

SOFT POWER AND JAPAN-QATAR RELATIONS

Dr Curtis Andressen

Marubeni Chair in Social Sciences

Department of Social Sciences

College of Arts and Sciences

Qatar University

Email: candressen@qu.edu.qa

Abstract

While Qatar has some international reputation as an oil and gas exporter, its international relationships tend to be relatively unknown outside of scholars of the Middle East. This paper examines one of the more obscure of its relationships – that of Japan, although Japan is Qatar's largest trading partner and Qatar is Japan's sixth largest source of imports. Thus, this trade relationship is an important one to both countries. This paper explores the economic and social relationships that connect these two countries within the theoretical perspective of soft power. (keywords Qatar, Japan, Trade, Investment, Soft Power)

Introduction

As the international scene moves steadily towards an increasingly multi-polar world, relations between countries, especially the main players, are characterized more by soft rather than hard power. Countries form close relationships on the basis of economic and cultural ties and indeed engage in conflict also through economic means such as via sanctions or exclusion from trading agreements. This paper presents a context for these changes and then moves to an analysis of the specific relationship between Japan and Qatar.

Diplomatic relations between Qatar and Japan are relatively new, having only been in place since 1972. The date is perhaps not surprising, just prior to the first OPEC-generated oil crisis, and given Japan's energy dependence in general (96% of Japan's energy comes from overseas) and particular dependency on the Middle East. Japan still depends on oil for its energy needs (50%) and close to 90% of this oil comes from the Middle East (FEPC, 2015). Hence diplomatic efforts before the OPEC oil crisis of the mid 1970s to ensure oil supplies would have included formalizing relations with Qatar. At the same time, Qatar's economy is completely dependent on the export of oil and gas, hence it must be aware of maintaining relationships with its key trading partners, of which Japan is one. How, then, do the two countries manage this relationship in soft power terms?

Soft Power

The theoretical underpinnings relating to soft power (and its close relative, 'smart power' which combines soft and hard power) have been formally set out for more than 25 years. It may be defined as 'the national resources that can lead to a country's ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes (Trunkos, 2013, 13). In more straightforward English it is the use of one country's cultural or economic influence to impact the relationship with another country. Of course there is nothing new about this idea within international relations. Since the dawn of civilization state leaders have been trying to extend their influence by means other than the use of force. The use of economic means, that is, trade and investment, has been the other principal means of attempting to ensure peaceful relations between states. The European Union is based on such a principle.

In our modern age the use of economic and cultural influence is critical. On the one hand the world still faces the prospect of war using nuclear and other weapons of mass destruction. While the threat has mostly receded following the end of the Cold War, uncertainty remains, and this has been highlighted in recent years with growing frictions between Russia on the one hand and a group of Western countries on the other. China's rapid emergence on the international scene over the past few decades has added additional complexity and the growth in its military power also raises the uncertainty level where conflict is concerned.

Leadership in international relations has become more diffuse. While the US was predominant in the decades following the Second World War it is clear now that we are in a multi-polar world where the US has a smaller role than previously. The capacity now of any country to force change, whether through economic or military means, in the international system is distinctly limited. In this respect the notion of soft power has become much more relevant.

As Gallarotti states 'In this transformed international system, soft power will be a crucial element in enhancing influence over international outcomes because it has become more difficult to compel nations and non-state actors through the principal levers of hard power (i.e., threats and force)' (2011, 6).

