russian foreign policy. This inconsistency is due to a range of factors such as Russian attempts to reassert a position of global influence, while at the same time, it struggles to bring about results due to declining influence, international condemnation, and a weak economic base. Much of Russia's engagement in the wider Middle East/Persian Gulf region is based on countering other global forces, in particular the USA. This makes it difficult to determine if Russia's engagement in the region aims to establish relations and alliances for long-term cooperation or if it is driven mainly by short-term considerations in support of Russia's efforts to counter the USA. The hypothesis of this article is that Russia's inconsistent foreign policy is a source of frustration for GCC states, but also provides significant opportunities for them, collectively and individually, to direct and influence the nature of Russian engagement in the region. The appropriate method of research in the article is descriptive-analytical one. The method is based on descriptive data about Russia's foreign policy in the GCC to explain and determine the inconsistencies in behaviour pattern in this country.

**Key words:** Russia's Foreign Policy, GCC, Trade cooperation, Military cooperation, USA, Iran

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<sup>1</sup>DoctorateCandidate in International Relations at AllamehTabatbaei University.  
Email: m\_amiri2000@yahoo.com

## Introduction

Foreign policy in any states has different and paradoxical goals, bases, and finally different directions. Creating consistency is one of the major tasks on which it must act policy makers. But, Description of inconsistency in Russia's behaviour is the important aspect for studying its foreign policy on the Persian Gulf region as it applies to Russia's global approach to foreign policy. The perception of inconsistency comes from the primacy of tactical manoeuvres over any clear strategic motivation in the exercise of foreign policy. Russia's President, Vladimir Putin, is recognised as an opportunistic tactician.

Russia has been actively fostering its relations with Iran, it has been supporting Assad in Syria, but it is also keen to work with Saudi Arabia in relation to the current oil situation. As with any other country, Russia's foreign policy is driven by a range of considerations, with self-interest being the paramount concern. In looking at Russia's self-interested motivations, we can see a number of factors upon which we can start to develop an understanding of Russia's positions. A key factor is Russia's attempts to Trends Research & Advisory Russian Foreign Policy and the GCC reassert a position of global influence and power.

The economic shortcomings have led to Russia struggle and it has prevented from bringing about real change and influence. However, Russia has emerged as the key power in the Syrian context and it appears that country is the capacity to carry on in its support of the Assad, in effect perpetuating the conflict. Russia is also struggling with the international condemnation of its intervention in Ukraine, which is contributing to its poor economic base. Its actions in Syria are also receiving criticism, but at the same time it is taking clear action, which is something other world powers are less willing to do in relation to the conflict. Historically and today, much of Russia's engagement in the wider Middle East/Persian Gulf region is based on countering other international forces, in particular the USA. This makes it difficult to determine if Russia's engagement in the region is to establish relations and alliances for longterm cooperation or if it is driven mainly by short-term considerations in support of its national interests only.

Russia's inconsistent foreign policy provides important opportunities for the GCC states to direct and influence the nature of Russian engagement toward the region. But dealing with Russia is a complex for GCC states. On the hand, Persian Gulf states see the deals Russia has

made with Iran and Syria, arming and supporting the development of forces that pose strategic threats to the GCC. On the other, they see Russia's participation and cooperation on matters such as the Iran nuclear deal and action to redress the repercussions of low oil prices. From a GCC perspective, these differing policies may appear contradictory as Russia is presenting itself both as an ally to the GCC, both as a supporter of its opponents.

The common factor is Russia's view toward systemic power dynamics. It seeks to minimize the role of the USA and its varying policy approaches aim to counter its influence and power in the region. Russia is a complex state to study. As it attempts to reassert itself as a global player and foster multi-polar approaches to international relations, inconsistencies emerge that prevent longterm planning and strategic thinking. Russia is pursuing a strong self-interested policy in the region and globally. It may see the GCC as an ally in some ways, but as an obstacle in other areas. To Russia, it will take advantage of any opportunity it is presented with. For the GCC states, it is imperative to take full advantage of the divergent trends in Trends Research & Advisory Russian Foreign Policy and the GCC. Russian foreign policy in order to assert GCC influence when opportunities arise. This will not occur in all area, but where possible the GCC states need to foster relations with Russia so that its foreign policy in the region is as strategically advantageous as circumstances permit. There are no simple answers on how to do this best, but certainly Persian Gulf leaders need to better understand Russia and further its understanding of the GCC.

