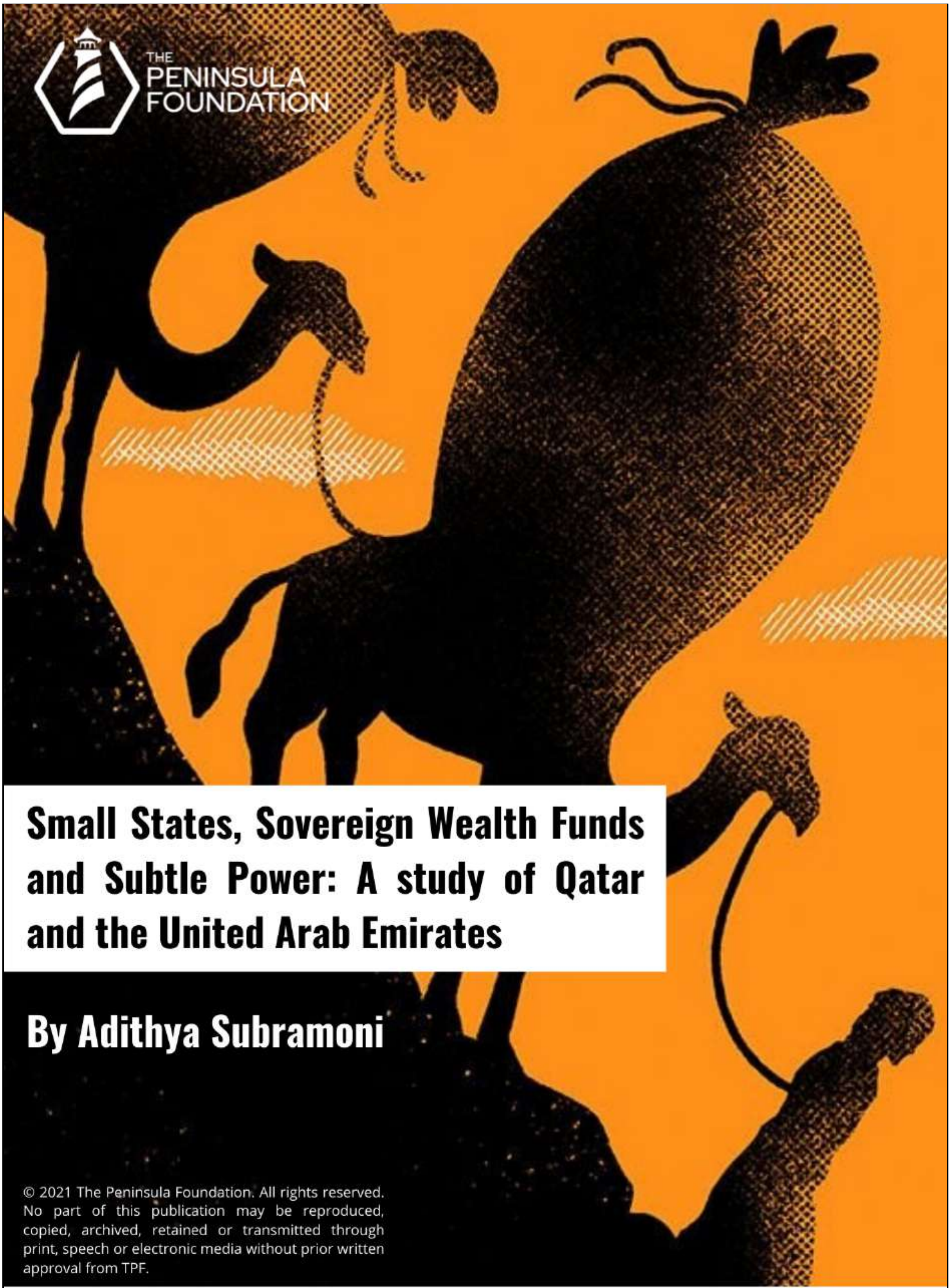

Small States, Sovereign Wealth Funds and Subtle Power: A study of Qatar and the United Arab Emirates

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RESEARCH PAPER #1

First Published: March 2022

Published by: The Peninsula Foundation,
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Abstract

