



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

The Seventh Gulf Studies Forum

November 29 - December 3, 2020

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Online Registration



About the Conference

Track I: Sovereign Wealth Funds and Investment Policies of the GCC States

Today's international economic order, with its liberal capitalist character, has a history of economic and financial crises which tend to recur roughly every two decades. As a result, countries vulnerable to international economic crises because of globalization and information technology have been forced to develop plans and strategies to curb the risks.

Sovereign wealth funds are among the most important of these strategies, especially in economic settings where huge financial surplus arises from returns on raw materials, such as the GCC states. Countries whose economies depend primarily on oil have also been keen to invest in future generations who may well confront a depletion of their countries' oil resources, or turn to the development of alternative energy sources, especially in developed oil-consuming countries.

The IMF has defined sovereign wealth funds (SWF) as "a group of financial assets owned or managed directly or indirectly by the government to achieve national goals, and funded either by foreign exchange reserves or exports of natural resources, the general revenues of the state, or any other income." IMF experts identify five types of sovereign wealth funds:

- 1) Stabilization funds, which aim to isolate national economies from the volatility of associated foreign economies, shocks to the international economic environment, and commodity price fluctuations on global markets.
- 2) Savings funds, whose goals revolve around sustaining well-being and creating cross-generational development fairness by converting non-renewable assets into diversified wealth-producing assets. Experts place the SWFs of the GCC within this framework.
- 3) Development funds directed at funding priority socio-economic projects, most significantly construction and infrastructure.
- 4) Pension reserve funds, which control the outflow and investment of pension funds. The Norwegian SWF is the most important example of this model.
- 5) Reserve funds of major investment companies, which aim to reduce costs and maintain reserves or earn a higher return on reserves. In the opinion of some experts, reserve funds and pension reserves are not counted as SWFs.

According to the SWF Institute's annual ranking of the largest 88 sovereign funds by total assets, in 2019 the world's largest sovereign fund was Norway's GPF (Government Pension Fund of Norway) with total assets equal to approximately USD 1.1 trillion, followed by the China Investment Corporation, with an estimated total of USD 940 billion. The dominant presence of GCC states' SWFs in this ranking

is noteworthy. The Abu Dhabi Investment Authority ranked third in the world with total assets of USD 696 billion, followed by the Kuwait Investment Authority with total assets of USD 592 billion. The Qatar Investment Authority ranked ninth with total assets of USD 328 billion; Saudi Arabia ranked tenth with an SWF valued at approximately USD 320 billion; and Oman's SWF ranked 55th (without stating total assets). Some Gulf countries, such as the UAE, have more than one SWF under various names.

Based on the above taxonomy we see how sovereign wealth funds have strategic importance for Gulf states. In the Gulf region, SWFs convert the proceeds of natural resources into investment resources with the aim of diversifying sources of income and help avoid global economic shocks. In addition to this, they provide opportunities to raise rates of return on foreign exchange, protect government budgets and local economies from fluctuations in oil and natural gas prices on the international market, and transfer financial returns from natural resources into a diversified asset portfolio to serve future generations. This is especially the case in high-income countries, such as Qatar, the UAE, and Kuwait.

That the GCC states have very large SWFs raises many interesting topics for research such as the type, source, and governance of these funds; the role of the private sector; the issue of sustainability and strategies for managing economic crises; how to avert the risks from crises in the international economic system and how to prevent the exposure of the national economy.

Sovereign wealth funds in the Gulf are directly linked to investment policies, both at home and abroad. The relatively recent independence of most of the GCC states and their huge revenues from energy resources since the mid-1970s, have made this region attractive for investment, be it governmental or non-governmental, given the security stability in these countries, their need to develop infrastructure and economic institutions that meet the needs of society in times of rapid development, and the focus on local development. In addition, huge financial surpluses have prompted investment abroad to increase returns and diversify sources of income.

Today, GCC countries have deeply penetrated foreign markets in wide-ranging fields that include real estate, property development, energy, communications, technology, services, and financial derivatives, such that Gulf capital has become a major player in both European and North American economies. GCC states have also invested in Arab countries, Asia, Africa, and some Latin American countries. Yet, while foreign investment by the GCC countries has witnessed a strong expansion, foreign direct investment inflows have remained limited, despite all the efforts to reduce administrative and bureaucratic barriers and provide incentives to attract foreign direct investment, such as removing restrictions on foreign ownership of companies and real estate.

The recent crises of the GCC states, exemplified by the blockade of Qatar since 2017, demonstrated the importance of foreign investments to achieve food and medicine security, but also revealed the shortcomings and fragility of some investments and pro-investment policies. These limitations require a comprehensive review of investment policies in the GCC countries, especially with regard to residency

and citizenship laws, the requirement to have a local partner as an investor, and amendments to real estate and company ownership laws. International financial institutions have recommended that the Gulf states look at these issues in order to lessen reliance on foreign trade and build up foreign direct investment by removing structural obstacles in their economies.

The question of investment policies in the GCC states also raises the issue of the private sector and its role in the national economy, in the context of rentier economies in which the state controls and distributes money with no or low taxes on revenues. It brings up topics such as easing access for the private sector to markets, free competition, free trade, and restricting state intervention in economic life and its control of both wealth and power.

Track II: The GCC's Relations with Iran

In the current climate, the Gulf states' relations with Iran is provoking considerable research and debate. By virtue of its size, demographic weight, revolutionary system, and activist foreign and regional policies, Iran poses a strategic and structural challenge to the Gulf states, regardless of the nature of these states' bilateral relations with Iran. Iranian policy towards the Gulf states and other countries across the world is determined by its interests as a major regional state seeking to maximize its power and influence in the Gulf region and beyond. In its self-image as an authority for the world's Shiites, Iran poses an additional domestic challenge to the Gulf states and their local societies when it attempts to build transnational relations with the Shiite communities scattered in its strategic sphere. We should also not overlook Iranian nationalism and the image it has of itself as a great power in terms of size, wealth and civilization, and a bulwark against US policy in the region.

In contrast with the coherence of Iranian strategy in the region, those of the respective Gulf states and their relations with Iran appear to be governed by bilateral arrangements on the one hand, and rivalries between the GCC states on the other, thus lacking a unified regional position. Iran, meanwhile, has taken advantage of such divisions which have only increased since the Qatar blockade crisis. Iranian strategy and the absence of a Gulf strategy with clear priorities have enabled Tehran to protect itself from the isolation and containment efforts led by Saudi Arabia regionally, and the United States internationally. Even when the P5 + 1 group of countries engaged in dialogue with Iran over the nuclear issue, the GCC states were not at the table. Likewise, the Gulf states have failed to formulate a strategy for dialogue based on the fact that Iran is part of the region's history and geography, and on the basis of coexistence and good neighborliness despite differences, and respect for sovereignty and non-interference in the internal affairs of states.

While Iran's relations with Saudi Arabia and Bahrain are currently very tense, the Emirati position on Iran is variable. Iran occupies some Emirati territory (Tunb al-Soghra, Tunb al-Kubra, and Abu Musa), yet the UAE has important commercial and economic relations with Iran. Trade exchange between the two

nations before the re-imposition of US sanctions on Tehran was worth more than USD 16 billion in 2018, even before taking into account the use of Dubai's ports and its banks for financial and commercial transfers. Oman, Kuwait, and Qatar have normal relations with Iran, due to geographical proximity and national interests.

Current Gulf-Iranian relations cannot be understood in isolation from political developments in the region since the Iranian revolution and the active role played by Iraq in balancing Iranian influence prior to the American invasion in 2003. The fall of Baghdad caused the regional balance of power between Iraq and Iran to collapse and rendered the Gulf states strategically exposed to Iran and more dependent on the United States. After the invasion of Kuwait in 1990, the Gulf states tried to rely on regional allies such as Syria and Egypt, who played a central role in the coalition against Iraq, but for various reasons, they went on to favor a relationship with the West (the United States, Britain, and France), and to increase their defense spending and arms purchases.

