

SOUTH-SOUTH COOPERATION AND THE CHANGING ROLE OF THE GULF STATES

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This article assesses the role of the Gulf Cooperation Council (GCC) states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) in the framework of South-South Cooperation. It charts the different phases of engagement between the Gulf States and other developing countries, and the shifting dynamics that underpinned them.

These phases demonstrated profound changes that reflected policymaking calibrations in response to domestic, regional and international catalysts. When read together, the internal and external forces that press upon the GCC States shape the analytical perspective of this article. Further, these internal and external pressures shaped the Gulf States' contributions to South-South Cooperation, and framed the intra-regional and international realignments within which GCC engagements took place.

The opening section examines the deeply entrenched historical dynamics that initially limited the Gulf States' relationships with the Global South. These entrenched dynamics included the conservative leanings of their post-traditional systems of government and the Gulf States' enmeshment in Western spheres of influence, politically and militarily. These shaped the international politics of the Gulf States and insulated their politics from many forces that swept the developing world during the 1950s and 1960s.

This period, nevertheless, witnessed the countervailing beginnings of transnational interconnections that bound the Gulf States to other developing nations, initially through the provision of overseas development assistance and the patronage of international Islamic organisations. In the 1980s and 1990s, these growing cross-border links became intermeshed with highly accelerated globalizing processes. Contemporaneously, the end of the Cold War facilitated normalization with China and post-communist states that transitioned to market economies.

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A second section assesses the rise of the GCC States as significant global actors of the 2000s and measures the structural factors that caused their rise. This rise not only deepened and broadened the GCC States' role in South-South frameworks, but, occurred amidst changing dynamics that rebalanced power relations across the world, and that positioned the Gulf States to be pivotal players in the shifting global order. Newly empowered coalitions of emerging economies challenged and reframed the political and economic architecture of global governance. The worldwide financial and economic crisis that reached an initial peak in 2008-2009 boosted these trends, and led to significant realignments in financial and energy governance.

Recent patterns of cooperation provide a clear indication of the new value that GCC policymakers and their ruling elites vest in the Global South. These recent patterns, which still complement existing political and security relationships with the United States and European countries, are typical of the multi-layered approach to foreign policymaking in the Gulf States that seeks to balance domestic considerations with regional and international ones.² Gulf States' responses to the outbreak of the Arab Spring reflect both challenges and opportunities as Saudi Arabia attempts to deploy its financial largesse to minimize the destabilizing impact of regional transitions, while Qatar seized the chance to boost its credentials as a responsible international actor in rallying Arab support for the multi-national intervention in Libya..

Analytically, the third section, which moves from the diachronic to the thematic, addresses the practical applications of Gulf States' interaction in South-South frameworks. These practical applications include changing patterns in trade and investment flows, modifying provisions for developmental assistance to, and diplomatic mediation in, conflict-affected environments, and a recasting of international relations and global governance in a world where power is increasingly refracted through multiple nodes of influence.

Collectively, these changes reveal a quantitative and qualitative strengthening of networks that bind the Gulf States to the Global South, and that operate bilaterally at the, national- and multilateral-institutional levels. These changing patterns hold important implications for unprecedented shifts in the current global order. A concluding section will explore the probable trajectories of Gulf-South ties as they impact a multi-polar, international environment.

² Gerd Nonneman, "Determinants and Patterns of Saudi Foreign Policy: 'Omnibalancing' and 'Relative Autonomy' in Multiple Environments," in *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs*, eds. Paul Aarts and Gerd Nonneman. (London: Hurst & Co., 2005), 315.

1. *Limitations of engagement, 1945-1991*

Social and commercial links between the Gulf and the wider world extend back into late-antiquity and into the pre-Islamic era. A dense network of transoceanic ties connected the peoples of the Gulf to the broader Indian Ocean region. Local shipbuilders and sailors constructed and navigated the dhows and booms that sailed each year from the Gulf to the Indian sub-continent and along the coastline of east Africa. Powerful trends in migration and acculturation augmented these maritime flows and gave them a particularly social dimension.³ Exchange, trade, and settlement formed a web of interconnections that tied the trade and peoples of the region into broader, overlapping communities.⁴

This intermix of peoples and cultures influenced the development of states and societies in the Gulf. This geographical history belies any notion of the region as peripheral to world history in the pre-oil era, or to define the region solely by its possession of some of the planet's largest energy reserves. Nevertheless, the integration of the Arabian Peninsula sheikhdoms into the British-protected system between 1835 and 1916 powerfully influenced the region's subsequent political development.⁵ It enmeshed the proto-state entities into an inward-oriented, sub-regional unit in which British 'protection' was extended in return for exclusive political and economic relations.⁶

British protection and the attached legions of troops elevated and formalized the niches of the ruling families in each sheikhdom. This external protection also gave the peninsula's ruling elite a considerable stake in maintaining a conservative status-quo.⁷ In Saudi Arabia, a web of political and military ties with the United States provided similar shelter for the Al-Saud ruling family after 1945, while in Oman, British influence, which was informal yet pervasive, maintained a determined grip over the regime of Sultan bin Taimur (ruled 1932-70).⁸

³ Lawrence Potter, *The Persian Gulf in History* (New York: Palgrave Macmillan, 2009), 10-11.

