

**CRISIS MANAGEMENT IN THE ERA
OF THE GLOBAL NETWORK.
THE CASE OF QATARI RESPONSIVE POLICY VS.
THE ANTI-TERROR QUARTET SANCTIONS**

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Abstract

Crisis management and the global network were the two fundamental methods that Qatar has used to avoid and mitigate the negative impact of sanctions imposed by the so-called Anti-Terror Quartet states (Saudi Arabia, United Arab Emirates, Bahrain and Egypt). They have also served in the process of recovery of security after the internal crisis. The research objective of the article is the presentation of Qatar's anti-sanction policy, one based on these two remedies (crisis management and global network) that turned out to be successful and as such may become a model useful for other states that face a similar threat.

Key words: *Gulf Crisis, Sanctions, Crisis Management, Qatar, Anti-terror Quartet*

INTRODUCTION

In recent years we might observe an ongoing significant trend to explore the effectiveness of sanctions and the countermeasures taken in response to them. The case of sanctions imposed on states with natural resources is extremely noteworthy. Such an analysis was made of the sanctions imposed on Iran by the United Nations (UN) and USA to prevent Iran from acquiring a nuclear weapon [Torbat 2005: 407-434], on Iraq to compel Iraq to withdraw from Kuwait, to pay reparations and to disclose and eliminate any weapons of mass destruction [Reuther 1995: 121-132], Russia, imposed in light of Russia's annexation of Crimea and involvement in the armed conflict in south-east Ukraine [Dreyer, Popescu 2014: 1-4] or Venezuela to force its government to respect civil and political rights (imposed by the US)

These analyses show that sanctions have not led the target countries to change their behavior. The countries listed above are authoritarian regimes so when their security and sovereignty are threatened, they will defend these values by all available means, and sanctions constitute their violation. Authoritarian regimes are ready to incur high costs to maintain full sovereignty. A dependence between authoritarian regimes and the low effectiveness of sanctions is confirmed by Daniel W. Drezner who argues that sanctions lead to the consolidation of power around the ruling leader, accompanied by certain repressions against rather weak opposition (Drezner 2000: 75-78). Among these four countries, the sanctions put on Iran and Iraq had the most significant impact.

The above case studies prove that the negative effects of sanctions and the difficulties with their neutralization have at least slowed down economies, if not led to the collapse of targeted countries (Iran, Iraq). However, this did not happen in Qatar. None of the countries mentioned above showed such resistance to the negative effects of sanctions as Qatar did. Qatar's resistance sparked a discussion among researchers and many analysts have started to talk about a model of counter-sanction policy today. Qatar's resistance to sanctions is an important reason to conduct an in-depth scientific analysis.

There is no doubt that research on sanctions is evolving. The modern world is undergoing profound change, globalization and digitization are changing the environment of targeted countries. This change allows sanctioned countries to find new supply channels and build new alliances in a short time to reduce the effectiveness of sanctions.

RESEARCH OBJECTIVE AND HYPOTHESIS

The objective of the article is to analyze the successful model of the anti-sanction policy (adaptive policy) led by Qatar. Accordingly, we conceptualize the internal and external conditions of the effectiveness of sanctions in regards to the resources countries (richest countries) and their attributes that allow them to be successful (capitalize on the negative economic impact of sanctions) or failure (allow the export of

LNG, Qatar's main source of income). In this paper we propose an initial analysis of a model of resilience to state sanctions in specific conditions that might be applicable to other states in some ways.

We analyze sanction policy and the countermeasures taken in response basing on two analytical methods: 1. Crisis management mainly used in the case of corporations but also applicable in analyzing countries; 2. The theory of global network by Manuel Castells [Castells 2009]. These two analytical instruments show how Qatar has developed certain roundabout ways to maneuver itself out of the sanction (i.e. creating alternative sources of supply).

The hypothesis of the article is as follows: The way Qatar has reacted to the sanctions imposed by the GCC countries proves that, in the era of global network, individual states have gained effective methods for crisis management in situations resulting from external shocks. Qatar proves that effective methods of dealing with and neutralizing sanctions are available providing that one applies adequate measures. The global network factor allows quick changes in supply sources and finding alternative business partners. The efficiency in this case is dependent on the institutional quality of the state that is under the pressure of sanctions from its former partners.

