

# MERIA

## RUSSIA AND QATAR

Mark N. Katz\*

*This article discusses the improvement in relations between Russia and Qatar between the years 2004 to 2007 and the significance of this rapprochement.*

From 2004 to 2007, relations between Russia and Qatar went from extremely poor to remarkably cooperative. How did this happen? Considering that Russia and Qatar are both among the world's three largest producers of natural gas (the third being Iran), what does this Russian-Qatari rapprochement portend?

Even early on in the Putin era, there was recognition in Moscow that Russia could benefit from cooperating with Qatar in the oil and gas spheres.<sup>1</sup> Moscow also hoped to sell arms to Qatar as well as to boost trade and investment ties with the country. The visit of the emir of Qatar, Shaykh Hamad bin Khalifa al-Thani to Moscow and his meeting with Putin in December 2001 raised expectations for increased Russian-Qatari cooperation.<sup>2</sup> There was even talk of Russia and Qatar working together to create a "gas OPEC [Organization of the Petroleum Exporting Countries]."<sup>3</sup>

None of these prospects for Russian-Qatari cooperation, however, were fulfilled—at least not then. There were also important differences between Moscow and Doha related to Chechnya. Even when he was still prime minister, Putin declared Qatar to be one of a dozen countries which he believed was "exporting terrorism to Russia."<sup>4</sup> At the time of the visit made by the Russian president's special representative Vasily Sredin to all the Gulf Cooperation Council states in late 2000, *Nezavisimaya gazeta* described these countries as "a very difficult region for Russia, in large part due to the Chechen problem."<sup>5</sup> In addition, a sharp dispute arose between Moscow and Doha over former Chechen rebel president Zelimkhan Yandarbiyev.

Yandarbiyev was vice president of Chechnya under Dzhokhar Dudayev. When the latter was killed by Russian forces in April 1996, Yandarbiyev became acting president. Yandarbiyev, however, lost the Chechen presidential elections of January 1997. He then went to Taliban-ruled Afghanistan where he opened a Chechen embassy in Kabul and a consulate in Kandahar. By 1999, though, he had moved to Qatar where he reportedly raised money for the Chechen cause.<sup>6</sup> From 1999 through most of 2002, Moscow "periodically raised the issue of Yandarbiyev's presence in Qatar," but only "half-heartedly," according to *Vremya novosti*.<sup>7</sup> The Kremlin, however, stepped up its demands after the October 2002 seizure of a Moscow theater by Chechen rebels and the ensuing hostage crisis. One of the leaders of this group spoke to Yandarbiyev by cell phone during the crisis, which was proof enough for Moscow that Yandarbiyev was an accomplice.<sup>8</sup> In addition to getting Yandarbiyev placed on Interpol's most-wanted list, the UN Security Council's counterterrorist committee added him to its "sanctions list" in June 2003. Russia formally requested Yandarbiyev's extradition from Qatar in May 2003. Yet while "Officials in Qatar promised to consider the request," they did not take any action against him.<sup>9</sup>

On February 13, 2004, Yandarbiyev died in Doha when the vehicle he was traveling in blew up. Shortly thereafter, Qatari authorities detained three Russian officials whom they accused of killing Yandarbiyev. As it would on other occasions when Putin opponents died suddenly and mysteriously, Moscow hotly denied any involvement in Yandarbiyev's

death.<sup>10</sup> Yet circumstantial evidence strongly suggested that it was.