⁴ Thomas Metcalf, *Imperial Connections: India in the Indian Ocean Arena* (Berkeley: University of California Press, 2007), 9.

⁵ Following the signing of a General Treaty in 1820 and a Maritime Truce in 1835, the British Empire concluded individual treaties with the Trucial States (later the United Arab Emirates) in 1835, Bahrain in 1861, Kuwait in 1899 and again in 1914, and Qatar in 1916.

⁶ James Onley and Suleyman Khalaf. "Shaikhly Authority in the Pre-oil Gulf: An Historical-Anthropological Study," *History and Anthropology* 17 (2006): 202-4.

⁷ Lisa Anderson, "Absolutism and the Resilience of Monarchy in the Middle East," *Political Science Quarterly* 106 (1991): 9.

⁸ Marc Valeri, *Oman: Politics and Society in the Qaboos State*. (London: Hurst & Co., 2009), 64-6.

Although not monolithic, and capable of including politically progressive individuals, such as Abdullah al-Tariki⁹ (the ‘Red Sheikh’) in Saudi Arabia, Gulf States’ regimes developed a reputation for political caution that contrasted sharply with popular and radical movements of national liberation elsewhere in the developing world. Pragmatic pursuance of survival strategies enabled them to manage the transformational socio-economic impact of oil revenues on their polities. This defied prevailing opinion among political scientists, such as Karl Deutsch and Samuel Huntington, who predicted their imminent demise in the 1950s and 1960s. The theory of the ‘Sheikh’s Dilemma’ argued that most remaining traditional monarchies would collapse under the pressures for political reform and modernising forces that would overwhelm ‘weak’ traditional polities.¹⁰

Internal and external considerations reinforced a conservative political stance that distinguished the Gulf States from the majority of post-colonial states in other regions of the world. The divergence in world-views became clear during the Marxist-supported rebellion in the Omani province of Dhofar from 1965-75. Officials from the People’s Democratic Republic of Yemen, which supported the Popular Front for the Liberation of Oman and the Arabian Gulf, portrayed the campaign as a “war of liberation against foreign occupation” from the “puppets of colonialism in Oman” and its “client Government,” supported by British political and military assistance.¹¹

Oman eventually defeated the rebellion in Dhofar, but with high levels of British political and military assistance that extended well beyond the British withdrawal from the Gulf in 1971. The campaign visibly demonstrated the extent of the Gulf States’ divergence from political trajectories dominant in the developing world at a time, when officials in Saudi Arabia not only led the way in vocal anti-communist pronouncements, but encouraged the formation of conservative Islamic organizations to counter left-wing or secular oppositional alternatives.¹²

Moreover, this dependency complicated and delayed the emergence of tangible links with major emerging economies, such as China, which actively

⁹ Director General of Petroleum and Mineral Affairs (1954-60) and Minister of Petroleum and Mineral Resources (1960-62).

¹⁰ Christopher Davidson, *The United Arab Emirates: A Study in Survival* (London: Lynne Rienner, 2005), 66.

¹¹ Letter from the Permanent Representative of the People’s Democratic Republic of Yemen to the Secretary-General of the United Nations, 26 November 1973. London: The National Archives, file FCO 8/2037.

¹² Fred Halliday, *The Middle East in International Relations: Power, Politics and Ideology* (Cambridge: Cambridge University Press, 2005), 122-3.

supported Dhofar's anti-imperialist, revolutionary movement.¹³ When Kuwait established diplomatic relations with China in 1971, it went against the flow of Gulf diplomacy. Elsewhere in the Gulf, the normalization of ties did not occur until after Deng Xiaoping issued a 1978 announcement that China would moderate her policies. Oman established relations with China in 1978, the United Arab Emirates in 1984, Qatar in 1988, Bahrain in 1989, and Saudi Arabia in 1990.¹⁴

Nevertheless, the 1960s and 1970s witnessed the initial links between the Gulf States and other countries and regions in the Global South. These occurred first in Kuwait and Saudi Arabia, which had very different underpinning. Kuwait's early establishment of diplomatic relations with China mirrored its exchange of diplomatic representatives with the Soviet Union in 1963. Both decisions considerably predated similar moves by the other Gulf States and reflected Kuwait's balance of superpower relations during the Cold War.¹⁵

A similar internationalist approach marked the beginning of Kuwait's policy of overseas development assistance, as the Kuwait Fund for Arab Economic Development (KFAED) was formed in December 1961 - just six months after independence.. A combination of political, economic, and military factors lay behind its creation. These factors included a feeling of responsibility among Kuwaiti policymakers that a portion of their new-found oil wealth should be redistributed to poorer Arab communities through the provision of social, educational, medical and other essential services.¹⁶ It also institutionalised early examples of pan-Arab assistance, predating both Kuwaiti independence and the creation of KFAED, when Kuwait financed the dredging of Dubai Creek between 1958 and 1960, after an appeal from the ruler of Dubai to his wealthier northern counterpart.¹⁷

Building on the Kuwaiti example, the government of Abu Dhabi founded the Abu Dhabi Fund for Arab Economic Development (now the Abu Dhabi Fund for Development, ADFD) in 1971, while the Saudi Fund for Development formed in 1974. These three government agencies were followed by the creation of multilateral aid agencies in the mid-1970s. Kuwait was instrumental in the formation of the Arab Fund for Economic and Social Development (AFESD) in 1974, and Abu Dhabi

¹³ Steve Yetiv and Chunlong Yu, "China, Global Energy and the Middle East," *Middle East Journal* 61 (2007): 201.