A classic book by the American academic Joseph Nye, who coined the term 'soft power' in 1990 is entitled *Soft Power: The Means to Success in World Politics*. Among other work in this field he has also contributed to the study of this theory with respect to US-China relations in an article entitled 'The Rise of China's Soft Power'. Jean-Marc Blanchard and Fujia Lu have also focused on China in their article 'Thinking Hard About Soft Power'. Given that most countries engage in this international activity there is also a range of academic work on soft power utilized by European countries, such as the article by Marco Albonico entitled 'What are the implications of the EU's soft power, and does it make it an irrelevant actor in international politics?'. In summary the literature in the theoretical field is plentiful, but there is a dearth of work on the application of this theory to Qatar-Japan relations. Very little has been written in academic terms about this relationship, and even less in English. Most of the literature deals with either Japan's role in the Middle East more generally, or the role of Japan as an ally of the US within the context of the relationships between the US and a range of countries in the Middle East. In this respect this paper examines the ways in which soft power is being used by Japan and Qatar to build a long-term and sustainable bilateral relationship.

Diplomacy

A principal way to ensure good relationships is through diplomatic channels, with Qatar establishing diplomatic relations in 1972, one year after Qatar gained independence in 1971.

There are on-going government to government visits by officials of both countries. The year 2012 was busy with visits by a range of senior Japanese personnel¹, and Prime Minister Shinzo Abe visited Qatar in 2013, the most significant presence in recent years. Diplomatic activity has been reciprocated by Qatar² and His Highness Sheikh Tamim Bin Hamad Al-Thani, the Emir of Qatar made a formal visit to Japan in February, 2015.

It is clear from a perusal of the diplomats and government departments involved that, not surprisingly, the relationship is primarily economic in nature, and is focused around the trade in oil and gas. There are some indications, however, the both sides are attempting to put the relationship on a broader footing. The Japan-Qatar Parliamentarian Friendship League of the Democratic Party is one such example, even if it is focused on one particular political party in Japan, and the visit of Emir Moza Bint Nasser of the Qatar Foundation is a clear example of relationship building that is not principally economic.

Cooperative Bureaucracy

An obvious example of how countries cooperate is making legal pathways easier so that they can cooperate with less bureaucratic interference. Qatar has been somewhat reluctant in this regard compared to western countries. For example, it is not a signatory to the Hague Convention (multilateral agreements signed in 1899 and 1907 that initially dealt with issues related to war, and since has been broadened to include such issues as child protection and abduction, service of process of legal documents and establishing the legitimacy of foreign documents). Japan is not dissimilar, signing the convention only in 2014.

That said, there have been agreements outside of the umbrella of the Hague Convention. In February, 2015 there was an agreement reached on avoiding double-taxation. Japan's Ministry of Finance stated that: 'This Agreement is the first tax agreement concluded between Japan and the State of Qatar, based on the recognition of an increasingly close economic relationship between the two countries' (2015). Interestingly this is a very recent development while many

¹ Including, in 2012 Minister for Foreign Affairs Koichiro Gamba, Japan-Qatar Parliamentarian Friendship League of Democratic Party, Parliamentarian Vice-Minister for Foreign Affairs Joe Nakano (UNCTAD XIII), Senior Vice-Minister of Economy, Trade and Industry Mitsuyoshi Yanagisawa, Vice-Minister for Internal Affairs and Communications Takashi Morita (UPU Congress, Minister of the Environment Hiroyuki Nagahama (COP18). (MOFA 2015).

² Including, in 2012 Minister of State for Foreign Affairs Khalid Bin Mohamed Al-Attiyah, Director of the Qatar Administrative Control and Transparency Authority Abdullah Bin Hamad Al-Attiya, Minister of State for Foreign Affairs Khalid Bin Mohamed Al-Attiyah, Director of Administrative Control and Transparency Authority Abdullah Bin Hamad Al-Attiya, Director of the Qatar Administrative Control and Transparency Authority Abdullah Bin Hamad Al-Attiya, Minister of Energy and Industry Mohammed Saleh Al-Sada (attended 7th Japan-Qatar Joint Economic Committee), in 2013 Director of the Qatar Administrative Control and Transparency Authority Abdullah Bin Hamad Al-Attiya, Minister of Energy and Industry Mohammed Saleh Al-Sada (attended 2nd LNG Producer-Consumer Conference), Minister of Foreign Affairs Khalid Bin Mohamed Al-Attiyah, and in 2014 Consort of Father Emir Moza Bint Nasser (Chairperson of Qatar Foundation), Minister of Energy and Industry Mohammed Saleh Al-Sada (attended 8th Japan-Qatar Joint Economic Committee and 3rd LNG Producer-Consumer Conference) (MOFA 2015).

countries have had such agreements in place for many years, but this may be because of the low or zero tax rate in Qatar, which would make such agreements less than a pressing issue. Still, one may say that on the diplomatic and bureaucratic fronts this relationship, while positive, is not an intensive one.