The abovementioned statement affirms that the power of the state depends on its location within the network of international relations. The better the state is positioned the more influential it is and the bigger advantage it has over other states, especially in an emergency situation. It simply means that the lower the structural-network power of target country, the higher the probability for the sanctions' success. This assertion is close to the social-network theory that deems that the standing of an individual (state) in the network increases with the tightening of relations with other units in this structure. It shows how much each state is globalized (economically) [Kim 2013: 85-100].

To verify the hypothesis and to analyze the reaction to sanctions we pose the following research questions:

1. What were the aims of the Quartet's sanctions?
2. How has Qatar managed to resist the sanctions of the Quartet?
3. How does the global network work in international relations?
4. What roles did the global network and crisis management play in Qatar's resilience/adaptive policy?
5. When are sanctions effective and when are they ineffective?
6. What were the results of the sanctions for Qatar and the Quartet countries?

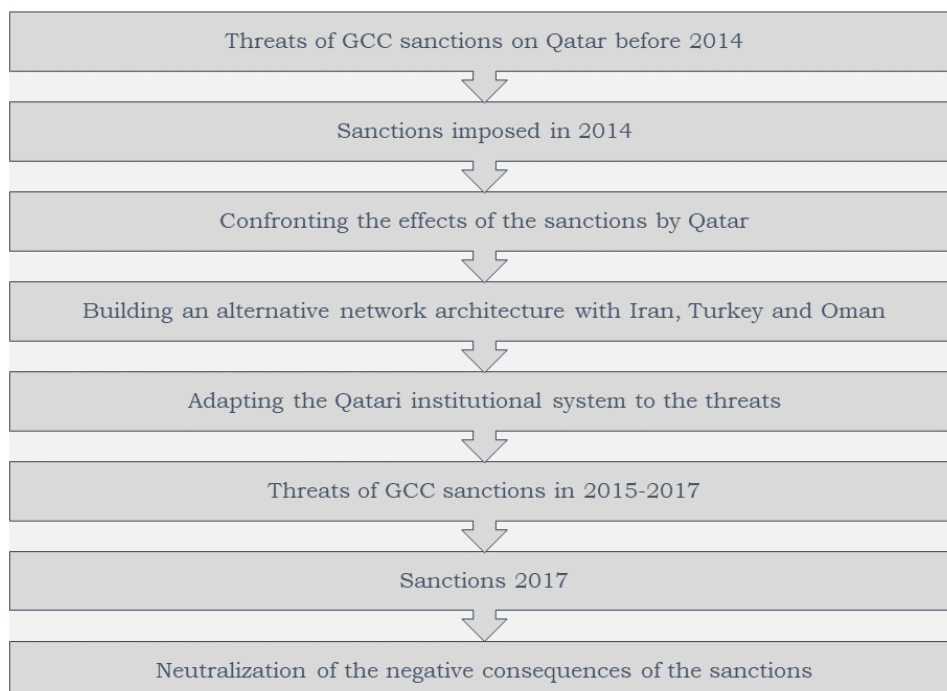
The example of the recent crisis within the Gulf Cooperation Council shows a new dimension of defense against sanctions. Global networking made it possible for the state of Qatar to create surrogate connections with other entities (countries), enabling it to neutralize the negative effects of sanctions, both in the political and economic sphere.

CRISIS MANAGEMENT POLICY

Crisis management is the process by which an organization deals with a disruptive and unexpected event that threatens to harm the organization or its stakeholders [Bundy et.al 2017: 1661-1692]. The principles of crisis management are aimed at mitigating (limiting) the risks associated with potential sanctions and in improving state security. In other words, the primary concern of crisis management is to provide public safety. Effective teamwork and communication are the key elements in crisis management. Successful crisis management also requires knowledge about instruments and policies that allow to deal with problems before they occur. In Alan Hilburg's model of crisis management there is an assumption defining three stages: crisis avoidance, crisis mitigation and crisis recovery. These three stages involve dealing with threats before, during and after a crisis. To successfully avoid a crisis, using an impact/probability model that help to predict crisis scenarios is essential. To see this more clearly, we must get back to the sanction policy.

Basically, a sanctions policy has two stages. The first stage is the threat of sanctions. They signal to the target country the conditions and consequences of their non-fulfilment. In some cases, the threat of sanctions is enough to achieve the goals set by the sanctioning countries [Bapat et al. 2013: 79-98]. At this stage, the target country is able to prepare and introduce a policy protecting against the negative consequences of potential sanctions against it. The second stage is the actual phase of the sanctions' imposition. Below we present an outline of these stages in regards do the Gulf crisis [Joshi, Mahmud 2018: 52-65].

