



BRIEFING PAPER

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The Qatar crisis and regional ramifications

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Summary

The dispute

The disagreement between Qatar and a group of Arab countries led by Saudi Arabia, which built up after the 2011 Arab uprisings, has not been resolved and may even be becoming more entrenched.

The dispute has manifested itself in proxy conflicts across the Middle East, North Africa and the Horn of Africa.

Qatar was more positive about political Islam and the Muslim Brotherhood after 2011 than Saudi Arabia, the UAE, Bahrain, which saw it as a threat. Egypt elected a Muslim Brotherhood president who was later deposed in a military coup, leaving Egypt firmly on the Saudi side.

The dispute flared up in 2014, but did not [really ignite until 2017](#), when the Saudi group imposed a trade blockade and severed travel and diplomatic links with Qatar, citing a list of demands, including that Qatar should close the state-funded broadcaster al-Jazeera.

The crisis is related to the power struggle between Sunni Arab countries, led by Saudi Arabia, and Iran; Saudi and its allies are suspicious of Qatari ties with Iran. The blockade has made those ties stronger.

Qatar is immensely wealthy and has proved resilient. Individual wealth has cushioned Qatari citizens, while the state has cultivated new international contacts using its gas wealth.

The crisis has strengthened Qatari links to Turkey, whose ruling AK Party has strong links to the Muslim Brotherhood. Turkey has troops in Qatar.

As well as strong economic ties outside the region, Qatar hosts the [US Central Command](#) forward operating base and some 10,000 US troops. The Qatari base also hosts the UK [RAF's expeditionary air capacity](#) in the Middle East.

The dispute has proved more intractable than many expected.

Differing domestic insecurity concerns drive these policy differences. The Saudi leadership is worried about domestic political dissent, while the tiny and immensely rich Qatari population looks less likely to present problems to the Qatari monarchy.

It is also partly driven by a new generation of decision-makers in the Gulf monarchies pursuing much more assertive policies than those of their predecessors. The most noticeable of these policies is Saudi Crown Prince Mohammed bin Salman's war in Yemen.

The same assertiveness may be an obstacle to resolving the Qatar crisis.

The personal nature of foreign policymaking makes it difficult to know how the situation will develop; the individuals involved could equally change their minds and resolve the dispute quickly.

Region

Saudi-Qatari rivalry has [spilled over](#) into various conflicts in the Middle East and North Africa.

In Sudan, Saudi Arabia, the UAE, Egypt, Qatar and Iran have all backed factions both before and since the fall of Omar Bashir.

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In Somalia, Qatar and the UAE are engaged in a tussle for control, particularly of ports that would give access to growing African markets.

The main divide in Libya is between supporters and opponents of the Libyan National Army of General Haftar. Saudi Arabia, the UAE and Egypt are now close to Haftar, while Qatar and Turkey call for the enforcement of the UN arms embargo against him.

Qatar and Saudi Arabia financed different Syrian rebel factions, although there was some collaboration on the common goal of promoting Sunni rebels against the Syrian government.

The shifting and complex Yemeni conflict is also a theatre for Saudi-Qatari rivalry; Qatar is close to Islah, a powerful party with some features of Islamism, that had several ministers in the Saudi-backed Hadi government. Having been expelled from the Saudi-led coalition in 2017, Qatar may have strengthened its contacts with the Houthis, the Iran-supported group in control of much of Yemen.

The [Gulf Cooperation Council](#) used to be one of the only effective regional organisations in the Arab world. Since the Gulf crisis has led to three GCC members boycotting Qatar, the GCC is now effectively suspended.

Qatar left the Saudi-led oil producers organisation [OPEC](#) at the beginning of 2019.

UK relations

The UK government calls for the sides to the dispute to [engage with Kuwait's mediation](#) efforts.

The UK has sold arms to the Qataris, including Typhoon fast jets and Hawk trainer aircraft. Qatar's sovereign wealth fund is a major investor in the UK, with more than £35 billion worth of investments, and Qatar is also the UK's biggest supplier of liquefied natural gas, which makes up a significant portion of the UK's imported gas.

1. The rift in the Gulf

The disagreement over political Islam between Qatar and a group of Arab countries led by Saudi Arabia has not been resolved and may even be becoming more entrenched. The dispute has manifested itself in proxy conflicts across the Middle East and North Africa and the Horn of Africa.

