The Statecraft of Small States
Foreign Policy and Survival Strategies

Series Editor: Fanar Haddad
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Editor’s Introduction
The Statecraft of Small States
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International relations theorists and political scientists have long debated the concept of small states and how best they should formulate their defence and foreign policies. Complicating matters is the question of what, besides their “smallness”, can be universally said about small states. Besides being small, what do the diverse group of countries described as small states have in common? This is an important question when considering how small states should go about creating their security. Variation in economic strength, diplomatic reach, regional environments, political systems and so forth preclude a one-size-fits-all prescription for the statecraft of small states.

In 2017, the official boycott of Qatar by its larger neighbours, Saudi Arabia and the United Arab Emirates (UAE), in addition to Bahrain and Egypt, rekindled the debate around small states and how they should pursue their interests. In Singapore, there were those who saw in Qatar a lesson, namely the need for small states to “always behave like small states”.¹ In their view, small states must be careful not to overreach and should stay out of superpower conflicts. They also have to scrutinise where their national interests lie and how these interests are best served on the international stage without antagonising larger powers. Others, however, were quick to push back against this line of thinking. The example of Qatar may have lessons on overreach and how not to antagonise more powerful neighbours, but some argued, this should not be taken to mean that small countries must be forever deferential to larger powers, or that they should “think small” or become craven in their dealings with larger partners.² Indeed, some have argued that rather than thinking small, small states need to create relevance for themselves, through extraordinary achievement and proactive diplomacy, as a matter of strategic necessity.³

Traditionally, the literature on small states has suggested that the strategic posture of small states will gravitate towards either balancing their relations with multiple powerful states through, for example, managing their alliances; bandwagoning, whereby a small state attaches itself to the position of a larger, more powerful state; hedging, which involves adopting a policy of proactive diplomacy that maintains a non-aligned posture; or lastly, trying to sit on the sidelines, by adopting a policy of neutrality and relinquishing responsibility to more powerful states, or buck-passing, as some studies call it.4

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In February 2019, the Middle East Institute hosted a group of leading scholars to discuss the concept of small states at a workshop titled “The Statecraft of Small States: Foreign Policy and Survival Strategies”. The papers in this issue of Insights are based on the research notes submitted to that workshop. These contributions go beyond the neat demarcations described above and, in doing so, reflect the fact that reality is usually far messier.

Rory Miller and Sarah Carduan’s contribution (page 7) notes that the nature of alliances and foreign policy in the Middle East have undergone fundamental shifts in recent years. This necessitates a rethink of much of conventional wisdom. They note that the international relations of the Middle East have been marked by an increase in multinational, ad hoc and informal security coalitions. Examples include the anti-Qatar coalition that was started in June 2017, or the Arab Coalition in Yemen that was put together in December 2015. Saudi Arabia and the UAE, in particular, have looked to such informal alliances to respond to a series of challenges: ungoverned spaces, insurgencies, violent transnational non-state actors, a rising Iran and continued uncertainty about America’s commitment to upholding its traditional role as the region’s policeman and the guarantor of its allies’ survival. Where small states are concerned, the proliferation of informal arrangements has significant security implications for stability, predictability and strategic alignment options. Miller and Carduan argue that this goes beyond the Middle East and, in fact, reflects a global trend towards ad hoc coalition building and improvising strategies of collective action.

Traditionally, small states have preferred formal agreements through multilateral institutions for the stability, predictability and security guarantees that such official agreements provide. By contrast, a key characteristic of informal alliances is that they tend to be issue-specific rather than long-

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term political alignments. Miller and Carduan argue that it is not impossible for informal alliances to provide small states with benefits similar to more formal arrangements, but whether or not this actually happens will depend on the relationship between the small state and the dominant actor, and the extent to which their interests converge.

Taking a different approach, Heinz Gärtner’s contribution (page 14) looks at the utility of neutrality as the basis for defence and foreign policies of small states. Questions have been raised as to whether non-alignment is a more beneficial posture for small states, since it allows for a more flexible and potentially more assertive stance. However, Gärtner’s framing of neutrality departs from common understandings of the term that have been shaped by the Cold War. He argues that in the 21st century, small, neutral states are not evading conflict, nor are they avoiding alignments, as was the case with neutral states during the Cold War. Instead of disengagement and evasion, what we are seeing today is “engaged neutrality”, which entails active participation in international security policy in general and in international peace operations in particular. Gärtner argues that it is simply not feasible for small states to try to evade crises; instead, engaged neutrality means “involvement whenever possible and staying out if necessary; it does not mean staying out when possible and engagement only if necessary”. The challenges of the 21st century — proliferation of weapons of mass destruction, terrorism, fragile and dysfunctional states, immigration, organised crime, climate change — all require small neutral states to be proactive and engaged through multilateralism, diplomacy, global partnerships and the like.

In Mehran Kamrava’s contribution (page 21), the analytic lens zooms into one of the most fascinating case studies of small state theory in recent years, Qatar. In Kamrava’s analysis, rather than relying on soft power or hard power or even a combination of the two (termed as “smart power”), Qatar’s foreign policy consists of what he refers to as “subtle power”. There are four primary components underpinning the concept: hedging, military security and protection (which echoes the “shelter theory” discussed below), branding and hyperactive diplomacy, and international investments. Kamrava argues that these were the main planks underpinning Qatari foreign policy under Sheikh Hamad bin Khalifa Al Thani in the 1990s until his abdication in 2013. That foreign policy reflected a regional context in which Qatar stood out for its proactive and assertive projection of influence in the region, at a time when the traditional powers were either mired in their own problems (Iraq, Syria, Iran) or too inward-looking under stagnant and aging leaderships (UAE, Egypt, Saudi Arabia). By the time of Al Thani’s abdication, the regional context had changed: new leaderships emerged in
Abu Dhabi and Riyadh championing a more assertive foreign and defence policy, forcing Qatar to scale back its attempts to project power.

Qatar as a case study also features in Ahmed Hashim’s contribution (page 28), which analyses it in a comparative framework alongside the UAE and Singapore. Specifically, Hashim looks at these cases as relatively rare examples of small states seeking to create their own security, by investing in military capabilities and developing their own hard power. In this way, Qatar, the UAE and Singapore challenge the conventional wisdom on how small states formulate foreign and defence policies. All three states have attempted to punch above their weight through more than just diplomacy by seeking to develop their own military capabilities.

In Hashim’s analysis, Qatar’s foreign policy is presented as a case of soft power overreach without sufficient hard power to back it up. This ultimately led to the Saudi and Emirati-led blockade against Qatar that began in June 2017 and is still ongoing. Recently, Qatar has attempted to build hard power but its minuscule population presents an insurmountable obstacle. As such, the immediate benefit of the billions of dollars that Qatar has spent on military purchases is the effect it will have on cementing political ties to major powers and further strengthening Qatar’s security alliances. According to Hashim, actual build-up of independent Qatari hard power remains unlikely in the foreseeable future.

The UAE, by contrast, has engaged in military strengthening since the 1990s, through defence and security agreements with major powers and building its own military capabilities. Today (and particularly since 2011), the UAE has the most capable military of all the Gulf countries. As for Singapore, its investment in hard power goes back even further. Singapore was left practically defenceless upon its sudden independence in 1965. The declaration of the British three years later that they would withdraw from the region by 1971 further added to Singapore’s vulnerability. This forced Singapore to invest heavily in its military capabilities, to the extent that it has South-east Asia’s best equipped and best trained force today.

An interesting point in Hashim’s comparison is that defence policy in all three cases was dependent on dynamic leadership in contexts of weak or under-institutionalisation. Singapore was the first to realise the need for hard power and hence paid much attention to defence policy from inception. This was a function of Singapore’s many vulnerabilities that threatened its survival, whereas Qatar and the UAE were sufficiently cushioned by hydrocarbon wealth in their early years. Only recently have they felt the need to seriously invest in hard power and in creating their own security.
Moving away from hard power and more towards economic muscle, **Juergen Braunstein**’s contribution (page 38) looks at Singapore and the role that it has built for itself in the global carbon economy in the form of downstream activities: mainly focusing on fossil fuel refinement, shipping, bunkering and oil storage and activities as the centre for the breakdown of larger oil cargoes for regional markets. While this has given Singapore several obvious advantages and has aided the city-state’s remarkable economic growth, Braunstein notes that it has also increased Singapore’s vulnerability to fluctuations of the international market. This is especially pertinent in the years ahead, as energy markets are set for major changes in ways that will present Singapore with profound challenges.

The shale gas revolution, the increasing emphasis on renewables and the effects of global climate change will allow oil consumers opportunities for diversification but will also bring new potential economic risks to small open economies such as Singapore’s. Further, producer countries are investing in downstream activities, thereby reducing Singapore’s leverage. Indeed, the need for transit countries such as Singapore, in the global oil value chain, will decrease as consumer countries seek to trade directly with producers. To weather these coming shifts, Singapore will have to diversify its economic model to ensure that its likely diminishing role in the global carbon economy does not have a calamitous impact on its economic security.

The final contribution by **Baldur Thorhallsson** (page 43) examines the shelter theory with reference to Iceland. While noting the diversity of small states, Thorhallsson points out that what they have in common across the board is that they all have to compensate for size-related problems both domestically and internationally. Shelter theory concerns the latter and Thorhallsson argues that small states are fundamentally dependent on shelter — be it political shelter, economic shelter or social shelter. Yet, none of these concepts are entirely straightforward and small states have to manage and navigate the costs of shelter to make sure they do not outweigh the benefits.

Historically, Iceland’s relations with the United States, the Nordic States and the European Union have provided it with essential political, economic and social shelter. Thorhallsson argues that Iceland’s diplomatic history shows that multilateralism is an indispensable survival strategy for small states. The Icelandic case, in his view, highlights the necessity for small states to have more than one shelter provider and the long-term dangers of overdependence on bilateralism. Iceland’s relationship with the United States is particularly relevant in that regard. The United States was Iceland’s main shelter provider, until it withdrew its military assets from Iceland in 2006.
and then, two years later, refused to provide assistance to Iceland during the financial crisis of 2008.

