

The Riyadh Gulf Cooperation Council (GCC) January 5, 2021 Summit

(updated)

On January 5, 2021 Saudi Arabia is hosting an important Gulf Cooperation Council (GCC) summit in Riyadh. This will be the 41st GCC summit and is going to take place at a critical moment in history 20talk of US-Iran war, and the regional shifts brought about by the normalization of relations between Israel and several Arab states.

Qatar's emir is expected to attend the annual GCC summit , after a statement from the body confirmed that all leaders from member states will be present. Emir Tamim bin Hamad Al-Thani's attendance at the meeting would mark a major breakthrough in ongoing efforts to end a three-year GCC crisis, which erupted after Saudi Arabia, the UAE, Bahrain and Egypt imposed an illegal air, land, and sea blockade on Qatar. Doha has yet to confirm the emir's attendance.

The emir was invited to the last summit but declined, sending his then-prime minister Abdullah bin Nasser bin Khalifa Al-Thani instead. Since then, there has been considerable movement towards a resolution to the crisis.

In December 2020, the Saudi cabinet said that it "wished for a successful summit to enhance joint action and enhanced cooperation between the country members".¹

It follows earlier comments from Saudi Foreign Minister Prince Faisal bin Farhan who said that a resolution was in sight. Egypt and the UAE have since given their public support to the negotiations, initially between Qatar and Saudi Arabia. Diplomatic sources say that Abu Dhabi has been more reluctant to compromise.

It is unlikely the summit will deliver a comprehensive agreement but rather result in trust-building measures, including the possibility of opening airspace to Qatari airliners.

The potential thaw comes ahead of the January 20 inauguration of Joe Biden as US president, who is expected to welcome the resolution of a row, which has undercut US efforts to rein in its archenemy Iran.²

The specific agenda of the meeting includes resolving the Qatar issue, cooperation in the areas of energy, economic, security cooperation, and combatting the Covid-19 pandemic.

On January 3, 2021, Secretary-General of the Gulf Cooperation Council (GCC) Nayef Al-Hajraf said that the bloc has achieved many accomplishments and integrative projects over the past four decades due to the vision and wisdom of the leaders of the member states. Among the achievements, Al-Hajraf highlighted the Gulf common market, the customs union, the interconnective power grid, free capital movement and several other acquisitions enjoyed by GCC citizens, which establishes the next stage of the bloc's "march to build a bright future."³ Al-Hajraf said that GCC transport ministers met on Dec. 24, 2020 and approved the establishment of the Gulf Railway Authority, a pioneering development project that will enhance the opportunities for intra-GCC trade, which contributed to around \$95 billion in 2018. The project will improve trade within the GCC.⁴ Al-Hajraf said that:⁵

Today the GCC is steadily moving toward five decades of cooperation... states to preserve the bloc as a cohesive system capable of overcoming difficulties and challenges and enhance its complementary march in all fields...we stress the importance of strengthening all areas of Gulf cooperation and integration and advancing the economic file, by strengthening and supporting joint action to contribute to restoring economic recovery and growth and returning to normal life to achieve sustainable development goals after the pandemic...march to create new horizons for Gulf citizens and empower youth to be able to lead the region's economy and development in the long term, to build an empowered society that is proud of its past and its achievements and looks forward to the future and its ambition... GCC countries own four sovereign funds that are among the 10 largest funds in the world, and greatly contribute toward strengthening the global economy through their large and diversified investments... GCC countries constitute one of the largest economic blocs with a GDP equivalent to \$1.6 trillion...capital value of the GCC financial markets amounts to \$3 trillion.... GCC countries are the center of a circle that includes two billion people," and we must "look at this circle

and the available capabilities, in terms of strategic location, waterways, airports, ports, transportation networks, and the attractiveness of the GCC countries for investments.

A state of optimism prevails in the political capitals of the Gulf, as Anwar Gargash, the UAE Minister of State for Foreign Affairs, recently confirmed, that he aspires to a successful summit that promotes Gulf dialogue.⁶

Gargash added that “the sisterly Kingdom of Saudi Arabia’s management of this file is a source of confidence and optimism, and from Riyadh, the capital of the Gulf’s decision, we take steps, God willing, to strengthen the Gulf dialogue towards the future.”⁷

On January 3, 2021 Kuwait’s ambassador to Saudi Arabia said that:⁸

There is a fraternal and positive atmosphere among GCC leaders which reflects the spirit of responsibility and sincere belief in the importance of strengthening Gulf solidarity in facing common challenges and establishing peace and stability for the benefit...the Gulf faces major economic, development and political issues and challenges, and that GCC leaders will discuss all of these issues and challenges with one vision that stems from their belief in a common destiny and their keenness to preserve the interests of the region’s countries and their peoples.

Earlier this week, Qatar’s Foreign Minister Mohammed bin Abdulrahman Al Thani and US Secretary of State Mike Pompeo discussed the crisis over the phone.

“We believe that resolving the dispute is in the interest of all parties in the region, as well as in the interest of the United States”

Earlier, on December 30, 2020, Saudi Arabia’s cabinet said it “wished for a successful summit to enhance joint action and enhanced cooperation between the country members”.¹ It followed comments earlier in December 2020 by Saudi Foreign Minister Prince Faisal bin Farhan who said that a resolution was in sight. Egypt and the UAE have since given their public support to the negotiations, although diplomatic sources say the UAE has been reluctant to compromise.

On January 3, 2021, the foreign ministers of the GCC held a virtual meeting where they discussed “cooperation” ahead of the GCC summit. During the meeting, Bahrain’s Foreign Minister Abdellatif al-Zayani expressed confidence “in Saudi Arabia’s ability to find a solution to the dispute within the Gulf”.

Trust-building measures

According to a Gulf official close to the negotiations, it is unlikely the summit will deliver a comprehensive agreement but would rather result in trust-building measures, including the possibility of opening the airspace.

The potential thaw comes ahead of the January 20 inauguration of the next US president, Joe Biden, who is expected to welcome the resolution of a crisis that has undercut US efforts to rein in its archenemy, Iran. In late December 2020, GCC Secretary-General Nayef Falah Al Hajraf stated the agenda of the summit as:⁹

The institution’s mission to facilitate trade and economic integration among member states is more relevant than at any time in its history. The GCC remains focused on meeting the ambitions of the Gulf people, increasing integration, inter-connectivity, and trade among member states and the international community.

He also said that:¹⁰

The commitment by Gulf leaders to hold the summit on an annual basis, and especially in these exceptional times, is a testament to the strength of the GCC, to their belief in their duty to the people of the Gulf, and their devotion to increasing cooperation and integration among member countries...The upcoming Gulf summit would contribute to further supporting and strengthening the system of the GCC and moving forward with it.

Also, Anwar Gargash, UAE Minister of State for Foreign Affairs, said, “We look forward to a successful summit in Riyadh that strengthens the Gulf dialogue.”¹¹

Hinting at a rapprochement with Qatar, Bahrain’s King Hamad bin Isa Al -Khalifa, declared a need “to end regional conflicts and disputes by peaceful means.”¹² The GCC summit will also try

to come up with a collective plan to shield the economies of its member states, especially in the energy sector. Saudi Arabia's King Salman also stated that he hopes to make the summit successful in promoting "joint action, expanding cooperation, and integration among member states in all fields"¹³

Earlier, foreign ministers of the GCC countries held a meeting hosted by Bahrain to discuss "cooperation" ahead of the Riyadh summit amid efforts to end a rift between Qatar and a Saudi-led alliance. Qatar was represented by its minister of state for foreign affairs. The meeting took place to lay out the groundwork for the summit.

Meanwhile, Riyadh has recently pushed for a resolution of the dispute as it seeks to soften criticism from United States President-elect Joe Biden, who has pledged to take a firmer stance with the kingdom than his predecessor. During the virtual summit, the GCC addressed "suggestions on supporting and strengthening joint Gulf cooperation in various political, economic and social aspects".

The Summit meeting in Riyadh will also most likely include several bilateral meetings. Saudi King and Crown prince MBS will most probably meet counterparts from Kuwait, Bahrain, and UAE.

The Qatar Issue

The Qatar issue is the top of the summit's agenda. There are indications that the issue will be resolved soon. Although, the UAE has some reservations on the issue, Saudi pressure will force them to toe the line, as circumstances require a closing of the GCC ranks at this time. It was much earlier, in 2017 Egypt, Saudi Arabia, the UAE, and Bahrain imposed a land, sea and air blockade against Qatar in 2017. They accused Qatar, among other things, of supporting terrorism and being too close to Iran and severed economic and diplomatic ties.

Qatar has repeatedly denied the allegations and said there was "no legitimate justification" for the severance of relations. The blockading quartet issued a list of 13 demands, including the closure of the Al Jazeera Media Network as well as a Turkish military base, which Qatar promptly rejected.¹⁴

In December 2018 Qatar's head of state skipped the GCC's annual summit and sent an envoy instead, though he sent his prime minister in 2019, as tensions seemed to thaw.¹⁵

Other than GCC leaders, Egyptian President Abdel Fattah Al-Sisi will also attend the summit on an invitation from Saudi King The source considered Al-Sisi's participation in the summit to be a sign that the disagreeing parties will reach a rapprochement and end their disagreements. Earlier, Qatari Foreign Minister Mohammed Bin Abdulrahman Bin Jassim Al Thani announced in late December 2020 that there are no political obstacles to reaching a resolution to the Gulf crisis. He added that while the latest deliberations were held with Saudi Arabia only, Riyadh represented the other states involved in the conflict.¹⁶

This comes after Manama called for an "end to regional disputes", softening its rhetoric surrounding the Gulf crisis. Bahrain's Foreign Minister Abdellatif al-Zayani expressed confidence "in Saudi Arabia's ability to find a solution to the dispute within the Gulf".

Al-Zayani added during the meeting that his country hoped for a return to normalcy in the region, according to Bahraini media. Egypt and the UAE have since given their public support to the negotiations although diplomatic sources say the UAE has been reluctant to compromise.

