

End of the Qatar Embargo: An Opportunity, not Threat, for Turkey

by [Anthony Skinner \(/experts/anthony-skinner\)](/experts/anthony-skinner)

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ABOUT THE AUTHORS

[Anthony Skinner \(/experts/anthony-skinner\)](/experts/anthony-skinner)

Anthony Skinner is the Director for the Middle East and North Africa (MENA) at risk advisory company Verisk Maplecroft. He has covered Turkey for over 15 years. Skinner is a contributor to Fikra Forum.



Brief Analysis

Reconciliation in the Gulf does not mean isolation for Turkey.

After a three-and-a-half-year embargo imposed on Qatar by the Arab Quartet, the two parties reached a solidarity and stability agreement at the beginning of 2021. One might expect that this reconciliation would mean further isolation for Turkey, who often stands at odds with the quartet countries.

Turkey's reaction to the rapprochement, however, indicates the opposite. Turkey praised the move, suggesting that President Erdoğan has reason to be confident that bilateral ties with Qatar—underpinned by a range of common interests—will not suffer as the emirate's regional isolation ends. Rather, the tactical rapprochement between Qatar and the quartet may present an opportunity for Turkey to improve its fraught relationship with select members of the quartet. That said, Turkey's ongoing support for the Muslim Brotherhood and alliance with the Government of National Accord (GNA) in Libya will remain significant obstacles to any such warming of relations.

Value of inbound FDI to Turkey from select countries in the Gulf by year:



(/sites/default/files/2021-01/Skinner%20Turkey%20FDI_0.png)

Source: *Central Bank of the Republic of Turkey* (<https://evds2.tcmb.gov.tr/index.php>) (CBRT)

Lasting Ties between Doha and Ankara

Given the historical strength of the Turkey-Qatar alliance, Doha is unlikely to risk jeopardizing its dependable and prized relationship with Ankara. That is regardless of any developments in Qatar's inherently volatile relations with quartet states over the coming months.

One key to the strength of the Turkey-Qatar relationship is that it has been tried and proven. Turkey's swift mobilization of aid to Qatar following the adoption of the quartet's embargo in June 2017 demonstrated that the Emir can fully count on Erdoğan during times of need. In addition to fast-tracking the deployment of Turkish troops to its military base in Qatar, the Turkish government sent over **4,000 tons of food supplies** (<https://www.reuters.com/article/us-gulf-qatar-turkey-saudi/turkey-sends-qatar-food-and-soldiers-discusses-gulf-tensions-with-saudi-idUSKBN19D0CX>) to Qatar amidst the crisis to help avert blockade-induced food shortages.

The durability of the alliance therefore springs in no small part from the mutual trust between President Erdoğan and Sheikh Tamim. No other foreign leader receives as warm a reception in Ankara as Qatar's Emir. Likewise, Sheikh Tamim was the first foreign head of state to call Erdoğan and express solidarity in the aftermath of Turkey's abortive coup in 2016. Their shared regional interests—namely the two leaders' continued sponsorship of Hamas and the Muslim Brotherhood despite the quartet's opprobrium and futile pressure against the latter group—also underpin this close partnership.

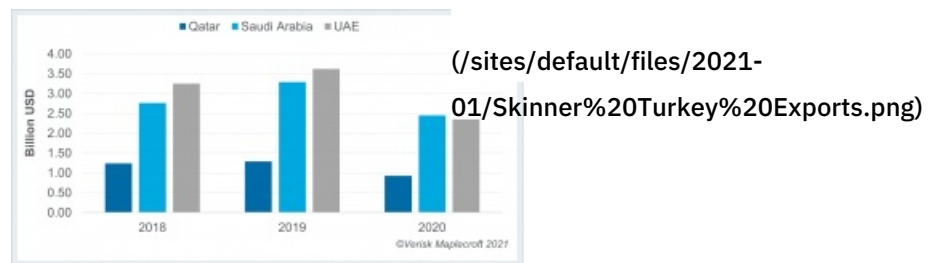
What's more, bilateral relations between Qatar and Turkey now rely on an increasingly heavy economic and commercial anchor—one that will likely continue to expand. As shown in the chart above, Qatari foreign direct investment (FDI) in Turkey has spiked since 2017, although independent observers have questioned whether official data for 2019 is inflated. The influx of Qatari investment to Turkey in recent years represents, in part, a reciprocal gesture of support aimed at reducing the current challenges facing the Turkish economy. One of the most notable contemporary strategic investments has been the Qatar Investment Authority's decision in November 2020 to acquire a **10 percent share** (<https://www.reuters.com/article/turkey-qatar-bourse-int/turkey-sells-10-of-borsa-istanbul-shares-to-qatar-idUSKBN28A2N2>) in Borsa İstanbul, Turkey's sole exchange entity housing its stock market, gold exchange and derivatives exchange.