Figure 1: Lesson from the past: The outline of the State of Qatar's model for absorbing sanctions created after 2014 - introducing crisis management policy



Source: author's own elaboration

Sanctions can bring about the expected attitude and behavior from the sanctioned country only if they impose costs in excess of the profits gained from its current policy. The cost of sanctions is dependent on the location of the imposer and the target country within the network architecture and their mutual interdependence.

In a globalized and digitalized world, it is seldom that the imposer and target are isolated. Therefore, the key point for a country expecting to be sanctioned is to develop different, alternative models of network architecture in advance, as in the case of Qatar. By building such connections Qatar was able to replace one network with another.

The conditions that had to be in place for Qatar to answer the Quartet's sanctions effectively were: 1) a preparedness for a high probability of sanctions that was proportional to the emergence of a crisis management plan as the symptoms of use this form of hard power was hinted by Qatar's neighbors in 2014. "Saudi Arabia has threatened to blockade neighboring Qatar by air, land and sea unless Doha cuts ties with Egypt's Muslim Brotherhood, closes the Al-Jazeera global channel, and expels local branches of the U.S. Brookings Institution and Rand Corporation think tanks" [Jansen 2014]; 2) establishing a coalition of states that support Qatar in the face of the crisis. However, a crisis can't be fully predicted by the target country because it may involve many possibilities and outcomes and from this point of view it is not easy to construct a good crisis management plan.

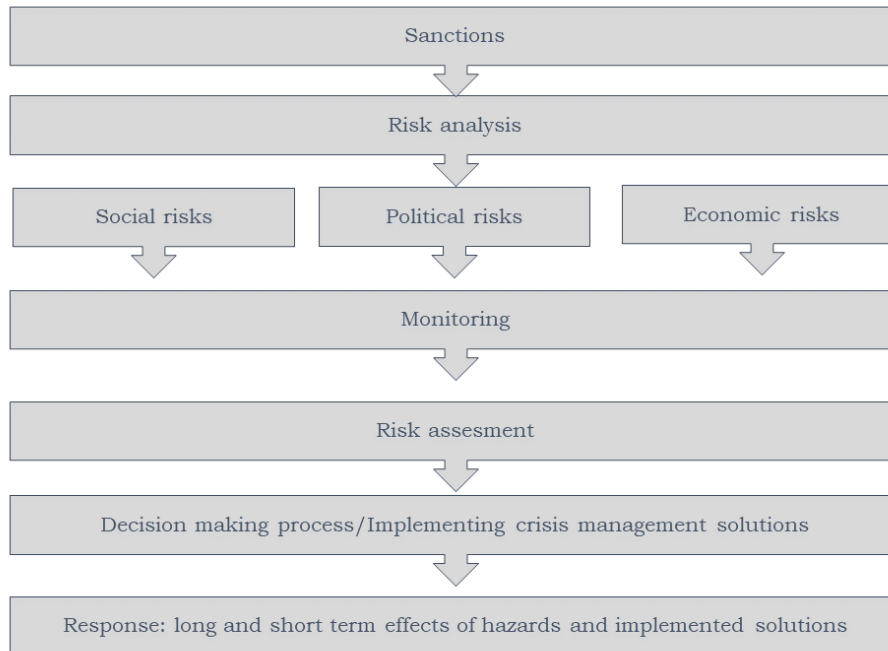
The second phase of Alan Hilburg's model of crisis management is crisis mitigation when sanctions are already imposed. This phase is the most difficult for the target country because institutions that are hit by the sanctions are limited or blocked and must shift their policies. Qatar's crisis management during the crisis comprised of: 1) a rapid establishing of new sources for the supply of foodstuffs (initially Turkey and Iran and later Oman, Pakistan, India and the UK), 2) the releasing of massive financial reserves (from June to December 2017 Qatar injected about \$38.5 billion of its foreign reserves into its economy) aimed at stabilizing domestic prices (that have grown as a result of increased import costs) and funding local start-up projects to support domestic production in order to increase the level of self-sufficiency, 3) producing counter-evidence to refute accusations and fake news against Qatar targeting media, foreign states and international organizations i.e. the UN, WTO, ICAO, 4) vying for the allegiance of international public opinion (donation to the PSG football team, support for the state of Texas after Hurricane Harvey), 5) demonstrating determination in opposing sanctions (completing projects in progress, opening a new port and new trade routes etc.)

This crisis management has resulted in a rapid growth of local manufacturing and increased self-sufficiency in agricultural and farming activities. It has also led to community cohesion and convince Qatari citizens of positive prospects even after the sanction period.

