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Qatar-Spain: The New “Strategic Partnership” in a Polarized World

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This document analyses the new strategic alliance between the Government of Spain and the State of Qatar, signed in May 2022. This agreement comes in the context of energy, economic, and social crisis due to the COVID-19 epidemic and the ongoing war in Ukraine. This agreement between the two countries has a European impact due to the energy dependence and vulnerability resulting from the war in Ukraine. Within the special attention paid to the areas of understanding signed up to and the national strategies of each country, two areas of investment have been identified: energy, and innovation and development, in which both countries intend to develop their investment strategies. The reinforcement of some action areas, especially those dedicated to education and research, will be recommended.

Introduction

We live in an increasingly polarized world: successive crises have increased society's distrust of institutions, and this is evident with each electoral cycle, where abstention continues to increase. The rise of disinformation campaigns and the emerging social crisis generate anti-establishment and political alternatives, which deny climate change, COVID-19, among others. The crises that have occurred in recent years can be framed within the post-truth era, where objective facts have less importance and influence on public opinion than appeals to emotions and personal beliefs. There is growing discontent with politics and the alternatives to the traditional parties tend to appeal to emotions so as to generate reactionary discourse, often plagued by fake news. The new strategic agreement between Spain and Qatar is being developed within this economic, political and social framework. An agreement with a European impact and two main axes: energy, and investment in innovation and development.

This document analyzes the new strategic agreement between the Government of Spain and the State of Qatar during the visit of His Highness Sheikh Tamim Bin Hamad Al Thani to

the Kingdom of Spain. Through exploration of the areas of understanding foreseen in the declaration, the national strategies of both countries and the current political circumstances, it analyzes the possible investments and fields of action necessary to make the most of this new strategic agreement.

Europe: A pandemic, an unexpected war and a polarized world.

The health crisis resulting from COVID-19 highlighted the importance of investing in science, but it also increased inequalities between the global north and south. Industry and trade came to a standstill, generating an incipient economic crisis with unknown consequences. The global trade shutdown led to a slump in demand, and thus a slowdown in the growth of economies. This impact was an obstacle in their path for countries with strong economies, but for countries with weaker economies, the COVID-19 pandemic would wreak havoc socially, politically, and economically.

The reopening of the global economy, following an improvement in the health

situation thanks to vaccines, brought a surge in demand that commodity-producing countries could not absorb. The lack of short-term capacity became a problem for the global economy, leading to a cut in growth rates and a rise in inflation. Tight markets, falling incomes and rising prices have increased global poverty.

With the war in Ukraine at the beginning of 2022, the economic crisis resulting from COVID-19 has only accelerated. This conflict is generating an interconnected triple-crisis, as the three parts are derived from each other. The first of these is the energy crisis. Although prices in the energy sector have been rising since the end of 2021, due to the demand in the production chain following the global economic reopening, the war in Ukraine has further aggravated the situation. In addition to the economic sanctions on Russian gas imposed by the European Union (EU) and the United States of America (USA), Russia has cut off supplies in response to these sanctions. All this has led to an increase in prices that European consumers are paying. It is increasingly common to hear concepts such as "energy vulnerability", which is the tendency to experience a situation in which a household does not receive an adequate amount of energy services or does not have the financial capacity to face up their electricity bill. The energy crisis is resulting in a rise in electricity prices through which small and medium-sized enterprises, which make up the majority of a country's business fabric, need to cover the cost-benefit. This increase in electricity prices is affecting the productive fabric of countries, where it is becoming increasingly challenging to produce, due to the high costs of electricity. This energy crisis further leads to an economic crisis that translates into higher prices, and a loss of societal purchasing power. This reduction in purchasing power is occurring, to a greater or

lesser extent, in practically all OECD countries. The combination of declining purchasing power, inadequate social safety nets, and the rising cost of living, is the breeding ground for growing social unease, leading to an incipient social crisis.

A "social crisis" is understood as a disturbance in the global society that affects the general equilibrium, and the ordinary functioning of social life. COVID-19 and the war in Ukraine have impacted global society, with this crisis being most pronounced in countries that are directly or indirectly dependent on the countries in conflict, but also in countries of the global South. The impact on Europe is reflected through social unrest that is beginning to appear in most countries on the continent. The protests in France in recent days are a sign of this. The UK has been experiencing strikes in the railway sector, the biggest strike in the last 30 years. In Brussels, thousands of people took to the streets to protest against rising prices and stagnating wages.

A new strategic partnership: between energy and food security through innovation investments.