Apparently, the Saudi-led quartet was willing to compromise on its list of demands, with the upcoming summit providing a path to reconciliation but not a final comprehensive agreement. An agreement could result in a set of principles for negotiations or a more concrete move involving the reopening of air space to Qatar. But Qatar has told Kuwait and the United States, the two mediators in the dispute, that any resolution including of foreign policy should be based on mutual respect.¹⁷

The summit is expected to continue the recently initiated dialogue between the member states to address the Qatar boycott. The Gulf countries are projecting optimism about next summit despite Doha's lukewarm attitude. The optimistic statements issued by more than one Gulf official are spreading a positive atmosphere regarding the summit. Much of the talk about this summit was dominated by the topic of ending Qatar's crisis with the Arab quartet.

The four countries boycotting Qatar recently showed flexibility in resolving the dispute after mediations made by Kuwait, which was later joined by the administration of US President Donald Trump and the Sultanate of Oman, while Saudi Arabia seemed to be particularly keen in its efforts to reconcile Qatar with its neighbors. Analysts say this may have encouraged Doha to try to win it over, without including the rest of the boycotting countries.¹⁸

Bahraini Minister of Foreign Affairs Zayani expressed his country's hope for a "successful Gulf summit, in the presence of the leaders of the GCC countries."¹⁹ In an implicit reference to the Qatari crisis issue, the minister stressed "the necessity to end regional conflicts and disputes by peaceful means and in accordance with international conventions and the principles of good neighborliness."²⁰ Earlier this month, Saudi Foreign Minister Prince Faisal bin Farhan said a resolution was in sight, with the four governments behind the blockade "on board" and a final agreement expected soon.²¹

While Gulf sources say an agreement on further talks and limited confidence building measures is ready, not all the boycotting countries have yet signed up. US national security adviser Robert O'Brien said in November 2020 that allowing Qatari planes to fly over Saudi Arabia via an "air bridge" was a priority for the Trump administration.²²

In return, analysts have suggested Qatar could agree to tone down the coverage of Saudi Arabia by its media, including the Al Jazeera broadcaster. The country has repeatedly clashed with Qatar over the enforcement of maritime boundaries, with several incidents in recent months, which have seen the Qatari coastguard intercept Bahraini vessels. It then flew four of its fighter jets over Qatar's territorial waters on December 9, 2020 Doha alleged in a letter to the United Nations Security Council. In its own letter to the UN, Manama denied it breached Qatari airspace, during what it described as a routine exercise in Saudi and Bahraini airspace.²³

Experts had warned that the UAE could be the spoiler for any regional reconciliation attempt, having heaped criticism on Qatar and its leadership since the spat erupted.²⁴ Egypt and the UAE have since given their public support to the negotiations, although diplomatic sources say the UAE has been reluctant to compromise.

The potential thaw comes as Gulf states prepare for the incoming US administration of President-elect Joe Biden. Kuwait's Foreign Minister Sheikh Ahmed Nasser al-Mohammed Al-Sabah, whose country is leading mediation efforts, said all sides had expressed keenness for a "final agreement" during recent "fruitful discussions", which have included the US. Past mediation efforts to broker reconciliation between key US ally Qatar and its rivals have proved fruitless after apparent progress.²⁵

The Qatar issue will be resolved, among other reasons, because of the policy preferences of the incoming Biden administration in the US on January 20, 2020. The famous Stratfor in its analysis entitled "A Potential Breakthrough in Qatar Paves the Way for GCC Reconciliation" published on December 18, 2020 correctly states that:²⁶

For the Gulf Cooperation Council (GCC), the potential easing of the Qatar blockade may help thaw the bloc's most immediate crisis. But differing levels of U.S. pressure and differing approaches to threats like Iran will continue to undermine overall regional unity by driving policy rifts between Arab Gulf states. Recent leaks have indicated that the upcoming Jan. 5 GCC Summit could see a breakthrough in the three-year-old blockade of Qatar. Sources suggest that the airspace restrictions in the country might be lifted and that a more formal negotiation process could be announced during the summit. Upon taking office in January, the incoming administration of U.S. President-elect Joe Biden has also signaled it intends to prioritize ending the Qatar blockade as part of the new White House's greater push to unify allies in the Middle East.

However, there are many sceptics of a GCC reconciliation effort with Qatar. Farah Najar, in the article, "What's behind the latest GCC reconciliation efforts?" published in Aljazeera on December 30, 2020 argued that:²⁷

Various players are approaching the crisis differently, but Riyadh has stood out as the one pushing for a resolution as it seeks to soften criticism from United States President-elect Joe Biden... The incoming administration will likely emphasize the "close ally relationship between the US and Qatar, given American economic, military, and educational interests in the country... Any incoming deal, however, will not come in the

form of a comprehensive agreement – but rather a set of principles for negotiations or a more concrete move involving the reopening of air space to Qatar, sources familiar with the negotiations have said. . . . Doha has said that it would be willing to compromise with its neighbors, but has maintained that its sovereignty is a red line. It is in a strong negotiating position and any concessions it makes will “not include anything of significance. . . analysts are skeptical as to whether an agreement will be reached by the upcoming GCC summit on January 5, even though relations between Saudi Arabia and Qatar seem to be moving forward. . . . And even while reconciliation may seem imminent on the diplomatic level, there will be “tensions between societies in Qatar and the blockading states that carry on into the future.

The summit is expected to continue the recently initiated dialogue between the member states to address the Qatar boycott. Seemingly, the GCC and Egypt have agreed to resolve the issue in the summit. Seemingly a rapprochement in the Gulf crisis may be in sight. However, there is some indication that it will not be that easy at all.

The Israeli Issue

The issue of normalization of ties between some members of the GCC and Israel will also be discussed in the summit. Another important development in the region was the recent recognition of Israel by UAE, Bahrain, Sudan, and Morocco. Sir John Jenkins in his article “2020 appears to have brought real change to the Middle East” published on December 31, 2020 aptly puts it as:

The most important political development in the region has not been accomplished by traditional diplomacy. Instead, it has been the Trump-driven move toward normalization of relations with Israel by the UAE, Bahrain, Sudan and now Morocco. Not all of this is quite what it seems: Morocco already had reasonable, if sometimes covert, relations with Israel, facilitated by its historic links with the large and increasingly influential Mizrahi community. . . . But the open acknowledgement of the need for proper relations between Israel and the Arab Gulf states is based on a rational calculation of shared interests. It is something other Gulf governments have welcomed. And it represents a profound and

historic change in the way Israel and all other states in the region will now approach questions of regional security. Normalization with Israel represents a long overdue shift in the diplomatic architecture of the region.

Israel's Prime Minister Benjamin Netanyahu secured peace deals with UAE, allowing tens of thousands of Israeli tourists to throng markets and beaches in Dubai in a spectacular development in the region while Emiratis visited the disputed holy city of Jerusalem. The bonhomie was much to the chagrin of Palestinians who have suffered immeasurably more under Trump's years in the White House. They hoped that Biden might reopen the path to statehood and loosen purse strings to provide aid to Palestinian refugees scattered all over the region.²⁸

Relations between the GCC and Israel are poised to grow in the near future. The mutual enmity of Iran among the GCC members and Israel is what binds them together. Qataris are an exception, however. It is just a matter of time that more GCC members will recognize Israel and establish diplomatic relations. Thus, the enmity of Israel shall somewhat disappear from the GCC landscape in the foreseeable future.

Economic Issues

Other than political issues, the summit will discuss cooperation in energy, Covid-19, and economic areas. Institutional means and methods to coordinate economic policy shall be deliberated in the summit.

The GCC economies have suffered a decline during 2020 mainly due to the Covid-19 pandemic and steep decline in the oil prices, caused by the prolonged lockdowns. Previously, GCC economic coordination efforts had been lackluster. An agreement to launch a single regional currency had seen little movement. Coordination in tax policy proved beneficial and a customs union was implemented in 2015. GCC member states began rolling out a tax of 5 percent in 2018. Saudi Arabia and the UAE have tended to lead policy coordination. They were the first countries to levy the value-added tax. Economic integration seemingly is still a dream for the GCC. Meanwhile, the GCC suffered a severe economic contraction last year. The price of oil the

first half of this year will face many downside risks, according to Secretary General OPEC He was speaking at a meeting of experts of OPEC and allies, a group known as OPEC+ on January 3, 2021. In December 2020, OPEC+ decided to increase production by 0.5 million bpd from January as part of the 2 million bpd gradual rise this year, but some members have questioned the need for a further boost due to spreading Covid-19.

OPEC's leader Saudi Arabia has suggested a more cautious approach during previous meetings while OPEC member the United Arab Emirates and non-OPEC Russia have said they prefer a speedier increase. The Secretary General said the global economy could strongly rebound in the second half of 2021 but sectors such as travel, tourism, leisure, and hospitality could take years to reach pre-Covid-19 levels.²⁹

OPEC+ was forced to cut production by a record amount in 2020 as global lockdown measures hammered fuel demand. OPEC+ first cut output by 9.7 million bpd, then further cuts which ultimately leads to 7.2 million from January. The Secretary General said OPEC now expected global oil demand to be led by developing countries and to rise to 95.9 million bpd in 2021, or by 5.9 million bpd from 2020, as the global economy is forecast to grow by 4.4%.

Even though development of coronavirus vaccines has sparked market optimism, the rise in demand would still fail to bring consumption to pre-pandemic levels of around 100 million bpd.³⁰ OPEC's latest December forecast was lower than the previous forecast of a 6.25 million bpd rise in 2021 because of the lingering impact of the coronavirus pandemic. Brent oil prices ended 2020 above \$50 per barrel - more than a fifth down year-on-year but more than doubling from April's lows as producers cut output and as the United States and the European Union approved trillions in stimulus packages.³¹

The overall economic outlook for the region remains bleak. Earlier in April 2020 Japan's Mitsubishi UFJ Financial Group Inc (MUFG) expects countries in the GCC to be in deep recession this year with overall real GDP down to -3.7% from a previous growth forecast of 2.9%. The forecast considered oil output cuts, the impact of the new coronavirus on the non-oil economies of the region, and the stimulus provided by GCC governments. The bank had estimated the drop in oil prices costs the GCC some \$72 billion in overall lost oil export receipts

for each \$10 a barrel drop, and said it expects overall GCC financing requirements of \$208 billion this year assuming an average Brent price of \$43 per barrel.³²

By June 2020, the IMF forecast that the GCC economies were expected to shrink by 7.6% in 2020.³³ By November 9, 2020, the IMF had forecasted a steeper fall in GCC countries' 2020 GDP. Earlier, the IMF in its World Economic Outlook October 2020 had revised GDP forecasts for GCC countries downwards from its April forecast, citing deeper-than-expected impact of lockdowns on mobility and weak global growth.