Since one of the three detained Russians had a diplomatic passport, he was released to the Russian Embassy in Doha. The other two, however, were held and charged with complicity in murder.<sup>11</sup> Moscow's initial reaction was extremely hostile and belligerent; a Qatari wrestler and his trainer were arrested at Sheremetovo airport, in an apparent retaliation for Qatar's arrest of the two Russians. The trainer, though, turned out to be a citizen of Belarus and not Qatar, while the wrestler was a citizen of both Qatar and Belarus. Further, Russian Defense Minister Sergei Ivanov stated that the "Russian leadership will use all available leverage on Qatar to secure its citizens' release," thus raising the possibility that Moscow respond with the use of force.<sup>12</sup> Doha initially refused to allow into Qatar attorneys from abroad for the detained Russians.<sup>13</sup>

Yet the crisis began to de-escalate following a March 2004 telephone conversation between Putin and the Qatari Emir. Russian authorities soon thereafter released the Qatari wrestler and his trainer, who immediately flew to Doha. Qatar then declared *persona non grata* the Russian with the diplomatic passport whom Doha believed was also involved in Yandarbiyev's death; he immediately left for Moscow.<sup>14</sup> Speculation soon arose that Moscow and Doha had reached a face-saving agreement to resolve the crisis. In the months that followed, the two Russians were tried and convicted of murder, but were sentenced to life in prison—not to death.<sup>15</sup> A Qatari appellate court soon upheld both their guilty verdicts and their life sentences.<sup>16</sup> Not long afterward, Russia and Qatar signed a prisoner exchange agreement. At the end of 2004, the Qatari Emir allowed the two Russians to return to Russia to serve out their sentences.<sup>17</sup>

Once this happened, the crisis in Russian-Qatari relations appeared to come to an end. Speculation arose that Moscow would release the two Russians, but in December 2005, a Russian official denied this and stated that they were still serving their sentences. He

declined, though, to name the prison where they were being held.<sup>18</sup> Even if they are no longer actually in prison, the two have not surfaced in public, and so there is no evidence that Russia has violated the prisoner exchange agreement with Qatar.

During 2005 and 2006, Russian-Qatari relations quietly improved. In April 2006, Qatar joined Russia and Iran in announcing the provision of funds to the Palestinian Authority despite the American-European-Israeli embargo against it. *Vremya novosti* seemed to delight in pointing out that this caused tension in U.S.-Qatari relations.<sup>19</sup> In May 2006, Sergei Lavrov went to Doha to participate in the Dialogue on Cooperation in Asia. He delivered a message from Putin to the emir, but little of substance regarding Russian-Qatari relations appears to have occurred.<sup>20</sup> In October 2006, the Qatari Foreign Minister visited Moscow and met with Putin, who made a point of thanking Qatar for supporting Russia in becoming an observer member of the Organization of the Islamic Conference in 2005.<sup>21</sup>

Russian-Qatari relations appeared to improve dramatically when Putin himself paid a visit to Qatar (as well as Saudi Arabia and Jordan) in February 2007. His visit to Qatar, however, appeared to be particularly significant since it occurred shortly after two events: first, the January 2007 proposal by Iranian Supreme Leader Khamene'i that Russia and Iran work to form a natural gas cartel;<sup>22</sup> and second, Putin's February 10, 2007 speech in Munich that was highly critical of American foreign policy and which seemed aimed at rallying other governments, as well as world public opinion, against it.<sup>23</sup>

Despite his Munich speech, Putin did not emphasize this anti-American theme in Qatar. He was also somewhat coy about the gas cartel proposal, stating that he had not rejected it but found the idea "interesting." He emphasized, though, that the idea needed to be "examined," especially in light of the "mistakes" that "other cartel organizations" (apparently referring to OPEC) had made. He also noted that there was nothing to prevent gas producing countries from consulting and

coordinating their approaches.<sup>24</sup> Putin even indicated that “Russia and Qatar will coordinate their actions in the gas sphere irrespective of whether a gas equivalent of OPEC is set up.”<sup>25</sup>

Indeed, there was no Russian-Qatari agreement about working to create a gas cartel. Instead, a far more modest agreement was reached on protecting investments in each other’s countries.<sup>26</sup> In addition, Russian presidential aide Sergei Prikhodko noted that Russian companies, including Gazprom, Lukoil, and RUSAL, sought investment opportunities in Qatar.<sup>27</sup> Lukoil and Qatar Petroleum signed an MOU on “possible joint activities” in Qatar.<sup>28</sup> Qatari-Russian military-technical cooperation was also discussed, though no specific agreements were announced.<sup>29</sup> Shortly after Putin’s visit, Russian sources expressed the hope that Qatar would purchase Russian weapons. A Gazprom delegation visited Qatar in March 2007 to discuss cooperation in the oil and gas spheres with Qatar Petroleum, Qatargas, and the Qatar State Investment Agency.<sup>30</sup>