To assess the Qatari process of decision making in the face of sanctions we have cre-

ated a conceptual model for the crisis management pattern in Qatar. It proves that such a plan must be prepared before a crisis and quickly implemented for it to be successful. A special group that is created only for this purpose takes responsibility for such a plan.

Figure 2. Conceptual model for the crisis management pattern in Qatar



Source: author's own elaboration

The case of Qatar shows the importance of the institutional quality of the state determining the ability to neutralize the negative effects of sanctions. In defending against sanctions, time plays a key role in the adaptation of shock capacity. The system of antifragile policy for a sanctioned country requires an ex-ante defined possible scope of sanctions and scale of threats and the implementation of an appropriate crisis management procedure. To ensure systemic and effective crisis management the state must demonstrate:

- institutional efficiency expressed in an appropriate delegation of responsibilities to individual entities in the economy,
- coherence of undertaken activities,
- clarity of commands and the right way to enforce them.

In Qatar's case, the institutional maturity of the state was crucial and made it possible to fully use the network environment to neutralize the sanctions and build alternative channels of supply, cooperation or guaranteeing international security. As a result, the Qatari case sets a new response path to sanctions and crisis management in terms of internationalization of transactions (global network). It can be a benchmark for countries hit by sanctions or other asymmetric shocks.

The third stage of the Alan Hilburg model of crisis management is the phase of crisis recovery. This recovery was necessary after the trading routes with Qatar were closed and Qatari export and import fell by 40% while prices increased by 4.5%. A recovery that Qatar based on its place in the global network.

GLOBAL NETWORK

In our opinion, Thomas Friedman's theory (2005) presented in *The World Is Flat: A Brief History of the Twenty-First Century* [Friedman 2005] applies to the crisis in the Gulf in 2017. It allows us to show how Qatar uses the global network to establish alternative supply chains. This theory analyzes the impact of globalization and digitization on the modern world. Friedman suggests that the world is flat (or, as Beheruz Sethna suspects [Sethna 2008: 25-31], the world is in the process of being flattened) in the sense that competitive opportunities between developed and emerging countries are decreasing; and that individual companies are becoming part of a large, complex, global supply chain.

Friedman's theory is related to the theory of network orchestration - developed by Victor Fung, William Fung and Yoram Wind in the book *Competing in a flat World. Building enterprises for a borderless world* (2007). The theory of network orchestration refers to the strategy of an organization (corporation) that assumes survival and leadership in an increasingly flattened world [Fung, Fung, Wind 2007]. Although this theory applies to corporations, it can be successfully applied to Qatar. This is due to the fact that Qatar has a small area and population, small level of economic diversification and a type of (absolute) power. Without going too far, taking into account these characteristics, we can treat the Emirate as Qatari Corporation and use for the analysis of orchestration theory as well as the theory of network organization to describe new opportunities for Qatar, created by the so-called "flat (flattened) world." Together with globalization and digitalization, the "flat World" involves a growing number of participants of economic processes (in our case a growing number of countries). This in turn creates a global platform for many forms of cooperation, increasing opportunities of a more open environment, enabling countries to build bi- or multipolar policies. Network organization can be applied to supply chains, enabling multiplier effects that increase the efficiency and flexibility of an organization, especially in the event of rapid changes in the environment and growing risks [Fung, Fung, Wind 2007].

Such a "flat World" has rapidly limited cross-dependency between countries, has mitigated the role (importance) of integration organizations and has reduced the privileged position of the leader.

Digitalization itself brought a new form of communication, giving a chance to build new channels of cooperation, new forms of competition and providing opportunities for new behavior on the global market.

Friedman's book applies to both micro (corporations) and macro (countries) scale.

The author use the concept of glocalization (globalization + localization), indicates that the importance of continental and global levels increases with the increase in the importance of local and regional levels. The term “global management” in the sense of “think globally, act locally” is used in business strategies of enterprises. “The more outward looking the culture is (open to foreign influences and ideas), the more “glocalized” it is, the greater its advantage in the flat(ening) world” [Sethna 2008: 28]. Before the globalization era (the 1990s), Qatar did not have such an extensive network of economic connections with other countries, but with globalization’s emergence it was able to establish alternative supply networks. Globalization enabling the free movement of capital, labor and goods became more important for the small Emirate, because of the small area and disproportion between work and capital, than for Saudi Arabia. In addition, Qatar, located in the waters of the Persian Gulf, has been exposed to foreign cultures for centuries, making it much more culturally open compared to more conservative and closed Saudi Arabia.