For GCC, IMF expects GDP to contract by 6% in 2020. Non-oil GDP is expected to contract by 5.7% mainly due to collapse of service sector caused by a decline in domestic and external demand. Oil GDP is expected to contract by 6.2% on the back of production cuts based on OPEC+ agreements caused by sluggish oil demand.³⁴

The revision has been steepest for Oman and Kuwait. Kuwait's lockdown measures to curb the spread of the pandemic has been one of the longest continuous stretches in the world, impacting spending and investment activity

The GCC region is expected to grow by 2.3% in 2021 with all countries other than Oman expected to return to growth in 2021. However, the estimate hinges on the path of the pandemic. Oil prices in 2021 are expected to be stagnant in the range of USD 40-50 per barrel. Fiscal break-even oil price for all GCC countries except Qatar is estimated to be higher than this range. Oil exports from GCC for 2021 is also expected to be below 2019 levels. Except UAE, all GCC countries are also expected to post negative fiscal balance in 2020 and 2021. The countries have been resorting to measures such as spending cuts, borrowing (except Kuwait), and hike in VAT (Saudi Arabia) etc. to counter the fall in oil revenue. Economic diversification by boosting non-oil sector, continued coronavirus safety measures, targeted implementation of pandemic related policies with streamlined procedures would play a key role in strengthening the recovery of GCC economies.

Fitch agency maintained that: "Painful fiscal adjustments and the economic dislocation from coronavirus-containment measures risk a social and political backlash in 2021 in the absence of

economic opportunities and improved living standards to satisfy still rapidly growing, young and under-employed populations,”³⁵

Saudi Arabia, the largest Arab economy and the world’s biggest oil exporter, tripled a value-added tax this year to 15% to offset the blow to its finances of lower oil prices. Oman - among the financially weakest in the Gulf - has announced plans to introduce VAT next year as part of measures to restore coffers battered by lower oil prices.³⁶ “Social backlash against fiscal consolidation and reforms poses a downside risk to ratings in 2021, particularly in Oman and Saudi Arabia,” Fitch said.³⁷

In another report in December 2020, Fitch said debt-burdened Oman was likely to underperform against its fiscal targets, and asset drawdowns and external financial support will be key to covering its funding needs in the coming years. Overall fiscal balances of oil exporting countries in the region are expected to improve next year as oil prices recover to an average of \$45 per barrel. However, deficits will remain large and debt levels are expected to increase further.³⁸

It expects GCC gross foreign debt sales of \$50 billion, \$60 billion in drawdowns from sovereign wealth funds, and around \$40 billion in local debt issuance, mostly coming from Saudi Arabia.³⁹ Meanwhile, Oman’s government will finance most of its budget shortfall in 2021 by borrowing to plug a fiscal gap battered by a decline in oil prices and the coronavirus pandemic. Oman is looking into borrowing that will cover 73%, or 1.6 billion rials (\$4.2 billion), of the country’s 2.2 billion-rial shortfall, with the remaining 600 million rials to be drawn from its reserves. The government based its 2021 budget plan on an oil price of \$45 per barrel.⁴⁰

Oman has taken measures such as reduced spending and plans to impose a 5% value-added tax in 2021. It will implement developmental projects valued at 371 million rials as part of the effort to redirect resources toward “national priorities”⁴¹ The sultanate’s economy is estimated to have shrunk 10% in 2020, according to projections from the International Monetary Fund, among the steepest in the Gulf. Bond spreads in the nation have increased in 2020 compared to neighbors and “while financial buffers remain ample in Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, they are significantly weaker in Bahrain and Oman,” according to a report by the fund.

The largest oil exporter outside of OPEC, Oman has been hammered by the Covid-19 as well as lower crude prices and has raised the possibility of assistance from its Gulf neighbors. The country is rated at junk levels by three of the leading rating firms. The sovereign has three bonds maturing through 2023. This year, its \$1.5 billion issuance matures in June.⁴²

Saudi Arabia plans to spend less this year to rein in a pandemic-induced budget deficit, pursuing austerity even as a rally in oil prices signals a higher demand for crude and a global economic recovery. The Saudi government expects to trim its budget deficit from 12% of economic output in 2020 to 4.9% in 2021, as it lowers spending by about 7% to 990 billion Saudi riyals, equivalent to \$264 billion. State revenues are forecast to grow nearly 10% to 849 billion riyals on higher taxes and oil revenues.⁴³

Saudi Arabia's budget announcement is a closely watched measure of spending in the wider Gulf region and an indicator of Riyadh's expectations on the direction of oil prices. Crown Prince MBS is expected to face a tricky economic balancing act this year as he will have to cut spending on some projects related to his plan to diversify the economy yet still try to create jobs for his young population.⁴⁴

MBS also faces the Biden administration that has indicated it would "reassess" the US relationship with Saudi Arabia, which could hamper already weak investment into the kingdom. Saudi Arabia's oil infrastructure also has come under increasing attack, threatening its ability to earn revenues. In late December 2020, a boat loaded with explosives targeted an oil tanker at the Saudi port city of Jeddah, in the latest strike on the country's hydrocarbon assets.⁴⁵ While crude prices have rallied 30% since the start of November 2020, the IMF predicts Saudi Arabia's economy will shrink by 5.4% this year, compared with a global contraction of 4.4%.⁴⁶

The Saudi government forecasts a return to growth of 3.2% this year. Unemployment among Saudis stands at roughly 15%, according to the latest government statistics. To boost output and help create jobs, the Saudi government is expected to rely on its \$300 billion sovereign-wealth fund, whose spending is excluded from the Finance Ministry's budget. Prince MBS said in November 2020 that the Public Investment Fund would inject roughly \$40 billion into the domestic economy next year and again in 2022.⁴⁷

That investment will largely come via real-estate projects. These include luxury tourism resorts on the Red Sea; the development of historic sites to draw tourists; and a futuristic city-state called Neom in the country's remote northwest. The Saudi government hopes the PIF projects will cushion the blow of lower government spending and the increasing costs of living in the kingdom. Earlier this year, the Saudi government tripled its value-added tax rate and workers. Many less high-profile projects related to MBS's economic transformation also are getting canned. Saudi revenues have fallen last year as the pandemic sapped demand for crude, leaving oil prices hovering at about \$40 a barrel. Since November 2020, prices have edged up to about \$50 on upbeat Covid-19 vaccine trial results that have spurred hopes of a faster economic recovery.⁴⁸

Indicating Saudi Arabia's unease about global economic prospects, it had argued against an increase in collective output by the Organization of the Petroleum Exporting Countries (OPEC) and a group of Russia-led oil producers at a meeting earlier in December 2020. The group eventually voted against Saudi Arabia and increased, betting the worst of the shock to demand is over. The Saudi government forecasts a return to growth of roughly 3.2% in 2021.⁴⁹

The IMF predicted Saudi Arabia would be down by 5.4 percent in 2020 before recovering 3.1 percent. For Saudi Arabia, as ever, much depends on the health of global energy markets. There were signs of a rebalancing and recovery in crude oil at the end of last year, with the OPEC+ alliance proving effective in limiting supply and putting a new floor under prices — \$50 a barrel was sustained for most of December 2020. Some analysts believe it could spike to as much as \$65 in 2021.

In June 2020, the IMF forecasted that the economy of the GCC would shrink 7.6% in 2020, worse than April projections, due to weak oil prices and the Covid-19.

The year 2020 was bad for the world economy, including the GCC. The IMF in June lowered its projection for 2020 world growth to a 4.9% contraction, 1.9 percentage points below its April forecast because the coronavirus pandemic had a worse impact on the global economy in the first half.

In 2021, the global economy will recover and grow 5.4%, 0.4 percentage point lower than the April 2020 forecast, according to the IMF. The IMF in June 2020 kept its average petroleum spot price estimates at \$36.20 for 2020 and \$37.50 for 2021.⁵⁰

Earlier, the International Monetary Fund (IMF) on June 30, 2020 stated that the economy of the GCC would shrink 7.6% in 2020, worse than April projections, due to weak oil prices and the coronavirus outbreak. The Gulf regions' GDP was initially forecast to contract 2.7%, according to the IMF's April 2020 projections. The GCC countries are expected to return next year at a 2.5% pace, which will be among the highest economic recoveries the region will witness.⁵¹

Saudi Arabia, the world's biggest oil exporter and the Arab world's biggest economy, will see its economy shrink 6.8% in 2020, according to the IMF's June forecast, compared with 2.3% contraction in the April projection.⁵²

Earlier, the IMF in its World Economic Outlook (October 2020) has revised GDP forecasts for GCC countries downwards from its April 2020 forecast, citing deeper-than-expected impact of lockdowns on mobility and weak global growth. For GCC, IMF expects GDP to contract by 6% in 2020. Non-oil GDP is expected to contract by 5.7% mainly due to collapse of service sector caused by a decline in domestic and external demand. Oil GDP is expected to contract by 6.2% on the back of production cuts based on OPEC+ agreements caused by sluggish oil demand.⁵³ The revision has been steepest for Oman and Kuwait. Kuwait's lockdown measures to curb the spread of the pandemic has been one of the longest continuous stretches in the world, impacting spending and investment activity.