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These diverse case studies show the varying strategies that small states need to employ and how these differ across different regions and different contexts. Small state security is likely to be further tested in the future by an increasingly anarchic international system that is also departing more and more from the mythology of the “rules-based international order”. Moving forward, the role of the United States in upholding global order is likely to become more ambiguous. The deepening of the multipolar competition will inevitably pose new challenges and opportunities for small states.

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Negotiating Insecurity
Small States and Multinational Security Coalitions in the Middle East

By Rory Miller and Sarah Cardaun*

Abstract

In a volatile Middle East with proliferating threats and regional middle powers competing for influence, some states are using multinational, ad-hoc security coalitions to address specific security needs and advance strategic interests. This article presents some important insights into the security implications of such informal alliances for small states in terms of stability and predictability, strategic alignment options and potential for political influence.

Informal multinational security coalitions are the most recent iteration of security alliances in the evolving security architecture of the Middle East. The four most significant are the Global Coalition against Daesh (or Islamic State, as the terrorist organisation is better known), formed in September 2014; the Arab Coalition in Yemen assembled in March 2015; the Islamic Military Counter Terrorism Coalition (IMCTC) established in December 2015 and the informal anti-Qatar coalition launched in June 2017. In their early stages, these coalitions were lauded by officials in participating nations for their “crucial role … in the defence and collective security of the region”, as top Bahraini official Abdulla Bin Ahmed Al Khalifa put it. In 2016, then-Saudi Chief of Staff Major-General Taher Al-Aqeeli described the Yemen Coalition as “a turning point in Arab joint actions” and evidence that “inter-Arab relations have moved to a new and sophisticated state”. Top Emirati official Anwar Gargash even argued that these coalitions might provide a viable “alternative model” to western intervention across the Middle East.¹

But these coalitions have not been able to live up to these high expectations, at least not yet. While the international anti-Islamic State (anti-IS) coalition

was ultimately successful in the territorial defeat of the terror group, the other three security alliances are far less effective. The IMCTC has not been particularly active beyond declaratory rhetoric since its inception. The limitations of Yemen and the anti-Qatar coalitions are visible for all to see on a weekly basis. Meanwhile, recent US-led efforts to bring local allies together in a more formal Middle East Strategic Alliance (Mesa) are an indicator that policymakers in Washington are sceptical over the viability of such informal coalitions in the Middle East, at least concerning their potential to serve US interests in the region.

Despite their limitations, informal security coalitions have become an increasingly central component of regional security. Saudi Arabia and the UAE, in particular, have turned to such frameworks in response to rising geopolitical instability, uncertainty and disorder, caused by the prevalence of weak states and strong insurgencies, violent transnational non-state actors and a shifting regional balance of power owing to intensified rivalries between aspiring regional hegemons. These developments have occurred at a time when the United States has continued rolling back its active involvement in the region. This is the background against which regional middle powers have begun utilising informal alliances in order to advance regional interests, develop security and enforcement capabilities and foster a consensus in the area of security governance.

Key Features of Informal Multinational Security Coalitions

Although the four coalitions mentioned above are different in size, sophistication and mandate, they share several key characteristics. While contingent local and regional factors should also be taken into account in explaining their emergence, their rise fits in with a larger, global trend towards “patterns of ad-hoc coalition-building” and “improvised strategies of collective action”, addressed under the term “collective conflict management”, in the work of Chester A Crocker and others.

Between them, the four coalitions can claim a membership of nearly 100 sovereign states. Geographically, these countries transcend any particular region. Participants in the Arab Coalition in Yemen, for instance, have included several North and West African nations. In the case of the IMCTC, 15 out of a total of 41 member states are located more than 4,000 kilometres from Riyadh, the home of the coalition’s headquarters. Moreover, the diverse membership of informal alliances includes various non-state and sub-state

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actors. The Global Coalition against Daesh counts five non-state entities and regional organisations among its participants and the anti-Qatar coalition include the Tobruk-based House of Representatives government in Libya.

In addition to diversity in coalition members, another key characteristic of informal alliances is their focus on a specific threat, security challenge or mission. In contrast to traditional alliances, which are built on long-term political alignments and international standing co-operation, the raison d’être of informal ad-hoc coalitions is almost exclusively issue-specific: the mission of the IMCTC is to coordinate and support military operations in the fight against terrorism; in the case of the Yemen Coalition, it is to counter the threat posed by the Houthi rebels and their Iranian backers as well as al-Qaeda in the Arabian Peninsula (AQAP).

The flexible, improvised nature of such alliances, which avoid precedent-setting footprints, affects the management of operational tasks as well as the levels and nature of co-operation between members. Overcoming one of the major constraints of formal “inside-out” alliances such as the Gulf Cooperation Council (GCC), informal coalitions do not have strict conditions for admission like those that prevented the expansion of the GCC beyond its six founding members. Furthermore, contributors to informal coalitions usually agree to join without any resort to formal arrangements such as treaties or institutions. As Adel Al-Jubeir, Saudi Arabia’s then-minister of foreign affairs, explained at the launch of the IMCTC, individual partners could decide “what to contribute, and when to contribute it, and in what form and shape they would like to make that contribution”. In most cases, there is no expectation on the part of participants that their involvement will lead to an enduring institutional relationship. These are, in other words, true “coalitions of the willing”. Not only can they be easily disbanded once the mission is completed, but members can also walk away before then, as was evident in Morocco’s decision to withdraw from the Arab Coalition in Yemen in early 2019.

One can discern three distinct, but often overlapping, security relationships across these informal coalitions. The first, in the case of the anti-IS and Yemen coalitions, is the relationship between major external actors, on the one hand, and regional middle powers and small states, on the other hand.

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The second is between local middle powers in a leadership role, such as Saudi Arabia and the UAE, and other middle powers who participate as subordinate members, such as Pakistan, Egypt, or Malaysia. The third security relationship evident inside these informal coalitions is that between middle power leaders (Saudi Arabia, Egypt and the UAE) and small states and non-state actors. Thinking about this third relationship provides an opportunity to highlight some questions that informal coalitions raise for the foreign and security policies of different categories of actors, in this case, small states.

Informal Coalitions and the Security Needs of Small States

A key debate in the small state literature is whether it is now “obsolete” to think of small states in traditional neo-realist terms as vulnerable, weak and largely irrelevant in the face of great power politics. It is true that there is a great diversity of foreign policy behaviour within the small state category and that there are good arguments for paying more attention to the broad range and effectiveness of some foreign policy and security tools leveraged by small states. However, this does not change the fact that small states are affected differently and more severely by many security threats than larger states. This makes the rise of new types of regional and international security frameworks with distinct characteristics — such as informal security coalitions — of utmost relevance and raises the question whether they are suitable frameworks for the security needs of small states.

For various reasons, small states have traditionally been attracted to formal, multilateral institutions. To begin with, these usually offer stability and predictability or even entail security guarantees enshrined in a treaty, all of which can be vital for small state security.

For various reasons, small states have traditionally been attracted to formal, multilateral institutions. To begin with, these usually offer stability and predictability or even entail security guarantees enshrined in a treaty, all of which can be vital for small state security. Being neither collective security nor collective defence frameworks, informal coalitions do not offer any of that. On the contrary, the absence of any written agreements results in a considerable risk of being “abandoned” by the coalition leaders. An example was US President Donald Trump’s announcement in December 2018 of

While small states’ military and financial contributions in informal coalitions are normally significantly lower than those of larger nations, ad-hoc alliances make outright “free-riding” — something that has long been debated in the context of formal security alliances — much more difficult.

All of this does not mean that small states and other weak contributors do not gain any advantages from short-term military coalitions. The fight against specific security threats — such as terrorist groups — is certainly something that all actors affected by the threat benefit from. Small states are often not capable of countering such threats alone. But this comes at a price: While small states’ military and financial contributions in informal coalitions are normally significantly lower than those of larger nations, ad-hoc alliances make outright “free-riding” — something that has long been debated in the context of formal security alliances — much more difficult. This is because in ad-hoc coalitions, which only exist for a specific mission or task, contributions of each member are more visible and subject to scrutiny. Participants, including small states, cannot hide in the shadows; membership always entails some level of active participation — the very definition of being part of a coalition.

In principle, the very same non-binding nature of co-operation in informal frameworks that makes them unsuitable as security guarantees or vehicles for outright free-riding also reduces the risk of entrapment — a scenario feared especially by weaker partners in long-term alliances, in which they are forced into conflict situations they would otherwise prefer to avoid. If military or other security interventions escalate in ways that a coalition partner does not support, the exit option is always available. We see this clearly in the case of the anti-Qatar coalition. Since joining the Saudi-UAE led group in June
2017, the Maldives, Chad, Comoros, Gabon, Djibouti and Jordan have all walked back some of their initial support for the blockade.

Non-formal, issue-focused coalitions also have implications for alignment strategies in other ways. They can facilitate “hedging”, a strategy frequently employed by small states between balancing and bandwagoning. Having said this, it is also important to note that despite the flexibility inherent in informal coalitions, to some extent they also are an expression of longer-term strategic positioning and at the same time influence future political alignment options. Sudan’s participation in the Arab Coalition in Yemen, for instance, can be interpreted as an indicator of its political shift towards the Arab Gulf countries, which has played out domestically during the recent change of regime, and also further consolidates this alignment. Participation in a coalition or campaign inadvertently draws a country further into the realm of the leading actors and, therefore, affects longer-term relations with the respective regional rivals. Small states need to be aware of that, especially in the current regional context of dynamic multipolarity, where several middle powers compete for regional hegemony.

Non-formal, issue-focused coalitions can facilitate “hedging”, a strategy frequently employed by small states between balancing and bandwagoning.