Trade

Qatar, being primarily an oil and gas exporter is, not surprisingly, a relatively large exporter for its size. It is ranked in 37th place as an export economy in the world. Its exports have also grown dramatically. Between 1994 and 2014 'the average value for Qatar during that period was 46.24 billion U.S. dollars with a minimum of 3.31 billion U.S. dollars in 1994 and a maximum of 145.24 billion U.S. dollars in 2014' (*The Global Economy.com*, 2016).

Qatar's exports are hydrocarbons specifically 'Petroleum Gas (\$54.7B³), Crude Petroleum (\$37.3B), Refined Petroleum (\$10.1B), Ethylene Polymers (\$2.84B) and Nitrogenous Fertilizers (\$1.55B) (*The Observatory of Economic Complexity*, 2016).

On the import side of the ledger Qatar imports machinery, engines and pumps (\$4.7 billion or 15.5%), vehicles (\$3.9 billion or 12.7%), electronic equipment (\$3.2 billion or 10.6%), aircraft (\$1.8 billion or 5.9% and iron and steel products (\$1.4 billion or 4.6%). The largest source of imports is the US (\$3.5 billion), followed by China (\$3.2 billion), the UAE (\$2.5 billion), Germany (\$2.2 billion) and Japan (\$2 billion). (*World's Richest Countries*, 2016).

Interestingly the country is highly dependent on Asia for markets. 'The top export destinations of Qatar are Japan (\$33.3 billion), South Korea (\$23.5 billion), India (\$13.5 billion), China (\$7.78 billion) and Singapore (\$7.13 billion). (*The Observatory of Economic Complexity*, 2016).

The picture this presents for us is relatively straightforward in terms of trade complementarity. Qatar exports oil and gas to Japan and enjoys an extremely large trading surplus with that country. Qatar is the third largest supplier of oil to Japan. Japan is the world's largest importer of Liquid Natural Gas (LNG) and Qatar is Japan's biggest supplier of LNG. Qatar is therefore of significant importance for Japan with respect to its energy supplies. Qatar also imports from Japan though only as the third largest source of imports. Japan is Qatar's largest trading partner at 28% of exports and 8% of imports. Taken together, however, this is an important trading relationship for both countries, but especially in terms of gas production and consumption, and this necessitates both countries paying attention to their relationship.

Investment

Qatar's national development plan (ninth largest in the world with funds of approximately \$250 billion) calls for a diversification in its economic base, and one of the means by which it does this is investment.

The Qatar Investment Authority (QIA), Qatar's sovereign wealth fund, was founded in 2005 to manage the country's budget surpluses and with a specific aim of minimizing the country's reliance on hydrocarbon prices. Among the QIA's foreign assets are large stakes in Sainsbury's, Volkswagen, Miramax, EADS, Lagardere, Harrods, Credit Suisse, Canary Wharf, Paris Saint-Germain FC, the Shard, the Shell Building and London's Olympic Village (Edison, 2015, 12).

Further afield the scene is the same. Qatari Diar, part of the QIA that deals with property investment, is active globally:

The company is also active in Switzerland where it is redeveloping Burgenstock Resort, and in hotels in France, Italy, Spain, Morocco, Montenegro and Sudan, among others. Qatari Diar also has significant investments in Central Asia, North Africa and even Cuba...and Qatar Petroleum International (QPI) has assets in the Middle East, China and Africa (Oxford Business Group, 2014).