Disagreement over foreign policy

A crisis blew up in June 2017 between a group of Arab countries led by Saudi Arabia on one side and Qatar on the other, with its roots in the independent foreign policy pursued by Qatar over recent years. Qatar has traditionally taken a much more positive line towards political Islam, particularly the Muslim Brotherhood, than neighbouring monarchies, which tend to see it as a threat to their legitimacy. Saudi Arabia accuses Qatar of giving money to “extremist organisations” and of giving asylum and a voice to Saudi and UAE opposition forces.

Qatar accused Saudi Arabia and the UAE of being despotic and on the wrong side of history, taking a more positive line on the Arab uprisings of 2011.

Why should Qatar, just as autocratic as the other Gulf monarchies, be close to organisations such as the Muslim Brotherhood, which claims to seek power through the democratic process? With a tiny, acquiescent and very rich native population, Qatar is seen as not being threatened by political Islam. Other countries, particularly Saudi Arabia, Bahrain and Egypt, have significant opposition at home to deal with, including, in the case of Bahrain and Saudi Arabia, substantial Shia Muslim populations.

Embargo

The ‘Arab Quartet’, Saudi Arabia, United Arab Emirates, Bahrain and Egypt, imposed a trade embargo and severed diplomatic and transport links with Qatar, withdrew their nationals, and pulled out their investments.¹

The Saudi group raised the stakes with a list of 13 demands for Qatar – including that Qatar should close the influential state-funded broadcaster, Al Jazeera.

State-backed news sources in Saudi Arabia have carried stories that Saudi Arabia would turn Qatar into an island, digging a sea channel along its border with Qatar, also that the Kingdom would site a toxic waste dump and a military base along the border. UAE, a close ally of Saudi Arabia, also plans to dump nuclear waste at the nearest point on its territory to Qatar.²

¹ For more on the outbreak of hostilities, see the Commons Briefing Paper [Qatar crisis](#), June 2018

² ‘Turning Qatar Into An Island: Saudi Cuts Off Its Nose To Spite Its Face’, *Eurasia Review*, 19 April 2018

Egypt is a committed member of the Saudi-led Arab Quartet but has different interests from the Gulf monarchies; Egypt hasn't recalled the 300,000 Egyptian migrant workers from Qatar.³

Military clash averted

Several sources report that Saudi Arabia and the UAE were on the verge of invading Qatar. A military clash was only averted by the intervention of Rex Tillerson, the then US Secretary of State, according to reports.⁴ That intervention and his attempts to mediate may have cost Tillerson his job, after lobbying by Saudi Arabia and the UAE.

1.1 Qatari resilience

Gas

Qatar's wealth, which comes from being the world's top exporter of liquefied natural gas (LNG), has given it enormous resilience. LNG is a more environmentally friendly energy source than oil and Qatar has benefited from the strong export market.⁵

These gas contracts, together with investments from Qatar's sovereign wealth fund, have strengthened relations with countries outside the region, while personal wealth has cushioned Qataris from hardships that might have been significant for any other nationality.

Qatar's communications about the conflict have been more effective – avoiding the sort of polemical declarations that have characterised the Arab Quartet's response.⁶

Not only have the Qataris proved resilient (at considerable cost), they also have strong alliances; any plan to isolate Qatar completely always looked ambitious.

US and UK military base

Qatar is home to al-Udeid Air Base, where there are some 10,000 American troops and which acts as US Central Command's forward operating base.⁷ In January 2018 the Qataris announced that they were extending and modernising the base to make it more comfortable for the US troops stationed there. In January 2019 Mike Pompeo, US Secretary of State, signed a memorandum of understanding with Qatari officials in Doha. He said that "great things" were happening between the US and Qatar but said that the dispute with the Gulf neighbours had gone on too long.⁸

³ Jane Kinninmont, [The Gulf Divided: The Impact of the Qatar Crisis](#), Chatham House, May 2019

⁴ "Saudi Arabia Planned to Invade Qatar Last Summer. Rex Tillerson's Efforts to Stop It May Have Cost Him His Job." [The Intercept](#) August 1, 2018

⁵ Jane Kinninmont, [The Gulf Divided: The Impact of the Qatar Crisis](#), Chatham House, 30 May 2019

⁶ Hassan Mneimneh, [The Gulf Crisis Is a Messaging Nightmare—With No Success in Sight](#), Washington Institute, 21 June 2019

⁷ See also the UK naval presence in the Gulf: Commons Briefing Paper [Operation Kipion: Royal Navy assets in the Persian Gulf](#), October 2019

⁸ "Pompeo signs off on al-Udeid Air Base expansion, but says Qatar diplomatic crisis 'has dragged on too long'", [Associated Press](#), 13 January 2019