Regionally, Iranian–Gulf relations are fraught with rivalry and conflict. Saudi Arabia and Iran are rivals in Yemen, Syria, Lebanon and Iraq. Globally, Saudi Arabia is taking advantage of Iran's tense relations with the West, the United States in particular, to increase pressure on Iran to change its regional approaches. Saudi Arabia has benefited from Donald Trump's ascent to power, the subsequent withdrawal from the Iranian nuclear agreement, and renewed international interest in Iran's regional policies to increase these pressures, given that it has been demonstrated that neither the United States nor anyone else will go to war with Iran should it target the UAE or Saudi Arabia.

Rivalry and mutual fear are not essential features of GCC states' relations with Iran. From 1997 to 2005, during a period of reformist administrations in Iran, President Muhammad Khatami adopted reconciliatory policies through which he managed to reduce the tension between Iran and the Gulf countries. This policy however failed in the long run for a number of reasons, including domestic ones but also regional and international dynamics.

Timetable

Day One

Sunday, November 29, 2020

Register



ID: 867 5734 7467

16:00 – 17:00	Sovereign Wealth Funds and Investment Policies of the GCC States
	<p>Opening Remarks and Public Lecture</p> <p>Chair: Marwan Kabalan</p> <p>Giacomo Luciani: Dilemmas of Sovereign Wealth Funds Management</p>
17:00 – 17:15	Break
17:15 – 18:45	GCC - Iran Relations
	<p>Session 2</p> <p>Chair: Ghanim Al-Najjar</p> <p>Juan Cole: The Geopolitical Struggle between the GCC and Iran (2015-2020)</p> <p>Abdullah Mohammed al-Ghailani: GCC - Iran Relations: The Threat of Confrontations and the Need for Reconciliation</p> <p>Ross Harrison: The GCC versus Iran: Low Intensity War, High Intensity Conflict</p>

Day Two

Monday, November 30, 2020

Register



ID: 893 8851 5887

<p>16:00 – 17:30</p>	<p>Sovereign Wealth Funds and Investment Policies of the GCC States</p> <p>Session 1</p> <p>Chair: Hend Al-Muftah</p> <p>Khalid Al-Abdulqader: GCC Sovereign Wealth Funds: Experience and Wealth - Maximizing Strategies</p> <p>Nayef N. Alshammari: Sustainability and Challenges of Investment Policies for the GCC Sovereign Wealth Funds</p> <p>Sara Bazoobandi: Sovereign Wealth Funds and National Visions of the Arab Gulf States: Consolidation of Institutions and Accumulation of Assets</p>
<p>17:30 – 17:45</p>	<p>Break</p>
<p>17:45 – 19:15</p>	<p>GCC - Iran Relations</p> <p>Session 2</p> <p>Chair: Yacoub Al-Kandari</p> <p>Mohammad Ghnem Al-Rumaihi: GCC - Iran Relations: Foundations and Future Prospects</p> <p>Gawdat Bahgat: Iranian Foreign Policy from Ahmadinejad to Rouhani</p> <p>Mohammad Ayatollahi Tabaar: Iran's Foreign Policy after Rouhani</p>

Day Three

Tuesday, December 1, 2020

Register



ID: 844 7915 1049

16:00 – 17:00	GCC - Iran Relations
	<p>Session 1 Public Lecture</p> <p>Chair: Abdullah Baabood</p> <p>Shireen Hunter: The Impact of Systemic Factors on Iranian-GCC Relations</p>
17:00 – 17:15	Break
17:15 – 18:45	Sovereign Wealth Funds and Investment Policies of the GCC States
	<p>Session 2</p> <p>Chair: Ohood Al Bulushi</p> <p>Faisal Al Monawer: The Governance of Sovereign Wealth Funds in the GCC Countries: A Proposed Model</p> <p>Julien Maire, Adnan Mazarei and Edwin M. Truman: The Sovereign Wealth Funds of the GCC Countries: Governance and Prospects</p> <p>Tamara Kamhawi Schulz: Gulf SWFs: Towards Cultural Governance</p>

Day Four

Wednesday, December 2, 2020

Register



ID: 892 9498 7353

16:00 – 18:00	GCC - Iran Relations
	<p>Session 1</p> <p>Chair: Suhaim Al Thani</p> <p>Khalid Al Jaber: Future of the GCC - U.S Relations in the Post-Trump Era</p> <p>Nikolay Kozhanov: Iran-US Tension and Gulf Energy Security</p> <p>Mehran Kamrava: Institutions and Policy in Iran's Relations with the GCC</p> <p>Emad Y. Kaddorah: External Initiatives for Regional Security in the Gulf</p>
18:00 – 18:15	Break
18:15 – 19:45	Sovereign Wealth Funds and Investment Policies of the GCC States
	<p>Session 2</p> <p>Chair: Khalid Rashid Alkhater</p> <p>Dania Thafer: How Can SWFs Stoke Innovation & Diversification in the GCC?</p> <p>Yousuf Hamed Al Balushi: The Role of SWFs in Promoting the Local Private Sector and Attracting Foreign Investment (the Case of Oman)</p> <p>Nizar Jouini and Hela Miniaoui: SWFs and Soft Power: Political Economy of the Small Gulf States</p>

Day Five

Thursday, December 3, 2020

Register



ID: 897 6862 3804

16:00 – 18:00	GCC - Iran Relations
	<p>Session 1</p> <p>Chair: Mahjoob Zweiri</p> <p>Dhafer Al-Ajmi: Iran and the Arab Gulf States Competition Over New Iraq</p> <p>John Calabrese: The United States and the Gulf: Trapped in Transition</p> <p>Zahid Shahab Ahmed: Relations of the Gulf Cooperation Council States with Iran and the Pakistan factor</p> <p>Ali Fathollah-Nejad: The Rivalry Between Iran and the Gulf Cooperation Council: Background and Future</p>
18:00 – 18:15	Break
18:15 – 19:45	Sovereign Wealth Funds and Investment Policies of the GCC States
	<p>Session 2</p> <p>Chair: Sharifa Al-Yahyai</p> <p>Fahad Y. Al-Fadala and Mohammed Omar Batwaih: The Sovereign Financial Assets of the State of Kuwait: A New Perspective</p> <p>Lorans Al Hennawi: Gulf Sovereign Wealth Funds between Achieving Economic Transformation and Power Consolidation: The Case of Saudi Public Investment Fund</p> <p>Nabil Bouflih: The Adherence of the Gulf Sovereign Wealth Funds to the Santiago Principles of Governance: the Case of Abu Dhabi Investment Authority</p>

Participants

Abstracts



Abdullah Mohammed al-Ghailani

Academic and researcher in strategic affairs. He has published a number of research papers and studies on Gulf and Arab affairs, most recently "Gulf Regional Security: Emancipating the Concept and Building Capabilities". He is a regular commentator on Arab satellite channels on developments in the Gulf region. His interests include Islamic political thought, US foreign policy, and Gulf strategic affairs. He holds a PhD in International Relations from Durham University, UK.

GCC - Iran Relations: The Threat of Confrontations and the Need for Reconciliation

The Islamic revolution's 1979 seizure of power in Iran was a defining moment in the history of the Shi'i political project, which was quick to announce its ideological project to extend its authoritarian model with its doctrinal and value-based language under the banner of "Exporting the Revolution". The Gulf was the geopolitical space that witnessed the first waves of this project expansion before it collided with multi-dimensional official and popular Gulf resistance. For four decades, the Gulf-Iran relationship's has been characterised by conflict, particularly with the Gulf's largest power, Saudi Arabia. What must be understood, however, when dealing with Gulf-Iran relations is that the Gulf system of cooperation takes various geostrategic approaches to Iranian power, varying in their degree of rivalry and level of rapprochement with Iran. This study seeks to explore the dynamics of Gulf-Iranian relations, unpack the elements involved, and consider possible outcomes in light of current geopolitical conditions, without neglecting the historical trajectory of the conflict. It does this by looking at the implications of this conflict on Gulf regional security and opportunities for Gulf-Iranian accord, examining the prerequisites for cooperation, and testing the hypothesis that interests can overcome ideological rivalries.