Diplomatic relations between the two states of Spain and Qatar were established in 1972 at the non-resident embassy level. The countries have maintained fluid relations at both the political and economic levels, which were boosted by the opening of the Spanish embassy in Qatar in October 2003, and the subsequent Qatari diplomatic mission in Spain in 2004. Throughout these years, institutional visits between the two countries have continued to be conducted. The Spanish monarch visited the emirate for the first time in 1990, and then again in 2003 and 2006. For his part, His Highness the then Emir of Qatar, Sheikh Hamad Bin Khalifa Al Thani, visited Spain

for the first time in 2004, and again in 2011. The last state visit of His Highness Emir Tamim bin Hamad Al Thani took place in June 2022. This visit commemorated the 50th anniversary of bilateral relations between the two countries, which concluded with the signing of a new strategic agreement between the two countries, which strengthened the friendly relations between the Qatari emirate and the Spanish government.

The new partnership defines Spain as a strategic partner for Qatar, on a par with other countries such as the United States, France, China and Japan. The new status elevates the relations between the two countries to a level of greater cooperation and collaboration. The agreement signed by both parties during the state visit in May 2022 focuses its efforts on four lines of action:

- Strategic dialogues on global and regional issues;
- A framework for investment, and financial, commercial and economic cooperation;
- A strengthened system of cooperation in the fields of energy, defense and education;
- The development of new forms of cooperation in judicial matters, and in the fields of health, science and innovation.

This new strategic partnership[1] has two fundamental pillars: on the one hand, guarantees for the energy security of Spain, and on the other, investment in innovation and development projects for Qatar. Through the Qatar Investment Authority (QIA), Qatar intends to invest more than 5 billion euros in Spain in different projects related to infrastructure, agribusiness, and the water sector, areas which are key to the Qatar National Vision 2030. Spain, for its part, is guaranteed energy security by offering safe and reliable investment

conditions, with a solid framework of economic recovery that is a benchmark within the European Union, despite the pandemic and the war in Ukraine[2].

Spain-Qatar relations: The European dimension.

The international dimension of this new step focuses its efforts on maintaining avenues for dialogue and cooperation in global and regional affairs. However, the strengthening of relations between the two countries comes at a critical time for Spain and the European continent.

The war in Ukraine has highlighted the European Union's energy weaknesses, and its lack of foresight in crisis scenarios. The EU has had to improvise since the Russian offensive was unleashed, leading it to reconsider its energy policies. The European Green Deal, through which the EU pledged to become a carbon-free economy by 2050, has had to be revised, now including nuclear energy and natural gas as clean energies necessary for the ecological transition.

This redirection in European energy policy results from Central and Northern European countries' energy dependence on Russian gas, and its impact on the Eurozone's strongest and most competitive economy: Germany. Energy has become the main concern for European governments, not only because of the economic impact but also because of the social and political impact that a winter with gas restrictions could have on European industry and households.

The search for alternatives to Russian gas has brought new commercial partners into the picture for the European Commission, but has also demonstrated the weaknesses of the European energy system, which lacks regasification infrastructures and south-north

interconnections. The lack of infrastructure has been highlighted in several European Parliament documents to the European Commission, as well as the danger of energy dependence on Russia. At their last meeting, the 11 countries that make up the Gas Exporting Countries Forum (GECF) warned that the lack of infrastructure affected the increase in Liquefied Natural Gas (LNG) supply, and the energy security of the EU as a whole.

Energy: one of the pillars of the new agreement.

Until the signing of this agreement, relations between the two countries were based on economic and cultural cooperation. The numerous speeches of the former Qatari Ambassador to Spain [3], Mohammed Jarman Al-Kuwairi, collected in his book "Qatar, a bet for dialogue", list the numerous initiatives of both countries in these areas. Qatar became the first Arab country to invest directly in Spain, while more than a hundred Spanish companies operate in Qatari territory. Qatar is currently the second Gulf country in terms of investments in Spain, second only to the United Arab Emirates. Qatari investments through its sovereign wealth fund, QIA, are distributed throughout the Spanish business fabric. Iberdrola, Banco Santander, Grupo Prisa and El Corte Inglés are some of the companies in which Qatar holds a stake.

The current energy crisis has led several European countries to strengthen their commercial relations with strategic players, to guarantee their energy supply. In this respect, Qatar is Spain's second largest gas trading partner, second only to Algeria. With this new agreement, Qatar aims to become Spain's leading supplier of LNG from 2025, and to increase its exports to other European countries

with long-term contracts. In this process of restructuring European energy policy, the new strategic agreement between Spain and Qatar establishes a fruitful alliance for both countries. Spain continues to guarantee its energy independence from Russian gas, and Qatar gains an indispensable partner to open up the European energy market.

As mentioned above, one of the European Union's most significant problems is the lack of south-north interconnections. The three presidents of Spain, Portugal and France signed an agreement this week that is a further step toward energy independence from Russian gas. One of the projects generating interest is the "green energy corridor" linking the Iberian Peninsula (Spain and Portugal) with France. Although this pipeline is intended to transport green hydrogen, in its first years and until the energy transition is completed, it will transport natural gas. This corridor could help the EU boost gas imports and improve connections. An advantage of the LNG being processed in Spain is that it would obtain a faster outlet to the European markets than through methane tankers, and could serve as one of the most viable alternatives to Russian gas.