Al-Udeid also houses the [No. 83 Expeditionary Air Group](#), the RAF's expeditionary air capability in the Middle East. Qatar and the UK cooperate on defence projects. In December 2017 the two signed a statement of intent to supply 24 Typhoon fast jets and a package of missile and laser-guided bombs, worth a total of £6 billion.⁹

Qatari cadets train at Sandhurst each year. In 2015-16 there were 11 Qataris at Sandhurst bringing in income of £260,000 to the academy.¹⁰

Iran

The confrontation between Iran and the Sunni Gulf powers shows few signs of abating, and although the Qatar/Gulf Quartet dispute is not the same as the dispute with Iran, it is linked to it. Qatar is a majority Sunni country, but the Saudis and their allies are suspicious of Qatari links with Shiite Iran.

Iran has always had a relatively close relationship with Qatar. Apart from anything else, "[by far](#)" the largest gas field in the world straddles their maritime border in the Persian Gulf.

As well as dialogue over their shared gas interests, Qatar and Iran have discussed naval and shipping collaboration.

Preventing Qatar from trading through Saudi Arabia and UAE has driven Qatar closer to Iran. Tehran supplied food to Qatar in the early days of the crisis and kept its airspace open to Qatari planes when the Arab Quartet closed theirs.

Turkey

Turkey's ruling AK Party is [closely linked](#) to the Muslim Brotherhood and Turkey has sided with Qatar in the dispute over political Islam. Since 2017 Qatar's alliance with Turkey has deepened.

At the height of Turkey's currency crisis in 2018, Qatar promised to invest \$15 billion in Turkey.

There is a Turkish military base in Qatar and a wide-ranging military cooperation agreement passed through the Turkish parliament after the beginning of the blockade in 2017, building on an earlier agreement. One of the Arab Quartet's 13 demands was for Qatar to remove Turkish forces from its territory.

This demand was rejected by Ankara; Turkish military presence in Qatar has gradually expanded since the Gulf crisis started; [reports suggest](#) there are now some 3,000 Turkish troops in Qatar. Turkey has also supplied military equipment to the Qatari government.

1.2 No end in sight?

Many Western observers expected the crisis to be smoothed over quickly, as a similar disagreement in 2014 had been. They were wrong.

⁹ ['Defence Secretary strengthens UK-Qatar Defence relationship'](#), MoD press release, 17 September 2017

¹⁰ [Written question HL 4956](#), 12 Jan 2016

New generation of decision-makers

If anything, the crisis seems more permanent now than in 2017. It is partly driven by a new generation of decision-makers in Qatar, Saudi Arabia and the United Arab Emirates. Mohammed bin Salman, Crown Prince and *de facto* ruler of Saudi Arabia, is 34 years old; to have one so young in charge of the Kingdom is a huge change.

Mohammed bin Zayed is Crown Prince of the UAE and a close ally of Saudi Crown Prince MBS, as he is known. MBZ is aged 58, and this is still relatively young for a leader of a Gulf State. He is widely reported to be very hawkish on political Islam and Qatar.

Tamim bin Hamad Al Thani is the Emir of Qatar, aged 39. He has been on the Qatari throne since 2013.

The present generation has proved to be far more assertive than the preceding one, as Saudi Crown Prince Mohammed bin Salman's war in Yemen has shown. This generation is perhaps more reluctant to take [Western advice](#) to resolve the dispute.

Domestic stability

As well as the personalities of leaders, which are always important in the Gulf, the conflict is driven by differing domestic security concerns.

Qatar wants to build its influence by courting public opinion in the region, seeing itself as "the rights-driven bulwark against a Saudi-led order".¹¹ If the region's autocracies are challenged by the 'Arab street', that might be a strong position. Qatar barely has its own 'street' because its population is so small and so wealthy.

The Saudi monarchy, on the other hand, is deeply concerned about threats to its rule from political dissent at home, particularly after the Arab uprisings of 2011, and seeks to suppress political Islam. The UAE supports Saudi Arabia in this aim.

Egypt elected a Muslim Brotherhood president in 2012 but he was deposed in a coup in 2014. Since then the Egyptian authorities have cracked down hard on the Muslim Brotherhood.

These differing concerns about domestic stability are not going to change in the foreseeable future.

Both sides, meanwhile, attempt to shore up their personal rule with nationalist populist discourse, making compromise more difficult.