This paper argues that Sovereign Wealth Funds can be an important foreign policy tool for small states. The author analyzes select investments of the Sovereign Wealth Funds of Qatar, Abu Dhabi and Dubai in the theoretical framework of subtle power. Subtle power is a means of exerting influence behind the scenes. This paper categorically analyzes sovereign wealth fund investments to understand how they contribute to the three sources of subtle power; physical and military protection, branding efforts, and diplomacy. The author does not dispute that these Sovereign Wealth Funds have financial motives, but adds nuance to the literature by arguing that they also hold political motivations. The paper finds that the structural difference in the governance model of Qatar and the UAE has resulted in a variation in the foreign policy roles of their Sovereign Wealth Funds. In the UAE's case, Abu Dhabi's Sovereign Wealth Fund takes the lead in matters related to physical security and diplomacy, whereas Dubai's Sovereign Wealth Fund focuses on national branding efforts. Meanwhile, for Qatar, QIA acts as the primary instrument exuding subtle power across all three categories.

Keywords: Sovereign Wealth Fund, Subtle Power, Small States, Qatar, United Arab Emirates, Sovereign Wealth Fund Investments, Physical and Military Protection, National Branding, Diplomacy.

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1. Introduction

Sovereign Wealth Funds (SWFs) are not new to the financial sector. Their history goes back to at least 1953 when the Kuwait Investment Authority was established (Beck and Fidora, 2008). However, SWFs garnered international attention by the mid-2000s owing to their rise in global financial markets as important players, and a substantial increase in the size of their Assets Under Management (AUM) (Cohen, 2009). The sudden shift, from the periphery to the centre of global financial markets, by Arab SWFs and other SWFs of emerging economies during late 2007 and early 2008 triggered significant concerns about their impact on the global financial system because of their government-controlled structure (Behrendt, 2008). Their rising prominence has stirred debates about the possibility of their deployment as a tool to pursue international political interests as opposed to financial interests (Behrendt, 2011). SWFs are now amongst the most important investors today and control US$ 8 trillion in assets, of which more than a quarter is controlled by four gulf countries - Saudi Arabia, Kuwait, the United Arab Emirates and Qatar ("Gulf states are becoming more adventurous investors", 2019). A substantial amount of wealth being deployed is by the SWFs of small states in the Gulf who have risen to prominence as an important player in the global financial markets. Since they have also been perceived as a tool of statecraft, this study answers the question 'How do Sovereign Wealth Funds contribute to policymaking of the small states in the gulf?'. I use Qatar and the UAE as case studies in this paper to argue that SWFs are a tool of statecraft deployed to exude subtle power, by analysing their contribution to the three elements of subtle power, namely - physical and military protection, marketing and branding efforts, and diplomacy and international relations. This section first emphasises the objective of this study, following which it establishes the definitions of SWF and small states.

The objective of this paper is not to dispute that SWFs have financial motivations but to argue that they also hold political motivations being a government-owned entity and often actively managed by the state. Although some scholars argue that SWFs operate only with financial motivations (Bahgat, 2008; Alendano and Santiso, 2009), it is unlikely that they do not wield SWFs as a political tool since most Arab SWFs are closely related to their regime, which makes it highly likely that political motivations are also pursued through its activities (Balding, 2012; Szalai, 2019). This paper does not examine all investments or all activities of SWFs but focuses on instances that demonstrate the manifestation of their political objectives. Thus,

the onus is not to demonstrate that all their activities and investments are political, but that some of them are. Hence, SWFs are not just financial in their inclination but also political.

In defining SWFs, this paper borrows from the International Working Group of Sovereign Wealth Funds (IWGSWF). IWGSWF, the precursor to the International Forum of Sovereign Wealth Funds (IFSWF), is a voluntary organisation of global SWFs, which uses three key elements - (1) Ownership, (2) Investments, and (3) Purposes and Objectives. It defines SWFs as-

> *'SWFs are defined as special purpose investment funds or arrangements owned by the general government. Created by the general government for macroeconomic purposes, SWFs hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies which include investing in foreign financial assets. The SWFs are commonly established out of balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/ or receipts resulting from commodity exports' (International Working Group of Sovereign Wealth Funds, 2008, p.27).*

This study follows Rickli's definition of a small state as one having limited power over others because of its limited ability to mobilise resources, whether material, relational, or normative (Rickli, 2008). Rickli and Almezaini (2016) identify Qatar, the UAE, Oman, Bahrain, and Kuwait to be small states of the Gulf and argue that they are relatively disadvantaged within the international realm in 'exerting' power (not lack thereof). Thus, this paper argues that small states exude subtle power to amplify their influence using SWFs.