This does not mean, however, that the two states are uniformly aligned. NOC Qatar Petroleum's **JV with ExxonMobil and the Greek Cypriot authorities** (<https://www.offshore-energy.biz/exxonmobil-qatar-petroleum-ink-contract-for-block-off-cyprus/>) off the southwestern coast of Cyprus in block 10 runs contrary to otherwise strong and coordinated bilateral relations. The block does not sit in waters claimed by Turkey, but Ankara opposes the exploitation of gas reserves in Cypriot waters by O&G companies working in partnership with the Republic of Cyprus until an agreement is reached with Turkish Cyprus on the equitable distribution of offshore hydrocarbon revenues.

Doha has worked to reassure Ankara that it will not impinge on Turkey's strategic interests in the eastern Mediterranean, and the Turkish government has—at least publicly—not made an issue out of Qatar Petroleum's interest in Cypriot waters, a credit to the otherwise robust nature of Turkish-Qatari relations.

As such, while atypical tensions to the bilateral relationship do arise, two-way FDI flows, a bilateral currency swap agreement to the tune of \$15 billion, overlapping visions for the Middle East and North Africa region and the strong relationship between Erdoğan and the Emir have more than offset such tensions, placing Turkey in a secure position despite the recent Gulf reconciliation.

Value of Turkish exports to select Gulf countries by year:



Source: *Turkstat* (<https://www.tuik.gov.tr/Home/Index>)

Opportunity for Turkey to Mend Fences with Saudi Arabia and Other Members of the Quartet

Meanwhile, Ankara will likely accept Doha's offer to help facilitate a recovery of Turkish-quartet relations. In recent years, Ankara has been at loggerheads with Saudi Arabia over Qatar, the Muslim Brotherhood, conflicts in Syria and Libya, and Saudi agents' 2018 murder of Jamal Khashoggi in Istanbul. Turkey and members of the quartet, including Saudi Arabia, have also jockeyed for influence and big business contracts in Sub Saharan Africa. Nonetheless, Erdoğan has signaled a desire to mend fences with the Saudi government. Notably, Erdoğan spoke with Saudi Arabia's King Salman in November 2020 and reportedly agreed to **'keep channels of dialogue open'** (<https://www.reuters.com/article/us-g20-saudi-turkey/turkeys-erdogan-saudi-king-agree-to-solve-issues-through-dialogue-turkish-presidency-idUSKBN2802NO>) to improve relations.

The benefits of reconciliation with Saudi Arabia and other members of the quartet are far from lost on Erdoğan. While having to manage the economic fallout from COVID-19, Turkish exporters looking to ship their goods to Saudi Arabia and the Emirates have had to contend with an unofficial boycott on their goods. This boycott is imposing economic pain—although the UAE and Saudi Arabia lag far behind the EU as Turkey's preeminent export destination, they still accounted for a combined \$6.91 billion of Turkish exports in 2019, as shown above.

A softening of the Turkish government's rhetoric about the Khashoggi killing—criticism that has antagonized Saudi Crown Prince Mohammed bin Salman and other Saudi officials—therefore likely arises in no small part from economic considerations.

Yet despite the potential benefits, Turkey is unlikely to witness a complete recovery in relations with the quartet in 2021. In part, the difficulty inherent in thawing Turkish-Saudi relations comes from the fact that, like the al-Thani ruling family of Qatar, Erdoğan has little intention of abandoning the Muslim Brotherhood, an institution that underpins his political identity—and which the quartet governments have classified as a terrorist organization. While Erdoğan is capable of curtailing demonstrations of overt support for the Brotherhood, he will not accommodate demands from the Emirates or other quartet members to abandon the group. Given the nature of Turkish support for the Brotherhood, full Turkish-quartet rapprochement is unlikely, especially with Egypt and the UAE.

In addition, Cairo and Abu Dhabi will also be reluctant to normalize relations with Ankara given their staunch opposition to Turkey's military involvement in Libya and concern over Erdoğan's assertive policy approach in the eastern Mediterranean. Turkey is not likely to drop its support for the GNA in Libya, whose chief rival, the Libyan National Army (LNA), is backed by Egypt, the UAE and to a lesser extent Saudi Arabia. As such, the obstacles to warmer relations are real, even if Erdoğan indicates that he is interested.

Even so, a potential shift in the regional dynamic should not be fully discounted; the end of the Qatar embargo can only enhance Turkey's position. Furthermore, the quartet's January agreement with Qatar shows that its red lines

are moveable. Erdoğan can remain comfortable in his relationship with his closest ally while remaining watchful for the potential opportunity to make inroads with quartet actors. Reducing antagonism towards Turkey within the quartet would, unto itself, represent a win. ❖

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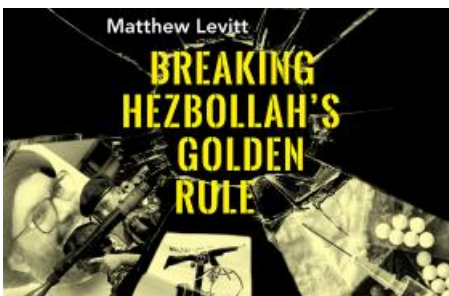
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