In April 2007, the annual meeting of the Gas Exporting Countries Forum (GECF) took place in Qatar. The Russian delegation was led by Industry and Energy Minister Viktor Khristenko. While some Russians seemed eager to promote a gas cartel, Khristenko was more circumspect. He noted that this would not be agreed upon at the Doha meeting, and “dismissed European” fears about this.<sup>31</sup> There did not appear to be any differences between Russia and Qatar on this issue. In other words, Moscow portrayed itself as interested in exploring coordination in the gas sphere with Qatar, but not as trying to push Doha on this issue.

Beginning with the March 2004 Putin-Emir Hamad telephone conversation about the Yandarbiyev affair and accelerating in 2007 with the Putin visit to Doha, Moscow has clearly been cultivating good relations with Qatar. Whether a natural gas cartel is actually formed or not, the desire to coordinate with Qatar in the natural gas sphere appears to be motivating Russia to do so. However, as many observers—including Russians—have pointed

out, it would be extremely difficult (perhaps impossible) to create a cartel that could influence natural gas prices as effectively as OPEC influences oil prices. Most of the world’s natural gas (80 percent according to Valery Yazev, president of the Russian Gas Society) is sold under long-term contracts.<sup>32</sup> This and the fact that most of the world’s natural gas is conveyed by pipelines that are expensive and cannot be rerouted when a pricing dispute occurs means that there is not a global market for natural gas, but many separate markets. In addition, the strong linkage that has so far existed between natural gas prices and oil prices also limits the ability of gas producers to set prices.

As *Kommersant* noted in April 2007, though, liquefied natural gas (LNG) amounted to only 6.9 percent of global gas consumption in 2005, but is set to rise rapidly.<sup>33</sup> Qatar, which mainly ships its natural gas as LNG, could increase its exports tremendously. Qatar (or any other LNG producer) can sell its natural gas to any country with LNG re-gasification facilities, or countries that can build them—including those to which Russia either now exports or hopes to export gas via pipeline. What this means is that tiny Qatar, with its enormous LNG exporting capacity, may be in the best position to serve as an alternative to Russia as a gas supplier to any country with a coastline (and perhaps even to some that do not). As former Yukos director Alexander Temerko wrote, “only LNG technology has the potential to undermine a gas cartel.”<sup>34</sup>

Moscow, then, has a strong incentive to court Qatar just for the defensive aim of persuading it not to undercut Russian gas exports. While *Kommersant* saw price coordination in the gas market as “impossible,” it declared that “coordinating actions for new pipeline and LNG projects undertaken by GECF countries is entirely viable. This would enable Russia, Qatar, and other GECF countries to hold out for higher gas prices from investors and consumers.”<sup>35</sup> In other words, while Russia, Qatar, and other leading gas producers may not be able to directly set prices, their acting together to limit

supply can serve to keep them higher than what they would be if the major producers all acted to maximize their exports.

Gazprom's eagerness to invest in the Qatari gas sector, then, may stem not only from the desire to profit from it, but perhaps also from the hope of being in a better position to influence Qatar's gas export policy in a direction that benefits Russia. Of course, even if Gazprom cannot influence Doha's gas export policy, the profit motive alone is a strong enough incentive for Moscow to court Qatar into allowing Gazprom a role in its gas sector—as well as Lukoil and other Russian firms in its oil sector—and gain Qatar as a customer for the Russian arms industry.

Yet another reason for Moscow to court Qatar may have to do with the fact that the al-Jazeera news organization is located in Doha. As *Kommersant* put it, "Al-Jazeera TV-station commands a lot of respect in the Arab world. It makes broadcasts from Qatar, it is even financed by the Emir himself."<sup>36</sup> Moscow may hope that good Russian-Qatari relations will result in more positive (or at least, less negative) coverage of Russia by al-Jazeera than if ties between Moscow and Doha are poor.