Unpredictable

The dispute is partly about autocratic leaders who are less willing than their predecessors to compromise. On the other hand, the fact that the dispute depends on decision-makers who have a free hand in foreign policy making also means that it could be resolved quite quickly if the individuals involved change their minds.

¹¹ Elizabeth Dickinson, ['Exporting the Gulf Crisis'](#), War on the Rocks, 28 May 2019

2. Effects around the region

Disagreements between the Gulf monarchies are not new. But now the dispute is more significant to the region and the wider world because of the greater international reach of the participants.

The Gulf countries have used their sovereign wealth funds to invest across the world, buying them economic and political influence.

Their buying power makes them important markets for Western countries

Newly ambitious, activist foreign policies have led to competition between the Gulf monarchies for influence in their region, especially in the Horn of Africa, Libya and Yemen.

Analysts say that their rivalry has fostered proxy wars, increasing violence in countries like Libya and making those conflicts far harder to resolve. In Libya, for example, a commentator for the US Institute for Peace argues that external actors spoiled UN efforts to achieve a settlement:

The United Nations was not able to constrain external actors who frequently sought to advance narrow self-interest at the expense of peace and stability in Libya.¹²

Sudan

The Sudan of Omar al-Bashir used to be quite close to Iran; Bashir had strong connections in the National Islamic Front, a Salafist Islamist party. Given the ideological affinity, Iran provided support to Bashir, contributing to medical facilities for example and cooperating on Sudan's defence.

From 2014 that changed, as Saudi Arabia started to court the Bashir government. Saudi money started to flow into the country and Saudi lobbying helped get some US sanctions on Sudan lifted.¹³

In 2015 Sudanese troops joined the Saudi-led coalition fighting Iranian proxies the Houthi rebels in Yemen.

Bashir tried to maintain links to the other side of the Gulf rift, travelling to Doha in Qatar to ask for more backing from the pro-Islamist Qataris.

After the fall of Bashir,¹⁴ Saudi Arabia and the United Arab Emirates announced a \$3 billion aid package.

Sudanese strongmen all have foreign ties: the Islamists tend to be close to Qatar and Turkey, others in the high command are backed by Egypt, Saudi Arabia backs others and the UAE, too, sponsors certain factions.

¹² Thomas Hill, [The Conflict in Libya, Testimony before the House Foreign Affairs Subcommittee on Middle East, North Africa, and International Terrorism](#), US Institute of Peace, 15 May 2019

¹³ Mohammed El Aassar, '[Gulf states are mapping out Khartoum's future](#)', *World Today*, September 2019

¹⁴ For more on the fall of Omar Bashir, see the Commons Briefing Paper [Military coup in Sudan](#), April 2019

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One seasoned commentator underlined the concerns about future stability in Sudan, given these competing forces: “The security hydra – multitudinous, avaricious, with each faction backed by a rivalrous foreign patron – poses an ominous threat.”¹⁵

Money, however, cannot do everything. Egypt, with a long history of engagement with Sudan, over its southern border, has close links with Sudanese figures and has significant policy differences with the UAE and Saudi Arabia on the future of the Sudanese uprising.¹⁶

Libya

Both the UAE and Qatar backed early efforts to depose Muammar Qaddafi in Libya. But after the initial campaign, the Gulf neighbours backed rival militias to take control of the country.

After Islamist forces lost the 2014 election, the Libya Dawn militias, led by Muslim Brotherhood figures, seized the capital, Tripoli, forcing the UN recognised government to flee to Tobruk in eastern Libya.

Initially, Egypt and the UAE, along with Russia, backed the UN-sponsored Tobruk government. Qatar and Turkey supported the Islamist-led government in Tripoli.

In early 2019, eastern Libyan commander Khalifa Haftar and his Libyan National Army pushed to seize Tripoli from the Islamist-led authorities there. Saudi Arabia, the United Arab Emirates and Egypt are now considered to be close to Haftar, who has grown strong by defeating several Islamist militias. The UN reports that both Egypt and the UAE have supplied Haftar with arms and aircraft.

Turkey and Qatar have shifted their position too and have supplied the UN-backed Government of National Accord with weapons. In April 2019 Qatar’s foreign minister called for the existing [UN arms embargo](#) to be enforced against General Haftar and for his troops to withdraw from areas they have occupied.