¹⁴ Christopher Davidson, "Persian Gulf-Pacific Asia Links in the 21st Century: A Marriage of Convenience?" *LSE Kuwait Programme Working Paper* 7 (2010), 5.

¹⁵ Until the mid-1980s, Kuwait was the only Gulf State that maintained a working political, financial and military relationship with the USSR.

¹⁶ Abdul-Reda Assiri, *Kuwait's Foreign Policy: City-State in World Politics* (Boulder: Westview Press, 1990), 26.

¹⁷ Christopher Davidson, *Dubai: The Vulnerability of Success* (London: Hurst & Co., 2008), 86.

established the Arab Monetary Fund in 1975. Also in 1975, the Islamic Development Bank (IsDB) formed in Jeddah as a multilateral development finance institution that promoted Islamic finance. In 1980, Saudi Prince Talal bin Abdul Aziz, who recommended the formation of the Arab Gulf Programme for the United Nations Development Organisation (AGFUND), became its president.

This array of bilateral and multilateral assistance channels meant that aid contributions from Gulf States far exceeded those of developed countries: between 1974 and 1979, during a period of sustained high oil prices, contributions from Kuwait, Qatar, Saudi Arabia and the United Arab Emirates totalled between six to eight percent of their respective gross national incomes, as compared to one-third of one percent for OECD DAC (Development Assistance Committee) countries.¹⁸

These funds' initial focus on Arab and Islamic countries broadened to providing assistance to the developing world generally. Thus, the Arab Bank for Economic Development in Africa (BADEA), founded in Khartoum in 1974, covered countries that were members of the Organisation for African Union, but not of the Arab League. Similar to AFESD, it moved beyond the Arab world to finance projects elsewhere; in 2006, BADEA and AFESD co-financed a 264.5 km railway in Namibia.¹⁹

The second major instance of Gulf States' interaction with the Global South during this period occurred as inflows of oil revenues into Saudi Arabia facilitated the creation of international Islamic institutions and networks. These extended Saudi Arabia's 'soft power' trans-nationally and nourished the creation of the Muslim World League (1962), the Organisation of the Islamic Conference (1972), the World Assembly of Muslim Youth (1972) and the International Islamic Relief Organisation (1975).²⁰ Ironically, these outreach programs reinforced the conservative bulwark that separated the Gulf States from the prevalent political and ideational cross-currents of that period. King Faisal bin Abdul Aziz created these outreach programs to counter the influence of both pan-Arab nationalism and communism.²¹

¹⁸ Sultan Barakat and Steve Zyck. "Gulf State Assistance to Conflict-Affected Environments." *LSE Kuwait Programme Working Paper 10* (2010), 7-11.

¹⁹ *Ibid.*, 11.

²⁰ Roger Hardy, "Ambivalent Ally: Saudi Arabia and the 'War on Terror'," In *Kingdom without Borders: Saudi Arabia's Political, Religious and Media Frontiers*, ed. Madawi Al-Rasheed. (London: Hurst & Co., 2008), 101.

²¹ Morten Valbjorn and Andre Bank, "Signs of a New Arab Cold War: The 2006 Lebanon War and the Sunni-Shi'i Divide," *Middle East Report* 242 (2007): 7-8.

Alongside the institutionalized bodies listed above, whether in the Saudi state or via more private endeavours, investment in the international charitable networks and social welfare organisations, mosques, theological schools and NGOs, shifted political Islam's frame of reference from its roots at a state-level to the trans-national realm. This Islamist turn took place primarily during the reign of King Faisal (1964-1975). It differed from the pan-Arab articulation of Saudi outreach during the rule of Faisal's predecessor, Saud (1953-1964). Arguably, the investments in charitable networks also prefigured the forms of global civil society more commonly associated with the Western-centric concepts of globalisation in the 1990s and 2000s.²²

The dispersal of Saudi-sponsored Islam became an important vehicle for reinforcing and projecting the Kingdom's legitimacy in Islamic communities across the world. It underlined how trans-nationalism was perceived to be as much a political strategy as a religious obligation, and how trans-nationalism intended to co-opt and channel potentially dissident strands of Islam toward acquiescence of the al-Saud's much desired recognition as guardian of Islam's holiest places.²³

Gulf States also participated in embryonic coalitions of developing countries. As one of only two independent states in the Gulf at the time – Oman being the other - Saudi Arabia attended the Asia-Africa Conference at Bandung in 1955. All six subsequently joined the Non-Aligned Movement (NAM) when they gained independence in the years after its 1961 creation. However, Saudi Arabia's priorities shifted toward pan-Islamic engagement following Faisal's accession in 1964 and the creation of the Organization of the Islamic Conference in 1972

Saudi Arabia and Kuwait were among the founding members of the Group of 77, a coalition of developing countries at the United Nations, that Bahrain, Oman, Qatar and the UAE have since joined. Involvement in these loose groupings of developing countries provided some structure to Gulf interactions with the Global South in the pre-1991 period, even though bilateral relations with important countries, including China, as mentioned above, began to warm only in the 1980s.²⁴

2. The internationalization of the Gulf and deepening South-South cooperation

²² Marc Lynch, "Globalization and Arab Security," in *Globalization and National Security*, ed. Jonathan Kirshner. (New York: Routledge, 2006), 191-2.