The literature review emphasises the research gap given the lack of a theoretical analysis regarding Gulf SWF investment and the similarities and differences in their modus operandi. A theoretical framework for analysis is established from Kamrava's subtle power (2013), whose elements are perceived to be political motivations targeted by policymakers. Following this, the method of case selection is rationalized as 'Most Similar Systems Design'. The study then argues that the deployment of SWFs is manifested through elements of subtle power by an engagement with the case studies of SWFs of Qatar and the UAE. This is followed by a discussion of the extent to which the SWFs of both countries contribute to each element of subtle power and explain how the variation in their modus operandi is a result of the difference in the governance model of Qatar, which follows a unitary state model, as opposed to that of the UAE, which is a federation of seven emirates. The final section concludes this paper and suggests prospects for further research.

2. Literature Review

Literature regarding the SWF investments lies across a spectrum of academic opinions about political motivations behind SWF investments. However, with time, evidence showing that SWFs have political motivations has increased. Although the literature supporting political motivations for SWF activities has grown, the literature demonstrating how SWFs contribute to a state's foreign policy efforts are nascent. This section highlights relevant literature discussing the above points and provides an insight into the identification of the research gap.

At the minimal level are scholars such as Bahgat (2008), who concentrate exclusively on oil-based SWFs, and argue that their investments are solely commercial and do not seek to establish 'political and strategic influence'. Similarly, Alendano and Santiso (2009), conduct empirical research through comparative analysis of seventeen SWFs (including GCC SWFs) and twenty-five of the largest mutual fund investments and argue that on a geographical and sectoral basis, the decisions of both investors did not vary greatly. In the middle lie scholars such as Drezner (2008), who argue that these investments demonstrate complex interdependencies between the Middle East and the American economy, and that SWFs are 'relatively benign in their foreign policy effects'. Similarly, Baker (2010) argues that concerns of the Investment Recipient Countries (IRC) over SWF investments are rooted in the possibility of non-economic motives behind investments such as 'to gain access to technology...to serve long-term geopolitical influence, or even to gain the eventual control of a particular industry internationally'. However, Baker (2010) concludes that taking a balanced perspective on SWF investment is essential because they are important financial market participants, suggesting that they must be given the benefit of the doubt since they have a history of being 'model investors'. Kratsas (2015) finds that although extremely risky scenarios regarding financial instability and national security issues over investments in strategic sectors are predicted, such predictions are worst-case scenarios and are unlikely to happen. Suggesting similar solutions as Colleen, Kratsas (2015) warns against excessive regulation and argues that such regulation induced by paranoia regarding SWF investment motivation may instead erase efficiency benefits of such investments.

Thus, scholarly perspectives in the aftermath of the financial crisis depicts a spectrum of opinions which vary between minimal or lack of political motivations. Although some political motivations may exist, they do not need significant concern or actionable policies.

At another extreme, scholars argue that SWFs have political objectives, need to be highly regulated over and above the mechanisms to regulate institutional investors and that their objectives are political because their executives are politicians. Scholars such as Saxon (2009) cite instances regarding its lack of transparency and tendency to bypass the US and European regulation while purchasing commercial assets by holding stakes of 4.9% or 9.9%, just below what invites regulatory oversight, to be manifestations of secrecy which contributes to the perception of SWFs as political. Cohen (2009) argues that there are two challenges posed by SWF investments to the competing goals of the host country, first – the need to welcome productive capital for economic prosperity, and second – the political concerns based on national security. He further explains that to a large extent the fear regarding political motivations of SWFs is rooted in their lack of transparency of operations and suggests involving international institutions such as the Organisation for Economic Cooperation and Development (OECD) to negotiate investment proposals between host countries and SWFs to overcome the challenge of national security concerns. Taking to the lack of transparency in operation argument, Bernstein, Lerner and Schoar (2013) argue that the reason for opaqueness in investment activity is because publishing their strategy would compromise the success of an otherwise successful strategy since competitors would copy the same and drive down profits. They instead argue that the political motivations of SWFs are rooted in the organisation structure of SWFs since political leaders are often part of the board and drive investment strategy based on their political interests. Similarly, Balding (2012) argues that the political motivations for Middle Eastern SWFs investments are rooted in the fact that both the ownership and executive board were dominated by the ruler and the royal family. Szalai (2019) argues that it is difficult to differentiate the Gulf-based SWFs of the UAE and Qatar from their respective regimes because the ownership and executive both consist of their respective royal family members or are appointed by the ruler, which makes SWFs their tool to pursue foreign policy. Thus, a reason behind envisioning SWFs, the investment vehicle of the state, as a political arm is because the investor is an international country, investing through its government-owned investment vehicle which is run by the ruler/royal family or those appointed by them. This makes it highly likely for political considerations to weigh in along with financial considerations while making investment decisions.