The hypothesis of this article is that Russia's inconsistent foreign policy is a source of frustration for GCC states, but also provides significant opportunities for them, collectively and individually, to direct and influence the nature of Russian engagement in the region. The method of research is descriptive-analytical method.

### **1- Theoretical Framework**

The foreign policy of the Russian Federation has been reflecting most of the theses fundamental for classical realism. In many cases it has been practically illustrating the concept of the state's central role in the international relations, the aim of its power and priority of its national interests as well as the self-help nature of the state's foreign policy and

significance of the power politics in the world affairs (Burchill, 2006: 108-114).

In fact, the international relations seen from the Russian perspective reflect the classical realistic thesis about the state as the main player on the international scene. The international relations remain the relations among the sovereign states and the role of other subjects, including international organizations and transnational companies, is secondary and limited. Good illustration of this attitude has been the problems with activity of foreign NGO's and foreign investors in Russia as Moscow has usually been sensitive and cautious to any foreign presence on its territory. Although the attitude has been changing together with development of the Russia's economic cooperation with foreign partners, yet the sensitivity to uncontrolled activity on the territory of Russia remains and independent foreign subjects are still perceived as potentially dangerous for the interests of the Russian state. One of the most illustrative examples in this regard has been the restrictive law on the NGO's passed in 2006 during the Vladimir Putin's presidency.

Declaring the need to protect the state from money laundering, terrorist and foreign spy groups using the NGO's cover the law has in fact provided for a restrictive and intrusive scrutiny procedure upon the NGO's registration. The financial control over their activity, bureaucratic barriers as well as unnecessary paper work have effectively limited the freedom of the NGO's in Russia and only the strong opposition of international human rights activists as well as the Moscow's interest in improving the state's international image have inclined president Medvedev to ease the law to some extent (Human Rights Watch, May 13, 2009). The problems of the foreign investors in Russia have at the same time concerned mainly those of them investing in the energy and raw material sectors that remain sensitive for the Russian economic interests. Typical example of the problems could be the case of the British-Russian BP-TNK joint venture oil company, the activity of which has been accompanied by the Russian efforts to take a real control over the company, using the visa problems for the British part of the management and accusations of espionage (Arnott,2009).

Fully consistent with classical realism has been the Russian attitude towards the activity of international intergovernmental organizations. Russia has usually been using them instrumentally, taking advantage of the work of those considered as beneficial for the Russian interests, while

ignoring those of them the activity of which Moscow has seen as an “interference” in the Russian “domestic affairs”.

One of the best examples has been the Russian approach to the United Nations, the only global organization where Moscow has kept its leading role after the end of the cold war. Thus, further activity of the UN has been in the Russian interest and Moscow’s position as the permanent member of the UN Security Council has allowed Russia to refuse the international authorization for some US international operations, as the case of the war in Iraq illustrates. The most telling, however, is the Russian attitude towards the Organization for Security and Cooperation in Europe (OSCE). Having a full right of veto to all of the organization’s decisions Moscow has for a long time been treating the OSCE as a ground for any future pan-European political and security order.

Clearly defined by Russia as contradictory to the Russian interests both plans have been met with Moscow’s warnings of adequate response, irrespective of the real threats both events could really cause for Russia (Bigg, 2007). One of the crucial classical realistic assumptions and the reflection of the anarchic international order is the special attention paid to the state’s power, and especially its military potential. Thus, the effectiveness of the state’s foreign policy depends on its power, and first of all on its military might. This, in turn, implies the state’s efforts to increase its power and its military capabilities and for many classical realists the power remains an objective in itself (Elman: 2007: 12).