Adnan Mazarei

Nonresident senior fellow at the Peterson Institute for International Economics. Previously worked as Deputy Director at the International Monetary Fund (IMF), where he worked on resolving various financial crises in emerging markets, including the 1998 Russian financial crisis. In addition, he contributed to the IMF's policy work on international financial architecture and sovereign debt issues. Mazarei helped prepare the Santiago Principles that established best practices and guidelines for managing sovereign wealth funds.

The Sovereign Wealth Funds of the GCC Countries: Governance and Prospects

The sovereign wealth fund (SWF) scoreboard was developed in 2007-2008 to evaluate the transparency and accountability of SWFs. We present the results of the 2019 scoreboard, the fifth scoreboard. We focus on the ten SWFs of the member states of the Gulf Cooperation Council (GCC). Their average marks on the scoreboard have improved but are lower than those for 54 other funds and lower than those for non-GCC funds that derive their financial resources from oil and gas or from other sources. Lower energy prices and the economic and financial impacts of coronavirus pandemic will increase pressures on GCC SWFs. Further improvement in the transparency and accountability of their SWFs will help them meet those challenges. Against the background of the issues raised above, it is likely that the governance and accountability of SWFs will become matters of greater public interest and concern. There will likely be heightened examination of the aspects of the governance and transparency of SWFs that the SWF scoreboard captures. Specifically, there will be questions about: (1) modifying the mandate of SWFs in dealing with highly consequential tail events such as the current pandemic; (2) the processes governing the making of decisions about overall strategy of SWFs; and (3) the transparency and accountability of the funds.



Ali Fathollah-Nejad

Berlin-based non-resident Senior Research Fellow at the Afro–Middle East Centre (AMEC). He holds a PhD International Relations from the Department of Development Studies at SOAS (School of Oriental and African Studies, University of London) and was the winner of 2016/17 post-doctoral fellowship of the Harvard Kennedy School's Iran Project. He is also the former Iran expert of the Brookings Institution in Doha (BDC, 2017–20) and the German Council on Foreign Relations (DGAP, 2015–18).

The Rivalry Between Iran and the Gulf Cooperation Council: Background and Future

The paper looks at Iran's relations with various GCC states, informed by scholarly insights and policy debates. It first examines the rivalry between the Gulf's two major powers – the Islamic Republic of Iran and the Kingdom of Saudi Arabia - by discussing the historical legacy of their enmity as well as the sources of today's rivalry. It then contends that discussions between Tehran and Riyadh about their security conflict are doomed to fail, as they often resemble a dialogue of the deaf, with each side ignoring core security concerns of the other side. It therefore identifies the key shortcomings in the Iranian and Saudi positions respectively. In a next step, more recent developments are investigated, namely how Iran's "maximum resistance" response to the US "maximum pressure" campaign has affected Iran-GCC relations. In conclusion, the article highlights the need for a paradigm shift in Iran-GCC relations, overcoming zero-sum game thinking and centred on "common security." It also cautions that any Iranian–Saudi accommodation may merely constitute an authoritarian pact that may provide regime security on both sides but turn out to be detrimental to the aspirations of their societies.



Dania Thafer

Political economist focused on the Gulf region and Executive Director of the Gulf International Forum in Washington, DC. Dr Thafer has published several articles, a monograph, and co-edited the book *The Arms Trade, Military Services and the Security Market in the Gulf States: Trends and Implications* (Gerlach Press, 2016). Previously, she worked at the National Defense University focused on the Middle East and was a Senior Economic Researcher at Haver Analytics.

How Can SWFs Stoke Innovation & Diversification in the GCC?

Traditionally, Sovereign Wealth Funds (SWFs) have served as tools of state-led capitalism in the Gulf Cooperation Council (GCC) rentier economies. Their primary and traditional role has been to invest abroad in order to mitigate against risks caused by the oil market shocks. The global pandemic has caused the primary commodity that Gulf countries depend on as their principal source of income to drastically downshift in value. Within the structural limitation of rentier economies for the implementation of austerity measures, there needs to be a new strategy for SWFs in the current context. As nations worldwide attempt to salvage their own economies and begin shifting their attention inward, the GCC states should follow suit by utilizing SWFs as investment instruments to diversify and stimulate innovation in their domestic economies. This presentation will address how SWFs can serve as the diversification strategies of GCC states. More specifically, how can SWFs assist in stoking innovation in the Gulf rentier economies, while simultaneously capitalizing on their youthful human capital?



Dhafer Al-Ajmi

Executive Director of the Gulf Watch Group, and a retired Colonel (Kuwait Air Force). He holds a PhD in Arab Gulf security and has written many books, the most important of which are *Arab Gulf Security: Its Development and Problems from the Perspective of Regional and International Relations* (2011), *History of the Kuwaiti Army* (2004 and 2011), and *The Kuwait Army in the Era of Mubarak Al-Sabah 1896-1915* (2000).

Iran and the Arab Gulf States Competition Over New Iraq

Iraq is suffering from the pains of giving birth to a new regime, while besieged by the repercussions of the Covid-19 pandemic, US and Iranian pressure, and the regional influence exerted by many Arab countries. This paper deconstructs the policy pursued by Iraqi Prime Minister Mustafa al-Kadhimi towards the Gulf states and the policy of openness that many Gulf countries have shown towards al-Kadhimi, with the aim of understanding Iran's position in Iraqi politics since al-Kadhimi took power in Iraq. It attempts to describe and analyse the changes in Tehran prompting Baghdad to become closer to the GCC states based on a set of factors, including the absence of the influential role of the Iranian general, Qassem Soleimani; Iran's preoccupation with internal problems due to the Covid-19 epidemic; the consequent effects on the economy and the decrease in oil revenues; and US sanctions on Iran. The paper also interrogates the reasons for the change in Gulf states' attitudes towards Iraq and efforts to extract Iraq from the Iranian orbit. It also considers the role that demonstrations in Iraq have played in changing the positions of the political blocs and the impact of this on Iran's position in Iraq. Finally, the paper focuses on the US role in the strategic change and the Iraqi rebuff of Tehran, especially during the important strategic dialogue between Iraq and the United States.



Edwin M. Truman

Non-resident senior fellow and senior fellow at the Peterson Institute for International Economics (2001-present). Also served as Assistant Secretary of the US Treasury for International Affairs (1998-2001), Counsellor to the Secretary (2009), and Director of the Division of International Finance at the Federal Reserve Board (1977-1998).

The Sovereign Wealth Funds of the GCC Countries: Governance and Prospects

The sovereign wealth fund (SWF) scoreboard was developed in 2007-2008 to evaluate the transparency and accountability of SWFs. We present the results of the 2019 scoreboard, the fifth scoreboard. We focus on the ten SWFs of the member states of the Gulf Cooperation Council (GCC). Their average marks on the scoreboard have improved but are lower than those for 54 other funds and lower than those for non-GCC funds that derive their financial resources from oil and gas or from other sources. Lower energy prices and the economic and financial impacts of coronavirus pandemic will increase pressures on GCC SWFs. Further improvement in the transparency and accountability of their SWFs will help them meet those challenges. Against the background of the issues raised above, it is likely that the governance and accountability of SWFs will become matters of greater public interest and concern. There will likely be heightened examination of the aspects of the governance and transparency of SWFs that the SWF scoreboard captures. Specifically, there will be questions about: (1) modifying the mandate of SWFs in dealing with highly consequential tail events such as the current pandemic; (2) the processes governing the making of decisions about overall strategy of SWFs; and (3) the transparency and accountability of the funds.