The GCC region is expected to grow by 2.3% in 2021 with all countries other than Oman expected to return to growth in 2021. However, the estimate hinges on the path of the pandemic.⁵⁴ Oil prices in 2021 are expected to be stagnant in the range of USD 40-50 per barrel. Fiscal break-even oil price for all GCC countries except Qatar is estimated to be higher than this range. Oil exports from GCC for 2021 is also expected to be below 2019 levels. Except UAE, all GCC countries are also expected to post negative fiscal balance in 2020 and 2021. The countries have been resorting to measures such as spending cuts,

borrowing (except Kuwait), and hike in VAT (Saudi Arabia) etc. to counter the fall in oil revenue. Economic diversification by boosting non-oil sector, continued coronavirus safety measures, targeted implementation of pandemic related policies with streamlined procedures would play a key role in strengthening the recovery of GCC economies.⁵⁵

The World Bank in its “GCC Countries Outlook” published on October 23, 2020 stated that:⁵⁶

Bahrain: Bahrain’s economy is expected to contract in 2020 due to lower international oil prices and the spread of COVID-19. Fiscal and external deficits are expected to rise sharply in 2020, reversing the narrowing path observed in 2019.⁵⁷

Kuwait: While performance in 2020 will suffer from the twin shocks of COVID-19 and the oil price slump, Real GDP in Kuwait is now expected to contract by 7.9% of GDP in 2020 (compared to -5.4% forecasted in June 2020) as non-oil GDP growth is subdued by protracted public health measures and the constrained fiscal mitigation measures. Oil revenues in Kuwait declined by 16.6% on the back of a 10.3% fall in oil prices and a 2.2% reduction in oil output. Non-oil revenues fell too due to weak economic activity.⁵⁸

Oman: The economy is projected to sharply contract by over 9% in 2020, owing to depressed global demand for oil and the pandemic hit to the non-oil sector. The non-oil economy also faces significant pressure amid ongoing restrictions, with tourism and hotel sectors among the hardest hit. If conditions ease, growth in Oman is projected to gradually pick up to an average of 4% in 2021-22.⁵⁹

Qatar: Qatar’s Real GDP is projected to contract by 2% in 2020 which has been mitigated by infrastructure spending ahead of the FIFA World Cup in 2022, continued expansion of LNG capacity, and fiscal accommodation. Steps taken to improve the business environment, as well as the final push ahead of the World Cup, are expected to underpin growth in the medium term for Qatar.⁶⁰

Saudi Arabia: COVID-19 and lower oil production levels and prices are weighing heavily on the Saudi Arabian economy and fiscal position, despite sizable fiscal and monetary mitigation measures. The 2020 outlook remains very weak with medium-term recovery dependent on global economic rebound and eventual containment of the pandemic.⁶¹

The GCC face a dual shock: Covid-19 pandemic and the collapse in oil prices. It faced a steep economic contraction last year before partially rebounding in 2021, with most countries facing sharper declines than previously estimated. New lockdown measures as infections continue to soar in the United States, Europe and elsewhere, could exacerbate already depressed economic activity.

Saudi Arabia, the region's largest economy, is expected to face a GDP contraction of 5.1% last year and rebound to 3.1% growth this year and 2.7% growth in 2022.⁶² The UAE is expected to see GDP decline 6.0% this year, grow 2.7% next year and expand 3.8% in 2022. In July 2020, analysts expected a 5.1% decline in 2020 and 2.6% growth in 2021.⁶³ Median forecasts for Kuwait expected a 6.3% contraction this year, 2.6% growth next year and 3.3% growth in 2022. Three months ago, it was seen shrinking 6.1% in 2020 and expanding 2.5% in 2021.⁶⁴

Qatar's forecast for this year was unchanged at a 4.0% contraction, while expectations for growth next year improved to 3.0% from 2.8% and it was seen expanding 3.4% in 2022.⁶⁵ Oman and Bahrain's forecasts were weaker, seen shrinking 4.9% and 4.8% this year respectively from contractions of 4.7% and 4.4% seen in July. Oman is expected to grow 2.5% next year, versus a July estimate of 3.0%, and 2.7% in 2022. Bahrain's 2.6% growth forecast for 2021 was unchanged and it was expected to grow 2.1% in 2022.⁶⁶

New research by Frost & Sullivan indicates green shoots of recovery will first be seen in the GCC in the second quarter of 2021. The GCC economy is expected to contract this year due to the impact of the coronavirus crisis and low oil prices but will rebound in 2022.⁶⁷ Business conditions improved despite continuing job losses as companies adjusted to the economic challenges of the global pandemic while governments eased restrictions to stop the coronavirus. A measure of non-oil private sector activity in Saudi Arabia, Egypt and the UAE rose last month above the threshold of 50 that separates growth from contraction, according to Purchasing Managers' Index surveys compiled by IHS Markit.⁶⁸

Much earlier, on the March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic, with 118,320 confirmed cases reported in 114 countries. Later, the COVID-19 pandemic had continued to escalate, with 4,628,903 cases and 312,009 deaths reported in 216 countries, areas, or territories as of May 18, 2020.⁶⁹

Earlier, the COVID-19 status in the GCC countries seemed to be under control as of May 18, 2020. These countries implemented a wide range of control measures and management practices even prior to detecting local infections. So far, these continuing sustained efforts and unprecedented decisions have been key to limiting the spread of infection. Continuous monitoring and reporting of cases and deaths over the next several months is of a critical importance for the comprehensive evaluation of COVID-19 status and implementation of appropriate precautions in the GCC countries.⁷¹

On January 3, 2021, the UAE had recorded its fourth straight record number of daily coronavirus cases since the pandemic began, reporting 1,963 cases on Saturday according to a report by Reuters.

The new cases recorded in the last 24 hours brought the country's total recorded cases to 211,641. The UAE also reported three new deaths, bringing the total number of deaths from COVID-19 to 674. The UAE reported 1,856 new cases on New Year's Day and more than 1,700 on December 30 and 31.

Saudi Arabia, which has the highest number of recorded COVID-19 cases among the six-member Gulf Cooperation Council, reported 137 new cases on January 1, 2021. It has recorded 362,878 cases in total.⁷² Saudi Arabia on January 3, 2021 reopened all sea, land, and air borders, which were closed on December 20, 2020 due to a new variant of the coronavirus. The country's borders, which were temporarily closed as part of measures against the mutated COVID-19 virus, were reopened as of January 3, 2021.

Those who want to come to the Kingdom from the UK and South African Republic and don't possess Saudi citizenship will be required to spend at least 14 days in a country where the mutated virus is yet not seen, the news agency said. Saudi citizens, who could enter the country for humanitarian or other obligatory reasons, will be subjected to a 14-day quarantine at their homes and asked to have a PCR test on the sixth day of their arrival.⁷³

By January 3, 2021, the COVID-19 pandemic has claimed nearly 1.83 million lives in 191 countries and regions since December 2019. On January 3, 2021 just over 84.6 million cases have been reported worldwide, including more than 47.42 million recoveries, according to figures compiled by the US Johns Hopkins University. The US, India, and Brazil remain the worst hit countries in terms of infections.⁷⁴

The UAE government on December 30, 2020 reported 1,590 cases of the Covid-19 coronavirus, along with 1,609 recoveries. Five deaths were also reported. As many as 125,232 tests were conducted across the country, taking the total number of tests to more than 21.3 million tests so far. The total number of cases in UAE as on January 3, 2021, stand at 213,231 while total recoveries are 189,709. Death toll rises to 679. Number of active cases in the country stand at 22,843.⁷⁵

Schools across Dubai and Sharjah reopened today after a three-week winter break. Students were welcomed back on campus, all masked up, amid strict Covid-19 precautionary measures. Buses operated at half capacity, signage across campuses offered social distancing instructions, and students and staff alike underwent mandatory temperature checks.

Meanwhile, Saudi Arabia said that entry to the kingdom by sea, land and air would resume from January 3, after a two-week ban was enforced amid fears of a new coronavirus variant. State news agency Spa reported that the suspension of all international flights for travelers would be lifted and borders reopened; however, some Covid restrictions will continue to apply.⁷⁶ Saudi Crown Prince MB received his first dose of the Pfizer-BioNTech coronavirus vaccine on January 1, 2021, a week after health authorities began rolling out the treatment. Vaccination stations are reported to have been set up throughout the country, and about 50,000 people registered to be inoculated after Health Minister Tawfiq Al-Rabiah urged Saudis and residents to sign up for treatment.

Earlier, Saudi Arabia, Oman, and Kuwait close borders to tackle new strain. Saudi Arabia's health ministry said in November 2020 that it hoped to have enough vaccine to inoculate 70 percent of the population by the end of 2021. Riyadh has reported 361,903 cases of the coronavirus, including 178 detected in the last 24 hours, the ministry said on January 1, 2021. It

also reported nine deaths in the past 24 hours, bringing the total to 6,168.⁷⁷ By January 2, 2021 Saudi Arabia reports 9 fatalities. Coronavirus cases in Saudi Arabia continued to drop, with 101 new infections reported on January 2, 2021. The Health Ministry also reported 9 more deaths over the past 24 hours, marking another day of single-digit virus-related fatalities since the outbreak of the pandemic in the Kingdom. This brings the total number of confirmed infections in the Kingdom to 362,979 and deaths to 6,239.

The ministry also reported 182 new recoveries over the past 24 hours, raising the total number of people free from the deadly virus to 354,263, with the recovery rate rising to 97.57 percent. With the recoveries surpassing new cases regularly, the active cases in the Kingdom have also dropped to 2,477 out of which 354 were critical cases. Saudi Arabia closed its land and sea borders last week after a new strain of Covid-19, named VUI-202012/01, that appeared in the United Kingdom was deemed highly infectious.⁷⁸

Bahrain

Meanwhile in Bahrain, out of 7,881 COVID-19 tests carried out in the past 24 hours, 238 new cases have been detected, taking the total number of confirmed infections to 92,913. There were 152 recoveries, increasing total recoveries to 90,369. There are currently 10 COVID-19 cases in a critical condition, and 25 cases receiving treatment. 2,182 cases are stable out of a total of 2,192 active cases.

Qatar

The Qatari health ministry on January 3, 2021 announced 198 new COVID-19 infections, raising the total number of confirmed cases in the country to 144,240, the official Qatar News Agency (QNA) reported. Meanwhile, 124 more people recovered from the virus, bringing the overall recoveries to 141,680, while the fatalities remained 245 for the fifth day running.

Kuwait

The Ministry of Health has confirmed the detection of 205 new COVID-19 cases in the country, taking its total tally of infections to 150,298. One more death was reported in the past 24 hours, pushing the death toll to 933. The ministry also announced the recovery of 228 coronavirus infected patients, raising the total number of people recovered from the virus to 146,284.

The active cases have dropped to 3,081, out of which 46 are critical under intensive care.

Qatar

The Ministry of Public Health today confirmed the detection of 193 new coronavirus cases, bringing the total infections in Qatar to 143,621. A total of 1,248,366 people in Qatar have taken lab tests for COVID-19 so far. No new deaths were reported over the past 24 hours, keeping fatality tally at 245.

According to the ministry's latest update, a further 153 patients have fully recovered, pushing the total number of people recovered from the virus across the country to 141,300. Active cases have now touched 2,076, including 266 that are stable under treatment, while 30 are critical and under intensive care.