In the case of the Russian Federation the state’s military capabilities have indeed played a key role in the Russian foreign policy and facing the problems with the modernization of the conventional armed forces Moscow has been using a card of its nuclear arsenal instead. Thus, it is not a coincidence that both in the case of the NATO enlargement and the US missile shield plans in Central Europe the response of Russia was the threat to deploy its nuclear missiles on the territory of the Kaliningrad enclave (Lobjakas,2008).

## **2- Shifting foreign policy priorities**

A new character of relations between Russia and the Persian Gulf states marked the beginning of the 21st century. The new president of the Russian Federation, Vladimir Putin, proposed a transformation of foreign policy, one based on practical considerations. Several new features characterized Russian foreign policy during the first period of Putin’s

rule, foremost of which was pragmatism. According to the Concept of Foreign Policy of the Russian Federation, signed by President Putin on June 28, 2000, Russian policy would be independent and constructive, and the economic interests of the country have the priority. Policy under this new paradigm was articulated as follows:

“Russia will act to stabilize the situation in the Middle East, including the Persian Gulf region and North Africa, taking into consideration the influence of the regional situation on the development of the world as a whole. In this context the primary task of Russia will be a return of its strong positions, especially economic, in this rich and important time for our interests in the region” (Melkumyan, 2015: 11).

How they affect Russia/ GCC relations Russia’s relations with GCC countries are driven equally by long-term (participating in strategic geopolitical arrangements that determine the global supply of gas/oil) and shortterm interests (mainly looking for opportunities to mitigate 2014-2015 international sanctions that followed the absorption of Crimea in March 2014). TRENDS Research & Advisory Russian Foreign Policy and the GCC 7 Russian foreign policy makers (according to the Russian constitution directed by the Russian President) believe in the “grand bargaining” approach (à la US-China rapprochement, the Oslo Accord between Palestinians and Israelis, the nuclear deal with Iran), as an effective way to achieve progress in solving strategic international issues. In that spirit, Russian President Vladimir Putin visited Saudi Arabia in February, 2007. It was the first official visit for a Russian leader to the Kingdom. It seems that this visit that intended to “grand bargain” but did not produce the expected results of deeper coordination at the level of oil production. It was a good opportunity for Moscow to present her position and conclude some commercial agreements.

After a few years of minimal contacts, some even talk about “frozen relations,” a combination of power shifts (from Euro-Atlantic to pacific), new security threats in the Middle East, and a shift in GCC foreign policies that became slightly less allied with the US contributed to a recent boost in Russian–Saudi interaction that might renew a grand bargain approach in their bilateral relations, with repercussions for other GCC members. The second driver for growing interest in deepening relations with the GCC are Russian attempts to minimize the consequences of international sanctions imposed after the annexation of Crimea in 2014. Against this backdrop, Russia is steadily turning toward

Middle East and Asian investors to reduce its reliance on western financial institutions.

However, Russia is not only seeking GCC investment, but it is also interested in joint projects, for instance in bio-medical, pharmaceutical, petrochemical, nuclear, IT and space fields. This cooperation also extends to projects outside the Middle East region, like the Russian–Abu Dhabi proposal to build a new international airport in Havana, Cuba. So far the volume of trade (about 1.8-1.9 bln. dollars last year) is far below Russian expectations. On top of that list of expectations, Russia is vitally interested in breaking the US/Western monopoly on the military equipment trade with the GCC by offering not only sale but, co-production of its more sophisticated weapons.

second point, then, is that we can expect warmer and intensified relations between Russia and GCC due to structural and tactical factors. On one hand, the GCC states are trying to find their new “comfort zone” under US tutelage, signalling a departure from traditional total reliance on the US; on the other, Russia’s strategic choice of partners has shifted in the last Trends Research & Advisory Russian Foreign Policy and the GCC 8 two years to selected countries in Asia, the Middle East and Latin America. Both sides can offer complimentary services (investments for technologies/military hardware) and deeper security cooperation (as they are both targets of Muslim radicals).