Through an empirical analysis, Knill, Lee and Mauck (2011) find that bilateral political relations play a significant role in SWF investment decisions and it influences where the SWF investments are directed. They further find evidence that SWFs prefer to invest in nations with which they have relatively weak political relations and that they differ from institutional investors by investing in countries with greater political risk despite the lack of diversification benefits outweighing the political risks. From their result, it can be inferred that SWFs invest in countries with weaker political relations and/or greater political risk without diversification benefits to gain not just economic returns but also political returns. Similarly, Arouri, Boubaker, and Grais (2018) through their empirical analysis find that Arab SWFs differ from non- Arab SWFs as their considerations extend beyond financials. They demonstrate through their results that Arab SWFs invest in strategic industries to mitigate risks and diversify sources of future income for their home countries by acquiring strategic interests and influence in host countries. They further find that Arab SWFs differ from Non-Arab SWFs based on the geographic location of their investments since Arab SWFs concentrate their investment portfolio more towards Western countries. Amar, Carpantier and Lecourt (2018) find similar results through their empirical analysis to find that the objectives of GCC SWF investments go beyond pure profit maximisation. This provides an insight into the spectrum of academic literature regarding the political motivations of SWFs and explains that such concerns are persistent since empirical research has also supported the arguments of scholars supporting the political natured activities of SWFs.

Although the likeliness of Arab SWFs being employed for political motivations has been identified, academic literature regarding how political objectives are attained through SWF investments and research about their impact is limited. Kaminski (2017) argues that SWFs are an economic arm of statecraft that can be used to pursue domestic and foreign policies. Analysing the utilisation of GCC SWF investment, Naser (2016) argues that they identify opportunities in strategic companies with the potential to encourage socio-economic development nationally. Arguing that place branding and international engagement have been crucial to formulate favourable and conducive external images and perception to help facilitate international agendas for Qatar and Abu Dhabi, Schmicking (2014) identifies their respective SWFs to be a tool deployed by the monarchies for place branding. This section of literature regarding what the political motivations of SWFs are and how they are attained through them is nascent. It is unclear to what extent GCC SWFs are different from each other, and whether they categorically invest with similar political objectives or favour some objectives more than the other or how they differ from each other in their modus operandi. Additionally, a theory-backed qualitative analysis of how SWFs contribute to policy making in the GCC states is yet to develop. Hence, identifying this to be the research gap, this study contributes to the segment of academic literature explaining the political motivations of SWF through a theoretical analysis to assess their activities yielding physical security, marketing, and diplomacy.

3. Theoretical Framework

Since this paper studies how SWFs help in the policymaking of small states, it is useful to understand how small states channel their power in pursuit of their objectives. This section finds that small states channel subtle power and their objectives can be identified in the elements of subtle power, which is pursued through SWFs.

Previously, the debate around power had been reserved to the study of large states, whereas small states were assumed to be those who were influenced by power. Keohane (1969) argues that small states be categorised as 'system ineffectual' and defines it as a 'small power' that can never make a significant impact on the system whether acting alone or in a small group. Payne (2004) argues that although the presence of small states can be detected on the global political stage, their presence is not significant and that they secure their interests in the international arena by arousing the sympathy of the world. Sutton (2011) identified that a significant reason why small states have been misconceived as weak powers is that it was assumed that power is only derived from 'hard power'. The issue of power being perceived as hard power is rooted in realism. Bilgin and Elis (2008) argue that in the realist tradition of International Relations, hard power is synonymous with tangible, material resources such as military and economic capacity. For realists like Mearsheimer, economic capacity is secondary to military capacity and is only pertinent when it can be converted to militaristic power through a large population (Schimdt, 2004, p.433-434). Consequently, the origins of small states being perceived to be weak arise from the perception that having small population sizes hinders their militaristic capability.