Saudi Arabia

Saudi Arabia's Ministry of Health has registered 113 new COVID-19 cases and 10 more deaths on December 30, 2020, bringing the total number of the confirmed infections to 362,601 and virus-related fatalities to 6,214. The ministry announced a further 170 new recoveries reported over the past 24 hours, raising the total number of people recovered from the deadly virus to 353,682. With the downtrend in the daily reported infections, the active cases have dropped to 2,705, including 387 that are critical under intensive treatment.

The GCC countries have enacted some of the strictest measures in the world, including location-based contact tracing. The GCC managed to sidestep extant tension in favor of cooperation amid the pandemic. In mid-April 2020, after a virtual meeting, the bloc's countries agreed to establish a network to ensure food supply safety—with Saudi Arabia and Dubai surprisingly putting aside their existing Qatar broad boycott that remains in place. Besides facilitating food protection, GCC countries are largely trusting themselves to fight the pandemic on their own. Acting individually, GCC countries have enacted some of the strictest measures in the world, including location-based contact tracing. Kuwait has taken perhaps the most drastic measures, including closing government ministries until May 31, 2020, and expanding a nationwide curfew to 16 hours, while most Gulf countries have shut down entertainment centers and mosques are telling people to pray at home. GCC countries are also facing an economic downturn, despite its

member countries offering support packages of hundreds of billions of dollars that dwarf any seen before in the region. Its banks are still expected to weaken, however, as not all borrowers will be able to weather the impact of the economic decline. The GCC has also slashed oil production amid the global drop in oil prices, prompting concerns about regional efforts to boost revenue.⁷⁹

The GCC economies have undertaken substantial investments in healthcare infrastructure, alongside efforts to increase the number of doctors and nursing personnel. While the GCC remains behind the global average in healthcare expenditure, budget allocations have been increasing significantly. This has considerably improved the quality of healthcare services in the region. In an assessment of COVID-19 preparedness published mid-March by the WHO, which ranked countries on a scale of 1 (no capacity) to 5 (sustainable capacity), all GCC countries except Qatar scored either 4 or 5. Despite accounting for close to half of the COVID-19 regional cases, GCC governments have succeeded in bringing the outbreak under control in their countries, displaying recovery rates significantly higher than the global average⁵. This results from a strategy based on prevention, strict control measures adopted and effectively enforced early on, and important means allocated to case detection and tracking. The UAE and Bahrain are among global leaders in terms of testing, ranking respectively first and third for the number of new tests per 1,000 people as of late September 6, 2020. Countries have also made available significant financial and material resources for COVID-19 treatment to avoid overwhelming health services, including by building dedicated treatment facilities, such as in the UAE.⁸⁰

The outbreak of COVID-19 has posed unprecedented health and economic security challenges to the Gulf states, compelling rapid and far-reaching responses. Many foreign workers live in precarious and overcrowded housing. Gulf states have invested massively in airlines, tourism, and logistical infrastructure, which all depend on the unimpeded movement of people and goods. Critically, they import much of their food and medicine, and are reliant on global supply chains whose disruption could profoundly affect every aspect of life in the region.

But on the other hand, the Gulf states were also relatively well prepared. The legacy of dealing with Middle East respiratory syndrome-related coronavirus (MERS) in 2012 – including health networks monitoring expatriates, the experience of dealing with large numbers of pilgrims in

Saudi Arabia and tourists in the United Arab Emirates, and the existence and quick acquisition of surveillance technology – would prove useful when the pandemic hit.

As of May 31, 2020, and after more than two months of battling the virus, Gulf states have recorded a total of 226,496 coronavirus cases and 1,083 deaths. The UAE was the first to report a COVID-19 case in early February, followed by Bahrain, Kuwait, and Oman. The countries reporting the highest number of cases per capita are Bahrain and Qatar.⁸¹

Decisions to stop flights to China came early, and restrictive measures quickly multiplied. Border closures and total lockdowns began in March 2020. Strict measures were imposed, with mosques closed and curfews enforced. Kuwait, the UAE, and Saudi Arabia saw high infection rates among low-paid workers living in crowded facilities. While some governments have deployed digital technologies to monitor the spread of the coronavirus, data on virus testing remains scarce in Oman and the UAE, raising questions about the true prevalence of the virus in the region.

From the outset of the pandemic, key decision-making processes in the GCC states have taken place virtually, and task forces combining health, civilian and military officials have been set up to manage the public emergency.⁸² The GCC governments have also been compelled to re-evaluate their economic policies to mitigate the impact of the crisis. The GCC central banks hastened to offer substantial stimulus packages intended to support the private sector, especially small and medium-sized enterprises. However, reeling from simultaneously dropping oil prices, Bahrain, Oman, and Saudi Arabia announced drastic budget cuts. Labor policies prioritized the protection of national workforces. Bahrain and Saudi Arabia, for instance, dedicated around US\$570 million and \$2.3 billion respectively to cover citizens' private-sector salaries. Oman prohibited the termination of its nationals' contracts who are working in the private sector.⁸³

The disparities in lockdown measures among Gulf states reflect continued anxieties about protecting the economy regarding public health. Bahrain and Qatar opted for a relatively more lenient approach, with eased flight restrictions and no curfews imposed. More stringent measures were implemented in the remaining Gulf states, with indefinite curfews and major cities sealed off. By the end of April, however, almost all GCC countries had allowed their non-essential

businesses to re-open while maintaining social-distancing measures, signaling a new approach in managing the crisis.⁸⁴

The UAE

The UAE employed the benefits of its long-term plans such as the National Innovation Strategy, the Artificial Intelligence Strategy 2031, and the Blockchain Strategy 2021, all of which laid the groundwork for the country's COVID-19 digital response. The transition to remote work, school, and business was recognizably swift, efficient, and resilient. Dubai's Paperless Strategy created a digital national identity for 300,000 registered users — including citizens, residents, and visitors — and gave each an account from which they could access 5,000 nationwide government and private services. The system also enabled the use of digital signatures for documents and transactions, as well as the ability to request and share data with service providers digitally.

Technology played a more significant role in the health response. The UAE's Department of Health developed the TraceCovid app to trace individuals who came into close contact with people later diagnosed with COVID-19. Additionally, Dubai police have a state-of-the-art monitoring system called Oyoon ("eyes" in Arabic), which watches the emirate's 3.3 million residents. With a huge network of cameras in the city, Oyoon uses facial, voice, and license plate recognition to gather data, and feeds the collected information into a shared government database for cross-referencing. To counter the pandemic, this database and network is being used to enforce lockdown rules.

The UAE is known for its data sovereignty doctrine, most notably applied in 2013 when the government blocked access to voice over internet protocol (VoIP) services, including Skype. To counter the economic fallout from COVID-19 and help businesses transition to remote working, the country has lifted its ban on VoIP services, as well as that on the popular video conference apps Teams and Zoom. However, there are serious doubts as to whether the UAE will continue to allow VoIP services after the expected return to the pre-COVID-19 work environment. Unquestionably though, the country will emerge from the crisis more confident in its digital systems and its ability to withstand a global pandemic.

Bahrain

With its continued institutional investment in technology infrastructure and legal frameworks, Bahrain — despite its small size and population — has steadily grown into a technology hub. To compete with other regional tech hubs like the UAE, Bahrain offers 30-40 percent lower operating costs, in addition to a central location in the Gulf and a tech-savvy population. However, the kingdom gained its position as a sought-after hub for global tech giants because of its regulatory environment, which was the product of decades of reforms: the data protection laws, the bankruptcy law, and the allowance of full foreign ownership in most industries and sectors.

Bahrain is a regional leader in digital infrastructure, as well as one of the first nations to introduce a nationwide 5G network. As a direct outcome of Manama's efforts, Amazon Web Services launched its first cloud center in the Middle East in Bahrain in 2019, adding to the growing list of cloud choices for enterprises in the region.

When the COVID-19 pandemic forced both the government and private sector to shift to remote work, Bahrain's digital infrastructure ensured a swift and resilient transition. The kingdom also brought its digital capabilities to bear on tracing COVID-19 cases. Bahrain's eGovernment launched a contact tracing app called BeAware, which involves infected individuals wearing GPS-tracked bracelets that report to government monitoring stations any movement outside of designated areas. The Ministry of Health may randomly request pictures from self-isolating individuals, who must send back a photo proving they are wearing the bracelet.

The private sector is using Bahrain's strong infrastructure to play a major part in countering the pandemic's economic fallout as well. For instance, MVC Global and Cox Logistics will use blockchain and artificial intelligence to aid in the efficient distribution of food and medicines in the kingdom and the rest of the GCC market. Bahrain's long-term reforms and investments created digital resilience for the government to oversee the transition to remote work, while the private sector had the space to test and deploy its solutions.

Saudi Arabia

Saudi Arabia's investments in technology have paid off in its fight against the pandemic. The kingdom has both the biggest economy in the Middle East and the biggest population on the Arabian Peninsula, but it used to lag its Gulf peers in technological development. With Vision 2030, Saudi Arabia initiated a national transformation strategy to shift from an oil-dependent economy to a digitally empowered one. It introduced legislation and frameworks, created institutions, and formed international partnerships. The kingdom also focused on introducing digital solutions in priority sectors — justice, health, electricity, culture, and tourism — with a clear goal of becoming the region's tech leader.

The Saudi prioritization of digital transformation resulted in the gradual deployment of commercial 5G networks in 2019 in more than 20 cities. The launch of 5G also helped to boost the kingdom's tech credentials among investors who are keen to invest in industries that would benefit from 5G capabilities, such as tech, finance, education, and the public sector. In addition, the government has introduced a host of smart tools that have proved effective and gained the public's trust. For instance, the Ministry of Health updated its app, Mawid, which guides users on self-isolation and hospital visits, while the Ministry of Education utilizes the National Education Portal to provide educational materials and digital tools for students at home.

Saudi Arabia implemented an early lockdown, suspending the hajj and umrah pilgrimages, and using its position as the chair to coordinate the global response to COVID-19 on various fronts, especially in the digital sector. The kingdom advocated for digital response and recovery and promoted collaboration with international organizations and the private sector, marking a shift in Saudi priorities. Vision 2030 laid the groundwork for the digital infrastructure that increased the kingdom's digital resilience in the face of the pandemic.