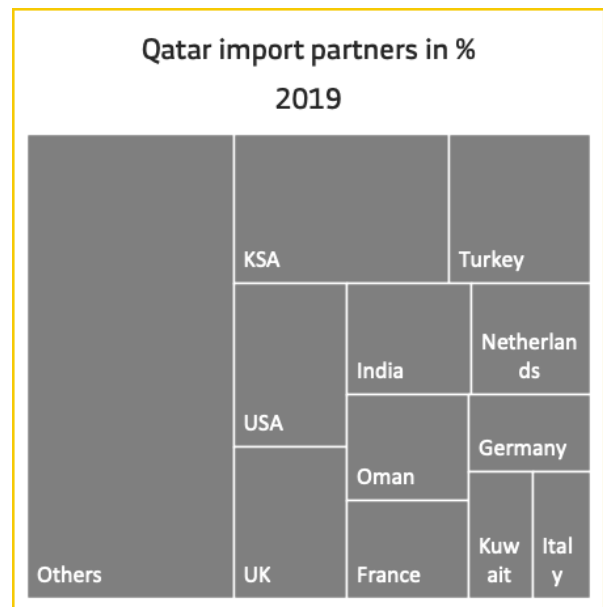
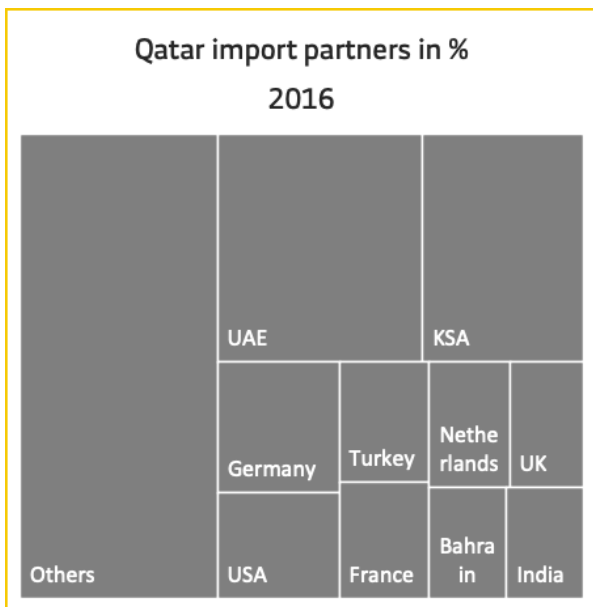
This is a strategic partnership at a critical moment for the European continent, which is looking for new energy partners. For Spain, which is seeking to position itself as an energy leader in the European Union, and for Qatar, which is seeking to enter the European energy market with a long-term perspective. The new alliance between the two countries strengthens the pre-existing economic and cultural cooperation, encouraging new investments and much broader cooperation scenarios in areas such as energy, innovation, development, and education.

Qatar investments: Innovation projects to improve food security.

According to the FAO (The Food and Agriculture Organization), food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their daily energy needs and dietary preferences for an active and healthy life. This physical availability of food corresponds not only to supply but also to the level of food production, stock levels, and net trade. Before the 2017 crisis, Qatar imported about 90% of its food. Only 40 per cent of its food supplies entered through the land border of Saudi Arabia. In 2016, the Asian market was Qatar’s main food supplier, followed by Europe and the United States. According to World Bank data, the United Arab Emirates and Saudi Arabia were the country’s leading food suppliers.

The 2017 crisis brought a change in the import trade balance. Turkey, the United States and the United Kingdom became the main food providers for Qatar. In the face of the uncertainty generated by the 2017 crisis, Qatar has been investing in the agriculture and food sector, to end or reduce this external dependence. During the crisis, Qatari farms were only able to address 15 per cent of local demand. After the first two years of the blockade, the Qatar Chamber of Commerce saw an increase in local production of 300%, leading to a turnaround that now seeks and prioritizes local agriculture and livestock farming. However, Qatar’s climatic conditions are a challenge for agricultural projects on this scale.

In 2018, the Qatari government worked with Spanish companies to install last-generation state-of-the-art greenhouses through its strategic agricultural investment projects. In 2020 Qatar presented the National Food Security



World Bank. (2022). Qatar Food Products Imports by country & region 2016-2019[4]

Strategy (2020-2023), which sets out the roadmap to increase national self-sufficiency in greenhouse vegetables by up to 70%, and reach a total of 110 hectares of high-tech greenhouses.