Emad Y. Kaddorah

Researcher and director of the editorial department at the Arab Center for Research and Policy Studies, he holds a PhD in International Relations and Middle Eastern studies, and an MA in Strategic Studies. He has published four books, including *Turkey: Ambitious Strategy and Restrained Politics: A Geopolitical Approach* (2015); and *The Future of International Policies Toward the Middle East* (1996). He has also published fifteen peer-reviewed studies, including: "The New Turkish Policy in the Eastern Mediterranean and Military Intervention in Libya" (2020); "The Geopolitical Importance of the Gulf in Indian Strategy" (2020) and "Regional Geo-sectarian Rivalry over the Gulf" (2018, in English).

External Initiatives for Regional Security in the Gulf

Two approaches prevail in external initiatives for Gulf security. The first assumes that alliance, maximizing of military power, and deterrence ensure security and maintain the balance of power. The other assumes that comprehensive security, concerned with broad cooperation is the best approach to reach an inclusive security system. Recent US policy has aimed to integrate Iran into the Gulf security system by different means. While Obama championed Iran's 'participation', Trump withdrew from the nuclear agreement, applied a 'maximum pressure' strategy, and established regional alliances to corner Iran and negotiate a new agreement. In 2019, Russia launched an initiative to establish an Organization for Security and Cooperation in the Gulf aiming to reduce foreign presence in the region. Additionally, India has shown interest in increasing its participation in Gulf security through strategic partnerships with some states. Despite not proposing formal initiatives for collective security, Indian academics believe that models such as the Association of Southeast Asian Nations (ASEAN) or the Conference on Security and Cooperation in Europe (OSCE) are appropriate for the Gulf. China presented its Arab Policy Paper in 2016, and it hosted the Middle East Security Forum in 2019 without offering specific ideas for security in the Gulf. Rather, it seems to be pursuing a 'great patience' diplomacy to promote its interests and increase its role in the region. Furthermore, in the last decade, Pakistan has also focused on offering mediation initiatives in the Gulf instead of its traditional approach of alliance primarily with Saudi Arabia. The paper concludes with an evaluation of the feasibility and applicability of these initiatives in the Gulf.



Fahad Y. Al-Fadala

Consultant at the Arab Planning Institute in Kuwait and formerly Chair of the Education Department, Arab Open University, Kuwait. He has published many research papers, most recently, "Social Protection and Welfare Strategy for Vulnerable Groups in Kuwait: The Status of Illegal Residents," (Center for the Gulf and Arabian Peninsula Studies, 2020) and "Kuwait's Strategy to Exit the Coronavirus Covid-19 Crisis," *Annals of the Arts and Social Sciences*, (Kuwait University, 2020).

The Sovereign Financial Assets of the State of Kuwait: A New Perspective

Reviewing the financial appraisals of Kuwait's sovereign wealth funds carried out by the credit rating agencies, it is evident that these international agencies have restricted their purview to two sovereign funds, namely the Future Generations Fund (FGF) and the General Reserve Fund (GRF). This has left a group of Kuwait's sovereign investment funds operating in the local and international investment sector that meet all the conditions to be counted as Kuwaiti sovereign wealth funds overlooked. This paper provides a clearer picture of the true estimate of Kuwait's sovereign wealth funds and of the mechanism for calculating these balances. The paper begins by detailing the objectives, research problem and the methodology used before turning to a discussion of the nature of sovereign wealth funds and the conditions for calculating their worth. The third topic examines all the sovereign financial assets of Kuwait. The main conclusion of the paper is that published global estimates of the size of Kuwait's sovereign wealth fund do not reflect the true position of its financial assets, its size, and the financial capabilities of the state. Furthermore, in light of current variables and determinants impacting the Covid-19 global health crisis, the upcoming investment map for global sovereign wealth funds will witness a new state of financial and investment instability.



Faisal Al Monawer

Advisor, Head of the Research and Publication Committee, Head of the remote program monitoring, coordination and implementation team, and previously a Senior Expert for the technical apparatus at the Arab Planning Institute in Kuwait The most recent of his many publications in peer-reviewed journals is "The Risk Society and Global Values"

The Governance of Sovereign Wealth Funds in the GCC Countries: A Proposed Model

Sovereign wealth funds are a mechanism that the state relies on for both savings and investments. States often have foreign currency reserves, which they can use to set up a sovereign fund to manage any liquidity surplus needed. Sovereign wealth funds have existed since the 1950s, but their total global size has increased dramatically over the past two decades. They mainly operate by recycling accumulated savings internationally. Holdings remain concentrated, with the five largest funds representing about 70% of total assets. Half of them are held by states that export huge quantities of oil and gas, including the GCC states. Most of the Gulf sovereign wealth funds suffer from poor transparency, which has often caused them to be refused permission to invest in countries that apply transparency standards and so lose investment opportunities that may enhance their strength and resilience. These funds' lack of transparency highlights the need to work on their governance to safeguard them from corruption, control their resources, and raise their level of performance. The main question raised in this study is: To what extent are standards of governance present in Gulf sovereign wealth funds? Based on the above, the author presents a conceptual framework for sovereign funds and their management, evaluates them within the conceptual framework of governance, and proposes a governance model for Gulf sovereign wealth funds.



Gawdat Bahgat

Professor of National Security Affairs at the National Defense University's Near East South Asia Center for Strategic Study. He is an Egyptian-born specialist in Middle Eastern policy, particularly that of Egypt, Iran, and the Gulf region. His areas of expertise include energy security, proliferation of weapons of mass destruction, counterterrorism, Arab-Israeli conflict, North Africa, and American foreign policy in the Middle East. Bahgat has published 12 books and over 200 articles in academic journals.

Iranian Foreign Policy from Ahmadinejad to Rouhani

Since its 1979 Revolution, the Islamic Republic of Iran's ties with the rest of the world have attracted significant attention. This paper will focus on Tehran's foreign and defence policies under President Mahmoud Ahmadinejad and President Hassan Rouhani. Despite huge differences in style, the study argues there is a great deal of continuity. The study focuses on differences and similarities between the two administrations. It examines the drivers of Iran's foreign and defence policies. The main argument suggests that Iran's policy, like any other country's policy, reflects both ideological orientation and the leaders' perception of national interests. Within this context, it is important not to exaggerate the differences between the Ahmadinejad and Rouhani administrations. Rather, four conclusions can be drawn from this close examination of the Islamic Republic of Iran. First, the president does play a role in shaping and implementing policies according to the Iranian constitution. Second, against this background Iran's policy since the 1979 Revolution has been consistent. Third, since the 1979 Revolution and under both Ahmadinejad and Rouhani administrations, Iran has had much fewer financial resources to invest in developing its military capabilities than most of its Arab neighbours and Israel. Fourth, the main difference between Ahmadinejad and Rouhani is their leadership style, the former was more confrontational while the latter was more conciliatory.



Giacomo Luciani

Teaches at the Paris School of International Affairs, Sciences Po and at the Graduate Institute of International and Development Studies in Geneva. From 2010-13 he was a Global Scholar at Princeton. His work focuses on the political economy of the MENA region. Together with Hazem Beblawi, he edited the book (1987), which is frequently cited as one of the origins of the concept. In his latest co-edited book, *When Can Oil Economies Be Deemed Sustainable?* (Palgrave, 2020) he discusses the consequences and challenges of sustainability for the GCC economies.