A final set of reasons why small states are drawn to traditional alliances, especially in their institutionalised versions, is related to their potential to enhance small states’ political influence. Particularly in one-state-one-vote frameworks, international or regional security institutions can act as fora for small states to develop and exercise forms of “collective power”.\(^6\) Institutions also allow small members some level of individual influence otherwise unavailable to them — as long as they are willing and able to take advantage of institutional opportunity structures, such as chairing meetings and engaging in agenda setting.\(^7\)

At first blush, it seems that informal coalitions do not offer the same advantages to small states. In terms of potential influence, compared to institutions such as the EU, Nato or the GCC, there are far fewer opportunities in informal security coalitions for small members to play


\(^7\) Diana Panke, “Small States in Multilateral Negotiations. What have we Learned?” *Cambridge Review of International Affairs* 25, no. 3 (2012): 387–398.
But it is not impossible for small states to have influence in or through informal alliances. The prospect for this to happen improves if there is a convergence of objectives between the small state and the dominant actor, and if the small state can exercise leverage over, or at least work in partnership with, the coalition leader.

But it is not impossible for small states to have influence in or through informal alliances. The prospect for this to happen improves if there is a convergence of objectives between the small state and the dominant actor, and if the small state can exercise leverage over, or at least work in partnership with, the coalition leader. Informal coalitions therefore can — given the right constellations — be a tool for small states to expand their regional influence beyond what the military capabilities of a small state would otherwise allow for. An example is the success of the UAE in establishing considerable military, political and administrative control in parts of south Yemen since the start of the military campaigns in the country in 2015. Its partnership with Saudi Arabia and other coalition members, including external supporters such as the United States, has provided the small state with a framework to leverage its own security capabilities and existing ties to local allies. The UAE has since been able to utilise those to pursue its specific foreign and security aims. Thus, there are even cases in which informal coalitions can be a vehicle for small states to have more influence than their size would normally allow for, given the right circumstances and smart strategies.

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Engaged Small Neutral States

By Heinz Gärtner

Abstract

From 1975 until the end of the Cold War, small neutral states in Europe offered mediation and fought against the stagnation of the détente policy, especially in the framework of the Conference on Security and Cooperation in Europe (CSCE). After the end of the Cold War, these states became active in peace operations outside of military alliances. In many ways, small neutral states have more room for manoeuvring than members of alliances or big powers. They enjoy more recognition and have fewer geopolitical interests. They may also possess more normative power than the military and economic powers that otherwise dominate the international relations of Europe and the North Atlantic area.

Introduction

The concept of neutrality has proven time and time again to be a flexible one that can be adapted to new situations. After the end of the Cold War, the big new challenges have been the proliferation of weapons of mass destruction; terrorism, which potentially holds new dangerous dimensions in combination with proliferation; and fragile and dysfunctional states, which can be breeding grounds for terrorism, as well as a source of uncontrolled immigration and the development and spread of organised crime. Terrorism also contributes to the loss of important economic areas. Small neutral states are well suited (and in many ways better-suited than other states) for making important contributions to the fight against these new dangers. Small neutral states in Europe sometimes enjoy higher international acceptance than members of alliances. Some have assisted in reconstruction and humanitarian aid efforts in war-torn countries under the framework of the United Nations, the European Union, the Organization for Security and Cooperation in Europe (OSCE) or the Nato partnerships. The small neutral states that are members of the European Union participate in the foreign policy and crisis management of the European Union. Some small neutral states also deploy their armed forces in robust peace operations where there is UN Security Council (UNSC) authorisation. A UNSC mandate is indispensable for the participation of small neutral states where international operations include the use of force. The mandate has to have clear political and military objectives that are both reasonable and attainable.
Neutrality: Not a Cold War Phenomenon

The notion that the concept of neutrality is a phenomenon unique to the Cold War is false in many ways. First, the history of neutrality is much older, as shown in the example of the Swiss idea of neutrality that dates back to the 15th and 16th centuries. Neutrality was recognised by the big European powers in 1815. International law has known the institution of neutrality since the Hague Convention V of 1907. Second, neutrality was not constitutive of but rather an anomaly of the Cold War. The Cold War was about building blocs; neutrality is all about staying out of them. From 1975 until the end of the Cold War, small neutral states in Europe offered mediation and good offices and fought against the stagnation of the détente policy, especially in the framework of the Conference on Security and Cooperation in Europe (CSCE), the forerunner of the OSCE.

After the end of the Cold War, the small neutral states became active in peace operations outside of military alliances. In many ways, neutral states have more room to manoeuvre than members of alliances or big powers. They enjoy more acceptance and have fewer geopolitical interests. Small neutral states in the 21st century do not envisage evading conflict but rather engaging in it. In contrast to disengagement and evasion, “engaged neutrality” entails active participation of small states in international security policy in general and in international peace operations, in particular. It means involvement whenever possible and staying out only if necessary.

Small neutral states in the 21st century do not envisage evading conflict but rather engaging in it. In contrast to disengagement and evasion, “engaged neutrality” entails active participation of small states in international security policy in general and in international peace operations, in particular.

It goes without saying that there always has to be a balance between engagement and disengagement. When and how much should a small neutral state be involved in or keep distance of a conflict? What is too much and what is too little? These questions are always difficult to address in a complex and volatile security environment. It has to be said, however, that the issue of engagement is not unique to neutral states per se but rather relates to deeper philosophical and moral questions about issues such as state sovereignty and the use of force. However, neutral and non-aligned small states may possess more normative power than the military and
economic powers that otherwise dominate the international relations of Europe and the North Atlantic area.

How does engaged neutrality contribute to the security of small neutral states? Neutrality is a guarantee to the great powers that a country would not join any military alliance. In return, these great powers respect the independence of the neutral states. Neutrality is the means by which small states maintain external independence and the inviolability of their territory. Neutral states define their security policy as measures intended to protect their populations and basic values as well as maintain and defend their permanent neutrality. Engaged neutrality for the small neutral states of Europe is based on solidarity with the European Union and takes into account their security largely interconnected with that of the European Union as a whole.

**The Case of Austria**

As the Cold War was about building blocs in Europe and military alliances, neutrality represented the anomaly. Austria managed to stay out of the spheres of influence created by the two military superpowers — the United States and the Soviet Union. As a neutral state, Austria is well suited for making an important contribution to addressing the new challenges after the end of the Cold War. Austria is developing important niche capabilities regarding evacuation, support for catastrophes and humanitarian crises (for example, the construction of field hospitals or water purification), peacekeeping and reconstruction efforts, atomic, biological and chemical defence (ABC defence), rescue and security deployments, as well as prevention, stabilisation and combat missions. Austria’s engaged neutrality means active participation in international security in general, and in international peace operations in particular.

Not least because of its neutral status, Austria became host to several international organisations such as the International Atomic Energy Agency (IAEA), the Comprehensive Nuclear Test Ban Treaty Organization (CTBTO), the secretariat of the OSCE, and the Wassenaar Arrangement on Export Control of Conventional Arms. In 1979, then US President, Jimmy Carter, and his Soviet counterpart, Leonid Brezhnev, signed the second Strategic Arms Limitation Treaty (Salt II) in Vienna. In 2015, the five members of the UNSC, along with Germany and Iran, chose Austria, not least because of its neutrality, to negotiate the agreement on Iran’s nuclear materials (the Joint Comprehensive Plan of Action, or JCPOA).
Nato and Neutrality

The most important feature of any alliance is mutual defence obligations, much as the one that is enshrined in Article V of the Nato Treaty. Neutrality and alliances are negatively related. When the importance of collective defence obligations — that come into force in case of an attack on a member state’s territory — increases, neutrality becomes less relevant. On the other hand, when alliance obligations are no longer necessary, the status of neutrality is not really required anymore. Thus, neutrality is non-membership in an alliance based on constitutional and international law.

Apart from the existing collective defence and crisis management core tasks, Nato’s Strategic Concept, adopted at the Lisbon Summit in November 2010, introduced the additional task of “co-operative security”. This core task involves coordinating the network of partner relationships with non-Nato countries, including those outside Europe, and other international organisations around the globe. Co-operative security is intended to contribute to arms control, non-proliferation and disarmament. It is designed to provide a framework for political dialogue and regional co-operation, increase military interoperability, and prepare for operations and missions.

Modern neutrality does not exclude co-operation with alliance members or alliances, as long as they can agree on the key issues.

Non-membership of an alliance, anchored in neutrality law, is a clear characteristic of neutrality. Mutual obligations of assistance are the most important feature of an alliance and this is incompatible with neutrality. Membership in a military alliance remains impossible for a neutral state. But within the framework of partnerships, crisis management and co-operative security, neutral states can undertake measures similar to those undertaken by members of Nato, except Article V obligations.

Austria, as a small non-Nato state, has been able to participate in crisis management and co-operative security missions and co-operate with Nato while retaining its current status of neutrality. Naturally, the fundamental priority of a neutral security policy during security deployments and deployments abroad precludes alliance obligations. However, modern

neutrality does not exclude co-operation with alliance members or alliances, as long as they can agree on the key issues. Austria shares basic threat analyses and goals with Nato within the framework of the partnerships (which are not necessarily limited to the institution of “Partnership for Peace”, or PfP, launched in the early 1990s as a means to enable and facilitate interoperability and common training between members and non-members of Nato). In this partnership context, peace operations are well compatible with neutrality. For Austria, the concept of co-operative security provides a framework for political dialogue and regional co-operation, enhances military interoperability and prepares it for operations and missions.

The European Union and Neutrality

Within the framework of the European Union, the Treaty of Lisbon formulated a solidarity clause (Article 222), which stipulates the provision of support in case of man-made disasters (such as terrorist attacks) and natural disasters following a request by the concerned state. However, this clause is not part of the EU’s Common Security and Defence Policy (CSDP) and must not be confused with assistance obligations (Article 42.7 of the Treaty of Lisbon). Contributions from member states are still voluntary and only provided upon a state’s request. Such contributions involve mainly police and other forms of civilian support rather than military support. Behind the solidarity clause stands the idea of collective security. This concept aims to enhance security among member states and partners, while the concept of collective defence is aimed at an outside enemy.