The Gulf states, Turkey and Egypt are not the only ones whose rivalry over Libya has been called out, however. France is close to Haftar while Italy has backed the Tripoli government.¹⁷

As well as the Islamist/authoritarian political battle attracting intervention from each side of the Gulf divide, influence in Libya is important because of its enormous oil reserves. Cairo, which is particularly close to General Haftar, sees a stable Libya and access to cheap Libyan oil as crucial for the Egyptian economy.¹⁸

Somalia

In Somalia Qatar and the UAE have supplied arms and/or military training to rival Somali factions, where the main goal is to gain control of Somali ports that offer access to growing African markets.

¹⁵ Alex de Waal, [Sudan after Bashir](#), *London Review of Books*, 18 April 2019

¹⁶ Alex de Waal, [‘Cash and contradictions: On the limits of Middle Eastern influence in Sudan’](#), *African Arguments*, 1 August 2019

¹⁷ [‘Libya conflict stirs divisions in Gulf and Europe’](#), *Reuters*, 16 April 2019

¹⁸ [Libya’s global civil war](#), European Council on Foreign Relations, 26 June 2019

Having collaborated extensively with the UAE, the Somali Government has since 2018 moved closer to Qatar, while the UAE now operates mainly in the disputed provinces of Somaliland and Puntland. Some bombings are reported to have been associated with the Qatar/UAE tussle for influence.

A former US diplomat in the region said:

Somalia is the most vivid example of the potential destabilization brought by the Gulf rivalry. The Gulf sees these states as clients. It is all about controlling the space: plant a flag in the ground and lock down territory and relationships before your rival can.¹⁹

Syria

Saudi Arabia, Qatar, Turkey and the United States were the biggest funders of the Syrian opposition, so their policies and relations with each other affected the conflict deeply.

Qatar and Saudi Arabia financed different factions among the opposition to the Syrian Government.

There was some collaboration on the common goal of promoting Sunni rebels against the Syrian government,²⁰ but disagreements between the different factions were a significant problem and reports suggest that the rivalry between their sponsors made those differences worse.

One rebel fighter said: “We urge our brothers in Saudi Arabia and Qatar not to burden the Syrian people with more than they can bear”.²¹

The rivalry continues to play out in Syria, however, particularly as Turkey has such an important role there. Saudi Arabia, UAE and Egypt have reportedly been cultivating ties with the YPG – the People’s Protection Units considered by Turkey to be a branch of the PKK, which for Ankara is a terrorist organisation and a mortal threat to Turkey.²² With Turkey supporting powerful Islamist groups in Idlib and invading Syria at least twice to dislodge the YPG from areas close to the Turkish border.

Yemen

Alignments in Yemen are complicated.

The most important members of the Saudi-led coalition in Yemen are Saudi Arabia and the UAE. The UN-backed Hadi government of Yemen, which the Saudi-led coalition is trying to re-instate, contains powerful figures from Islah, the conservative Islamist party with some connections to the Muslim Brotherhood.

Qatar was originally a member of the Saudi-led coalition but was expelled from it in 2017. Some in the Hadi government have described Qatar as being allied to the Houthis. Doha, however, has tried to

¹⁹ ‘With Guns, Cash and Terrorism, Gulf States Vie for Power in Somalia’, *New York Times*, 22 July 2019

²⁰ ‘[How the Gulf Arab rivalry tore Libya apart](#)’, *National Interest*, 11 December 2015

²¹ ‘[Gulf crisis seen widening split in Syria rebellion](#)’, *Reuters*, 14 June 2017

²² Birol Baskan, ‘A new Turkey-Saudi crisis is brewing’, Middle East Institute, 8 January 2019

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maintain links with both the Houthis and with the partly Islamist party – Islah.²³

In this particularly tangled conflict, even the Arab Quartet has not remained united. In July 2019 the UAE announced that it would be withdrawing most of its troops from Yemen. Saudi Arabia and the UAE were already pulling in different directions, with some suggesting that the UAE aimed at reviving the state of Southern Yemen and ensuring its pro-UAE alignment. The Southern Transitional Council is already the *de facto* government of Aden.²⁴

GCC

The [Gulf Cooperation Council](#) used to be one of the only effective regional organisations in the Arab world. Since the Gulf crisis has led to three GCC members boycotting Qatar, the GCC is now effectively suspended.

In December 2018 the Emir of Qatar declined to attend the GCC summit in Saudi Arabia.

In May 2017 the US Administration announced its idea of a Middle East Strategic Alliance:

...a security partnership between Gulf Cooperation Council nations, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, with the addition of Jordan and Egypt.²⁵

The rift has also complicated US ideas about developing an alliance of pro-Western Arab nations – the ‘Arab NATO’.