Dilemmas of Sovereign Wealth Funds Management

Sovereign Wealth Funds (SWFs) have been presented as a panacea for all resource-rich countries, but the diversity of contexts and priorities raises multiple question marks. If SWFs are conceived as tools to stabilize against price fluctuations, their proper management would require knowledge of future prices, but the ability to forecast prices is minimal. If meant to preserve the interests of future generations, the question arises of how long the accumulation should continue and which generation should be entitled to enjoy the benefits of the funds and how? This is also relevant for funds accumulated by countries that are not exporters of depletable natural resources but accumulate assets to avoid appreciation of their national currencies and maintain their international competitiveness. The assumption that international assets constitute a valid diversification to domestic investment and that management of international investment is more transparent and sounder than management of domestic investment projects is questionable. SWFs are part of the globalization discourse, which saw a progressive decline in the role of national governments and depoliticization of international economic relations thanks to universally accepted market rules. This purely liberal approach is now being rejected by an increasing number of national governments, and this will inevitably pose problems for the future of SWFs.



Hela Miniaoui

Associate Professor of Economics with the Gulf Studies Program at Qatar University. She holds a PhD in Economics from University of Tunis El Manar, Tunisia and a Masters in Economics from Laval University, Canada. Her research focuses primarily on Economic Policies, Economic Development and Islamic Banking & Finance and she has been published in various peer-reviewed journals. Dr H  la is a member of The Middle East Economic Association (MEEA) and a research fellow at The Economic Research Forum (ERF).

SWFs and Soft Power: Political Economy of the Small Gulf States

For decades, the Gulf states have used oil revenues to build their capacities in a variety of areas, including sovereign wealth funds (SWFs) that have, in their disparate forms, been used to contribute to economic development and promote social and economic growth. In addition, this money appears to have contributed to the development of global political influence, both in the Arab and Islamic region and beyond. Using a comprehensive analysis, this paper reviews the infrastructure of sovereign funds, policies, actors (public and private), and programs in the three small Gulf states: Qatar, Kuwait, and the UAE. The paper also assesses the hypothesis that the SWFs of these countries are perceived as a geo-economic engine, a tool of soft power, or a combination of the two. The study reveals that there is a link between the emergence of new political players in the region and the migration of direct investment to SWFs. The role of the political influence of SWFs cannot be ignored and is gaining more attention after other strategies, including military alliances, have declined. The huge investment by the UAE in political allies such as Egypt and the United States and the increase in Qatari investments in Turkey is evidence that the small GCC states are using the soft power of SWFs to enhance their security and political stability.



John Calabrese

Teaches at the American University in Washington, DC. Concurrently, he is a Senior Scholar at the Middle East Institute where he directs the Middle East-Asia Project (MAP) and serves as the Book Review Editor of The Middle East Journal. He is the author of *China's Changing Relations with the Middle East* and *Revolutionary Horizons: Iran's Regional Foreign Policy* (Continuum International Publishing Group Ltd, 1991).

The United States and the Gulf: Trapped in Transition

The United States has been the dominant external player in the Gulf for nearly half a century. During that time, and especially since 2003, the US has arguably done as much to disrupt as to preserve the status quo favoured by its GCC partners, and has eroded their trust and confidence in the sustainability and efficacy of American security commitments. The mixed messages and pendulum swings in US Gulf policy in recent years are rooted in and have further fuelled deep questioning and a largely unresolved debate within the United States about its role in the region, and indeed in the world. The binary choice frequently presented — between offshore and onshore balancing — is a proxy for this broader argument. Like the US, which is trapped in transition from global primacy, GCC-Iran relations are locked in confrontation. Breaking this impasse requires decisive US reengagement in Gulf affairs led by vigorous and sustained diplomacy that promotes intra-GCC reconciliation and supports efforts aimed at tempering the Saudi-Iran strategic rivalry. This approach could help ameliorate, though not in itself transform the GCC-Iran conflict, while assisting the United States in extricating itself from its own transition trap.



Juan Cole

Richard P. Mitchell Collegiate Professor of History at the University of Michigan. Among other works he is the author of *Engaging the Muslim World* (St. Martin, 2009), *The New Arabs* (Simon and Schuster, 2014), and *Muhammad: Prophet of Peace amid the Clash of Empires* (Bold Type Books/ Hachette, 2018). Formerly the president of the Middle East Studies Association of North America.

The Geopolitical Struggle between the GCC and Iran (2015-2020)

This paper considers the regional geopolitics of the contest for influence between Iran and the GCC. It surveys developments in Syria, Yemen, Lebanon and Pakistan. The impact of the 2015 Iran nuclear deal or JCPOA and of its 2018 breach by the Trump administration is considered. It is argued that Iran has taken advantage of local conflicts to project soft power in relatively inexpensive ways. The negative consequences of the often rash and abrasive behaviour of Saudi crown prince Mohammad Bin Salman, and of the ambitions of Abu Dhabi's Mohammad Bin Zayed, as well as of the 2017 blockade of GCC member Qatar are also analyzed, as are the reasons behind Iran's continued relative success in the region in contrast to the failures of the GCC on several fronts. The paper concludes that the failures of GCC policy throughout 2020 in Yemen, Syria, and Lebanon cannot be explained by a Sunni-Shi'i divide tout court. Many Lebanese Shi'is are secular-minded and electoral support for Hezbollah is rooted in seeing it as a bulwark against Israeli expansionism in the south and against Sunnism. Even in the GCC, the two Wahhabi states, Saudi Arabia and Qatar, could not maintain unity, with the split between them and the blockade on Qatar deeply weakening the GCC response to Iran after 2017.



Julien Maire

Research analyst at the Peterson Institute for International Economics since November 2019. His research is focused on macroeconomics, international economics and finance. Previously, he worked as a World Bank consultant on the World Development Report 2020 on the macroeconomic implications of global value chains.

The Sovereign Wealth Funds of the GCC Countries: Governance and Prospects

The sovereign wealth fund (SWF) scoreboard was developed in 2007-2008 to evaluate the transparency and accountability of SWFs. We present the results of the 2019 scoreboard, the fifth scoreboard. We focus on the ten SWFs of the member states of the Gulf Cooperation Council (GCC). Their average marks on the scoreboard have improved but are lower than those for 54 other funds and lower than those for non-GCC funds that derive their financial resources from oil and gas or from other sources. Lower energy prices and the economic and financial impacts of coronavirus pandemic will increase pressures on GCC SWFs. Further improvement in the transparency and accountability of their SWFs will help them meet those challenges. Against the background of the issues raised above, it is likely that the governance and accountability of SWFs will become matters of greater public interest and concern. There will likely be heightened examination of the aspects of the governance and transparency of SWFs that the SWF scoreboard captures. Specifically, there will be questions about: (1) modifying the mandate of SWFs in dealing with highly consequential tail events such as the current pandemic; (2) the processes governing the making of decisions about overall strategy of SWFs; and (3) the transparency and accountability of the funds.



Khalid Al Jaber

Director of the MENA Center in Washington, DC. Previously, he served at Al-Sharq Studies and Research Center and as Editor-in-Chief of *The Peninsula*, an English language daily newspaper published in Qatar. Al-Jaber is a researcher in Arab and Gulf studies with a focus on political science, public diplomacy, international communications and international relations. He has published scholarly work in numerous academic books and specialized journals, including the *World Press Encyclopedia*, *Sage*, and *The Official Gazette*. He obtained his PhD from the UK and MA from the United States.

Future of the GCC - U.S Relations in the Post-Trump Era

This paper examines the future of the relationship between the Arab Gulf states and the US in the post-Trump era, starting with the context since Donald Trump's arrival in the presidency in January 2017. It also discusses possible options for the resumption of negotiations between the US and Iran over its nuclear programme and the implications for Gulf security. Finally, it assesses options and potential expectations on several issues related to the Gulf, including the war in Yemen, human rights in Saudi Arabia, normalization with Israel and the Gulf crisis. The paper argues that Gulf-US relations during the Trump era have focused on personal relations between Trump and his administration and some leaders of the Arab Gulf states, and to a lesser extent on common interests. The paper argues that the new US administration will work to reactivate the role of US institutions and international agreements, and that its dealings with the Gulf region will likely see a return to the approach that prevailed during the Obama administration.