Article 42.7 of the Treaty of Lisbon contains a clause on security obligations. It requires that member states provide each other with “aid and assistance by all means in their power” in case of armed aggression towards a member state, which includes the promise to use military force. However, the Treaty of Lisbon includes the so-called Irish Formula, which adds to this article by stating that the requirement to provide aid “shall not prejudice the specific character of the security and defence policy of certain member states”. This exception is not only valid for neutral and non-aligned states, but also for Nato members. The provision of aid must be “consistent with commitments under the North Atlantic Treaty Organisation, which … remains the foundation of their collective defence and the forum for its implementation”. The Treaty of Lisbon, therefore, allows both the neutral members and the Nato allies of the European Union to opt out. This exception clause effectively puts the meaningfulness of the EU’s security obligations in question.

2 Gärtner, “Austria”.
The Treaty on the Prohibition of Nuclear Weapons

An example of a successful engagement of a neutral state in security affairs is Austria’s role as an initiator of the treaty that prohibits nuclear weapons. After the adoption of its neutrality declaration in the second half of the 1950s, Austria became a model for a zone of disengagement without nuclear weapons in Central Europe (the Rapacki Plan, named after the then-Polish foreign minister). Only because of the emerging concept of mutually assured destruction (MAD), the plan was not implemented, although the idea never died.

It entails being engaged whenever possible and staying out if necessary; it does not mean staying out when possible and engaging only if necessary.

In 2010, Austria became the main sponsor of the initiative on the humanitarian consequences of nuclear weapons. The “Austrian Pledge”, which later became the “Humanitarian Pledge”, was signed by 127 states in 2014. Austria hosted one of three conferences on this issue, following Norway and Mexico. In 2016, the UN General Assembly adopted a resolution that called for “a total elimination” of nuclear weapons. At a UN conference on 7 July in New York, 122 States Parties voted in favour of the Treaty on the Prohibition of Nuclear Weapons (TPNW), which expresses concern about the catastrophic humanitarian consequences of the use of nuclear weapons and calls for their complete elimination. No nuclear weapon state nor its allies participated (except the Netherlands, which voted against).

Engagement vs Entrapment

In contrast to disengaging and staying out, “engaged neutrality” means active participation in international security policy in general, and in international peace operations in particular. It entails being engaged whenever possible and staying out if necessary; it does not mean staying out when possible and engaging only if necessary. It goes without saying that there can be no neutrality towards the choice between democracy or dictatorship, between a constitutional state or despotism, or between adherence to or violation of human rights. Nonetheless, neutrality allows for a crucial advantage in the debate on these values. Neutral states do not have to take account of geopolitical and alliance-related considerations.

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The participation of a small state in a war with a designated enemy when there is no mandate from an international organisation can sometimes be dangerous, and small states could be drawn unwillingly into the wars waged by big states. Empirical research shows that the magnitude, duration, and severity of war are substantively connected to alliance configuration, for the reason that war spreads through alliances. Alliances turn small wars into big wars. Small states are thus always caught between being “entrapped” and being “abandoned”. The greater one’s dependence on the alliance and the stronger one’s commitment to the ally, the higher the risk of entrapment. The looser the ties, the larger the risk of being abandoned in case of war. One strategy to escape this trap has been to adopt “neutrality” or hide.

Diplomacy and conflict prevention are traditionally fields in which small neutral states can be active. However, neutrality must not be interpreted as sitting on the sidelines. This definition, discussed in the literature on neutrality, would support economic neutrality and establishing equidistance between blocs, but would be incompatible with membership of the United Nations. Neutrality has never oriented itself along such lines but, instead, has proven its adaptability to modern requirements. But such flexibility cannot be interpreted as loss of the significance of neutrality. Multilateralism, readiness to talk and global partnership have priority for small neutral states; use of force must remain the exception.

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Qatari Foreign Policy and the Exercise of Subtle Power

By Mehran Kamrava

Abstract

Small states are generally assumed to be on the receiving end of power in the international arena rather than a source of it. But, from the late 1990s up until mid-2013, when Sheikh Hamad Al Thani ruled the country, Qatar became endowed with a form of power that did not conform to traditional conceptions of “hard power” involving military or economic prowess, “soft power” rooted in the attraction of norms, or a combination of the two, known as “smart” power. Qatari foreign policy at the time comprised four primary components: hedging, military security and protection, branding and hyperactive diplomacy, and international investments. Combined, these components bestowed Qatar with a level of power and influence far beyond its status as a small state and a newcomer to regional and global politics. This power was a composite form of power, often consisting of behind-the-scenes agenda setting that could be best described as “subtle power”.

Qatar, in the latter years of the rule of former emir Sheikh Hamad bin Khalifa Al Thani (1995–2013), was able to create a distinct niche for itself on the global arena. It played on a stage significantly bigger than its stature and size warranted, and emerged as a consequential player not just in the Gulf and the Arabian Peninsula but indeed across the Middle East and beyond — all these facts bespeak its possession of a certain type and degree of power. By definition, that power cannot be “hard” or “soft” power, or a combination of them, as in “smart” power. Flush with inordinate wealth, Qatar could be easily thought of as endowed with economic power, which the country certainly had back then and still has. But there was more to Qatar’s international standing and its place and significance within the world community than simple economic power. At least insofar as Qatar is concerned — and perhaps for comparable countries with similar sizes, resources, and global profiles, such as Switzerland and Singapore — a different conceptualisation of power may be apter. From the late 1990s to 2013, Qatar may be said to have acquired for itself something that may best be viewed as “subtle power”. This paper examines what subtle power is and how Qatar has deployed it.

No form of power lasts forever, and subtle power is no exception. When Sheikh Hamad stepped down in June 2013, his son and successor, Sheikh
Tamim, began pursuing a deliberately different foreign policy strategy that both reoriented his country’s international relations and slowly put an end to its subtle power.

**Varieties of Power**

There are four key components to subtle power (as shown in Table 1). The first involves safety and security as guaranteed through physical and military protection. This does not necessarily involve force projection and the imposition of a country’s will on another through coercion or inducement. This sense of security may not even be internally generated but could come in the form of military and physical protection provided by a powerful patron — say the United States. It simply arises from a country’s own sense of safety and security. Only when a state is reasonably assured that its security is not under constant threat from domestic opponents or external enemies and adversaries can it then devote its attention and resources to building up international prestige and buying influence. A state preoccupied with setting its domestic house in order, or paranoid about plots by domestic or international conspirators to undermine it, has a significantly more difficult time trying to enhance its regional and global positions than a state with a certain level of comfort about its stability and security. The two contrasting cases of Iran, whose intransigent regime is under constant threat of attack from Israel and the United States, and of Qatar, confident of US military protection but aggressively pursuing a policy of hedging, are quite telling.

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<th>Source</th>
<th>Manifestation</th>
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<td>Physical and military protection</td>
<td>Safety and security</td>
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<td>Marketing and branding efforts</td>
<td>Prestige, brand recognition, and reputation</td>
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<tr>
<td>Diplomacy and international relations</td>
<td>Proactive presence as global good citizen</td>
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<td>Purchases and global investments</td>
<td>Influence, control and ownership</td>
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The second element of subtle power is the prestige that derives from brand recognition and a positive reputation. Countries acquire a certain image as a result of the behaviours of their leaders domestically and on the world stage: the reliability of the products they manufacture (especially automobiles and household appliances); their foreign policies; their responses to natural disasters or political crises; their scientific and cultural exports such as films; the commonplace portrayals of countries and their leaders in the
international media; and the deliberate marketing and branding efforts they undertake. When the overall image that a country thus acquires is positive — when, according to Nye’s formulation, it has “soft power”\(^1\) — then it can better position itself to capitalise on international developments. By the same token, soft power enables a country to ameliorate some of the negative consequences of its missteps and policy failures.\(^2\)

Sometimes a positive image builds up over time. Global perceptions of South Korea and Korean products are a case in point. Despite initial reservations by consumers when these products first broke into American and European markets in the 1980s, today Korean manufactured goods enjoy generally positive reputations in the United States and Europe.\(^3\) At other times, as in the cases of Dubai, Abu Dhabi, and Qatar, political leaders try to build up an image and develop a positive reputation overnight. They hire public relations firms, take out glitzy advertisements in billboards and glossy magazines around the world, buy world-famous sports teams and stadiums, sponsor major sporting events that draw world-renowned athletes and spectators from across the world, spare no expenses in putting together national airlines that consistently rank at or near the top, spend millions of dollars on international conferences that draw to their shores world leaders and global opinion-makers, and build entire cities and showcase buildings meant to rival the world’s most magnificent landmarks.

This positive reputation is, in turn, reinforced by the third element of subtle power, namely, a proactive presence on the global stage involving a deliberately crafted diplomatic posture aimed at projecting — in fact, reinforcing — an image of the country as a good global citizen. This is also part of a branding effort, but it takes the form of diplomacy rather than deliberate marketing and advertising through global media. In Qatar’s case, this diplomatic hyper-activism was part of a hedging strategy, as opposed to bandwagoning or balancing, that has enabled the country to maintain open lines of communication (if not altogether friendly relations) with

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\(^2\) Referring to two highly popular American television shows, van Ham makes the following observation: “As long as America presents the world with its *Desperate Housewives* and *Mad Men*, it seems to get away with policy failures like Iraq”. Peter van Ham, *Social Power in International Politics* (London: Routledge, 2010), 164

\(^3\) Consumers tend to form attitudes towards products based on perceptions of the products’ country of origin, and, vice versa, their perceptions of products originating from a particular country tend to influence their attitudes towards that country. There are “structural interrelationships between country image, beliefs about product attitudes, and brand attitudes”. C Min Han, “Country Image: Halo or Summary Construct?” *Journal of Marketing Research* 26, (May 1989): 228.
multiple international actors that are often antagonistic to one another, such as Iran and the United States. What on the surface may appear as paradoxical or perhaps even mercurial foreign policy pursuits were actually part of a broader, carefully nuanced strategy to maintain as many friendly relationships around the world as possible.