In March 2020 the GCC had agreed to establish a joint operations room in an effort to coordinate the regional response to the coronavirus, COVID-19. Health ministers from the UAE, Saudi Arabia, Kuwait, Bahrain, Oman and Qatar held an online meeting with council secretary general

Nayef Al Hajraf to share experiences of how each member state has been handling and containing the spread of the novel coronavirus, along with the latest data, statistics and level of preparedness. As a result, the joint operations room will see the health deputy ministers work together to coordinate efforts in preventing further spread of the virus. They will meet weekly to exchange information as well as agree on plans of action.⁸⁵

Meanwhile, the Gulf Health Council, in coordination with the region's Ministries of Health, issues a daily report on confirmed cases of COVID-19, their source, and the precautionary measures that have been put into place.⁸⁶

The Iranian Threat

Earlier in 2015 the US had signed the famous Joint Comprehensive Plan of Action (JCPOA), a landmark accord that saw Iran limit its nuclear enrichment in exchange for a lifting of international sanctions. President Trump withdrew the US from the agreement in 2018 as part of his administration's "maximum pressure" campaign against Tehran, which also saw Washington impose crippling sanctions on several key Iranian industries.

Today, there is tension in the region because of actions taken by both the US and Iran. US and Israel have deployed new military assets in the Persian Gulf region, as Iran sends more ballistic missiles and drones to its proxy groups in Iraq, Syria, Lebanon, and Yemen, increasing concerns of an imminent confrontation.

Earlier, the U.S. Navy had announced on Dec. 21, 2020 that the Ohio-class guided missile submarine USS Georgia, accompanied by two other warships, entered the Arabian Gulf waters, joining the USS Nimitz Carrier Strike Group that was deployed to the region late last month. The U.S. Air Force flew two B-52 bombers to the Middle East on Dec. 30, 2020 in the second such mission this month and the third since November. U.S. officials described the B-52 long-range flights to the Middle East as a message of deterrence to Iran.

Several regional analysts and observers have warned the military buildup could be a prelude to a plan by Trump and Israeli Prime Minister Benjamin Netanyahu to provoke Iran into a military

confrontation that would free them to strike its nuclear and ballistic missile facilities and proxy militias in the region. The displays of U.S. military were just days ahead of the first anniversary for the assassination of IRGC senior commander General Qassem Soleimani in a U.S. drone attack last January 3, 2020 in Baghdad. Iran has vowed to avenge the killing of its commander who was responsible for all IRGC operations abroad.

Israel is already engaged in a low intensity conflict with the Iranian Revolutionary Guards (IRGC) and their main allied Shiite militia the Lebanese Hezbollah, as Breaking D readers know. Israeli warplanes have launched about 40 air raids on basis and arms depots for the IRGC and Hezbollah in Syria in 2020. The last attack, in the early morning hours of Dec. 30, targeted what Syrian sources describe as a missile depot southwest of Damascus. Just few days earlier Israeli warplanes blasted installations at the “Syrian Military Research” compound in Hama province that, Syrian sources say, were used to build long-range artillery rockets and ballistic missiles based on technologies and parts supplied by Iran.

Israeli officials have repeatedly said they will not tolerate the deployment of Iranian ballistic missiles and other advanced weapons along the northern borders with Syria and Lebanon. Hezbollah’s leader Hassan Nasrallah asserted in a Dec. 27, 2020 interview that his group was on a full state of alert and was in possession of “highly accurate” ballistic missiles that can hit any target in Israel.

The region was already on tenterhooks after the recent killing of Iranian nuclear scientist Mohsen Fakhrizadeh, regarded by the West as the head of the Iranian nuclear program. Iranian officials have accused Israel of killing the scientist and promised retaliation. Some U.S. officials noted that the recent military deployments were meant to reassert continued U.S. commitment to its Middle Eastern allies even as President Trump’s administration withdrew thousands of troops from Iraq and Afghanistan.

Iran and its allies have grown more alarmed by the heightened military activities. This was also reflected in the recent interview by Nasrallah, when he suggested that the Trump administration’s remaining time in office must be managed carefully, calling the outgoing US president “crazy.” Soleimani’s successor, Gen. Esmail Ghaani made a surprise visit to Baghdad

on December 23, 2020 where he met with the commanders of Iran's proxy militias, a few days after the U.S. Embassy compound in the Iraqi capital was targeted by Katyusha rockets.

The rocket attack on Baghdad's diplomatic Green Zone on Dec. 2020 was regarded as a terrorist act by US and Iraqi government officials. Secretary of State Pompeo said in a statement that:

The United States strongly condemns the latest attack by Iran-backed militias on the International Zone in Baghdad. While no Embassy personnel were harmed, the attack caused at least one Iraqi civilian casualty and damaged Iraqi civilian property

The US has continuously provoked Iran for a year or so. The regional tension resulting is going to cloud the Riyadh summit and will be the subject of much discussion. The slaying of General Soleimani, Iran's leading general, in Iraq had set the stage for a year wrought with worsening tensions between us and Iran. The Trump administration argued that the assassination of General Soleimani had made the Middle East and the world a safer place. But on the one-year anniversary of the incident, tensions remain high across the region.⁸⁷

With less than three weeks left in Trump's tenure, the temperature was especially high for fear of a sudden escalation, planned or miscalculated, which could quickly lead to a conflict of unknown proportions and unforeseen consequences. Alireza Miryousefi, spokesperson for Iran's permanent mission to the United Nations, said his country was ready to act should the U.S. seek to stir trouble.⁸⁸

The mission denounced "the military adventurism of the United States of America" in a New Year's Eve letter to the U.N. Security Council, taking note of recent high-profile U.S. military moves such as the flight of nuclear-capable B-52 bombers over the Middle East.⁸⁹

It was the second such aerial show of strategic force that month, and the first since Trump tweeted a direct warning to Tehran in the wake of a rocket attack on the U.S. embassy in Baghdad's Green Zone. While the USS Nimitz aircraft carrier was set to depart the region, Trump remained more than capable of directing assets toward the Persian Gulf.⁹⁰

Such rocket attacks by Iraqi militias supportive of Iran have become relatively routine, but the latest caused damage to U.S. facilities and drew the anger of President Trump, who claimed there was "chatter of additional attacks against Americans in Iraq."⁹¹ He also said that "Some friendly health advice to Iran: If one American is killed, I will hold Iran responsible," Trump tweeted on Dec. 20. "Think it over."⁹²

Today, Iran remains publicly undeterred, both by the Trump administration's current rhetoric and the broader U.S. attempt to force Iran to change its strategy by removing its most famous military leader. Iranian Foreign Minister Javad Zarif, has addressed Trump directly on social media, warning the U.S. leader of alleged Israeli conspiracies to drag the U.S. into war.⁹³

Zarif then delivered a warning to President Trump, "Any fireworks will backfire badly, particularly against your same BFFs."⁹⁴ Iran has blamed Israel for the killing of another major Iranian figure, leading atomic scientist Mohsen Fakhri-zadeh, a former Revolutionary Guard officer who helped establish its nuclear program, which Iran insists is solely for peaceful purposes. He was gunned down east of Tehran in an operation for which no nation or group has claimed responsibility.

Israel has also stepped up a campaign of airstrikes targeting suspected Iran-linked sites in Syria, where Iran—along with Russia—backed Syrian President Bashar al-Assad in his efforts to regain control of his country amid a civil war, and to defeat the Islamic State militant group (ISIS).⁹⁵

Israel also supported the Trump administration's decision to kill Soleimani. Today, Israel remains alert at its disputed borders with both Syria and Lebanon, where the powerful Iran-supported Shiite Muslim Hezbollah movement operates.

Like Iran, Israel has said it was preparing for the eventuality of conflict.⁹⁶ The Soleimani assassination instead led to fears of war between the US and Iran which rung alarm bells in world capitals. Iranian coasts are to the north of the strategic Strait of Hormuz, which connects the Gulf to the Arabian Sea. A third of the world's natural gas and 25% of global oil consumption passes through the Strait of Hormuz, which Iran could block in the event of war.⁹⁷

The Trump administration has rushed to impose more sanctions on Iran in its last days before president-elect Joe Biden took office in January 2021. Iran threatened a proportionate response after Soleimani's killing but heeded the call for restraint and merely attacked two Iraqi bases hosting American troops. As intended, not a single American soldier died in the attacks, which could have provoked America to hit Iran.

Tensions gradually deescalated but as the year ended and Trump lost the election, speculation of an armed conflict picked pace again. The outgoing American administration rushed to impose more sanctions on Iran in its last days before president-elect Joe Biden took office in January 2021.⁹⁸

In short, the year 2020 was defined by America's obsession with Iran and how on several occasions the region felt it might be pushed into another, and incomparably more devastating war. Biden's electoral victory has subsided those concerns but even whilst out of the door Trump continues to keep the region on tenterhooks.⁹⁹

Last week, the International Atomic Energy Agency (IAEA) said Iran's uranium stockpile was 12 times the limit set by the JCPOA in November. Iran also notified the IAEA on Friday that it planned to enrich uranium to 20 percent, a level only reached before the JCPOA.¹⁰⁰

Iran's plans to enrich uranium up to 20% at its underground Fordo nuclear facility "as soon as possible" This act would push Iran's program a technical step away from weapons-grade levels, as it increases pressure on the West over the tattered atomic deal. The move comes amid heightened tensions between Iran and the U.S. in the waning days of the administration of President Donald Trump, who unilaterally withdrew America from Tehran's nuclear deal in 2018.¹⁰¹

Iran's decision to begin enriching to 20% a decade ago nearly brought an Israeli strike targeting its nuclear facilities, tensions that only abated with the 2015 atomic deal. The 2015 deal saw Iran agree to limit its enrichment in exchange for sanctions relief. A resumption of 20% enrichment could see that brinkmanship return. Iran's decision comes after its parliament passed a bill, later approved by a constitutional watchdog, aimed at hiking enrichment to pressure Europe into

providing sanctions relief. It also serves as pressure ahead of the inauguration of President-elect Biden, who has said he is willing to re-enter the nuclear deal.¹⁰²

The International Atomic Energy Agency acknowledged Iran had informed its inspectors of the decision by a letter after news leaked on January 1, 2021. The IAEA added Iran did not say when it planned to boost enrichment, though the agency “has inspectors present in Iran on a 24/7 basis and they have regular access to Fordo.” The parliamentary bill also called on Iran to expel those inspectors, though it appears Tehran still has not decided to take that step.