Khalid Al-Abdulqader

Vice President, Community College of Qatar, and assigned as Director of Operations for a period of one year. He is an Associate Professor of Economics and Finance and, until January 2019, was Dean of the College of Management and Economics at Qatar University. Dr. Khaled has worked as a consultant and researcher for various institutions in Qatar such as the Amiri Diwan, Qatar Stock Exchange, Qatar Central Bank, and Al-Rayyan Bank.

GCC Sovereign Wealth Funds: Experience and Wealth - Maximizing Strategies

The GCC states' oil revenues began to grow significantly in the years following the oil price shock of 1973. Oil revenues exceeded the budgets for planned development, and this led to the formation of sovereign wealth funds and the transfer of budget surpluses to these funds for investment. The value of the sovereign wealth funds of the GCC states totals more than USD 2 trillion. They have served the global economy significantly by supporting financial markets and tangible assets in the countries hosting sovereign fund investment. The GCC states undoubtedly use their sovereign funds in pursuit of political goals and employ them as a tool of soft power in the context of political differences between the Gulf states. These funds are supposed to support the budgets of the GCC countries with their revenues and help diversify their incomes. The study discusses the nature and importance of sovereign wealth funds and their overall role in strengthening the economies of fund-owning countries. It sheds light on how they are contributing to the improvement of key economic indicators, such as their role in credit ratings, in boosting government spending, and in stabilizing the economy.



Lorans Al Hennawi

Researcher at the Berlin Institute for Gulf Studies and previously a researcher at the Technical University of Darmstadt, Germany. He has many publications, including the Arabic translation of *Germany and the Middle East: From Kaiser Wilhelm II to Angela Merkel*, in the 'Alam al-Ma'rifa series, National Council for Culture, Arts and Literature in Kuwait, 2018; and *Civil Society in the Arab Context: The Kuwaiti Diwaniyah as a Model*, Technical University of Darmstadt, 2000.

Gulf Sovereign Wealth Funds between Achieving Economic Transformation and Power Consolidation: The Case of Saudi Public Investment Fund

The Saudi Council of Economic and Development Affairs, headed since its inception by Crown Prince Muhammed bin Salman, announced the launch of the Vision 2030 economic plan in April 2016. The plan aims to loosen the hold of the rentier economy and confront the challenges of the post-oil era. Since its launch, this plan has singled out the Public Investment Fund as the effective driver for economic diversification and the development of strategic sectors through investment growth, which will transform it into the largest sovereign fund up till 2030. Here, it must be noted that this fund is not designed to be a savings fund in the traditional sense, but rather a fund for development, budget stabilization against oil-price fluctuation, finance of development projects, and attraction of foreign investments to Saudi Arabia. The research paper concludes that the expansion of the Public Investment Fund is primarily politically motivated, as a tool to achieve the ambitions of the crown prince, through which he has been able to access directly the enormous financial resources of the state. This enables him to use the resources of this fund to bind strategically important segments to him, especially youth, and in a way that serves his interest in strengthening the pillars of his authority domestically and allows him to exploit the investments of this fund to obtain international support for his political goals.



Mehran Kamrava

Professor of Government at Georgetown University, Qatar. He also directs the Iranian Studies Unit at the Arab Center for Research and Policy Studies. Kamrava is the author of a number of journal articles and books, including, most recently, *A Concise History of Revolution* (2020); *Troubled Waters: Insecurity in the Persian Gulf* (2018); *Inside the Arab State* (2018); *The Impossibility of Palestine: History, Geography, and the Road Ahead* (2016); and, *Qatar: Small State, Big Politics* (2015).

Institutions and Policy in Iran's Relations with the GCC

Iranian foreign and security policies in relation to the states of the Gulf Cooperation Council are subject to institutional constraints both inside and outside the country. Within Iran, foreign and security policies are made as a result of negotiations and compromises between three unequal centres of power, namely the presidency, the Islamic Republic Revolutionary Guards, and the Leader. The fact that all three often openly advocate their own positions and preferences makes Iranian policy seem uncoordinated and contradictory. In reality, however, policy outcomes are deliberated and negotiated behind the scenes and must ultimately be approved by the Leader in order to be implemented. Once made, Iran's policy initiatives in regard to the GCC enter an institutional arena of a different kind, namely one on which three features of the regional architecture have become so entrenched as to have assumed institutional feature. These include a highly securitized and sectarianized environment, a deepening security dilemma, and a trenchant American security umbrella. Within this context, Iranian efforts at rapprochement with the states of the GCC, especially with Saudi Arabia, are unlikely to bear results in the near future.



Mohammad Ayatollahi Tabaar

Associate Professor at Texas A&M University's Bush School of Government and Public Service. He is also a fellow at Rice University's Baker Institute for Public Policy. He is the author of *Religious Statecraft: The Politics of Islam in Iran* (Columbia University Press, 2018). He has also written for Foreign Affairs, Foreign Policy, and the New York Times. Dr Tabaar has a BA from the University of Tehran and a PhD from Georgetown University.

Iran's Foreign Policy after Rouhani

This paper analyzes the driving forces of Iran's policy in the Middle East under President Hassan Rouhani and assesses its trajectory after the upcoming 2021 presidential elections. After providing an overview of Iran's foreign policy debate, it examines how US withdrawal from the nuclear agreement and the subsequent change in Iran's internal balance of power have led to Tehran's adoption of a more assertive approach in the Gulf. In addition to domestic politics, the paper looks at the central role of Iraq in Iran's regional policy. It will also study two other important factors that will affect Iran's regional policy in the coming years: 1) Iran's ties with China and Russia; 2) The US presidential elections in November 2020. Tehran has improved relations with both Beijing and Moscow to counter the increasing economic and security threats from Washington. The paper will discuss different scenarios under which the outcome of the upcoming presidential elections in Iran could shape its regional policy.



Mohammad Ghnem Al-Rumaihi

Professor of Political Sociology at the Department of Sociology and Social Work, Kuwait University. He has held a number of positions at the same university, the last of which was Director of the Center for Gulf and Arabian Peninsula Studies (2016-2017). He has also worked as a consultant for the 'Alam al-Ma'rifa (World of Knowledge) book series issued by the Kuwaiti National Council of Culture. He has authored in Arabic and English a number of books on Gulf societies and Arabic culture. Former editor-in-chief of Al-Arabi Journal, and a number of daily newspapers such as Sawt al-Kuwait.

GCC - Iran Relations: Foundations and Future Prospects

Iran's aspiration to expand its influence in the Gulf is not new to Iranian foreign policy. It began with Iranian 'nationalist' sentiment in the wake of the Islamic revolution in Iran, driven by geographical proximity and a specific understanding of the region's ancient history, and then continued with the emergence of huge wealth in the Gulf due to the discovery, marketing and export of oil internationally. This paper explains the particulars of the dispute between the Gulf states and Iran, a political dispute between an outdated Iranian project and a modern Gulf project. For Iran, the administration of society and state and relations with the Gulf and the region are based on religious interpretations which are no longer able to meet the requirements of the modern age due to the high rates of poverty and crime, the lack of civil rights, and the absence of health care. The Gulf project, on the other hand, seeks to provide the minimum elements of the state or a welfare state that provides services to citizens and encourages strong public and private institutions. Average incomes are high, the poverty rate is low, and education and health care services are provided. From here, the need arises to read the foundations and backdrop of Iranian-Gulf relations before moving on to read the future of the relationship between Iran and the Gulf states, objectively and dispassionately.



Mohammed Omar Batwaih

Senior Expert at the Arab Planning Institute in Kuwait, and previously Deputy Dean of the College of Administrative Sciences, University of Hadhramout, Yemen. He has many published research papers, the most recent of which are "Development Planning in Kuwait: Challenges and Ways to Confront Them", *Journal of the Faculty of Economic and Political Studies*, Alexandria University, April 2020 (joint author); and "The Role of the Knowledge Economy in Economic Growth and Transformation in the Gulf Cooperation Council (GCC) Countries: An Empirical Evaluation," *International Journal of Innovation and Knowledge Management in MENA*, 2020.