Not surprisingly, in the late 1990s and the early 2000s, Qatar sought to carve out a diplomatic niche for itself in a field meant to enhance its reputation as a “good global citizen”, namely, mediation and conflict resolution. In a region known for its internal and international crises and conflicts, Qatar until recently had, largely successfully, carved out an image for itself as an active mediator and a mature voice of reason that could calm tensions and foster peace. The same imperative of appearing as a “good global citizen” appeared to be at work in Qatar’s landmark decision to join Nato’s military campaign in Libya against Colonel Gaddafi, beginning in March 2011. Speculation abounded at the time as to the exact reasons that prompted Qatar to join Nato’s Libya campaign. Clearly, as with its mediation efforts, Qatar’s actions in Libya were motivated by a hefty dose of realist considerations and calculation of possible benefits and power maximisation. But the value of perpetuating a positive image through “doing the right thing”, at a time when the collapse of the Gaddafi regime seemed inevitable, appeared to trump other considerations.

In Qatar’s case, this diplomatic hyper-activism was part of a hedging strategy, as opposed to bandwagoning or balancing, that has enabled the country to maintain open lines of communication (if not altogether friendly relations) with multiple international actors that are often antagonistic to one another, such as Iran and the United States.

The final and perhaps most important element of subtle power is wealth, a classic hard power asset. Money provides influence domestically, as well as control and ownership over valuable economic assets spread around the

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world. This ingredient of subtle power contributes influence and control accrued through persistent and often sizeable international investments. This aspect of subtle power is a much more refined and less crude version of “dollar diplomacy”, through which regional rich countries seek to buy off the loyalty and fealty of the less well-endowed. Although by and large commercially driven, these investments are valued more for their long-term strategic dividends than for their shorter-term yields. So as not to arouse suspicion or backlash, these investments are seldom aggressive. At times, they are framed in the form of rescue packages offered to financially ailing international companies with well-known brand names. Carried through the state’s primary investment arm, the sovereign wealth fund (SWF), international investments were initially meant to diversify revenue sources and minimise the risk from heavy reliance on energy prices. The purported wealth and secrecy of SWFs have turned them into a source of alarm and mystique for western politicians and have ignited the imagination of bankers and academics alike.

Qatar and the Pursuit of Subtle Power

Qatar’s emergence as a significant player in regional and international politics was facilitated through a combination of several factors, chief among which were a very cohesive and focused vision of the country’s foreign policy objectives and its desired international position among the ruling elite, equally streamlined and agile decision-making processes, immense financial resources of the state, and the state’s autonomy in the international arena to pursue foreign policy objectives.

It is important to see what, if any, generalisable conclusions can be drawn from the Qatari example for the study of power and small states. Insofar as power is concerned, the Qatari case demonstrates that traditional conceptions of power, while far from having become altogether obsolete, need to be complemented with other elements arising from new and evolving global realities. For some time now, observers have been speculating about the steady shift of power and influence away from its traditional home — namely, the West — for the last 500 years or so towards the direction of the East. In Zakaria’s words, the “post-American world” may already be.

upon us.8 Whatever this emerging world order will look like, it is obvious that the consequential actions of a focused and driven, wealthy upstart nation like Qatar cannot be easily dismissed. Even if the resulting changes are limited to affecting the identity of Qatar rather than its capabilities (which is not the case), these changes are still consequential far beyond the small sheikdom’s borders. Change in the identity of actors, in how they perceive themselves and are perceived by others, can lead to changes in the international system.9 Qatar may not have re-drawn the geostrategic map of the Middle East — indeed whether that was its goal is open to question. But Qatar’s emergence as a critical player in regional and global politics is as theoretically important as it is empirically observable.

In a region known for its internal and international crises and conflicts, Qatar until recently had, largely successfully, carved out an image for itself as an active mediator and a mature voice of reason that could calm tensions and foster peace.

Qatar’s location, in an ever-changing and notoriously unpredictable region, introduced several imponderable variables. Clearly, one of the primary factors for Qatar’s ability to exercise subtle power in the late 1990s and early 2000s was the regional context. Iraq was both internationally isolated and simply incapable of exerting power beyond its own borders; Iran was not in a much better position and could only buy the loyalty of non-state actors near and far; Egypt, Saudi Arabia, and the UAE were all saddled with stale and ageing leaderships with neither the wherewithal nor the desire to exert regional influence; revenue from gas and oil only kept rising. Qatar, in other words, was enjoying a fortuitous “moment in history”.10

The regional context had already begun to change by the time the chief architects of Qatar’s subtle power departed from the scene in 2013. The 2011 Arab uprisings jolted the Saudi leadership into action, prompting them to take the lead in a counter-revolution of sorts to reverse the tide of the Arab Spring, to ensure the survival of the Saudi and Bahrain’s Bahraini


monarchies.\textsuperscript{11} In Syria and Iraq, the Arab Spring, whose early manifestations Qatar capitalised on triumphantly, turned into a nightmare of religious extremism which could put al-Qaeda to shame. By 2015, after political leadership was effectively passed into the hands of a younger and more restless generation in both Riyadh and Abu Dhabi, Saudi Arabia and the UAE rallied other Arab allies to join them in a relentless (though not fully successful) military campaign in Yemen — in a display of the most direct and violent form of hard power — despite continuing drastic drops in oil and gas prices in global markets.

Qatar’s young emir, only in his early 30s, found his country in a regional environment that was decidedly different from the one his father had enjoyed in his final years of rule. This evolving regional context shaped Emir Tamim’s decision not to actively pursue policies that foster subtle power. Thus, after 2013, Qatar’s subtle power came to an end.

Creation of National Security in Small States
A Comparative Study of Qatar, the UAE and Singapore

By Ahmed S Hashim

Abstract

Small states have a hard time in the international system because of their lack of power. Most accept their place in a system favouring the strong. Others have sought to protect themselves through alliances or by making themselves indispensable through developing niche capabilities or adopting activist foreign policies. Fewer still have considered the pathway of developing sufficient military power. This paper addresses the efforts of three small states in the area of military development, that is also known as “hard power”.

Small states find it difficult to create security for themselves in a dynamic international environment invariably dominated by those who have power — defined briefly here as states with the ability to get their way in the international system because of their abundant possession of key material factors such as territory, economic resources, populations and military capabilities. However, despite their acute vulnerabilities, or perhaps because of them, a number of small states have used economic and other means to transform themselves into “soft powers” by adopting activist foreign policies and “punching above their weight” in diplomacy. Few seek, or are able to develop, significant military power. This paper addresses why and how three small states — Qatar, the UAE and Singapore — have sought to create security for themselves through “hard power”, i.e. military power, among other instruments of statecraft.

Constraints of space preclude a detailed definition of small states, national security and defence policy. The three states in question are small in terms of territory, lack demographic weight, suffer from other significant vulnerabilities and are surrounded or hemmed in by more powerful countries. National security refers to the various efforts of states to protect and advance their core national interests, which are not just about preserving their territorial integrity and sovereignty but also about upholding their national values, identity and way of life in general. Defence policy is narrower. It is about the procurement of weapons systems, the
creation of military capabilities and the formulation of the best possible military doctrine to ward off threats to national security. Two of the three small states in this study have thought for a long time and the other (Qatar) only more recently thought about how to go about creating security for themselves by military means.

**Qatar**

*From a Nobody to the “Magic Kingdom”*

Qatar emerged as an entity when a number of Arab tribes from the Arabian Peninsula wandered into the inhospitable territory jutting out into the Persian Gulf. Its birth as a state in the 19th century was fraught with danger. The Al Thani ruling family found itself embroiled in conflict with neighbouring rival sheikhdoms. The Qatars haggled with the mighty Ottoman Empire for protection, then fought it, and defeated the Ottoman army sent against them. Ultimately, Qatar’s rulers sought the protection of the British, which lasted from 1916 to 1971. When financial pressures forced the British to withdraw their military forces from east of the Suez, Qatar entertained but rejected the idea of unifying either with Bahrain or the UAE in favour of independence. Its giant neighbour Saudi Arabia, which shares a Wahhabi religious heritage, emerged as protector of Qatar in the 1970s and 1980s.

From the mid-1990s onwards, Qatar transformed itself slowly but perceptibly, and pushed back against the looming presence of Saudi Arabia. Its oil reserves and especially its vast natural gas reserves — the third largest in the world — enabled this micro-state with a native population of just 320,000–340,000 (out of a total resident population of 2.4 million) to develop and accumulate immense wealth, which it has used to provide all the material comforts for its population, the world’s richest in terms of income per capita.

It is Qatar’s foreign policy activism of the past decade and a half, enabled by its wealth, and its emergence as a significant international player which has caught world attention. Qatar did not have military power in any measurable sense when it became a weighty international player under Sheikh Hamad bin Khalifa Al Thani, who took power in 1995.

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Under Hamad’s son, Tamim, who succeeded him in 2013, Qatar upped its activism and has become an exemplary user of “soft power”. It engaged in nation-branding and spun a positive narrative about itself to put the emirate on the world map. It pursued an active diplomacy regionally and globally whose primary purposes have been to make as many friends and as few enemies as possible — “we don’t do enemies”, one of its ministers reputedly said once — and getting as many big states as possible to have a stake in its continued existence. Qatar engaged enthusiastically in conflict mediation, promoted extensive cultural activities in the emirate and set up the Al Jazeera TV channel, whose reporting had chagrined many Arab states.