Three conditions will be crucial for that to happen. First, there will be a need to agree on having “blind zones”; that is to say, recognition of areas of bilateral relations in which Russia/GCC will decide “not to see mutual irritants” (such as Russian close relations with Iran or Syria, or Saudi support for religious schools in Russia or alleged Qatari support for separatist in the Caucasus). Second, there is the need to renew work of the high-level “intergovernmental commissions” that stopped working in the last five years, depriving both parties from face-to-face meetings of “real” decision makers in key areas such as cooperation in oil/gas, high-volume investment, civil nuclear capacity, and military cooperation. Thirdly, that such development will not face direct US opposition. Taking into account the very high level of US involvement in the GCC, their leverage and influence decisively trump Russia and may derail or slow down Russia-GCC rapprochement.

### **3- Economic relations between Russia and GCC countries**

Russian economic ties with the GCC countries remain underdeveloped. Yet, recently, both Moscow and the Persian Gulf States clearly demonstrated their interest in boosting bilateral trade and investments. For instance, the 25 – 30 May 2015, the Russian Chamber of Commerce organized the investment exhibition “Russian Road Show” in Jeddah showed good will on both sides. In June 2015, a high-level Saudi delegation, led by the son of King Salman, the Deputy Crown Prince and Defence Minister Mohammed bin Salman, was received by Russian President Vladimir Putin in St. Petersburg and signed a series of agreements and memorandums, including those on peaceful nuclear cooperation, infrastructural development and investments.

On 11 August 2015, these agreements were reconfirmed during the visit of the Saudi Minister of foreign affairs, Adel Al-Jubeir, to Russia. Apart from that, Moscow continued to develop political and economic dialogue with the UAE. On 25 August 2015, Crown Prince of Abu Dhabi Sheikh Mohammed bin Zayed visited the Russian air and space show MAKS-2015 and held the official meeting with Putin to discuss the perspectives of the Russian-Emirates economic cooperation. Moreover, in August 2015, Moscow prepared all necessary documents to open the trade mission in the UAE in order to facilitate the development of the bilateral trade and investments.

To implement this task Russia planned to enhance its economic relations with regional states, specifically with the GCC states. In November 2000, President Putin sent letters via a special representative to Bahrain and Qatar, offering Russian support to help solve the ongoing challenges of conflict resolution in the region. The letters also expressed Putin’s satisfaction with the nations’ common approach with regards to the key problems at both a regional and international level. He also confirmed the readiness of his country to use more effectively the potential for cooperation between Russia and GCC states. During the same period, Russia’s Minister of Foreign Affairs visited Saudi Arabia and Kuwait, after which both nations changed their stance and proclaimed the Chechen problem an internal Russian affair and opposed any international interference. Meetings between ministers of foreign affairs during sessions of the UN General Assembly became commonplace.



In the beginning of 2000, Russia intensified links with Kuwait including contacts between the nations' parliaments. In August 2002, a session of the Russian-Kuwaiti Commission for Trade, Economic, Scientific and Technological Cooperation took place in Moscow. There, the two countries concluded an agreement of endowment and defense of investments, as well as an agreement prohibiting double taxation. Russia confirmed its interest in cooperating in the fields of energy, oil and gas, civil construction, irrigation, agriculture and infrastructure on Kuwaiti territory (Russian-Arab Business Council, 2014). During the visit to Moscow of Kuwaiti Minister of Defense Jaber Al Sabah, in September 2002, an agreement for further development of bilateral military cooperation was made. The Kuwaiti minister confirmed his nation's interest in Russian military technologies and new kinds of Russian weapons, saying that, "Kuwait is interested in Russian modern technology and modern weapons including tanks." (<http://www.iimes.ru/rus/stat/2003/20-05-03.htm>).