Since the deal’s collapse, Iran has resumed enrichment at Fordo. The accord also called for Fordo to be turned into a research-and-development facility.¹⁰³ As of now, Iran is enriching uranium up to 4.5%, in violation of the accord’s limit of 3.67%. Experts say Iran now has enough low-enriched uranium stockpiled for at least two nuclear weapons if it chose to pursue them. Iran long has maintained its nuclear program is peaceful.

Iran separately has begun construction on a new site at Fordo. Iran's announcement coincides with the anniversary of the U.S. drone striking Revolutionary Guard Gen. Qassem Soleimani in Baghdad last year. That attack later saw Iran retaliate by launching a ballistic missile strike injuring dozens of U.S. troops in Iraq. Tehran also accidentally shot down a Ukrainian passenger jet that night, killing all 176 people on board.¹⁰⁴

As the January 3, 2021 anniversary approached, the U.S. has sent B-52 bombers flying over the region and sent a nuclear-powered submarine into the Persian Gulf. In November 2020, an Iranian scientist who founded the country's military nuclear program two decades earlier was killed in an attack Tehran blames on Israel.¹⁰⁵

The summit is happening at an extremely critical moment when, experts say the threat of a wider war between the United States and Iran remains in the final two weeks of President Donald Trump's administration. The US flew B-52 bombers over the Gulf three times in the past month, most recently on December 30, 2020, in what the Trump administration called a deterrence measure to keep Iran from retaliating on January 3, the anniversary of Soleimani’s killing.

But with only two weeks left in the White House, Trump is under pressure from key allies in the Middle East – namely Israel and Saudi Arabia – to act on Iran. In the last week of December

2020, Iran warned the US not to escalate the situation in the run-up to the Soleimani assassination anniversary, with Zarif saying on December 31, 2020 that “intelligence from Iraq indicate [sic] plot to fabricate pretext for war”.

“Iran doesn’t seek war but will openly & directly defend its people, security & vital interests,” the foreign minister tweeted. That same day, Iran condemned Washington’s “military adventurism” in a letter to the UN Security Council.

Iranian officials have pledged “harsh revenge” for Soleimani’s assassination.¹⁰⁶ However, experts are unconvinced that Tehran would give the Trump administration a pretext to launch a military confrontation right now as US President-elect Joe Biden, who intends to restart diplomatic engagement with Tehran, is set to assume office on January 20.

Biden has said he plans to rejoin the Iran nuclear deal. But supporters of diplomatic engagement say it is the only way to ensure Iran abides by international regulations, while Iranian President Hassan Rouhani has said his country will return to the accord if the other signatories do the same. Last week, a group of 150 Democratic Party congressmen in the US House of Representatives urged Biden to go back to the nuclear deal.

The Pentagon announced on December 31, 2020 that the USS Nimitz aircraft carrier, which was off the coast of Somalia, was being pulled back to its homeport. Some US officials said the move could be a signal of an effort to de-escalate regional tensions.

But concerns persist that Trump – who still refuses to acknowledge Biden’s victory in the US elections – could act to further intensify the situation with Iran. The president in November asked for military options to hit Iran’s nuclear facilities but declined to act, US media reported. The Fakhri-zadeh assassination aimed to complicate Biden’s plan to restart diplomacy with Iran.¹⁰⁷

The US and Iran charged each other with ratcheting up tensions in the Persian Gulf as concerns about potential conflict build days before Iran marks one year since the US assassinated its most powerful military figure and less than three weeks before President-elect Joe Biden takes office.

Esmail Ghaani, who succeeded Soleimani as head of the elite Quds force, said on January 1, 2021 that Iran was still ready to respond. On January 2, 2021, Iran’s Foreign Minister Javad

Zarif accused Israel of trying to provoke a war before US President Donald Trump completes his term.

The quickening military activity is matched by rhetoric. The head of Iran's elite Quds military force suggested January 1, 2021 that retaliation for US crimes might come from "people from your own house." President Donald Trump, who reportedly asked for military options to deal with Iran in November, tweeted last week that he will "hold Iran responsible" should any Americans be killed. And Israeli media amplified an Arab newspaper report that cited unnamed US sources saying Israel and Saudi Arabia are lobbying Trump to strike Iran's nuclear facilities before he leaves office.

The drumbeat of veiled threats, public messaging and military posturing has quickened in the days before the January 3 anniversary of the assassination of Gen. Qasem Soleimani, a date that US officials fear Iran may mark by striking back.

Those concerns come as some analysts in Washington speculate Trump could trigger a conflict with Iran to distract from his failing, baseless attempts to overturn his election loss and to complicate his successor's plans for the region.

All this is playing out as Biden prepares to enact his own policies after his January 20 inauguration. The President-elect wants to ease Trump's "maximum pressure" campaign against Tehran, resume engagement and return to the Iran nuclear deal, all steps that hawks in the Trump administration vehemently opposes.

Soleimani's successor on January 3, 2021 marked the death of the former Quds Force commander's death by pledging that "those who took part in this assassination and crime will not be safe on earth. It's definite." Gen. Esmail Ghaani told the crowd gathered for a ceremony marking Soleimani's death that "what they have seen so far have been just some part of revenge, but they should wait for hard revenge. The time and place will be determined by the dear Resistance Front forces."

Calling Trump, a "foolish man" under the sway of Israel and Saudi Arabia, Ghaani warned that "it's possible, even from inside your own house, there may emerge someone who will retaliate for your crime."

Tensions are climbing at a time when Trump has fired senior civilian leaders at the Pentagon. Meanwhile, Biden and his national security team are complaining that the Pentagon transition team is not adequately briefing them, including on US force posture overseas and what threats the US faces. It is no secret that striking Iran has been on President Trump's bucket list for some time and the President may well have to do something.

Iran appealed to the United Nations Secretary General to help ease tensions December 31, 2020, asking that the US be made to abide by international law and stop "destabilizing" such a "volatile region as the Persian Gulf." The letter from Iran's ambassador to the UN cited the US dispatch of advanced weaponry to the region. The Defense Department sent nuclear-capable B52 bombers to the region on December 30, 2020y, after earlier announcing the transit of a nuclear submarine through the Gulf.

The US also currently has multiple surface warships in the Persian Gulf capable of firing Tomahawk missiles and 40,000 to 50,000 US military personnel spread out across the region, though many are not in direct combat roles, according to the Pentagon.

The Iranian letter said that while "Iran does not seek conflict, our ability and resolute determination to protect our people, to defend our security, sovereignty, territorial integrity and vital interests as well as to respond decisively to any threat or use of force against Iran must not be underestimated."

The next three weeks will be a tense period in which the Iran might retaliate and try to signal to the incoming president that he should be concerned if he plans on continuing Trump's policies in the region. Iran has developed a wide range of capabilities in the area that include advanced drones and remote-guided missiles, which they manage to operate without detection. Some critics of Iran have warned that everyone should be on high alert regarding its threat, considering the many blows Iran has received in the past year without being able to properly respond.

Meanwhile, the US military flew two nuclear-capable B-52 bombers to the Middle East in a message of deterrence to Iran on December 30, 2020, but the bombers have since left the region. Samantha Vinograd, a senior adviser at the University of Delaware's Biden Institute correctly argues that:

Joe Biden: There's a smarter way to be tough on Iran. Trump's Iran strategy -- or lack thereof -- has been a failure. That is clearly evidenced by the ratcheting up of tensions between the US and Iran ahead of the January 3 anniversary of the US assassination of top Iranian general Qasem Soleimani last year. The days leading up to the anniversary of Soleimani's assassination were particularly tense: the US flew B-52 bombers to the Middle East in a show of force and defense officials told CNN new intelligence showed Iran has been moving short range ballistic missiles into Iraq possibly in advance of an attack on US personnel or assets. This macabre assassination anniversary -- and its concomitant risk factors -- just highlight how badly Trump's Iran strategy has performed. While assassinating Soleimani removed one bad actor from the field, his assassination did not stem Iran's support for terrorism nor its attacks against the US and its allies. Trump took a go-big-or-go-home approach with Iran and it did not work -- probably because it was unrealistic and ill conceived. After the President withdrew from the Joint Comprehensive Plan of Action (JPOA) nuclear deal in 2018, Pompeo laid out 12 demands Iran would have to meet in areas unrelated to the nuclear program before the US would return to the negotiating table. To pressure Iran to meet those demands, the Trump administration also increased sanctions. It is clear that approach just didn't work -- Iran did not meet those demands and negotiations didn't resume. Instead, the threats from Iran worsened. Iran's nuclear capabilities have increased under Trump and the country has reportedly decreased its breakout time to a bomb -- a threat that reappeared because of Trump's irresponsible decision to withdraw from the Iran deal...Iran has increased its aggression in cyberspace too. Officials said that Iran was using "online influence, such as spreading disinformation on social media and recirculating anti-U.S. content" to spread divisions in the US ahead of the November election. The director of National Intelligence says Iran stole voter registration data and targeted Democratic voters with threatening emails. Last month, the FBI said Iran put together an online "Enemies List" of US officials involved in election certification and targeted voting machine companies as part of an online campaign. Clearly, Trump's failed Iran policy has raised tensions across the board. But Trump's incompetence does not give Iran a free pass -- the regime engages in dangerous malign activity that President-elect Biden will have to consider as he assumes office. When it comes to

foreign policy, Biden is not driven by political talking points or promises. The incoming president does not need a bogeyman like Trump does. Instead, Biden can be expected to develop an Iran strategy based on the actual intelligence he gets from security officials -- not the kind you get on Fox News -- to try to neutralize the threat Iran poses, starting with their renewed nuclear program. Getting Iran back into compliance with the JCPOA will not magically get Tehran to behave like a responsible, international law-abiding actor. But it will remove one of the burgeoning threats posed by the regime so that the Biden administration -- working in close concert with US allies -- can dial down the temperature in a region that has become more dangerous during the Trump years.

Meanwhile, tensions escalate in the region. In recent days, US B-52 bombers have flown across the region for the second time in less than a month but, in what some read as a sign of de-escalation, Washington has also reportedly ordered its Nimitz aircraft carrier to leave the Gulf.

Iran and the United States – bitter enemies since the 1979 Iranian Islamic revolution and the US embassy hostage crisis in Tehran – have twice come to the brink of war since June 2019, most recently after Soleimani’s killing.