In the second decade of the 21st century, however, Qatar suffered severe shocks, which forced it to pay greater attention to the consequences of its activist exercise of soft power without “hard” military power.

In the second decade of the 21st century, however, Qatar suffered severe shocks, which forced it to pay greater attention to the consequences of its activist exercise of soft power without “hard” military power. Qatar's diplomatic activism, its active role in the Arab Spring revolutions in supporting opposition forces in Syria and Libya and providing financial support to the Muslim Brotherhood government of Mohammad Morsi in Egypt, its perceived support for Islamist movements, and the liberties it allowed Al Jazeera, all led to some of its Arab neighbours withdrawing their ambassadors in 2014. Then, on 5 June 2017, Egypt, Saudi Arabia, Bahrain and the UAE — the “Quartet” — severed diplomatic ties with Qatar and imposed an air and sea blockade the country. Stunned by these developments, Qatar began to think about creating some kind of security based on military power.

National Security and Defence Policies

Until recently, Qatar’s military was small, ill-equipped and under-funded. Its national security planning process was highly personalistic and limited to


top members of the Al Thani family; no discernible institutionalised defence planning process existed, which explains why studies of Qatar’s national security policy were rare.

Thus far, Qatar has beaten the Arab blockade through astute planning and intensive lobbying of powerful countries. It has vastly expanded its links with stronger powers such as the United States, which has the largest airbase in the region (al-Udeid, not far from Doha), and with France, Britain, and regional power Turkey, which is building a military installation in Qatar to house Turkish forces. Qatar is also engaged in a massive arms-buying spree. It is expanding its air force with hi-tech fighter jets and is undertaking an unprecedented expansion of its tiny ground and naval forces. It is spending billions of dollars into making its military a formidable power on paper; the reality is more complex.

First, the purchases are meant to be more effective politically, rather than militarily, at least for the near future. Many observers have questioned the ability of the small Qatari air force to absorb the purchase of 96 fifth-generation Typhoon, Rafale, and F-15QA fighter bombers from Britain, France and the United States, respectively. The number of ground support personnel needed will be huge, and maintenance would will be a complicated issue, as will supply and logistics and other interoperability.

Second, creating an effective Qatari military will take a long time. Qatar faces an almost insurmountable obstacle: its demographic deficiency. It cannot generate a sizeable manpower for all three services from its minuscule native population. To compensate for its manpower shortage, Qatar introduced conscription in 2013, requiring male citizens aged 18–35 to serve a 3–4 month period, later extended to one year. Nevertheless, demographic constraints will continue to affect Qatar’s force structure. It may have to consider building a robust deterrent based on its air force and, to a lesser extent, its small naval force, in order to make it clear to its neighbours that they will suffer serious damage if they attempt to attack.

8 On elite decision-making in Qatar, see Fromherz, Qatar: Rise to Power and Influence, 125–158.


11 Paul Iddon, “In the air, on the ground and at sea, Qatar’s military shopping list is growing exponentially”, Offiziere, 22 May 2018, https://www.offiziere.ch/?p=33510
United Arab Emirates
“Little Sparta?”

For centuries, the region now constituting the UAE was known for its trading ports, which engaged in maritime rivalry and wars with interloping European powers such as the Portuguese and then the more powerful British. The latter turned these mini-emirates into a British protectorate via a treaty in 1819, which remained in force until December 1971, when the UAE emerged as a federation of seven sheikhdoms. The two most important members of the federation are Abu Dhabi and Dubai, also the capital and commercial cities, respectively. These two effectively decide all domestic, foreign and security policies of the UAE.

National Security and Defence Policies

For years, the armed forces of the UAE were small, insignificant, under-equipped and under-funded. In the 1970s, despite tensions with imperial Iran over disputed islands in the Persian Gulf and with Saudi Arabia over their common border, the UAE did not encounter significant threats to its national security. The rise of revolutionary Iran with its ambitions of exporting its revolution and the outbreak of the Iran–Iraq War with its maritime dimension awakened the UAE to potentially serious national security threats, particularly as the emirate is close to the critical Strait of Hormuz. The establishment of the Gulf Cooperation Council (GCC) by Arab monarchies on the Arabian Peninsula may have alleviated some of the concerns, although the ruling elite of the emirates may have realised that GCC military forces were not exactly effective at the time.

Creating an effective Qatari military will take a long time. Qatar faces an almost insurmountable obstacle: its demographic deficiency.

The war to free Kuwait of its Iraqi occupiers in 1991 truly awakened the UAE to the inability of the Arab monarchies to defend themselves. The UAE then began expanding its security horizons by signing defence and

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security arrangements with major powers. It also began an arms build-up.\textsuperscript{14} Initially haphazard, the UAE build-up was rationalised, and the armed forces became more effective from the 2000s onwards. The creation of a national centralised armed force was the brainchild of Crown Prince Mohammad bin Zayed (MbZ), the de facto ruler, and a small group of advisers, who realised that a national military was important to create a nation out of disparate sheikhdoms. MbZ had played the key role in the evolution of the UAE’s foreign and security policies, the development of its military, and in the efforts to shape the regional environment into one less threatening to the UAE’s national security. While the 1990s marked the emergence of the UAE military, the UAE suffered from tremendous weaknesses well into the mid-2000s.

Currently, national security policy is focused on what the Emirati elite perceives to be specific threats, such as Iran, all manner of Islamist movements, and disorder and instability in sub-regions abutting the UAE. Defence policy is now more institutionalised and defence planning more bureaucratic and formal. The UAE’s oil wealth has allowed it to procure some of the world’s most sophisticated weapons to create a relatively balanced force structure, which has been able to project power beyond UAE borders into Yemen, the Arabian Sea, and the Horn of Africa. Among its biggest problems are manpower issues — as the case in the war in Yemen, when it had to use mercenaries of unproven loyalty — and its undetermined ability to conduct combined arms and joint warfare. Nonetheless, the UAE military is the most active and most combat-proven military in the Gulf at present.\textsuperscript{15}


Singapore
Vulnerable Yet Strong

Singapore is a 721 sq km island-state in South-east Asia with a multi-ethnic population of 6 million. It is sandwiched between two powerful Malay-Muslim states to the north and south — Malaysia and Indonesia — with whom it has had contentious relations in the past.16

Singapore’s modern history begins with the arrival of the British in 1819, who remained in various guises on the island until 1971. The British recognised Singapore’s strategic location and transformed it into their major military base in Asia and a commercial and trading centre. Singapore came to be made up of a number of ethnic communities — Europeans, Malays, Indians, and Chinese — who migrated for economic and commercial opportunities, but the country remained closely linked to a prosperous British colony to the north, Malaysia (then known as Malaya).

Given its small size, poverty, and lack of resources, the logical action for this tiny territory would have been to integrate with Malaya, with which it had much in common. Singapore did join Malaya in the newly formed Federation of Malaysia in 1963, but quarrels over resources and racial tensions between the Malay majority in Malaysia and the largely Chinese elite in Singapore doomed the marriage, and Singapore was thrust unwillingly and unexpectedly into independence in 1965. Britain’s declaration three years later that it would withdraw from areas east of Suez by 1971 was a double blow to Singapore in a number of ways: (i) economically, because the British forces contributed greatly to the weak Singaporean economy, and (ii) in terms of security because Singapore did not have a robust military yet (although its ground forces had grown).17

These were traumatic experiences for Singapore’s leaders. The ejection from the Malaysian federation was an existential crisis, according to its first prime minister, Lee Kuan Yew. The British “betrayal” — for they had promised to stay longer — left the country defenceless. Yet, since 1965, Singapore has successfully modernised and transformed itself into South-east Asia’s most advanced country. The sense of vulnerability remains but it has achieved no small measure of strategic strength.18

National Security and Defence Policies

Singapore’s successful transformation, in spite of its small size, geographic vulnerability, and limited endowments, was due to the determination and pragmatism of Lee and a close inner circle — its “founding fathers” — in articulating a clear vision. An essential component of the vision was that Singapore should not lack in military capability. They implemented this vision in part through an effective national security strategy and defence policy.¹⁹

Unlike Qatar and the UAE, Singapore’s rulers put it on a path of modernisation and development without the benefit of oil or gas wealth, and the country was the first of the three to develop “hard power”, based on the transformation of the only resource it had: people.

From barely having any military power at the time of independence in 1965, Singapore has come a long way, possessing what is undoubtedly the most high-tech, best equipped and trained military in South-east Asia. It seems Singapore had mastered combined arms and joint warfare — albeit in theory, since it has never fought a war. It is, however, “ready for a fight”, a mindset which deters would-be predators. Furthermore, Singapore’s reputation for efficiency and effectiveness, reinforced by its participation in the fight against the Islamic State and in humanitarian operations, has enhanced the country’s deterrent power, as has the perception that it can project military power effectively beyond its territory. This is no small feat for a small state.

Conclusion

There are some remarkable similarities, and equally some noticeable differences, among the three small states examined. First, they are clearly not


²⁰ “Combined arms” integrates different combat branches — artillery, infantry, engineers — so that they support each other in combat to achieve more than the sum of their parts. “Joint warfare” involves different services — land, air and naval — contributing to the fight by conducting joint operations to achieve more than the sum of their parts.

“normal” small states in that they have bucked the consensus of how small states should behave in terms of both foreign and security policies.

Second, they were all former colonies of Britain, which relinquished its military presence east of Suez after 1971. All three, beginning with Singapore, were thrust into independence almost unwillingly and with great misgivings about their viability and security in regions of turmoil. However, unlike with the two Arab states, Singapore’s rulers put it on a path of modernisation and development without the benefit of oil or gas wealth, and the country was the first of the three to develop “hard power”, based on the transformation of the only resource it had: people. Singapore was born in crisis and surmounted it. The two Arab states suffered crises much later and these did help them to focus more on hard power. In all three states, however, foreign policy was also security policy, particularly in the early days of their respective existence.