Qatari investment in Japan is more oblique, often being located within other investment vehicles. In 2014 it was reported that 'potential investment destinations include China, Japan, South Korea and Singapore, the newspaper reported, adding that the total spend could rise to \$15bn (£9.2bn, €11.7bn) in the medium to long term' (*International Business Times*, 2014). The QIA has made investments in Citic Group and Alibaba Group in China. Bloomberg Business (2014) reports that:

The QIA is an investor in Citic Capital Holdings Ltd., an alternative investment company backed by the state-owned Citic Group and China's sovereign-wealth fund and focused on private equity in Japan, China and the U.S. and real estate in China.

The QIA is also investing in real estate in Japan, through a joint venture with The Ascott Limited:

Ascott also manages a JPY12.6 billion ARC CapitalLand Residences Japan Fund that invests in rental housing properties in Japan...CapitalLand manages private equity funds, which are invested in its Raffles City developments in China, retail malls across China, India and Japan, as well as residential and township projects in China. (Philip,

³ All figures are in US\$ unless otherwise indicated.

2015).

Hence Qatar investment in Japan goes through such indirect paths. This makes investments difficult to track, but in the broader picture it is clear that, with the bulk of its trade with Asia, and Asia containing a number of rapidly developing economies, Qatar is keen to invest heavily in the region.

Japanese Investment in Qatar

On the other side of the equation Japan's overseas investment are generally well known, have been in place for decades (and especially since the 1980s), and are beyond the scope of this paper to set out in detail. For our purposes it is sufficient to say that Japan is looking beyond trade with Qatar and moving into investments there as well, either through Japanese funds or contracts for developing Qatar's economy.

Two-way investment was enhanced through the establishment of the Japan-Qatar Joint Economic Committee in 2006, that meets annually. This has provided a venue for discussion about ways in which the two countries can invest in each other's economies.

With respect to Japanese investment in Qatar:

Leading to the World Cup, various large-scale infrastructure projects will be conducted. Already, two construction companies, Taisei and Takenaka, are constructing respectively the main and the Emiri Terminals of the New Doha International Airport. There are many projects in which Japanese companies have advantage and expertise in areas, such as railway, metro, stadium, water and. In addition, Japan has experience in hosting the World Cup in 2002 and is ready to contribute to the success of World Cup 2022. Japanese companies will be active in areas, such as construction, industrial machinery, manufacturing and engineering, especially in the infrastructure projects for the World Cup 2022. Japanese companies (Mitsubishi and Hitachi) recently got the priority negotiation right for construction of the largest desalination project in Qatar (Qatar Development Bank, 2012)

Recently Reuters (May, 2015) announced that 'Japan's Mitsubishi Corp and Tokyo Electric Power Co (Tepco) said on Monday they had won a contract to build a 300 billion yen (\$2.5 billion) gas-fired power plant in Qatar, as Japan steps up investment in infrastructure in Asia'.

In short, there are numerous Japanese construction companies involved in Qatar, and this looks expand in the lead up to the 2022 FIFA World Cup, and there is also some indication of an expansion in the IT industry and in banking as well, particularly through the establishment of the Japan Bank for International Cooperation (JBIC) office in Dubai in 2006, which will make connections with Qatar easier. There has also been discussion of a Japan-Qatar Free Trade Agreement, but to date this has not come to fruition, and indeed the negotiations of a Japan-GCC FTA have been suspended as well. Hence it must be said that Japanese investment in the region is not without its problems.

Education and Training

In February, 2015 Qatar News Agency announced that 'Qatar University signed an agreement in scientific research with Japan's Foreign Trade Council, pertaining to boosting joint scientific research activities. The University also signed a Memorandum of Understanding to establish a student exchange program.