#### **4- Russian trade relations with the GCC**

Since 2000, the volume of trade between Russia and the GCC has been gradually increasing (see table 1). Over the last decade, the structure of trade between Russia and the GCC has remained relatively unchanged. Russian exports consist of cereals, petrochemical products, precious stones and metals, ferrous metals and metallurgical products, wood, pulp and paper, fuel and energy resources, machinery and fertilizers. The volume of the Persian Gulf countries exports to Russia is extremely small (0.6 billion dollars in 2014). The GCC countries mostly sell to Russia chemical and petrochemical products. They also re-export some consumer goods and luxury products.

In spite of existing positive trends, trade relations between Russia and the GCC remain underdeveloped. By 2015, the GCC share in Russian trade was less than 0.5%. The Russian share in GCC trade is also minimal. In terms of value, Russia is not only left far behind by the U.S., EU and the leading Asian economies (such as China, South Korea and Japan), but is challenged by the less economically powerful Indonesia, Malaysia and Thailand. The low level of economic relations with the Persian Gulf could be partly explained by the fact that until recently the Middle Eastern region was generally of little interest for the Russian business circles. The latter were mainly orientated towards European and

East Asia markets. Moreover, the GCC were not seen by Moscow as a priority market for Russian goods, even within the Middle East. Consequently, by 2015, the volume of trade between Russia and the members of the GCC comprised less than 3.5 billion dollars versus 5.5 billion dollars of the Russian-Egyptian trade or 31 billion dollars of the Russo-Turkish trade (Ministry of Economic Development of the Russian Federation, Russian Customs data).

In spite of the fact that the GCC has a small share in the Russian trade, the region still represents great interest for selected Russian industries including agricultural and military-industrial complexes, mining, petrochemical, space and oil and gas industries. Thus, the UAE is one of the main buyers of Russian precious stones and metals whereas Saudi Arabia is the largest buyer of Russian barley (<http://stat.customs.ru/> Accessed on 13 July 2015).

Russian cereals are also imported by Qatar and the UAE. Moscow also supports the interests of the Russian space industry in the GCC. Currently, the Kremlin actively promotes the Russian GLONASS satellite navigation system in the region. In February 2007, Russia successfully launched the first Emirates' satellite for the Earth distance sensing Dubaisat-1 from Baykonur. During 2000 – 2012, the Russian federal space Roscosmos agency has launched 14 telecommunication and distance sensing satellites for Saudi Arabia. In 2015, the UAE expressed their interest in purchasing the sea-based spacecraft launch facility Space Launch whose 95 per cent of shares is owned by Russian Energia Overseas Limited company. Its purchase will possibly strengthen the capacities of the Emirates space agency (established in 2013) that plans to send a spacecraft to Mars in 2021 (Trends Working Paper 04/2016).

### **5- Perspectives for military-industrial cooperation**

A closer examination of geopolitical dynamics in the Middle East reveals that growing perceptions of a crisis in Russia-GCC relations are misplaced. In fact, a credible case can be made that Russia's geopolitical influence and soft power in the Persian Gulf has increased since the start of President Vladimir Putin's third term in 2012. Through stronger investment linkages and diplomatic overtures, Russia has attempted to carve out a more prominent geopolitical role in the Persian Gulf.

However, Still, relations between Moscow and the GCC states have not improved to the extent that Putin was seeking. Moscow had hoped for a much greater degree of economic interaction with the GCC. Three issues — petroleum production, Iran, and Syria — have divided Russia and the GCC states most frequently. Underlying their differences on these issues is a highly negative Russian opinion of the GCC states, and especially of Saudi Arabia, that arose during the Cold War and remained strong even after. This critical perspective appeared to go into remission after the 2003 American-led intervention in Iraq, but has experienced a revival after “Arab Spring” movements arose in the Russian-allied Arab countries of Libya and Syria in 2011. The Saudis, for their part, have been frustrated at Moscow’s continued pursuit of policies at odds (katz, 2016: 4).

Russia is unlikely to threaten Saudi Arabia’s hegemony over the GCC bloc. But stronger relations between Moscow and Saudi Arabia’s closest allies have caused some GCC countries to be more receptive to Russia’s calls for a political solution in Syria. Saudi Arabia’s fear of being isolated from the Arab world’s consensus could cause Riyadh to eventually soften its belligerent anti-Assad approach and diplomatically reengage with Russia. This scenario differs dramatically from the Russian-Saudi collision course predicted by many regional analysts (Ramani, 2016).