Third, since there were few institutions in the early years of independence in all three countries, it fell on dynamic leaders to develop and implement defence policy and national security policy, including state formation and nation-building. Both the UAE and Singapore have gone much further than Qatar in building solid institutions, including those for national security and defence policies. While Qatar has built some institutional capacity in some ministries, it lacks institutional capacity in the national security and defence policy arenas.

Fourth, the trio have all paid attention to hard power elements by developing their armed forces. Most small states do not do so, for the simple fact that they cannot or do not have the resources.

Singapore put stress on military power from the very beginning of its existence in tandem with other priorities of nation-building and the creation of a nation of Singaporeans. From inauspicious beginnings in the 1960s and early 1970s, the Singapore Armed Forces have grown into a balanced force with a small but highly respected niche defence industry.

The UAE and Qatar came late to this concept of hard power. Military power played little role in their nation-building in the early years of independence; rather, hydrocarbon resources did.22 Again, as with Singapore, crises and threats forced the two Gulf states to address the concern of military power.

The UAE, which in the view of many, has built relatively capable military forces that can deter and defend itself against enemies, has projected power over considerable distances, and has actually fought in medium intensity wars. However, its military experience in the war in Yemen, a war that it is waging alongside Saudi Arabia against the Houthi rebels, shows a steep learning curve — although the UAE has, in the opinion of many, acquitted itself better than Saudi forces in the field.

National security and defence policy is not merely about security from concrete military threats but also about creating and maintaining national identity, cohesion and resilience.

Qatar was the last of these three states to realise the need for hard power. Military power played almost no part in its foreign and security policies until recently. This is despite the fact that its obsolete Mirage-III jets participated in the Libyan war to overthrow Gaddafi’s regime during the Arab Spring. The shock of the fallout with its Gulf brethren and Egypt in 2017 sent Qatar on a big arms-buying spree. However, Qatar is a long way from developing a military that can deter or defend the emirate against predators, or project military power over long distances. This is why it will have to rely on bigger powers to safeguard it for a long time to come.

While this study has adopted a mixed realist-constructivist approach to focus on external threats, it is clear that all three states today face concrete dangers across the board that require the build-up of other means for maintaining national security. Their vulnerability to these dangers is magnified by the fact that the cohesiveness and resiliency of their respective societies is susceptible to erosion even without direct military threats or attacks. These kinds of vulnerabilities highlight the fact that national security and defence policy is not merely about security from concrete military threats but also about creating and maintaining national identity, cohesion and resilience.


Singapore in the Global Energy Transition

By Juergen Braunstein

Abstract

For decades, Singapore has been a premier refinery hub and a gatekeeper between Asia and the Middle East, but its position is increasingly threatened as energy producer countries are shifting into the downstream activities that helped make Singapore the “Houston of Asia”. Currently, oil and petrochemicals drive about one quarter of Singapore’s net exports. Greater competition in the global oil and gas value chain could take a heavy toll on the city-state’s national budget and economic growth prospects.

The global energy mix of the 21st century will be fundamentally different from that of the past. The shale gas revolution, the increasing role of renewables, and the effects of global climate change are transforming the energy world as we know it. This transformation creates tremendous opportunities for diversification, but brings new economic risks to small open economies.

While the global energy transition relieves consumer countries of traditional oil and gas supply issues, it puts unprecedented pressure on the business models of petro-states, notably the Gulf Cooperation Council (GCC) countries, and energy transit states like Singapore.

Little noticed by the wider public, since the 1970s, Singapore has been a major beneficiary of the carbon economy. Its economy has been highly dependent on the oil industry and specifically, on downstream activities. Singapore generates around one quarter of its net exports from oil-related activities (including petrochemicals and plastics). Petrochemicals and plastics are critical for Singapore’s trade balance. Since the 2000s, petrochemicals and plastics have represented a solid and growing part of Singapore’s net exports — even surpassing services. For example, in 2016, the net export value of plastics was equivalent to almost half of the net export value of insurance and financial services (see Figure 1).

In 2017, with exports of oil and refined crude in the forms of plastics and petrochemicals alone, Singapore generated a net-export volume almost
equivalent to the amount Kuwait generated from its total oil export.\(^1\) Singapore imports most of its oil from member countries of the GCC and further processes and re-exports it.\(^2\) In 2017, Singapore had gross fuel imports worth US$73 billion total — by comparison, France had gross fuel imports worth US$59 billion in the same year.\(^3\) Singapore re-exported a part of that in the form of refined petroleum oils (see Figure 2). Another portion of the fuel was used as feedstock for further processing — in the form of petrochemicals and plastics — and export (see the amethystcoloured boxes in Figure 2).

Singapore’s openness makes it vulnerable to international market developments and to energy decisions in Asia and the GCC countries. Located at a critical juncture between the world’s largest energy consumer, China, and the GCC producer countries, Singapore has been at the centre of energy relations between Asia and the Middle East for the past four decades.

**Figure 1: Composition of Singapore’s net exports in US$ billion, 1995–2017**

![Figure 1: Composition of Singapore’s net exports in US$ billion, 1995–2017](image)


Since the 1990s, Singapore has been able to establish itself as one of the major global oil exchanges. For example, the Free On Board Singapore price quote has grown to influence about a quarter of the world’s oil market.


\(^2\)Ibid.

\(^3\)Ibid.
The prices paid by consumers in the 22 million barrels per day (mbpd) oil markets of Asia and the Middle East are linked to cargo prices set in Singapore. Furthermore, Singapore has been able to establish itself as a global bunkering and storage centre for oil, and as a world trans-shipment centre for breaking down larger oil cargoes for regional markets.

Given its lead in fossil fuel refinement and trading, Singapore occupies a critical role in the global oil and gas value chain. It controls key downstream facilities and has been a premier refinery since the late 1980s. At that time Singapore was the third largest refining centre in the world, after the US Gulf Coast and Rotterdam. Consequently, Singapore was named the “Houston of Asia” and the “swing” refiner of the Asia-Pacific.

Figure 2: Composition of Singapore’s gross exports (incl. re-exports) in percentage, 2017

Source: “The Atlas of Economic Complexity”, Harvard University, 2019

But the future of Singapore’s position in the global oil value chain remains uncertain. With energy producer countries increasingly shifting into downstream activities, intermediaries like Singapore hold less leverage than in the past. The GCC countries, in particular, will project more international power in the downstream sector in the coming years than in the past.

Ng Weng Hoong, Singapore, the Energy Economy: From The First Refinery To The End Of Cheap Oil, 1960-2010 (New York: Routledge, 2012).

Abu Dhabi, for example, plans to double its crude refining capacity and triple its petrochemical production, as well as further develop its natural gas business. Last year, the chief executive of Abu Dhabi’s National Oil Company announced an investment of US$45 billion to create the single largest integrated refining and petrochemical project in the world. Saudi Aramco’s chief executive, Nasser, announced his company’s objective of doubling Aramco’s refining capacity from 5 mbpd to 8–10 mbpd over the next decade. Aramco also aspires to shift an additional 2 mbpd to petrochemicals, with the objective of allocating 3 mbpd to the petrochemical sector. In addition, Aramco announced an ambitious gas expansion strategy, investing US$150 billion to become an international leader in the integrated gas business. The Kuwait National Petroleum Company, for its part, plans to spend US$25 billion on new downstream projects over the next 20 years.

Additional pressure on Singapore’s entrepot role in energy stems from the new ability of Asian consumer countries to trade directly with producer countries, owing to the growing feasibility of liquefied natural gas (LNG) exports. Increasingly, companies and ship operators are switching to LNG as their preferred fuel. Countries such as Malaysia, South Korea, and Japan are trying to establish themselves as Asia’s next LNG hubs — thereby competing with Singapore in this emerging market.

Furthermore, Asian countries are increasingly searching for alternative energy shipping routes, such as through the Arctic, with the strategic aim of reducing dependence on energy and commodity imports that pass through chokepoints such as the Strait of Malacca.

The established modus operandi between importing and exporting countries has started to change in the context of the global energy transition. One implication is the weakening bargaining power of transit states, to the advantage of consumer countries, which have more choices in the era of

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7 Ibid.


energy abundance. Increasing competition in petrochemicals, especially with the entry of producer countries, also disadvantages transit states in terms of their feedstock position.

The energy transformation is already putting pressure on Singapore’s leading role in the downstream sector, and competition will only increase. Declining downstream activities will adversely affect the city-state’s economic growth prospects and national budgets.

“Singapore’s relationships with oil producers in the Gulf will have to evolve if it is to remain an integral player in the future energy mix.

Countries which today import refined petroleum products from Singapore will develop their own capacities and try to integrate these activities of the value chain. These developments diminish Singapore’s bargaining power as a transit state, to the advantage of consumer countries that have more choices in the era of energy abundance.

To avoid economic disruption, Singapore needs to adapt to this global energy transition. It is still at an early stage, with Asian demand for oil and gas expected to continue growing and alternative shipping routes still taking shape. Singapore’s relationships with oil producers in the Gulf will have to evolve if it is to remain an integral player in the future energy mix.
Shelter Theory and Iceland
Options for a Small State

By Baldur Thorhallsson

Abstract

This paper lays out shelter theory and uses it to make a comprehensive analysis of Iceland's external affairs from 1940 to the present. It examines Iceland's relations with its closest partners, the United States, the Nordic states and the European Union, and how they have provided the country with essential political, economic and societal shelter. The paper also analyses Iceland's search for a shelter provider(s) ever since its main ally the United States deserted it in 2006 and 2008. It concludes with a reflection on the relative importance of multilateralism over bilateralism for small states.

Small states are a very diverse group. While each faces different challenges, all of them have to compensate for size-related problems. Successful small states, such as the Nordic states, Belgium, the Netherlands, Austria and Switzerland, have developed domestic features such as democratic corporatism, welfare state systems and comprehensive public administrations to cope with their smallness. These features help such states buffer against internal challenges. However, there are limits to what these small states can do on their own. They need external protectors; states that provide them shelter.