The Sovereign Financial Assets of the State of Kuwait: A New Perspective

Reviewing the financial appraisals of Kuwait's sovereign wealth funds carried out by the credit rating agencies, it is evident that these international agencies have restricted their purview to two sovereign funds, namely the Future Generations Fund (FGF) and the General Reserve Fund (GRF). This has left a group of Kuwait's sovereign investment funds operating in the local and international investment sector that meet all the conditions to be counted as Kuwaiti sovereign wealth funds overlooked. This paper provides a clearer picture of the true estimate of Kuwait's sovereign wealth funds and of the mechanism for calculating these balances. The paper begins by detailing the objectives, research problem and the methodology used before turning to a discussion of the nature of sovereign wealth funds and the conditions for calculating their worth. The third topic examines all the sovereign financial assets of Kuwait. The main conclusion of the paper is that published global estimates of the size of Kuwait's sovereign wealth fund do not reflect the true position of its financial assets, its size, and the financial capabilities of the state. Furthermore, in light of current variables and determinants impacting the Covid-19 global health crisis, the upcoming investment map for global sovereign wealth funds will witness a new state of financial and investment instability.



Nabil Bouflih

Researcher in the Faculty of Economics, Chlef University, Algeria where he has held various administrative and academic positions, including, since 2019, Dean of the faculty. He holds a PhD in Economics from the University of Algiers (2011) and obtained a professorship in 2018. He has written books and published in national and international journals as well as making multiple contributions to international and national conferences concerned with economic development issues, petroleum economics, sovereign wealth funds, financial analysis and management, and national accounting.

The Adherence of the Gulf Sovereign Wealth Funds to the Santiago Principles of Governance: the Case of Abu Dhabi Investment Authority

This study seeks to determine the Abu Dhabi Investment Authority's adherence to the Santiago Principles. The Authority manages the Gulf's largest and the world's third largest sovereign wealth fund in terms of asset size. The Santiago Principles are a set of generally accepted principles and practices that include minimum levels of governance in addition to an investment framework and risk management. These principles are voluntary and non-mandatory and were developed under the supervision of the International Monetary Fund with the participation of all stakeholders in order to reduce the concerns of countries receiving sovereign fund investments. The study is divided into three topics: the position and weight of the Abu Dhabi Investment Authority among global sovereign wealth funds; the theoretical framework of the Santiago Principles (origin and content), and an evaluation of the Authority's adherence to the Santiago Principles. The study's findings show that the Abu Dhabi Investment Authority is one of the funds most committed to applying the Santiago Principles. However, there is a lack of adherence to some principles related mainly to disclosure, accountability and transparency.



Nayef N. Alshammari

Associate Professor in the Economics Department at the College of Business Administration, Kuwait University and formerly Assistant Dean of the College. He has been a visiting professor at the Paris School of International Affairs, Sciences Po. The most recent of his many publications is "The Spillover Effect of Government Spending on Banking Performance in Kuwait," *Journal of the Gulf and Arabian Peninsula Studies* (2020).

Sustainability and Challenges of Investment Policies for the GCC Sovereign Wealth Funds

The Arab Gulf states' sovereign wealth funds act as a permanent source of investment to strengthen the national economy and stabilize economic development unconnected to oil. However, these funds face the challenge of sustainability and continuity in the future, especially given long-term oil price volatility, which has negatively affected the state budget in economies unable to diversify. Given the decline in oil revenues, the modest performance of foreign direct investments and continuing bureaucratic red tape, there is a major threat to the long-term sustainability of the Gulf states' sovereign wealth funds. This comes in light of the continuing challenges of the Gulf states' sovereign wealth funds represented by the exposure of their source of funding to fluctuations in oil revenues as well as a lack of transparency and good governance in fund activities. This may form an obstacle to continuing success, especially given ongoing international pressures and those arising from financing the budget deficit, the financial and economic stability of the Gulf economies, and the competitiveness of sectors in the economy. Implementing government-backed political and economic reforms in the Gulf states requires pushing financial and investment programs beneficial to the economy and consistent with achieving the goals of establishing sovereign funds in order to diversify sources of income.



Nikolay Kozhanov

Research Associate Professor at the Gulf Studies Center of Qatar University. He is also a Consulting Fellow at the Russia and Eurasia Programme of Chatham House. His research interests are focused on the geopolitics of the Gulf energy, Russian foreign policy in the Middle East as well as Iran's economy and international relations. Nikolay holds his PhD in Economics from St. Petersburg State University (2010).

Iran-US Tension and Gulf Energy Security

Neither the outbreak of coronavirus nor growing domestic issues were able to prevent the US and Iran from the continuation of their confrontation. As part of their stand-off, the two countries periodically make harsh statements regarding the activities of each other's naval forces in the Gulf area, threatening to use force if the actions of the opponent carry any serious threat. However, there are, at least, two factors that make the US and Iran's statements on the Gulf security important. First, after the murder of a high-ranking IRGC officer, Qasem Soleimani, in January 2020, it took the sides more than four months to resume their aggressive rhetoric. The return of aggressive rhetoric suggests that the leadership of the US and Iran have adapted to the new realities, and they are ready to continue their traditional game of muscles. Second, given the current conditions of the global oil market, this was, probably, the worst moment for an intensification of Iranian-US tensions. The resumption of mutual threats will inevitably increase the concerns of oil consumers about possible threats to the security of oil supplies from the Gulf region. However, in contrast to the 1970s – 2000s, nowadays, the interests of oil consumers will not be so affected. On the contrary, US-Iranian tensions will affect the interests of regional hydrocarbon producers who may lose their traditional customers. This is determined by the ongoing evolution of the global oil market where the rules of the game are no longer set by oil producers and a serious shift in the concept of the Gulf energy security. These two factors and their interconnections with US-Iran tensions will be discussed in this paper.



Nizar Jouini

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SWFs and Soft Power: Political Economy of the Small Gulf States

For decades, the Gulf states have used oil revenues to build their capacities in a variety of areas, including sovereign wealth funds (SWFs) that have, in their disparate forms, been used to contribute to economic development and promote social and economic growth. In addition, this money appears to have contributed to the development of global political influence, both in the Arab and Islamic region and beyond. Using a comprehensive analysis, this paper reviews the infrastructure of sovereign funds, policies, actors (public and private), and programs in the three small Gulf states: Qatar, Kuwait, and the UAE. The paper also assesses the hypothesis that the SWFs of these countries are perceived as a geo-economic engine, a tool of soft power, or a combination of the two. The study reveals that there is a link between the emergence of new political players in the region and the migration of direct investment to SWFs. The role of the political influence of SWFs cannot be ignored and is gaining more attention after other strategies, including military alliances, have declined. The huge investment by the UAE in political allies such as Egypt and the United States and the increase in Qatari investments in Turkey is evidence that the small GCC states are using the soft power of SWFs to enhance their security and political stability.



Ross Harrison

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The GCC versus Iran: Low Intensity War, High Intensity Conflict

The relationship between the Arab States of the GCC and Iran is anything but straightforward. This paper will try to unpack the dynamics of this relationship in all of its complexity. The argument this paper will make is that the ambiguous and complex nature of the threat from Iran has made resolution of the conflict more, not less, difficult. This paper will focus on three areas. The first will be the ambiguities of the multilayered nature of the conflict itself and the fact that it is taking place within a Middle East that has devolved into a degraded state system, riddled by civil war. The second ambiguity relates to the unbalanced and asymmetric threat perceptions of the protagonists. Saudi Arabia, the UAE and Bahrain see Iran as their primary national security threat, while Iran sees the United States, and not the Arab states, as its primary nemesis. The third area of ambiguity is within the GCC itself, that is between the Arab states that see Iran as an existential threat and those which see Iran in less malign terms. These different perceptions of threat are based in different domestic political considerations, different interests with respect to Iran, and different strategic realities. The paper concludes with prospects for rapprochement between the GCC states and Iran. It looks at this in the context of the COVID-19 crisis and possible shifts in US policy toward the Middle East.