Prior to the Russian military intervention in Syria that began in September 2015, some Persian Gulf Cooperation Council governments had become hopeful that they could induce Russia to accept the GCC objective of the departure of President Bashar al-Assad from Syria and that Moscow would distance itself from Tehran in exchange for stronger economic ties with the GCC. With the Russian intervention in Syria, however, it has become clear that this approach has not succeeded in altering Russian foreign policy (Katz, 2016).

Traditionally, the Kremlin tries to penetrate the arms market of the GCC region. Russian weapons remain famous for relative reliability (as opposed to Chinese equivalents) and reasonable pricing (comparing with the products of Western companies). Currently, Russian experts acknowledge the substantial growth in the volume of Russian arms trade with the Middle East.<sup>4</sup> The events of the Arab Spring demonstrated to the Middle Eastern countries the necessity to diversify their sources of arms

imports. Even the GCC states expressed certain interests to the purchase of Russian weapons.

The real volume of Russian arms trade with the Middle East is unknown. The Russian customs usually put arms deals in their statistic reports in so-called Secret Code category that include all imports and exports that the country's authorities prefer not to declare. The official data confirms experts' statements, at least, in terms of the growing numbers of Russian weapons consumers in the Middle East that, in recent years, include the GCC members (Ministry of Economic Development of the Russian Federation, Russian Customs data).

So far, the volume of the Russian arms exports to the GCC remains minimal. Russia still tests the water, and the heavy presence of Western weapon producers in the region makes the access to the Persian Gulf market extremely difficult for the Russians. However, Russian arms sellers express certain optimism. They believe that, now, the GCC authorities are more serious in their intention to buy Russian weapons than they were before.

Despite a significant uptick in economic cooperation between Russia and the Persian Gulf states, Moscow has struggled to develop reliable security partnerships in the GCC. These alliance-building struggles have caused many Saudi policymakers to view Russia as a marginal player in the Persian Gulf. In a recent interview with GMU Professor Mark Katz, a leading expert on Russia's Middle East strategy, Katz told me that before the Syrian crisis, Saudi Arabia viewed Russia's policy in the Persian Gulf as entirely mercenary. Therefore, many Saudi policymakers believed that they would be able to get Russia to comply with Riyadh's preferences simply by outbidding Iran as a trade partner and purchasing Russian arms.

To demonstrate to Saudi Arabia and the international community that Russian diplomatic activities in the Persian Gulf are not solely motivated by Moscow's economic interests, Kremlin policymakers have actively engaged GCC countries on achieving a political resolution to the Syrian conflict that aligns with Russian objectives (Ramani, 2016).

## **6- Russia and GCC hydrocarbon resources**

By 2015, dropping oil prices and the growing expenses of the Russian budget (including those related to the annexation of Crimea) focused Moscow's attention on the situation in the oil and gas sector of the

Middle Eastern countries. Regional reserves can create both challenges and opportunities for Russia's interests in the international energy markets. The Kremlin has been traditionally concerned with the Saudi influence on the international oil prices and Qatar's role in the global gas market (especially its influence on the GECF).

Doha's periodical offers to sell LNG gas to Pakistan are definitely not in the interests of Russia as Islamabad's consent would mean the end of the Iran-Pakistan gas pipeline project and subsequently the failure of the Kremlin's hope to channel Iran's natural gas to the South Asian market, away from Europe. Finally, in 2014, Algeria ratified the Memorandum on the all-embracing cooperation in the energy sphere with Qatar that is believed to be the beginning of the formation of the Arab LNG producers' alliance against Gazprom and Russia's interests in the European energy market. Trends Research & Advisory Russian Foreign Policy and the GCC 26 The policy document, The Energy Strategy of Russia until 2030, 26 a adopted by the Russian authorities in 2009, implies that Russian foreign policy is to secure the safety and profitability of governmental and semi-governmental oil and gas corporations and it is intended to be relatively aggressive and expansionist.