Quraeshi and Luqmani said that in a “flat World,” sanctioned countries are seeking and creating new alliances and alternative economic networks [Quraeshi, Luqmani 2013: 120]. To prevent this, the sanctioning state should build a maximum coalition and introduce multilateral sanctions. However, such a scenario in the case of sanctions against Qatar was doomed to failure. Effective sanctions would have to include regional opponents of the Saudi Arabia- i.e. Iran and Turkey in the coalition. This option turned out to be completely unrealistic. What’s more, the coalition was not even able to convince its allies from the GCC, Oman and Kuwait, to join the sanctions. In effect, Oman, Iran and Turkey played a key role in breaking the sanctions. Saudi Arabia and the UAE misjudged their strength in relations with Qatar. What’s more, thanks to their policies they brought the Qatar Emirate closer to their biggest rival and regional opponent: Iran.

The application of the Flat World Theory to the Qatar crisis makes it possible to understand the reasons for the decline in the importance of the GCC, the position of the KSA and the emergence of new opportunities enabling Qatar to implement a rescue policy and survive the so-called asymmetric shock.

The purpose of the sanctions imposed by the Quartet was to hit Qatar’s economy and thereby force it to cooperate and change its international policies. The Quartet expected that the sanctions would bring high socio-political costs and economic losses. This was to be achieved by excluding Qatar from various profits resulting from its participation in the GCC and partnerships with the KSA, UAE and Bahrain. The Quartet expected Qatar to change its policy at the global and regional level under pressure from these sanctions.

Thanks to globalization, countries that were previously at the edge of mainstream economics can benefit from its global nature. In the case of Qatar, these new opportunities have enabled the country to effectively neutralize the negative effects of sanctions. This was achieved by creating new horizontal connections as well as through

cooperation and communication with alternative partners.

Since the first GCC crisis in 2014, the Emirate has strengthened relations not only with Iran and Turkey, but also with the countries of Asia, Europe, North America and Russia. Qatar has undertaken new investments in flagship projects (such as Hamad Port) and has expanded its LNG customer base. This allowed Qatar to secure its position in the potential conflict. In the first month of the blockade, Turkey sent to Qatar 200 cargo planes, 16 trucks and one ship of supplies to meet its daily needs. Trade with Iran increased by 117% in the seven months leading up to November 2017 [Hasan 2018]. This also meant shifting from using UAE and KSA airspace to Iranian airspace (in the case of Qatar Airways) and, last but not least, substituting Jebel Ali Port with ports in Oman, in Sohar and Salalah. Omani trade with Qatar is estimated to have risen by over 1000% from January to September 2017. According to Ulrichsen, after the first year of sanctions “Qatar had a smaller fiscal deficit, a substantive increase in foreign reserves, an improved trade balance, and a fully recovered banking sector” [Ulrichsen 2018]. Despite some costs that had to be incurred (in the long run they mainly affected Qatar Airways), Qatar proved to be relatively lightly affected by the sanctions.

In the modern world, globalization also includes media, including social media. They were used by the Emirate authorities to defend the state brand and present the Qatari point of view or to ensure security. The dementi of a false statement attributed to Emir Al-Thani occurred within 45 minutes after it appeared on the Qatar News Agency website. The press office of the Ministry of Foreign Affairs published an official statement that the sanctions “will not affect the normal lives of Qatar citizens and residents.” Qatar has been conducting public diplomacy from the very beginning of the crisis, creating the image of a “controlling victim” and inviting human rights organizations to engage in and show evidence of abuse of its inhabitants by the Quartet. International media wrote about the tragedy of camels and sheep trapped between borders without water and food, starving and wounded. This was to create an image of Qatar as a victim deserving of international compassion, because the population of its people and animals suffered from abuse and lawbreaking. This policy confirms the effectiveness of crisis management control and a well-integrated information policy (for internal and external use).

ADAPTIVE QATAR POLICY (COUNTERSANCTIONS)

According to the conceptual model for the crisis management pattern in Qatar presented in Graph 2, after the sanctions are imposed the target country makes a risk analysis. Such an analysis was crucial for Qatar to “weather the storm” and effectively came out on the top. The authorities in Doha made a series of strategic policy moves to come out from the crisis stronger than ever.

The following graph (look at graph 3) presents the directions of the sanctions and the actions taken by Qatar to counteract the effects of sanctions.