²³ In 1986, King Fahd (reigned 1982-2005) became the first King of Saudi Arabia to adopt the title of 'Custodian of the Two Holy Mosques.'

²⁴ Personal interview, London, May 2010.

The 1991 Gulf War marked a watershed in the Gulf States' international posture. Kuwait's liberation by a multinational coalition of thirty-four nations occurred at a moment of profound change in the international system. It coincided with the end of the Cold War and the acceleration of global political change.²⁵

Globalization deepened and broadened the links between the Gulf States and the international system. It expanded these joint concerns well beyond the hydrocarbons sector. Energy remained important to rapidly-emerging economies, such as India and China, which, in 1993, became net importers of oil products.²⁶ These oil considerations were now augmented by new geopolitical and geo-economic alignments that gathered pace in the 2000s, as sustained high oil prices between 2002 and 2008 – and the presence of the resource itself - cast the Gulf States as leading global players.

Although the roots of the Gulf States' enhanced international profile are complex and multifaceted, a process of generational change among ruling elites in the late-1990s and early-2000s interacted with a period of rapid capital accumulation from the second oil price boom. Moreover, a combination of their hydrocarbon reserves and financial resources, and the critical decisions as how to utilize them, saw the GCC States develop into the centre of geo-economic gravity in West Asia.²⁷

Thickened ties with South and East Asia, Africa, and later with South American countries, simultaneously internationalized the Gulf and realigned it within the global order. Resurgent South-South links fit into this pattern of repositioning the Gulf States through new bilateral and multilateral agreements, partnerships and initiatives, and through the possibilities afforded by the accrual of higher hydrocarbon revenues.

The Gulf States' political and security relationships with the West survived the stress placed on them in the aftermath of the September 11, 2001 terrorist attacks in the United States. These relationships remain integral to the region's stability and security. Yet, the internationalization of the Gulf subtly reshaped its international relations. This reshaping combined GCC policymakers' increasingly global outlook with a convergence of hitherto-discordant political and ideological trends in much of the Global South. Thus, India's ties with the Gulf have *re*-emerged

²⁵ See, for example, David Held and Anthony McGrew, with David Goldblatt and Jonathan Perraton, *Global Transformations* (Cambridge: Polity Press, 1999).

²⁶ Mahmoud Ghafouri, "China's Policy in the Persian Gulf," *Middle East Policy* 16 (2009), 80.

²⁷ See David Held and Kristian Coates Ulrichsen, eds., *The Transformation of the Gulf: Politics, Economics and the Global Order* (London: Routledge, 2011).

since the 1990s, centred on, but not limited to, the more than 4.5 million Indian expatriates in the GCC.²⁸ A series of high-level bilateral visits progressively widened the range of links to cover the security, defence, economic and energy arenas.

Following a deep freeze that began during the premiership of Indira Gandhi and continued into the 1990s, ties unthawed after Indian Foreign Minister Jaswant Singh's 2001 visit to Saudi Arabia and King Abdullah bin Abdul Aziz's 2006 return visit to India. These links culminated in the February 2010 upgrade of the bilateral relationship into a Strategic Partnership, with promises of "a new era based on economic engagement and emerging opportunities."²⁹

Bilateral relationships played, and continue to play, an important role in the GCC States' international relations. Nevertheless, the proliferation of regional and global institutions and the formation of new layers of governance open up new avenues and channels for South-South Cooperation. At the same time, the global financial and economic crisis and the chaotic military interventions in Iraq and Afghanistan exposed the failings of the Washington Consensus and US-led security doctrine. These weaknesses in the two major policy packages that set the global agenda through the 1990s and 2000s provided an opportunity to partially reassess the nature and forms of regional and global governance.³⁰ Saudi Arabia's position within the G20 and on the board of the International Monetary Fund (IMF) visibly represented the emerging realignments of non-Western emerging powers in reshaping the architecture of international governance.

Finance Minister Ibrahim Abdulaziz Al-Assaf joined his counterparts from Brazil, Russia, India and China, when he advocated that developing countries in the IMF be vested with increased voting powers at the expense of "over-represented" developed states.³¹ In 2011, Al-Assaf again raised the issue with Christine Lagarde as she sought the support of emerging economies in her (successful) campaign to succeed Dominique Strauss-Kahn as IMF head.³²

Officials in the Gulf began to outline their visions of the global rebalancing. During the height of the financial crisis, Kuwait organized and hosted the January

²⁸ John Willoughby, "Ambivalent Anxieties of the South Asian-Gulf Arab Labour Exchange," in *Globalization and the Gulf*, eds. John Fox, Nada Mourtada-Sabbah and Mohammed Al-Mutawa (London: Routledge, 2006), 228.

²⁹ Personal interviews, Abu Dhabi (October 2009) and London (May 2010).

³⁰ David Held. "Global Challenges: Accountability and Effectiveness." *Open Democracy* 17 January 2008.