The document states that Russia's ultimate goal should be the preservation of the necessary level of energy supplies for the European market and the manifold increase in exports the East. These aims are expected to be achieved not only by raising the output of domestic gas and oil fields, but also through active intervention in the energy sectors of other countries (both hydrocarbon 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 Persian Gulf. On the one hand, the Russian government is interested in negotiating with the concept of the GCC common market policy on the international arena and within the framework of economic organizations (such as the Gas Exporting Countries Forum). On the other hand, the periodic attempts of some GCC members (such as Qatar) to position themselves as an alternative to the Russian supply of gas to the European market (as is Qatar) has made Russia consider them as potential rivals(GECF) (Ministry of Energy of the Russian Federation, Nov. 13, 2009).

However, this perception of the GCC countries as possible opponents in the international oil and gas markets leads to closer Russian

cooperation with them: Russia would like to intensify its interaction with the GCC in international projects to acquire a stake in the Persian Gulf energy market.<sup>28</sup> Under these circumstances, Russia is ultimately interested in close dialogue with the Middle East countries on oil and gas market issues. The idea is to coordinate its efforts with the main gas producers such as Algeria and Qatar as well as with Iran, which has been cherished by the Russian authorities for years. The Kremlin tried to approach the countries of the region both at the bilateral level and by offering to establish regional OPEC-like organizations. Thus, over the years, Russia promoted the idea of creating the Gas Exporting Countries Forum (GECF) (Ministry of Energy of the Russian Federation, Nov. 13, 2009).

Trends Research & Advisory Russian Foreign Policy and the GCC 27 (initially proposed by Iran), Gas Troyka (regular trilateral consultations between Russia, Iran and Qatar) and the International Organization of Noncommercial Oil and Gas Associations (MANGO). Yet, in all cases Russia has been largely unsuccessful. MANGO has never been created. Gas Troika was established in 2008 but did not make it long due to growing sanctions pressure on Iran and political contradictions between Doha, Moscow and Tehran. In 2007 – 2008, the Russians managed to finalize the process of creating the GECF institutional base, but lost their bid to establish its new headquarters in St. Petersburg to Qatar. Thus, it failed to acquire desired influence on the organization. Nevertheless, Russia tries to use the forum as a framework for the dialogue with Qatar.

### **7- Limits of Russian economic presence in the GCC**

In 2014 – 2015, Russian authorities persistently promoted their business interests in the Middle East and the GCC. On 3 – 4 March 2015, Russia and Qatar held the first meeting of joint trade and economic commission. Russia plans to open a trade mission in the UAE to support the growth of bilateral economic ties. Given that this decision was taken when the Russian budget was tight as a result of the domestic economic troubles, the plans to open a trade mission in the UAE only emphasize the growing importance of the region. However, Russian economic relations with the Persian Gulf face a number of serious problems. First of all, Russian economic cooperation with the GCC is developing in unfavourable political conditions.

In 2011 – 2014, the growing confrontation between Russia and the GCC caused by the Russian position on Syria tangibly limited Russian options to strengthen cooperation with the members of the GCC. For instance, during 2010 – 2011, Russia offered Qatar a number of investment projects at a cost of USD 10 – 12 billion in different fields of the Russian economy (oil and gas, construction as well as gold mining sectors). However, all these proposals were ignored by Doha. As argued by some analysts, the political factor was not the last to determine the Qatari approach.<sup>29</sup> As stated by one of the leading Russian experts on the economy of the Middle East, Eldar Kasaev, ‘the UAE is a member of the GCC whose main ideologists in Saudi Arabia and Qatar are famous for anti-Russian feelings. ... [As a result,] (<http://www.iimes.ru/?p=17847>). Trends Research & Advisory Russian Foreign Policy and the GCC 28 should not be assumed that the Emirates will continue to develop relations with Russia if the Qataris and Saudis start waging an [undeclared] war against Russia’.<sup>30</sup> It is possible to say that Qatar is also one of the main Russian rival competitors in the gas market. Additional troubles are created by the fact that both Russia and Qatar are members of the GECF. Subsequently, the political confrontation often influences the behaviour of these players within the framework of this 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 low that which was required by protocol. In 2013, the Qataris responded in the same way when the meeting was held in Moscow.<sup>31</sup> Taking into account that the two other members of the Forum, Libya and Egypt, are pre-occupied with their domestic situation, and such behaviour by Moscow and Doha does not contribute to the effectiveness of the GECF. This, in turn, harms the interests of all the participants. On the practical level, there are a number of economic factors that negatively affect the development of closer Russian-GCC economic relations. They include huge trade imbalance (Russian exports largely exceed imports), a lack of information about the Russian market in the GCC (and vice versa), an absence of long-term trade contracts (Russian companies still prefer single supply contracts) and the dominance of raw and semi-processed materials in Russian exports.