Shelter Theory

Shelter theory is about the external dimension of the inherent size-related difficulties that small states face. The importance of this shelter is related to three interrelated features: the reduction of risk in the face of a possible crisis, help in absorbing shocks during a crisis, and assistance in dealing with the aftermath of a crisis. Small states need external shelter in order to survive and prosper. In fact, small states are dependent on the economic, political and societal shelter provided by larger states, as well as regional and international organisations.

1 This paper draws extensively from Baldur Thorhallsson (ed), Small States and Shelter Theory: Iceland's External Affairs (Abingdon, Oxon: Routledge, 2019).

Political shelter takes the shape of direct and visible diplomatic or military/security backing by another state or an international organisation, and organisational rules and norms.

Economic shelter can include direct economic assistance, help from an external financial authority, beneficial loans, a currency union, favourable market access, and a common market, all of which are provided by a more powerful country or by an international organisation.

Societal shelter involves the diffusion of foreign peoples and ideas in order to avoid social stagnation and to make up for the limited knowledge base in small countries. The traditional literature on international relations and small states often neglects the importance of societal relations. Cultural transactions with the outside world, in terms of the transfer of messages, norms, values and lifestyles, are in fact essential for the prosperity of a small community. It is through constant interaction with other cultures and ideas that a society evolves and moves forward.

The importance of this shelter is related to three interrelated features: the reduction of risk in the face of a possible crisis, help in absorbing shocks during a crisis, and assistance in dealing with the aftermath of a crisis.

Protection, however, often comes at a cost. Relations between small and large entities that involve protection are not always beneficial for the smaller entity. A price must often be paid in terms of sacrificing control over national resources and freedom of political manoeuvre. Shelter here is defined as involved external relations that are favourable to the small entity. The validity of shelter theory depends on the proportion of benefits to costs.

Iceland–America Shelter Relations

American assistance was crucial for the prosperity of Iceland from the US occupation of the country from the Second World War till 2006. The United States provided extensive political and economic shelter, as well as some societal shelter. However, the American shelter came with considerable costs, such as a deep division in Icelandic society on the presence of a US military base in the country. With this, we can observe five main shelter components.
There were five main shelter components:

**First**, the United States and membership of Nato were essential components of Iceland’s national security. **Second**, with American assistance, Iceland found shelter within US-dominated international organisations, such as the World Bank and International Monetary Fund. The United States also provided Iceland with extensive diplomatic backing, negotiating for its favourable trade agreements and access to loans. **Third**, Iceland’s strategic importance to the United States gave it the leverage to win US and Nato support for its position, which partly helped it prevail over Britain in each of the four “Cod Wars” — disputes between Iceland and Britain over the former’s extension of its fishing zone or territorial waters. **Fourth**, the Americans provided extensive economic shelter to Iceland. The US military base that was stationed in Iceland accounted for 2–5 per cent of its gross domestic product (GDP) during the period under study, and the Americans financed operations at Iceland’s Keflavik international airport until 2006. **Fifth**, in terms of societal shelter, the Americans transferred norms, lifestyles and ideas to the island. The United States became an increasingly attractive location to pursue higher education for Icelanders over the course of the Cold War.

Nevertheless, in 2006, the United States closed its military base in Iceland and refused to assist Iceland when its economy collapsed in 2008, despite providing financial aid to several other countries afflicted by the global financial crisis. Iceland’s long-term ally simply deserted it, regarding the island nation as no longer of strategic importance. However, the bilateral defence agreement between the two countries is still in place, and the United States is at present increasing its military activity in and around Iceland owing to increased Russian activity in the North Atlantic.

**Nordic Co-operation as a Shelter Component**

Nordic co-operation has provided Iceland with essential societal shelter and partial political and economic shelter. But the societal shelter element has been greatly underestimated. The four main shelter components that Iceland enjoys through Nordic co-operation are as follows:

Shelter here is defined as involved external relations that are favourable to the small entity. The validity of shelter theory depends on the proportion of benefits to costs.
First, Nordic co-operation has economically sheltered Iceland through the common Nordic labour market and burden sharing arrangements, and, at times, through participation in European integration. Co-operation through the Nordic Council has led to conventions which allow Nordic citizens to freely travel, work and reside in any Nordic country. Second, the Nordic states have provided Iceland with important political shelter through diplomatic support, especially within international organisations and, at present, provide Iceland with some security shelter. Third, in the post-war period, Iceland has adhered to the policies of its Nordic neighbours in many matters, and they, in turn, provide Iceland with more extensive societal shelter than the United States. Such societal shelter includes equal access to the social policies of the Nordic countries, as well as looking to these countries as the model for both their welfare systems and other important areas of legislation. Progressive ideas continue to be channelled into Iceland through the Nordic states, in particular regarding women’s rights and gay rights. The generous access that Icelanders have enjoyed to educational institutions in the Nordic states is perhaps the most important element of all. More than half of Iceland’s students who have studied abroad have done so in the Nordic states. Fourth, Iceland has received important soft security shelter through the close co-operation of the Icelandic Coast Guard with its counterparts in Norway and Denmark.

Iceland’s Engagement in European Integration: Shelter and Risks

Iceland’s partial participation in European integration proves a complicated reading in terms of shelter theory.

First, membership of the European Free Trade Area (EFTA) and the European Economic Area (EEA) has provided Iceland important economic shelter. It helped modernise Iceland’s economy, give the country access to their internal market (Iceland’s most important market) and contribute substantially to Iceland’s economic growth. On behalf of its members, the EFTA has made free trade agreements with 38 third countries. Moreover, the free movement of people within the EEA has not only provided Icelanders with important opportunities abroad (societal shelter elements) but has also served as an important “economic tool” during the country’s economic booms and busts. Second, membership of the EEA has turned out to have much wider reaching societal shelter implications, such as the access it gives Icelanders to institutions of higher education within the European Union and the EU’s educational opportunities, research and funds that support innovation. Third, membership of the Schengen Area, an agreement enhancing free
movement within the European Union and selected non-EU states, has provided political shelter that was more important than first anticipated, owing to the importance of police collaboration.

However, membership of the EEA gave Iceland a sense of false shelter at times of economic and political crises. Iceland is not a member of the European Union and the EU does not provide assistance in times of need, such as during the 2008 economic crash in Iceland.

Iceland’s Shelter-Seeking Behaviour

Iceland has been desperately looking for a shelter provider since the closure of the US military base and the US refusal to bail it out during the 2008 economic crash.

First, Iceland started by turning to the European Union for assistance. However, the European Union turned down Iceland’s request, citing the fact that Iceland is not a member state. Nevertheless, Iceland applied for membership of the European Union nine months after the economic crash, and the Europhiles in Iceland tried to sell the membership application to the public as a shelter component. However, the so-called Ice-dispute — in which the European Union chose to support Britain and the Netherlands against Iceland in their demands that Iceland compensate their citizens who had lost their investments in savings schemes operated by Icelandic banks — and the euro crisis made it impossible for the Icelandic Europhiles to showcase the European Union as a saviour. On the contrary, many Icelanders started to see the European Union as a traitor, and the membership application is now firmly frozen.

Second, Iceland had also sought to strengthen its ties with Nato. As an example of this, the country set up its first defence budget after the closure of the US military base in the country, contributes to Nato funds, and takes part in its missions.

Third, Iceland has made civil security agreements, mainly concerning its waters, with Denmark, Norway, Britain and Canada. Furthermore, airspace surveillance arrangements have been made with various Nato member states, including France, Germany and Britain, and the non-Nato Nordic states Sweden and Finland, which allow for the temporary presence of their jet fighters in Iceland.

Fourth, increased security co-operation among the Nordic states is significant to Iceland as it provides the country with important political
shelter and soft security shelter, for example in connection with cyber security. Moreover, Iceland is taking initiatives to enhance security co-operation among the Nordic countries, such as regarding search and rescue operations in the Arctic seas.

Icelandic politicians have also looked to non-traditional sources for support, namely China and Russia.

Finally, Icelandic politicians have also looked to non-traditional sources for support, namely China and Russia. In 2010, Iceland made a currency swap agreement with China, which increased Iceland’s much needed credibility at the time and served as a statement of trust.\(^3\) Iceland was also the first European country to sign a free trade agreement with China, which entered into force in 2014. There is considerable co-operation between the two countries in several policy fields, especially concerning the Arctic. Moreover, the Icelandic administration considered a Russian bailout offer entailing a substantial loan at the height of the 2008 economic crash. While nothing materialised from the Russian offer, the fact remains that Icelandic policy-makers were willing to entertain the possibility of a Russian rescue package. Today, Iceland’s relations with Russia are diminishing, while its relations with China seem likely to grow in the future.

**Conclusion**

Iceland’s limited defence and security capacity, as well as its 2008 economic crash, demonstrate the country’s lack of political and economic shelter. Nevertheless, Iceland’s societal shelter provided by membership of the EEA and Nordic co-operation is solid. The Nordic countries will continue to be important providers of societal shelter but Iceland’s close engagement with the European project, through membership of the EEA and the Schengen Area, might slowly but steadily take over as the most important societal shelter provider in transferring norms and ideas to Iceland.

The US desertion of Iceland indicates the importance of multilateral political and economic shelter for small states. Since the desertion, Iceland has been utilising its membership of Nato, the EEA and the Nordic Council to strengthen its defence and enhance its economic growth.

Policymakers in small European states need to closely examine the extent to which existing multilateral shelter arrangements, such as Nato, the European Union, Schengen, the EEA and the Nordic Council, could be more reliable providers of shelter in times of need than a single protector, such as the United States or Britain. Formally binding organisational rules and norms of multilateral arrangements may provide more lasting comprehensive shelter to a small state than bilateral shelter relations.
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