³¹ "Saudi Says IMF Reforms Should Not Be at its Expense." *The Peninsula* 5 September 2009.

³² "Saudi Arabia to Seek Greater Role in IMF," *Gulf Daily News* 12 June 2011.,

2009 Arab Economic, Social and Development Summit.³³ Later in 2009, the Qatari Prime Minister and Minister of Foreign Affairs, Sheikh Hamad bin Jasim bin Jabr Al-Thani, called for reshaping “the organizational frameworks of the dominant political system” as to reflect the emergence of a multi-polar order in which “the West was not the sole player in the world.”³⁴

In the run-up to the second meeting of the G20 in London in April 2009 the contours of a loose new alignment of emerging economies converged around calls to redress a representational imbalance in the international financial architecture. Al Assaf made it clear that the Kingdom advocated an increase in the shares and voting powers in international financial institutions.³⁵ In parallel, moves toward emerging coalitions of ‘middle powers’ took a step forward in June 2009 with the creation of the BRIC Forum in Yekaterinburg in Russia. This new annual summit of the four leading emerging economies (which subsequently met in Brasilia in 2010 and Sanya in China – with South African participation - in 2011) created a platform intended to counter-balance perceived US leadership in the global system.³⁶ Ahead of the third G20 meeting in Pittsburgh in September 2009, Al Assaf joined with the BRIC’s in supporting a proposal to increase emerging economies’ representation in the IMF that would more accurately reflect their weight in the global economy.³⁷

GCC officials also participated fully in the triennial summit of the Non-Aligned Movement in July 2009 over how to restructure global governance and to embed developing country participation into decision-making processes. The summit called for reforming international institutions that, in the words of Indian Prime Minister Manmohan Singh, “continue to be based on charters written more than sixty years ago, though the world has changed greatly since then.”³⁸ Kuwaiti officials also used the occasion to announce donations of \$500 million to a fund supporting small and medium development projects in emerging economies, and \$300 million to a fund combating poverty in Africa.³⁹

These emerging contours acquired a multilateral dimension with the 2009 decision to locate the newly-created International Renewable Energy Agency (IRENA) in Abu Dhabi. Similarly, Qatar’s role in hosting and transforming the Gas

³³ “Arab Summit in Kuwait to Discuss Gaza Reconstruction.” Arab News 19 January 2009.

³⁴ “Qatari PM Stresses Rule of Law to Face Challenges.” Gulf Times 31 May 2009.

³⁵ *Saudi Gazette*, 15 March 2009.

³⁶ *Russia Today*, 15 June 2009.

³⁷ *The Peninsula*, 5 September 2009.

³⁸ “NAM Leaders Call for ‘New Economic Order.’” Oman Daily Observer, 16 July 2009.

³⁹ “Developing Countries Concerned Over Economic Crisis: Kuwait.” Kuwait News Agency 13 July 2009.

Exporting Countries' Forum into an intergovernmental organization that comprised the world's leading (and non-Western) gas producers is another instance of the Gulf States' greater role in regional and non regional, international governance.⁴⁰

The critical importance of energy-related issues in driving and deepening multilateral relationships between the GCC states and other blocs of emerging economies became evident during the first GCC-Association of Southeast Asian Nations (ASEAN) ministerial meeting in June 2009. Officials discussed plans to transition toward building a trade bloc, in accordance with the ASEAN states' energy security requirements as balanced by the GCC states' food security requirements. ASEAN General Secretary Suring Pitsuan presciently noted that, "You have what we don't have, and we have in plenty of what you don't have, so we need each other."⁴¹

Nevertheless, GCC states' agro-investments in Asia and Africa expose them to allegations of 'agro-imperialism' and neo-colonialist 'land-grabbing.' After the first delivery of a cargo of rice from a Saudi-financed farm in Ethiopia in 2009, an article in the Financial Times pointed out that crop failures had left 11 million Ethiopians dependent on the World Food Programme for sustenance. Other media coverage focused on the lack of international regulations or legal safeguards to protect local farmers, and accused Saudi Arabia and the UAE of "a frantic rush to gobble up farmland all around the world."⁴²

The overall picture is more nuanced and has been recognised as such by the UN Food and Agriculture Organization. While recognising the "complex and controversial economic, political, institutional, legal and ethical issues," it also noted that Gulf States were investing in agricultural development and productivity gains. This is the narrative that Gulf initiatives such as the King Abdullah Initiative for Saudi Investment Abroad and the Qatar National Food Security Programme prioritize. However the potential for blowback became evident as the post-Mubarak government in Egypt froze a major agricultural deal that the ousted regime had reached with Saudi Arabia's Kingdom Holdings.⁴³

Hence, the emerging coalitions between the Gulf States and other major emerging economies injects new dynamics into the international system. However, these new alignments differ significantly from earlier models of South-South Cooperation such as the New International Economic Order in the 1970s. This set of

⁴⁰ "Doha gears up to host Gas Exporting Countries' Forum." *The Peninsula* 29 June 2009.

⁴¹ "Gulf States and ASEAN Eye New Trade Bloc Based on Food, Oil." *The Peninsula* 1 July 2009.

⁴² Thomas Lippman, "Saudi Arabia's Quest for 'Food Security'," *Middle East Policy* 17 (2010): 92-3.