As presented in graph 3, in the result of sanctions imposition Qatar faced following risks:

1. Political risk: Destruction of the national brand; Diminishing international importance and role of Qatar; Diplomatic sanctions; Reducing Emir Tamim ruling power; destabilization of the state.
2. Social risks: Entrance restrictions for Qatari citizens and residents; Border and transborder traffic restrictions; Blockade of scientific and academic cooperation; Blockade of the access to reciprocal healthcare services; Banning on family reunification; Freezing assets; Restrictions to pilgrimages.
3. Economic risks: Loss of supply channels from Quartet countries; Destabilizing the rate of exchange; Destabilizing the budget; Economic slowdown; Inflation; Destabilizing the financial market; Loss of access to Qatari assets in Quartet countries; Destabilizing the real estate market; Blockade of Qatar Airways.

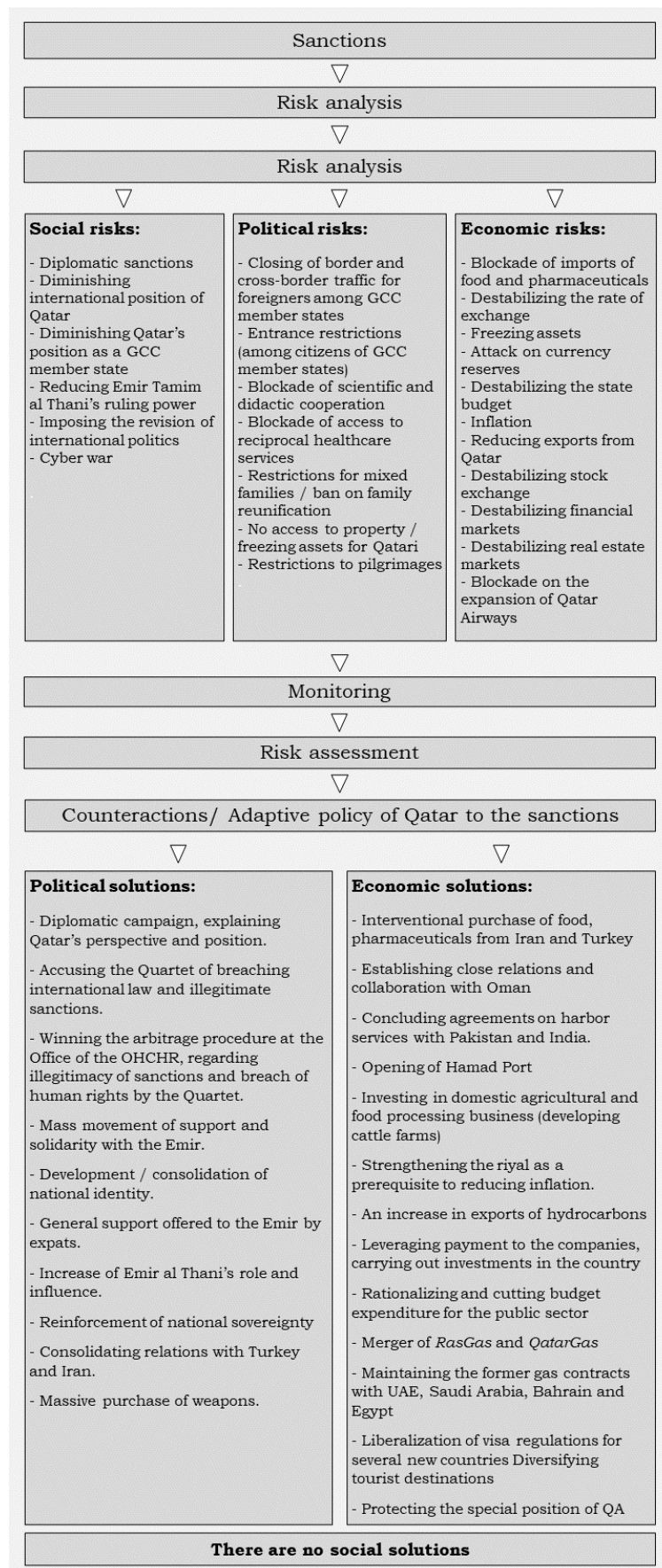
In reaction on these threats Qatar took effective countermeasures based on traditional diplomacy focusing on defending its brand and maintaining a positive image of the state. To address the first group of risks Qatar ran a positive PR campaign that cost the state \$5 million [Al-Arabiya, 16.10.2017]. As part of this campaign Qatar: ran a campaign on CNN channels, established the Gulf International Forum whose aim was to promote Qatar's point of view on the crisis, signed an agreement with the USA on the cooperation in combating terrorism and financing, promoted itself as an attacked country that has the right to defend itself.