Sara Bazoobandi

Non-resident senior fellow at the Atlantic Council within the Geo-Economics Center and Global Energy Center and a non-resident fellow at the Arab Gulf Studies Institute in Washington. Prior to this, she was a senior lecturer in International Political Economy at Regent's University London. She was also a visiting scholar at the Middle East Institute of the National University of Singapore. Bazoobandi has served as an economic analyst for various international corporate organizations, policy advisory institutions, and think tanks.

Sovereign Wealth Funds and National Visions of the Arab Gulf States: Consolidation of Institutions and Accumulation of Assets

Over the past two decades, management strategies and structure of the Gulf Cooperation Council (GCC) countries' sovereign wealth funds (SWFs) have evolved significantly. The rise of hydrocarbon export revenue boosted the assets under management of these funds, some of whom own the world's largest commodity-based sovereign wealth funds. As a result, some countries moved away from outsourcing the management of their wealth and begun to apply hands-on strategies that required expansion of their organizational capacity and in-house expertise. Such expansions led to creation of new organizations, in addition to the countries' main SWFs, that were often used for investment in specific sectors and for specific purposes. For example, Mubadala, one of the well-known SWFs of the United Arab Emirates was established specifically to facilitate transfer of knowledge and technology through investments. The decline of global oil market, however, seems to have reversed such strategies. Over the past few years, a number of the GCC governments have decided to consolidate state-controlled investment institutions. Saudi Arabia, UAE and Oman have already taken steps towards combining assets under control of their smaller investment institutions. Some of these decisions have been included in the countries' visions and therefore, are parts of the governments' broader economic strategies. This paper will explore the causes and future possible outcomes of such strategies.



Shireen Hunter

Honorary Fellow at the Center for Muslim-Christian Understanding of Georgetown University, with which she has been associated since 2005. From 2007 to 2019, she was the first visiting professor and then research professor between 2014-2019. Between 1983-2005 she worked with the Center for Strategic and International Studies (CSIS). From 1965 to 1979, she worked with the Iranian Foreign ministry serving in London and Geneva.

The Impact of Systemic Factors on Iranian-GCC Relations

The paper asks how far systemic factors, both regional and international, have affected the dynamics of Iran-Gulf Arab relations. It analyzes the impact of regional systems, especially, the intra-Arab context, plus the impact of the Israel question. It also studies the role of the international system and its shifts, as well as the role of great power policies. It pays special attention to the impact of the USSR's collapse on the nature of international system and its regional ramifications. It concludes that systemic factors have had a mostly negative impact on Iran-Gulf states' relations, especially in the post-Soviet era. In this era, American ascendancy within the system encouraged policies that adversely affected the dynamics of Iran-Gulf relations. In particular, US policy of transforming the Middle East through use of military force and bringing about regime change, as was the case in Iraq, disturbed the regional balance in the Gulf. This led to a worsening of Iran-Gulf relations in the last two decades. The paper also concludes that the adverse effect of systemic factors would have been less, had there not been other causes of discord in Iran-Gulf relations.



Tamara Kamhawi Schulz

Senior researcher at the Berlin Institute for Gulf Studies. From 2006 -2010 Kamhawi Schulz worked as a Programme Coordinator at Transparency International. Her experience spans multiple organizations and international institutions, including as consultant with the United Nations, Save the Children and The European Initiative for the Development of Enterprise.

Gulf SWFs: Towards Cultural Governance

Oil Rich Gulf States realized, during the boom of the early 2000s, that Sovereign Wealth Funds (SWFs) can be used as powerful tools to mobilise political and social support on both national and international fronts. However, with several failed examples of SWFs making media headlines such as Malaysia 1MDB SWF, many of the SWFs in the Middle East have been cautious of being labelled with a reputation of lack of transparency, political agendas and self-interest. Gulf States have since become aware of local and international calls to create an internal governance framework that meets national cultural expectations while adhering to international standards. Given the prevailing political complexities in the Middle East in which the Rich Gulf states play a big role in, and the style of autocratic governance, there is much space for improvement in setting clear agendas and goals, disclosure of information, transparency of investment strategy, clear and robust internal framework of the governing committees i.e. board of directors, internal management system and structures. It has been widely proven that governance is a by-product of culture; therefore, it becomes imperative to define common interests between "Santiagos Principles" and cultural values. With the introduction of the Gulf strategic multi-decade visions, (UAE vision 2030, Saudi vision 2030, Kuwait Vision 2035 and, Qatar National vision 2030), these national strategies will shape the future operating models of SWF and drive towards a pragmatic change of culture.



Yousuf Hamed Al Balushi

An economist working at the Central Bank of Oman and the office of Oman Vision 2040. He has published many studies, research papers and chapters in various books. He is the author of *The Omani Economy, Globalization and the Winds of Change* and co-edited the volumes *Economic Diversification in the Gulf Region: The Private Sector as an Engine of Growth*, *Sustainable Development and Economic Diversification in the Gulf Region: International Comparisons*. He holds a PhD in Political Economy from Kings College, University of London, where he lectured on Political Economy and International Trade.

The Role of SWFs in Promoting the Local Private Sector and Attracting Foreign Investment (the Case of Oman)

The impact of the Covid-19 pandemic worldwide has exposed the need to change methods of work, production, and investment. A new development approach would require changing the economic model in the Gulf countries from the current one – which is largely dependent on government and oil revenues – to a new model based on the private sector, domestic and foreign investment, and national production and employment. In the context of Oman, sovereign wealth funds can effectively contribute to economic diversification, to promotion of the private sector and attraction of foreign direct investment. It would mean strengthening global integration to support the Omani economy, technology and knowledge transfer, opening markets to achieve diversification and financial sustainability, and the creation of productive and rewarding job opportunities for Omanis. This is best done through innovative initiatives to attract investment and convert it into value-added projects and services, strengthening local and foreign partnerships and those between the public and private sectors, boosting national exports and raising their technical content. This paper is divided into three main sections. The first briefly deals with the theoretical framework for the Gulf economic model; the second covers the reality and prospects for sovereign wealth funds and the desired change in their roles while the final section presents some recommendations for dealing with current and future challenges and the role of sovereign funds in the short, medium and long term.



Zahid Shahab Ahmed

Research fellow at Alfred Deakin Institute for Citizenship and Globalization, Deakin University, Australia. Prior to that, he was an Assistant Professor at Centre for International Peace and Stability, National University of Sciences and Technology in Pakistan. His work focuses on political developments and groups (e.g. democratization, authoritarianism, and political Islam), and inter-state relations in South Asia and the Middle East.

Relations of the Gulf Cooperation Council States with Iran and the Pakistan factor

Pakistan's relationship with the GCC states has been tested by their relationship, often conflictual, with Iran. Sharing a land border with Iran and home to the second largest Shi'a population after Iran, Pakistan has an historic approach of maintaining balanced relations between its relations with GCC states, e.g. the UAE, Saudi Arabia, and Iran. This foreign policy choice has however not been easy in the context of growing rivalry between Saudi Arabia and Iran. Other Gulf states, in particular the UAE and Bahrain, also have conflictual relations with Iran. Despite its own differences with Iran, for example on the issue of Baluch insurgency and the Indian partnership with Iran, Pakistan maintains a policy of mediating between Iran and the Gulf states. This paper analyses the role that Pakistan plays in connection to Iran's relationship with GCC states.

Moderators

Abdullah Baabood

Omani academic. He was a Director of the Gulf Studies Center at Qatar University's College of Arts and Sciences. Baabood completed MAs in Business Administration and International Relations and a PhD in Political Economy in the UK.

Ghanim Al-Najjar

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