⁴³ "Egypt Freezes Saudi Arabian Farm Land Deal," *The National* 12 April 2011.

proposals from developing countries sought to revise the Bretton Woods economic system by collectively promoting their interests on issues such as improving their terms of trade and reducing developed-country tariffs.⁴⁴

Different motivations guide the Gulf States in their current engagement with the international system. Rather than trying to change the structure of the global economy, they are instead attempting to maximize their own influence within it. Led by Saudi Arabia's position on the G20, they have formed coalitions of convenience with other major emerging economies to argue for a shift in representation. Thus, Chinese President Hu Jintao visited Saudi Arabia in February 2009 and pledged to work together "with a view to reforming the global financial institutions."⁴⁵ Yet it also raises the possibility that developing countries may begin to view the Gulf States as less of a counter-balance in the international system, and more of an exploitative power in its own right.

3. Modalities of Gulf States - South-South cooperation

This interlinking of food and energy security reflected a series of policy decisions taken in GCC states to outsource the production of food through strategic agro-investments. In January 2009, the King Abdullah Initiative for Saudi Agricultural Investment Abroad established an investment fund of SR 3 billion (roughly \$800 million) to support investment by private sector Saudi Arabian companies in agricultural projects abroad. In February, the Hail Agricultural Development Company announced a two-year investment of \$45.3 million to develop 9,000 hectares of farmland in Sudan. Another Saudi company (Star Agricultural Development Company) invested in the cultivation of rice and other crops on 1.2 million acres in Ethiopia.⁴⁶ In Qatar, the Hassad Food Company launched, in July 2008, a \$1 billion subsidiary of the Qatar Investment Authority. In 2009, it reached a \$500 million agreement to grow wheat and rice in Sudan, and in 2010 continued finalising the purchase of a sugar manufacturing plant in Brazil. This purchase was notable, because it was capable of meeting Qatar's entire demand for raw and refined sugar.⁴⁷

⁴⁴ Robert Cox, "Ideologies and the New International Economic Order: Reflections on Some Recent Literature," *International Organization* 33 (1979): 260-3.

⁴⁵ "China to Boost Relations with GCC: President Hu," *Arab News*, 12 February 2009.

⁴⁶ Lippman, "Saudi Arabia's Quest,," 92.

⁴⁷ "In Bid for Food Security, Qatar Grows Seeds Globally." *The National* 2 September 2010.

The example of agro-investments in Asia, Africa, and elsewhere demonstrates how specific modalities of cooperation reshape the international relations of the GCC states, especially with emerging partners. The same trend is observable in the investment strategies of GCC-based sovereign wealth funds. Significant shifts in investment strategies over the past decade diversified flows of money from over-representation in North American and European markets toward greater investment in emerging economies. This diversification responded, in part, to the events of September 11th, 2001 and fears of a political backlash, such as the US Congress blocking Dubai Ports World from taking control of American ports in 2006. This shift also reflected the increasing attractiveness of emerging markets, particularly in China, India, Malaysia, Hong Kong, Taiwan, and Singapore.

The Abu Dhabi Investment Authority and the Qatar Investment Authority led the way in searching for investment opportunities in emerging markets. Greater flows of foreign direct investment into other countries in the Middle East and North Africa (MENA) region boosted regional capital markets and created new synergies between Gulf investors (particularly in Islamic financial institutions) and local businesses.⁴⁸ In 2010, the Asia-Pacific region attracted the largest proportion of direct investments made by Sovereign Wealth Funds at 60% of the total. The Qatar Investment Authority, for example, invested \$6 billion in the Agricultural Bank of China.⁴⁹

Investment flows augmented existing transfers through remittances and developmental assistance from oil-rich to resource-poor states. In addition to the Gulf States' historical provision of overseas development assistance (ODA) to the Arab and Islamic world (as described in the first section of this article), more recent assistance focused on projects tied directly into South-South Cooperation, and on projects providing humanitarian aid to fragile states.

The Kuwaiti and Saudi Funds, which were the most global in focus, financed projects in Europe, Latin America, and to poorer countries in sub-Saharan Africa and south-east Asia. The Arab Bank for Development in Africa (BADEA), the Arab Fund for Economic and Social Development (AFESD) and the Islamic Development Bank (IsDB) proactively extended support to projects fostering regional economic integration and South-South Cooperation. Thus, BADEA financed road projects to promote trade between Burkina Faso, Chad, Sierra Leone, Rwanda and Cameroon in 2007, while AFESD partnered with the Islamic Development Bank to support

⁴⁸ Gawdat Bahgat, "Sovereign Wealth Funds: Dangers and Opportunities," *International Affairs* 84 (2008): 1195-8.