To protect its position Qatar also accused the Quartet of breaching international law by imposing illegitimate sanctions. The Emirate won the arbitrage procedure before the Office of the United Nations High Commissioner for Human Rights (OHCHR). Even though the High Commissioner expressed the will to visit both sides of the conflict he didn't received any reply from countries imposing the sanctions. As a result, the OHCHR expressed the opinion that sanctions are "breaking up families and disrupting young people's education" [Al-Jazeera, 8.1.2018].

To mitigate the anti-Emir campaign led by the Quartet, has organized a movement for mass support and solidarity with the Emir called "We are all Tamim" (*Kollona Tamim*) or Tamim the Magnificent (*Tamim al-Majd*). This movement was expressed by a stylized portrait of the Emir, drawn by a local artist, displayed on huge banners on glass skyscrapers, shop windows, walls of homes, T-shirts, cars etc. Many Qataris appreciate that life in Qatar after the sanctions has not changed, inside the state there is no crisis. They consider it as a success of Qatar policy.

Qatar strengthens diplomatic relations with many regional and international entities and undertakes a number of activities, including mediation, branding and image building, cultural and sport diplomacy, defense contracts (including by providing foreign bases to international and regional authorities) and even by engaging in military

Figure 3. Adaptive policy of the State of Qatar to the sanctions



Source: author's own elaboration

interventions [Baabood 2017].

As regards national security, Qatar decided to buy a range of arms from Russia (negotiations over purchase of S-400 air-defense systems) and from Great Britain (24 Typhoon fighters). Qatar has also boosted its arms spending by 282% comparing to 2015 and become the world's 3rd biggest weapon importer [Hodgson 2017]. It signed a number of agreements on military and defense cooperation, including with France, as one of the first countries to sign the NATO Cooperation Initiative [Baabood 2017]. As to social sanctions, there are much more limited possibilities for adaptation and neutralization by the sanctioned state compared to political sanctions. Social sanctions touch mostly ordinary people in target country, and they can rarely be neutralized by the country's policy. Due to this fact, it is usually the people who pay the highest price for the government policy because they do not affect the moves their government undertakes (i.e. in the cases of Iraq or Iran). Even if people of the target country force their state leaders to change the policy of the authoritarian regime and start to protest, the probability that they succeed is very low. The target state has very limited, if not to say no, instruments to mitigate these kinds of sanctions. Closing the Saudi-Qatari border, closing foreign banking accounts, blocking scientific cooperation, banning family reunification are obstacles that can't be solved by the target country in a simple way. Even if the people of the sanctioned state look for alternatives to their businesses in other countries, broken families suffered as a result of splitting Saudi-Qatari or Saudi-Emirati marriages is an issue that is impossible to solve and expresses the high social costs of such sanctions.

Sanctions can stimulate anti-import policy in a target country. Such a policy is a key to the process of building a diversified economy. However, it requires from the state wide access to resources, an effective economy and highly legitimized authority. In Qatar's case, social sanctions worked as a stimulus for a shift in the national economy by accelerating the diversification processes.

Economic sanctions and the risk they pose give the target state more options to remain resilient and to mitigate their negative consequences. The embargo on the export of food, pharmaceuticals and construction materials to Qatar was supposed to lead to a decline in aggregated supply in the Qatari market. However, in order to neutralize this negative impact Qatar has signed a long-term contract with Iran and Turkey to facilitate trade between the three countries and to deliver food supplies from Iran (import from Iran rose by 60%) and Turkey (import from Turkey rose by 90%) [Kumar 2018: 437-442]. They enabled the replacement of Saudi and Emirati deliveries by Turkish or Iranian products. For instance, the construction materials necessary to finalize the construction works at the football stadiums for World Cup 2022 were delivered previously by the KSA and UAE. After the sanctions were imposed, they are imported from Iraq and Oman.

A very significant role in mitigating economic sanctions is played by Oman. By establishing tight collaboration between these two countries in form of initiating a trade

connection between Salalah Port and Hamad Port in Doha and by allowing Qatari flagged vessels to enter a sultanate's water lifted Qatar from isolation. No less significant was the Qatar's access to the Strait of Hormuz which ensures the free flow of the Emirate's hydrocarbon export to Asia. After the imposition of the sanctions by the Quartet, Qatar announced plans to raise its liquefied natural gas output by 30% to prepare for greater economic independence (self-reliance) in the long term.