The new partnership between the two countries reflects Qatar's desire and need to continue to invest in all fields that provide food security. In the memorandums of understanding between both ministers (the Spanish Minister of Science and Innovation, and the Secretary General of the Qatari Council for Research, Development and Innovation), express reference is made to the collaboration of R+D+i (Research, development and innovation) projects in the fields of medicine, agriculture, and food, as well as energy, mobility, and the environment.

Spain is a pioneer in projects to create climatic conditions and climate control in greenhouses, which are being developed in various countries in the region, such as Oman and Egypt. In this new phase, Qatar would seek investment in agri-technology, to achieve its goal in the National Food Security Strategy, which is to double the country's agricultural holdings from 4% to 8%.

The future of the relations

The war in Ukraine, and Europe's intention to do without Russian imports have revitalized the Qatari option as a global alternative. Spain is emerging as a relevant actor in this energy crisis, as a possible energy supplier to the European continent, and as a commercial partner for Qatar in search of the innovation necessary to guarantee its food security. The current situation has led both countries to raise existing diplomatic relations to another level, strengthened by investments and agreements

of understanding in essential areas such as energy, science, medicine, innovation, and education. This review of bilateral relations comes when both countries can benefit from an international scenario that demands what both countries have to offer. In this scenario, Spain is gaining influence within the European Union with its green corridor, establishing itself as an alternative energy connection in the short and long term. Qatar has managed to establish itself as an energy supplier for Spain in the short term, and as an alternative to Russian gas in the European Union. The new gas pipeline linking the Iberian Peninsula with France is a project whose investment still needs to be estimated, and an opportunity toward energy dependence and transition. Gas (in all its forms, LNG and Natural Gas) and nuclear energy have been considered necessary energies to reach the goal of becoming the world's first green economy. Qatar is aware of the relevance of the fight against climate change and, in a scenario such as the current one, could be considered an essential part of the European energy transition project.

Although the immediate horizon is favorable for both countries, some areas should be enhanced. In higher education, some Qatari universities have commitments with Spanish universities. This is the case of Qatar University, which has signed a Memorandum of Understanding with four Spanish public universities: Pompeu i Fabra University, the Autonomous University of Madrid, Carlos III University and the Autonomous University of Barcelona. The signing of the memorandum aims at cooperation between the two countries at the university level, developing research projects with common interests, and fostering exchanges of undergraduate and postgraduate students. This collaboration includes the

possibility of offering a double degree between Spanish universities and the University of Qatar, a pioneering project in the region.

This exchange of students, researchers and professors should occur across the entire educational spectrum. This would not only strengthen ties between the two countries in the area of education and research, but would also begin to build bridges of understanding in areas such as culture and society. Qatar is internationally recognized for its commitment to education as a social vehicle, both nationally and internationally. Future relations should further boost educational cooperation, and both strengthen these links between academic institutions and lay the foundations for an educational program between the two governments.

This new stage, marked by smart investments in energy, innovation and development, will boost both countries in the near future. Qatar is investing in leading Spanish companies in agritechology and smart irrigation, to address its main priorities: food security and efficient water management. For its part, Spain has established a privileged relationship with Qatar on the same level as other countries, such as France or the United States. This also guarantees an energy corridor and establishes a commitment to increasing LNG imports, making Qatar the first commercial energy partner. The two countries will hold a new round of talks in 2023 in Qatar, which is foreseen as underlining the importance of what has already been agreed, and the confidence to strengthen this strategic agreement further.

Endnotes

[1] La Moncloa. (2022). Spain and Qatar promote a new strategic partnership with the signing of a Joint Declaration that deepens their political and economic ties [President/News]. (s. f.). Retrieved 28 October 2022, https://www.lamoncloa.gob.es/lang/en/presidente/news/paginas/2022/20220518_sanchez-al-thani.aspx.

[2] To read the joint statement please see: La Moncloa. (2022). Joint statement on the occasion of the state visit of the Amir of the state Qatar his highness Sheikh Tamim bin Hamad Al-Thani to the Kingdom of Spain, https://www.lamoncloa.gob.es/presidente/actividades/Documents/2022/180522_Joint-statement_Spain_Qatar.pdf.

[3] Al-Kuwairi, M.J. (2019) “Qatar, una apuesta por el diálogo”, Madrid. Planeta.

[4] World Bank. (2022). Qatar Food Products Imports by Country & Region 2016-2019 | WITS Data. Retrieved 28 October 2022, https://wits.worldbank.org/CountryProfile/en/Country/QAT/Year/2019/TradeFlow/Import/Partner/all/Product/16-24_FoodProd/Show/Partner%20Name;MPRT-TRD-VL;MPRT-PRDCT-SHR;AHS-WGHTD-AVRG;MFN-WGHTD-AVRG;/Sort/MPRT-TRD-VL/Chart/top10.



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