Qatar, of course, also has reason to seek good relations with Russia. To begin with, it wants to avoid another Yandarbiyev episode; nor is it averse to earning more from its gas exports rather than less. Moreover, receiving a visit from Putin does indeed "boost the prestige of the small Arab country," as *Kommersant* bluntly put it.<sup>37</sup> Further, improving relations with Russia fits into Qatar's overall foreign policy of attempting to maximize its number of friends and minimize its number of enemies. Qatar, for example, is allied to the United States, but also seeks to curry favor with public opinion in the Arab and Muslim world through playing host to al-Jazeera. Improving relations with Russia easily fits into this pattern.

What, though, can Moscow hope to gain from its relationship with Qatar? One important gain is that Qatar has not publicly played host to any other high-level Chechen opposition figures since Yandarbiyev's

assassination. Whether Doha will do so in the future is uncertain, but appears unlikely. On the other hand, Qatar-based al-Jazeera has not halted its critical coverage of Russia over the Chechen issue. Shortly before Putin visited Doha, for example, al-Jazeera ridiculed Russian claims that its offer of amnesty to Chechen rebels had been a success.<sup>38</sup> Doha would undoubtedly respond to any Russian complaints about this by arguing that al-Jazeera is an independent media outlet which Qatar does not control. Yet while Qatar may be too intimidated to aid the Chechen cause after the Yandarbiyev episode, it certainly does not want to be seen by Arab and Muslim public opinion as supporting Russian policy there either. Permitting al-Jazeera to continue criticizing Russian policy in Chechnya allows Qatar to be seen as supporting the Chechen cause in the Muslim world, but to deny plausibly that it is actually doing so to Russia.

The possibility of cooperating with Qatar in the gas realm (as well as in trade and investment more broadly), of course, appears to be uppermost in Moscow's concern about Doha. Like Russia, Qatar has not ruled out either creating a gas cartel or some looser form of coordination. This would certainly be of interest to Qatar if it served to increase its profits. On the other hand, Qatar is highly unlikely to oblige Russia by becoming the principal gas cartel member that reduces or limits its own production as Saudi Arabia does in OPEC. Nor is Qatar likely to forego increasing its gas production or expanding the number of customers it sells to for Russia's benefit.

However, Qatar will likely avoid open confrontation with Russia on gas issues. Instead, it will make a show of consulting Russia and other gas producers. Perhaps it will allow Gazprom a stake in the Qatari gas and oil sector. Bringing the company into a partnership on gas could create an important constituency in Russia that would benefit from increased Qatari gas exports even at the expense of Russian gas sales. Another way to build such a constituency would be to buy Russian weapons, thus bringing the politically powerful Russian oil and arms

industries into advocating good relations between Russia and Qatar despite any differences they may have over gas issues. Yet another possibility is that Qatar may simply engage in prolonged talks with Russia over these and other forms of cooperation. Even if reaching agreements proves elusive, just the hope for them could provide sufficient incentive for Moscow to behave politely toward Doha. In the meantime, the Qatari security services have undoubtedly been keeping a much closer watch on the activities of Russian officials than they were the day that Yandarbiyev was assassinated.

The bottom line for Russian-Qatari relations is that despite Qatar's small and Russia's vast size, Doha with its growing LNG export capacity is more of a threat to Moscow with its diminishing gas export capacity than vice versa.

*\*Mark N. Katz, a professor of government and politics at George Mason University (Fairfax, Virginia, USA), has written extensively on Russian foreign policy toward the Middle East. His recent articles on this subject include "Putin's Foreign Policy toward Syria," Middle East Review of International Affairs (March 2006); "Putin, Ahmadinejad and the Iranian Nuclear Crisis," Middle East Policy (Winter 2006); and "Russia and Algeria: Partners or Competitors?" Middle East Policy, (Winter 2007).*

## NOTES

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