Iran’s Foreign Minister Mohammad Javad Zarif on December 31, 2020 accused Trump of aiming fabricate a “pretext for war”, after the president blamed Tehran for a December 20 rocket attack on the US embassy in Baghdad.

US President Donald Trump could take “reckless” military action against Iran in his final days in office, experts have warned, as tensions between Tehran and Washington mount on the eve of the first anniversary of top Iranian general Qassem Soleimani’s assassination.

Earlier this week, Iran warned the US not to escalate the situation in the run-up to the Soleimani assassination anniversary, with Zarif saying on Thursday that “intelligence from Iraq indicate [sic] plot to FABRICATE pretext for war”.

“Iran doesn’t seek war but will OPENLY & DIRECTLY defend its people, security & vital interests,” the foreign minister tweeted. That same day, Iran condemned Washington’s “military adventurism” in a letter to the UN Security Council.

Iranian officials have pledged “harsh revenge” for Soleimani’s assassination at Baghdad international airport.

However, experts are unconvinced that Tehran would give the Trump administration a pretext to launch a military confrontation right now as US President-elect Joe Biden, who intends to restart diplomatic engagement with Tehran, is set to assume office on January 20.

Biden has said he plans to rejoin the Iran nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), a landmark accord signed during President Barack Obama’s administration that saw Iran limit its nuclear enrichment in exchange for a lifting of international sanctions.

US President-elect Joe Biden has promised to return to the Iran nuclear deal Trump withdrew the US from the agreement in 2018 as part of his administration’s “maximum pressure” campaign against Tehran, which also saw Washington impose crippling sanctions on several key Iranian industries.

This week, the International Atomic Energy Agency (IAEA) said Iran’s uranium stockpile was 12 times the limit set by the JCPOA in November. Iran also notified the IAEA on Friday that it planned to enrich uranium to 20 percent, a level only reached before the JCPOA.

But supporters of diplomatic engagement say it is the only way to ensure Iran abides by international regulations, while Iranian President Hassan Rouhani has said his country will return to the accord if the other signatories do the same.

Last week, a group of 150 Democratic Party Members of Congress in the US House of Representatives urged Biden to go back to the nuclear deal:

“We are united in our support for swiftly taking the necessary diplomatic steps to restore constraints on Iran’s nuclear program and return both Iran and the United States to compliance with the [JCPOA] as a starting point for further negotiations,” they wrote in a December 24 letter

The Pentagon announced on December 31, 2020 that the USS Nimitz aircraft carrier, which was off the coast of Somalia, was being pulled back to its homeport. Some US officials said the move could be a signal of an effort to de-escalate regional tensions.

But concerns persist that Trump could act to further intensify the situation with Iran. The president in November 2020 had asked for military options to hit Iran's nuclear facilities but declined to act, US media reported.

Experts also said in November 2020 that the assassination of a top Iranian nuclear scientist – an act that many observers blamed on Israel, but for which no claim of responsibility has been made – aimed to complicate Biden's plan to restart diplomacy with Iran.

The killing of top Iranian nuclear scientist Mohsen Fakhrizadeh in November could complicate US President-elect Joe Biden's efforts to restart negotiations with Tehran. For now, the threat of a wider war between the US and Iran remains as both the Trump administration and Israel have recently deployed more assets to the region. However, there is a window for diplomacy ahead of Iran's presidential elections in June 2021. Engagement with Iran is the only way forward.

This is an overly critical moment in US-Iran relations where there might be a chance to remove war from the equation and find a diplomatic solution to at least this core issue of Iran's nuclear program. This is a momentous juncture that we find ourselves at in US-Iran relations.¹⁰⁸

Meanwhile, the US sent a nuclear submarine into the Persian Gulf over what Trump administration officials describe as the possibility of an Iranian attack on the anniversary of Soleimani's killing.

Relations between Iran and the U.S. have been hostile throughout Trump's presidency, under which the U.S. has launched a "maximum pressure" campaign to weaken the theocracy and stop its destabilizing terrorist activities in the region and beyond.

Most GCC leaders are genuinely concerned about the US getting back into the Iranian nuclear deal under the new Biden administration. They have a historic distrust and enmity with Iran. They often argue that the Iran nuclear deal only served to intensify regional tensions. The nuclear deal had resulted in further encouraging Iran's interference in the region. The GCC had grown increasingly concerned with Iran's belligerent role in supporting brother Shias in Iraq, Syria, Lebanon, and Yemen. This argument has weight. However, the Saudi and UAE military

campaign in Yemen to thwart Iranian expansionist drives has also caused great anguish and suffering.

In Yemen, a Saudi Arabia-led alliance has been fighting the Iran-backed Houthi rebels alongside the government since late 2014. The alliance includes the UAE, Egypt, Kuwait, Jordan, and Bahrain.

The United Nations humanitarian office puts the number of those who have died because of the 6-year-old war in Yemen at an estimated 233,000. This includes 131,000 from indirect causes such as lack of food, health services and infrastructure.¹⁰⁹

Iran is perceived as the single biggest threat to the security of the GCC today. There is concern that the Biden administration is going to re-enter the 2015 nuclear deal to the detriment of the GCC. The leaders will discuss this situation in the summit. There might be a talk of realignment or balancing security policy by seeking economic assistance from China and the establishment of a free trade zone in cooperation with it. However, the GCC is yet solidly in the American camp to make much tangible difference. The main purpose of the summit is to get in Qatar and close ranks against expansionist Iran. Additional purposes include more cooperation in increasing integration of the block through trade and commerce and more cooperation to tackle the Covid-19 emergency. Undoubtedly, the provocations of the Trump administration regarding Iran were unsettling the region. The GCC is very disturbed at the situation in the region. Given the apprehension and the resulting tension of President Trump possible some sort of military action against Iran, the summit is bound to extensively deliberate on the matter. However, given the acute deficiency of tough and visionary leadership not tangible results can be materialized. Most importantly, the GCC lacks the capacity to take tough action against adversaries like Iran. Overall, these summits have little substance. Given the deficiencies of the GCC, including a culture of free expression, these summits are more pomp and show than serious deliberations, unfortunately.

UPDATE JANUARY 5, 2021

The Riyadh Gulf Cooperation Council (GCC) Summit

Today, GCC leaders signed a “solidarity and stability” agreement towards ending the diplomatic rift with Qatar at a summit in Saudi Arabia. Yesterday Saudi Arabia announced the reopening of land borders with Qatar. Egypt will follow now.

A significant breakthrough has been reached in Qatar’s three-year-old dispute with Saudi Arabia and three other Arab countries. USA, to its credit, is behind this development. Kushner, assigned by U.S. President Donald Trump, his father-in-law, to work on the Gulf rift, Kushner had an important role to play. He had pleaded with the Amir of Qatar and MBS. Remember Kushner is close to MBS Kushner is present in the summit in Saudi Arabia. And can be seen in the room in televised footage as MBS delivered the opening speech. Also, Qatar has an extraordinarily strong historic relationship with US. Apparently, GCC is closing ranks against Iran. Recall the very recent agreements between Israel and Arab states. Also, Saudi Arabia wants to end the feud with Qatar behind it before Biden takes office.

Saudi Arabia's MBS special relationship with the White House through Kushner is about to end only two weeks left but Trump wants a victory now and has achieved it somehow. However, Egypt will open its airspace with Qatar, if implementation will be contingent on the fulfillment of Egyptian requirements, which is severing relationship with the Muslim Brotherhood, the transnational Islamic movement based in Egypt. Recall Morsi of Muslim Brotherhood was removed from power by al-Sisi some years back

Since Egypt is dependent on Saudi, a compromise will be worked out very soon and Egypt will follow Saudi directions of ending Qatar boycott. This is the first step, though historic in nature. Despite, UAE's misgivings with Qatar, it will also fall in line. Remember UAE is trying to buy American F-35 aircraft, the best in the world, and is being opposed by Israel and some American Congress politicians. Trump will promise UAE to get the aircraft ASAP. Though in two weeks it cannot happen, the US can promise to deliver desired military equipment, other than the coveted F-35 aircraft. It remains to be seen what UAE gets in return by USA. Remember UAE relations with the USA are also remarkably close much like Saudi and Qatar. The Gulf region is firmly in the American camp and will remain so in the foreseeable future.

The boycott was a farce to begin with and its end was a given. Today is just the beginning of the end of Qatar boycott and it will happen soon. Bahrain will follow Saudi as it is dependent

on it so is Egypt, and UAE's misgivings with Qatar, very real, will be somehow handled by USA and Saudi jointly. Remember MBZ of UAE and MBS are remarkably close friends and UAE supports Saudi a lot in its various designs

UAE and US have a close economic relationship. UAE's wealth is based on the country's vast oil and gas reserves. It is the United States' single largest export market in the Middle East and North Africa region. Also, more than 1,000 U.S. firms operate in the country. Many more US corporations are attracted by UAE's, strong logistics and transport industries. They employ the UAE as a regional headquarters from which to conduct business throughout the region Africa, parts of Asia, and even beyond. Most importantly, this development has happened because of the policy preferences of the incoming Biden administration in the US on January 20, 2020. Thus, the end of boycott is good for both the GCC and the USA

Update 2

As expected, Egypt signed a reconciliation agreement with Qatar at the GCC summit. Thus, the reconciliation between the Arab quartet countries [Saudi Arabia, Egypt, United Arab Emirates and Bahrain] and Qatar has begun. The agreement would consolidate Arab action in the face of regional challenges, it said, and hailed efforts for reconciliation between the Arab quartet and Qatar, especially by Kuwait.

More important is Iran connection with Qatar. The Iranian Foreign Minister Javad Zarif has congratulated Qatar after the announcement of the GCC deal. Remember, during the last three years and more Qatar build good relations with Iran and Turkey because of the boycott. A lot has happened during this time.

Most probably, Qatar will continue relations with both, despite US and GCC pressures. The Qataris are welcoming the new development to end boycott. However, they are very distrustful of the Saudis, UAE, and Bahrain because of their bad experience. Remember, the Qatar boycott was a farce to begin with. The demands made by the quartet on Qatar were simply outrageous, certainly since Qatar and Iran share a giant gas field. More importantly, Qatar does not believe the nuclear deal signed in 2015 should be ended. Handling Qatar will be a challenge for the coming Biden administration.

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