In particular Marubeni Corporation has been active in the education area:

In April 2012, Marubeni agreed to and signed a Memorandum of Understanding (MOU) with Qatar University regarding the donation of US\$ 6 million in total over a 5-year period. Using this donation, Marubeni will cooperate with Qatar University to plan and perform projects that contribute to Qatari society, particularly in regards to culture and education (Marubeni, 2015)

This has led to, for example, the funding of three Marubeni Chairs at Qatar University, in the areas of Japanese language instruction, the Humanities, and the Social Sciences.

Sister Cities

Sister Cities International, based in Washington, D.C. is one of the mainstays of soft power relations, and is engaged in building connections through educational visits, arts and cultural exchanges, municipal exchanges and, more recently, visits for business purposes. Given that Qatar is a relatively small country with only one major city and an overwhelming dependency on the export of hydrocarbons it is perhaps difficult to engage in the usual sister-city relationship building. Nevertheless it has formed a number of connections, with Doha having at least a dozen sister-city relationships, with the focus on Qatar's geographical region or with key trading partners.

Chita City, near Nagoya in central Japan, is Doha's sister city. This relationship dates from 2005 when the city was host to a delegation from Qatar at the time of the Aichi World Exposition. It appears to be a standard sister-city relationship where groups of students visit each other's countries and share exhibits of traditional cultural practices.

Historically the idea of sister cities, an initiative dating from 1951, was to make the foreign familiar in a time when few people traveled overseas. It was a form of bridge building in the post war period. Of course, this idea has moved

on to something more complex. ‘While sister city relationships have traditionally been developed for diplomatic, cultural or educational purposes, in today’s economic climate there is a growing need for cities to expand and leverage sister city partnerships for economic development’ (*Cities Today*, 2014). In the case of the Doha – Chita City relationship, it appears to be more of the older, formal type. In a sense this is understandable given the nature of the two economies, where there is little in common in terms of structure, and where the basis is the trade in hydrocarbons. Nevertheless, symbolically this relationship plays a role, and this is especially true in Japan where formalities are important in relationship building.

Culture and Sports

Sports in particular is clearly a focus for Qatar’s national development, and famously Qatar will host the FIFA World Cup in 2022. Partly this is about visibility. Given that Qatar’s rapid development is a recent phenomenon it is an extremely good advertisement for the country, as the Olympic Games have been to other states. In part it also gives Qataris a development goal and timeline to achieve a particular level of development, particularly in infrastructure in the country. And finally it provides the opportunity for other countries to invest in Qatar through the massive building projects that are currently underway.

Discussion

While it is clear that Qatar’s relationship with Japan is still dominated by trade considerations, and predominately by Japan’s need for oil and gas, it is also apparent that Qatar is engaged in long term planning, for a future when either oil stocks decline or the world shifts to other forms of energy. Hence, in the long term building solid international relationships is a sensible long-term strategy. This is apparent in Qatar’s main planning document, Qatar National Vision 2030. Oxford Group states that:

Sustainable development is a priority in the government’s trade and investment strategy. The investment law stipulates that, when approving majority foreign ownership in a project, authorities must ensure it fits with the state’s wider development plans, as guided by Qatar National Vision 2030 (QNV 2030) which aims to broaden economic diversification, boost non-oil growth, improve value addition in the hydrocarbons sector and build up human capital (2015, 1).

The US State Department adds that:

Qatar is currently undergoing massive transformation under the rubric of the 2030 National Vision, which aims to establish an advanced, knowledge-based, and diversified economy, no longer reliant on the hydrocarbon sector. The government is heavily involved in Qatar’s economy, although it strongly encourages private investment in many sectors. Investments in various sectors including health care, education, tourism and financial services, among others, are expected to offer greater opportunities for foreign investment (2014).

Given that the bulk of Qatar’s markets are in Asia, it makes sense to invest there as well, and to foster long-term relationships in the region. In this respect Japan has an important role to play, and this is apparent in the ongoing relationship between the two countries.

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