⁴⁹ "Investing at Home," *The Gulf Business News and Analysis*, August 2011, pp.14-5.

regional integration in Africa through the Trans-Sahara and Trans-Sahel roadways.⁵⁰

Major recipients of Gulf ODA to conflict-affected areas, between 2000 and 2007, included Pakistan, Afghanistan, Iraq, Sudan, Eritrea, Mauritania, Niger and the Solomon Islands.⁵¹ GCC states also led in pledging assistance to Yemen at the November 2006 London donors' conference of, even though 'capacity constraints' restricted the actual distribution to only 7% of the \$4 billion Gulf States pledge.⁵²

Notwithstanding, the GCC States assumed positions of leadership in the renewed international commitment to Yemen in 2010, both within the Friends of Yemen Forum and by organizing the high-level Riyadh meeting of regional and international donors in February 2010. Moreover, the GCC ODA pledges to Yemen dwarfed those of Western donors, as Saudi Arabia pledged \$1.25 billion in 2009 compared to an American figure of \$63 million.⁵³

Assistance to fragile and conflict-affected states intermeshes with Qatar's high-profile involvement in conflict mediation. Boosted by its early success in bringing about the Doha Agreement that ended an eighteen-month political stalemate between competing factions in Lebanon in 2008, Qatar has since hosted diplomatic mediation between the Sudanese government and the Darfur Justice and Equality Movement in 2009, and between the Yemeni government and leaders of the Houthi rebellion in 2010, and offered to broker negotiations between the government of the Philippines and the Moro Islamic Liberation Front in 2008-9.⁵⁴

Other mechanisms that facilitate the Gulf States' involvement in South-South Cooperation, include the expansion of hitherto-predominantly bilateral issues into incipient multilateral administrative and regulatory frameworks. A notable example of this occurred in the implementation of the Abu Dhabi Dialogue on Contractual Labour for Cooperation between Countries of Origin and Destination in Asia.

⁵⁰ "Arab Development Assistance: Four Decades of Cooperation." Washington, D.C.: The International Bank for Reconstruction and Development/The World Bank, July 2010.

⁵¹ Habiba Hamid, "Overseas Development Assistance from the UAE: Structuring Donor Relations in the Context of the Arab League's Fragile States," *Dubai School of Government Working Paper 09-03* (2009): 4.

⁵² "Gulf States Key to Resolving Yemen's Ills." Agence France-Presse 29 January 2010.

⁵³ Ginny Hill, "What is Happening in Yemen?" *Survival* 52.(2010): 2-3.

⁵⁴ "Yemen Opens Talks with Shia Rebels on Peace Deal in Doha." Agence France-Presse 25 August 2010; "The Philippines: Running in Place in Mindanao." International Crisis Group Policy Briefing 88, 16 February 2009.

This official dialogue brought together the eleven Colombo Process labour-exporting countries (Afghanistan, Bangladesh, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam), with nine labour-importing countries (Bahrain, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, Singapore, United Arab Emirates and Yemen). Organised and hosted by the UAE in January 2008, it constituted a landmark in regional cooperation, based on the mutual interests of labour-originating and destination countries.⁵⁵ It gave particular focus to development, information-sharing, capacity-building and inter-state cooperation.⁵⁶ It also demonstrated how existing examples of South-South Cooperation, in this instance the Colombo Process, can be knitted into larger, inter-regional and cross-sector frameworks of cooperation and dialogue.

4. Conclusion

The rapid recent emergence of the GCC states into positions of international leadership represents a moment of great opportunity for South-South Cooperation. In part, this is based on common economic and commercial interests. While considerations of energy security are nothing new, the scale and multiple dimensions of recently-announced initiatives are innovative.

These innovations include substantial joint venture agreements between Kuwait and China (symbolised by the creation of the Kuwait-China Investment Company in 2005). Such innovations also include agreements between Saudi Aramco and Sinopec, to construct oil refineries and petrochemical plants in China. Significantly, these commercial links, which diversified beyond their hydrocarbons base, are branching off into dynamic, mutual interdependencies with trade partners throughout Africa and (particularly) Asia.⁵⁷

Even though South Korea is not a member of the Global South, an August 2010 energy swap, between the Korean National Oil Corporation and the Abu Dhabi National Oil Company, necessitated a joint venture for the exploration oil and gas, for the construction of a Korean oil storage, and for construction of a stockpiling facility in Abu Dhabi. The growth and evolution of a simple agreement

⁵⁵ Information on the Abu Dhabi Dialogue can be found on the website of the International Labour Organization, http://www.ilo.org/sapfl/News/lang--en/WCMS_090660/index.htm (accessed 14 March 2012).

⁵⁶ Ibid: 'Abu Dhabi Dialogue on Contractual Labour for Cooperation between Countries of Origin and Destination in Asia,' http://www.ilo.org/sapfl/News/lang--en/WCMS_090660/index.htm (accessed 14 March 2012).

⁵⁷ Davidson, "Persian Gulf-Pacific Asia," 5, 17.

into massive, bilateral project indicates how economic relations could deepen into strategic, even politically intimate, interdependencies with other countries.⁵⁸

Other likely avenues for fruitful South-South Cooperation relative to the GCC States include the energy/food security nexus described above, and collaboration on civil nuclear energy programmes, and research into renewable forms of energy. Indeed, the bilateral, 2009 ‘123 Agreement’ for peaceful nuclear cooperation that the UAE reached with the United States constitutes an archetypal model.

This archetypal model serves as an example that addresses the needs of nuclear supplying states and potential recipients, after which countries otherwise seeking a civil nuclear energy capability could shape their strategies.⁵⁹ As the GCC states assume global leadership in renewable and nuclear energy research (epitomized by Saudi Arabia’s announcement of the King Abdullah City for Nuclear and Renewable Energy in Riyadh), cooperative research and development links on energy issues may generate significant momentum in future South-South Cooperation frameworks.