Russian domestic realities are also not very favourable for the development of Russian-GCC economic ties. Russian statism seriously restrains options for cooperation between the two countries. In modern

Russia, government support has become one of the main (if not the only) factors boosting the penetration of Russian business to foreign markets. In spite of the above-mentioned advantages provided by state protection to government and semi-government corporations, this patronage has the following substantial disadvantages. Firstly, it limits the initiative of the Russian corporations which often act upon Advisory Russian Foreign Policy and the GCC 29 the direct order of Moscow.

Secondly, excessive protectionism leads to artificial closure of Russia's domestic market for the Iranian producers. Thirdly, existing government support is selective and provided only to businesses connected with the political elite of Russia. As a result, medium and small businesses, as well as private corporations with insufficiently close connections with the state, usually face difficulties dealing with the GCC by themselves. The lack of government support in certain areas, in turn, weakens the Russian position in a number of fields and creates serious problems for the development of the Russo-Persian Gulf economic ties.

Problems developing Russia's economic relations with the GCC are also related to the specifics of its economy. In spite of the proclaimed attempts of the Russian authorities to accelerate economic growth, Russia is still heavily dependent on the exports of raw materials (minerals, hydrocarbons and wood). The policy of diversification and modernisation declared by president Medvedev is being implemented slowly, and it has obviously failed to reach the initial projected goals. Russia demonstrates signs of a country with a rentier economy, and the increasing technological backwardness of the West in certain fields only makes these signs more obvious. As a result, Russia has a very limited range of products to offer the GCC and this range is gradually shrinking.

The structural problems in President Putin's Middle East strategy were obvious from the beginning when Moscow tried to play a more assertive role in the region. First, it does not have the muscles for the heavy lifting required. Second, it is mobilizing against a background of long absence of ties with major players. Third, the nature of the regional crisis is such as to leave little room for playing both sides of the regional rift (<http://mebriefing.com/?p=2332>).

## **Conclusion**

Although the economic relations between the GCC states and Russia remain underdeveloped they have potential. Russia is unable to challenge



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the West's economic presence in the region as well as the growing influence of China (and other Asian countries). Yet, Russia has an opportunity to find its own niche in the Persian Gulf system of economic relations. Currently, in its economic efforts, Russia puts its main stake on those areas where it has market advantages: nuclear energy, oil and gas, petro-chemistry, space, weapons and grain. At the same time, the main principle of Russian business in the Middle East is based on the principle "Chinese price for European quality." This principle may become the principle upon which Russia succeeds <sup>33</sup>Interview with an expert of the Chamber of Commerce and Industry of the Russian Federation. Moscow, 11 December 2011. Trends Research & Advisory Russian Foreign Policy and the GCC <sup>30</sup> in its own economic diversification: price and reliability are one of the main reasons for the Middle Eastern countries to be interested in Russian technologies. The Russian government should also demonstrate considerable patience, vigilance and courtesy in developing its relations with the Persian Gulf. The established ties with the GCC members are still nascent and fragile as well as exposed to the negative influence of external factors such as the unstable political situation in the Middle East.

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