It is worth noting that until then Qatar was using a Dubai located hub, Jebel Ali Port, as a key partner in its foreign trade. Much of its export and import of goods took place through this port. The launch of the Hamad Port in 2017 enabled Qatar to reduce its dependence on the UAE (Zafirov 2017), it started to play a crucial role in Qatari foreign trade, as a regional transport hub. Hamad Port is a component of the National Security Program. In the first 8 months of 2018 Hamad Port received more than 1000 vessels and helped Qatar circumvent Arab sanctions.

Although in many cases the sanctions proved to be ineffective, this was not the case for Qatar Airways (QA). As a result of the sanctions, 18 destination flights to the United Arab Emirates, Saudi Arabia, Bahrain and Egypt were lost. Furthermore, flights to other countries suffered because QA could no longer fly in the Quartet's airspace. This resulted in a decrease in passenger numbers by 9% and cancellations by 15% one year after the imposition of the sanctions. To neutralize the shock, they responded very professionally: 1) in response to the closed airspace, QA aircraft were diverted via new air corridors through Iran and Oman 2) QA added 21 new destination flights in 2017 (more are planned: 8 flights, including Lisbon and Langkawi) and increasing capacity to Oman, which has become an air hub for those who want to visit Qatar from outside the region 3) QA charters its fleet to other airlines 4) QA develops Cargo services [Dudley 2018]. As a result of the sanctions, a deterioration of QA's financial results in 2016/17 can be seen, transforming into a financial loss in the following years (2017/18 and 2018/19) [Qatar Airways 1.4.2018-31.3.2019]. QA seems to be the main and biggest victim of the sanctions.

To counteract the destabilization of the real estate market Qatar changed the law to allow foreigners to buy real estate and establish own businesses without a local partner. Since 2018 foreign investors have been allowed to possess 100% ownership in most sectors of the economy in a bid to boost non-energy revenues. The authorities in Doha liberalized visa regulations for several new countries to reach a total number of 80 of those who can enter to Qatar without visa permission. This aims to attract more investors and tourists, and make Qatar one of the most open states in the region. As regards real estate market policy, Qatar issued much more building permits (90% increase in July 2018 compared to the previous July) to influence construction sector growth. Residences are at the top of the list (59%) [The Peninsula, 13.8.2018]. Another sector under siege was the public sector. Many government departments and private sector conglomerates cut their budgets and reduced staff costs. According to the Financial Times Qatar is fostering enough growth "to fill the malls and residen-

tial towers rising across the urban sprawl of the capital.” The gross domestic product will grow 2.7% in 2021 following a contraction of 2.5% this year, the IMF said in a statement following virtual meetings held with Qatari officials Dec. 6-14. Qatar also increased its gas export by signing new long-term supply deals with Bangladesh and Vietnam. By 2025 Qatar is going to build four new liquefaction plants. According to the Bloomberg “Qatar’s LNG capacity will rise to 110 million tons of LNG a year from 77 million currently within 7 years” [Sergie 2018].

CONCLUSIONS

Sanctions imposed by the Quartet have changed the relationships within the GCC. For many years the State of Qatar tied its interest to the interests of the GCC. Qatar refrained from building other alliances, set new destinations or cooperation with other actors. Because of the imposed sanctions, Qatar did not have to remain loyal to the GCC members and countered its dependency on them [Feldman, Guzansky 2017: 2]. This new situation allowed it to create new international politics and alliances, and to open new supply channels without considering the interests of other GCC members. As a result, Qatar strengthened its economic diversity, broadened the scope of its international cooperation, and economic and national security. This was possible due to an implemented crisis management formula and the use of a global network to defend its sovereignty (including economic independence). The paradox of this situation lay in the result it has brought: sanctions that were supposed to diminish the power of a small Emirate strengthened Qatar in the way that was not expected by the sanctioning states.

The effects of the sanctions are both costly and economically painful for Qatar, especially looking from a short-term perspective. A much more significant long-term consequence generated by the sanction/blockade policy lies in the deterioration of trust among GCC member states that will be very difficult to rebuild, especially in as regards the current leadership in Abu Dhabi and Saudi Arabia. The decision to impose sanctions on one of the GCC member states has undermined the stability of the organization, one which plays a crucial role in the region. It seems that this situation will make recovery impossible for many decades. As a result, it may be argued that the Middle East has lost one of its most important stabilizing factors.

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