The global rebalancing as described in this chapter, holds profound implications for the future of South-South Cooperation and for the Gulf States within it. Among other things, this rebalancing opens up alternative models of economic development and carves out pathways for engagements with layers of global governance and international institutions. Policy-makers in the GCC States have shown particular enthusiasm for the ‘developmental state’ model favoured in East Asia. This features a pragmatic mix of state guidance and private initiative, and Singapore is frequently cited as a model to follow.⁶⁰

Yet the new pressures generated by the 2011 Arab Spring raised the possibility of diverging future trajectories of Gulf States’ engagement in South-South Cooperation. On the one hand, Saudi Arabia emerged as a leading status quo bulwark attempting to safeguard its basic regional and security interests. While it supported the replacement of leaders that had lost their legitimacy or moral

⁵⁸ “South Korea, UAE to Cooperate on Energy Exploration, Stockpiling of Oil.” Bloomberg 2 August 2010.

⁵⁹ Bryan Early, “Strategies for Acquiring Foreign Nuclear Assistance in the Middle East: Lessons from the United Arab Emirates,” *Dubai School of Government Working Paper 09-11* (2009): 4.

⁶⁰ Martin Hvidt, “The Dubai Model: An Outline of Key Development-Process Elements in Dubai,” *International Journal of Middle East Studies* 41 (2009): 399.

authority in Libya and Yemen, elsewhere it intervened to crush pro-democracy protests in Bahrain and lavished financial assistance toward Egypt and Jordan.⁶¹

Saudi Arabia also spearheaded a surprise GCC announcement that it would offer forms of membership to Jordan and Morocco. Together with the deployment of the GCC Peninsula Shield Force to restore stability in Bahrain, the move was interpreted by some as revealing the GCC States' 'true colours' as a club of beleaguered monarchs coming together.⁶² This more negative interpretation also encompasses scepticism about the Gulf States' 'agro-investments.' They raise the possibility that the GCC States' global engagement is motivated by state-centric ambitions to maximize their position in the changing global order rather than any normative attachment to the group of developing countries to which they formerly belonged.

By contrast, Qatar and the UAE were actively involved in rallying Arab support for the multi-national intervention into Libya in March 2011. In addition to providing air support to the operation, the two countries hosted multilateral summit meetings of the Libya Contact Group. Qatar also extended practical assistance to the opposition National Transitional Council by providing financial assistance and helping it market and sell oil on international markets.⁶³ In this more optimistic scenario, the Gulf States become more active and responsible global actors and utilize their leverage for the benefit of developing countries more broadly. Qatar's range of investments, diplomatic mediation and growing profile suggests this might be plausible at an individual-country level. It is, however, doubtful that specific Qatari motives are representative of the GCC as a whole.

This power realignment therefore holds significant consequences for the continued evolution of multilateral decision-making, in a matrix of systemic shifts in the post-World War Two international architecture. By 2020, the maturation of a genuinely multi-polar international system will provide multiple openings for coalitions of emerging powers to maximize influence and connections. The GCC States will play a significant role in this global rebalancing in both positive and negative ways, as evidenced by differing responses to the Arab Spring.

Hence it is likely that future Gulf States' participation in South-South Cooperation will be far from seamless. Aggressive competition for access to farmland

⁶¹ F. Gregory Gause, "Is Saudi Arabia Really Counter-Revolutionary?" *Foreign Policy* 9 August 2011.

⁶² Mohammed Ayoob, "The GCC Shows its True Colors," *Foreign Policy* 16 March 2011.

⁶³ "Qatar Takes a Bold Diplomatic Risk in Supporting Benghazi's Transitional Government," Gulf States Newsletter 8 April 2011.

in Africa and Asia, for example, carries the seeds of potential tension with other countries seeking strategic agro-investments, such as China, or if commodity prices continue to rise and leave local populations lacking secure or affordable access to basic foodstuffs.⁶⁴ This shift thus holds the danger of a host of societal backlashes, if terms of engagement are judged inequitable to local cultivators in the producer nation.

Regardless of whether it turns out to be positive or negative, the overall trajectory of Gulf States' participation in South-South Cooperation is decidedly upward, as links multiply into thickening interdependencies. With the gradual dissolution of the largely-stagnant pre-1991 relationship, a broader pattern emerges, in which the Gulf States project greater global influence in a world, and in which power is more diffuse and refracted than ever before.

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⁶⁴ "Is There Such a Thing as Agro-Imperialism?" New York Times 16 November 2009.

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ABSTRACT

This article assesses the role of the Gulf Cooperation Council (GCC) states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) in the framework of South-South Cooperation. It charts the different phases of engagement between the Gulf States and other developing countries, and the shifting dynamics that underpinned them.

These phrases demonstrated profound changes that reflected policymaking calibrations in response to domestic, regional and international catalysts. When read together, the internal and external forces that press upon the GCC States shape the analytical perspective of this article. Further, these internal and external pressures shaped the Gulf States' contributions to South-South Cooperation, and framed the intra-regional and international realignments within which GCC engagements took place.

KEYWORDS

Gulf States; South-South Cooperation; Gulf Cooperation Council.