OPEC

Since the beginning of 2019 Qatar is no longer a member of OPEC, the organisation of oil exporters. Qatari ministers denied the decision to leave the organisation was anything to do with the dispute with the Arab Quartet.

Qatar is not a big producer of oil but had been an OPEC member since 1961.

²³ Samuel Ramani, [How Qatar is working to boost its influence in Yemen](#), Al-Monitor, 19 November 2018

²⁴ Imad Harb, [‘Why the United Arab Emirates is abandoning Saudi Arabia in Yemen’](#), Foreign Policy, 1 August 2019

²⁵ [Middle East strategic alliance effort aimed at stabilisation](#), US Department of Defense, 30 April 2019

3. UK relations

Dispute

The UK, in common with other Western governments, has called for a peaceful resolution of the dispute:

We continue to urge all sides to take steps to de-escalate and engage with Kuwaiti mediation efforts to find a resolution to the ongoing dispute. Substantive progress can only happen when all countries involved are willing to discuss demands that are measured and realistic. We remain firmly committed to our strategic partnership with the Gulf Cooperation Council (GCC), and continue to make clear during engagements with Gulf partners that GCC unity matters to long-term regional security and stability.²⁶

Arms sales

The UK has supplied arms to countries on both sides of the dispute. Saudi Arabia is the UK's largest single export market for arms,²⁷ having bought Typhoon fast jets and Hawk trainer aircraft.

The UK has also recently sold 24 Typhoons and nine Hawks to Qatar. The Department for International Trade answered a PQ in June 2019 on the export credits provided by the Government to support the sale:

In 2018, UKEF provided a package of loans, guarantees and insurance with a value of around £4.2 billion (not taking into account amounts reinsured by other ECAs) in respect of the sale of 24 Typhoon and 9 Hawk aircraft and associated goods and services by UK companies BAE Systems and MBDA UK to the State of Qatar.

UKEF has published details of its support for these contracts in its Annual Report and Accounts 2018-19 (pages 55-56) which has been presented to Parliament and can be found on UKEF's website.

<https://www.gov.uk/government/publications/uk-export-finance-annual-report-and-accounts-2018-to-2019>

This package is the only instance of UKEF support for the sale of military aircraft to Qatar.²⁸

The export credit has proved controversial because it did not match the usual UK Export Finance criteria for granting credit because of the size of the credit and the long risk horizon. These points were set out in a [letter to the Chair of the House of Commons International Trade Committee](#) dated 15 September 2018.

The fact that Western countries have sold arms to both sides has led some people in the region to believe that the West fomented the dispute.²⁹

²⁶ [Written question - HL16027](#), 18 June 2019

²⁷ For more information see the Commons Briefing Paper [UK arms exports to Saudi Arabia: Q&A](#), July 2019

²⁸ [HC Written question – 267333](#), 25 June 2019

²⁹ Hassan Mneimneh, [The Gulf Crisis Is a Messaging Nightmare—With No Success in Sight](#), Washington Institute, 21 June 2019

Gas

Qatar dominates the market for Liquefied Natural Gas (LNG), which the then Foreign Secretary Jeremy Hunt described in July 2019 as “absolutely critical to the global economy”. About 15% of the UK’s imported natural gas comes in the form of LNG, of which 40% comes from Qatar, the UK’s biggest LNG supplier.³⁰

Qatari investments in the UK

Qatari overseas investment has recovered after seeing repatriation of funds at the height of the Gulf crisis in 2017.

In 2017, the UK was reportedly [Qatar’s biggest investment destination](#), with a stock of £35 billion-worth of investments in the UK and £5 billion more planned. Much of the investment is from the Qatari sovereign wealth fund. UK investment may decline in the next few years, as the fund is [turns its attention to the US](#) and Asia, where it was under-invested in the past.

UK assistance

The UK created the Gulf Integrated Activity Fund (IAF) in 2015. It contributes to activities focusing on aquaculture, sport and culture, healthcare and institutional capacity building, among other things. It is designed to cover expenditure when department’s core budgets cannot provide funds for the government’s Gulf Strategy.³¹ The IAF funds activities in Qatar as well as the other Gulf Co-operation Council countries.

The allocated budget for the IAF for the 2019/20 financial year is £20m.³²

³⁰ Department for Business, Energy & Industrial Strategy, [Digest of UK Energy Statistics 2019](#), p67

³¹ A [Gulf Strategy Unit](#) was established in 2015 in the Cabinet Office leads cross-departmental coordination of UK policy and programmes in the Gulf, in line with National Security Council strategy

³² [Written question - HL16049](#), 25 June 2019

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