Other perspectives on power have emerged which follow that small states are capable of harnessing power through different means. Joseph Nye (1990) proposed an alternative perception of power, as 'soft power', which is the ability to get what one wants through persuasion and attraction rather than coercion. Taking the instance of small states in international organisations, Thorhallson and Steinsson (2007) argue that by using their relatively weak structure to appeal as neutral and peaceful to portray themselves as non-threatening to states to become conflict mediators in the international state system and subsequently obtain their favoured outcomes. Similarly, Peterson (2006) argues that by deploying nation branding, small states ultimately yield increased awareness and differentiation of a country in global politics as uniquely positioned by specialising in a specific field that accrues legitimacy (both domestically and externally for the country), and makes it diplomatically powerful. Although soft power in the liberal world order empowers small states and helps them exude power in a rules-based order, hard power in the form of militaristic strength cannot be entirely foregone in the conception of power either. Realising this, in 2003, Nye coined the term 'smart power' – which combines aspects of both hard power and soft power. Thus, different variations of power have evolved which demonstrate that power can be exuded in different styles.

However, for small countries in the Gulf, the conception of smart power is challenging. Although they have economic capability rooted in their hydrocarbon revenues, their small population size obstructs the conversion to militaristic power. Al-Horr, Tok and Gagoshidze (2019), using the case of Qatar, argue that in small states, which do not have extensive military power or the ability to export a specific nation-based cultural value, exuding smart power would be a challenge. Since small states in the Persian Gulf were established around the time of the British retreat (Onley, 2009), it makes them relatively young. Since soft power gains strength based on its consistency and evolves (Nye, 2009), it makes it challenging for GCC states to build and exude this power to their will. Thus, having established that small states can exude power through different means and exuding smart power would be challenging based on mentioned accounts, an alternative framework of power for analysis is presented.

Mehran Kamrava's conceptualization of subtle power lends itself to being a suitable analytical framework. Kamrava defines subtle power as, *'Influence and power derived from a carefully combined mixture of diplomacy, marketing, domestic politics, regional diplomacy, and through the strategic use of its sovereign wealth fund, increasing access to and ownership of prized commercial resources.'* (Kamrava, 2013, p.49)

According to Kamrava (2013), subtle power is a means to exude power less blatantly and is 'the ability to exert influence from behind the 'scenes'. He further argues that it is exuded through 'influencing outcomes to one's advantage through a combination of bringing resources to bear, enjoying international prestige derived from and commensurate with the norm- entrepreneurship, and being positioned in a way to manipulate circumstances of others to one's advantage' (Ibid). Kamrava states that the following key components of subtle power reinforce each other:

Sources		Manifestation
Physical and military protection	→	Safety and security
Marketing and branding efforts	→	Prestige, brand recognition, and reputation
Diplomacy and international relations	→	Proactive presence as global good citizen
Purchases and global investments	→	Influence

It is argued that the first component need not involve force projection through coercion or bribe, it may even be generated externally through a powerful patron but it occurs subtly and allows politicians to pursue other objectives of statecraft knowing that safety and security are not under threat (Kamrava, 2013, p.61). The second element is the derivation of prestige, brand recognition and positive reputation from the efforts of state leaders through deliberate efforts of marketing and branding, which can then establish norm entrepreneurship in a particular field (Kamrava, 2013, p.62). The objective of the third element is to attain diplomatic goodwill and project the image of a global good citizen (Kamrava, 2013, p.63). The final element, dubbed to be most important by Kamrava is wealth, the hard power asset, through which it can attain influence by purchasing stakes and investments most notably through SWFs (Kamrava, 2013, p.64). Kamrava argues that through these four elements a state can exude subtle power through deliberate decisions made by policymakers.

In the context of this study, SWFs are perceived to be the tool of statecraft through which the fourth element of subtle power is attained. Wealth being hard power provides the ability for states to exert influence. Kamrava further argues that the four elements of subtle power are not exclusive and can reinforce each other since power is not one dimensional but multi-dimensional. This study draws from Kamrava's works and in line with the established definition of SWFs, recognizes that it exudes influence through its activities. Hence this study does not analyze the fourth element of subtle power individually but argues that SWFs exude influence subtly in the latter three spheres of subtle power. Thus, this study analyses the extent to which SWFs reinforce the other elements of subtle power, i.e., physical and military protection, marketing and branding efforts, and diplomacy and international relations.

Using subtle power as a theoretical framework is justifiable based on two factors. First, the elements of subtle power provide a clear classification of what political motivations are sought to be fulfilled through SWFs and how they are attained. Second, the differentiated classification of the key elements makes it easier to analyze the extent to which each element of subtle power is attained by small states through their SWFs and this, in turn, helps understand the differences in the modus operandi of different small states and their SWFs. Thus, this model of examining how SWFs contribute to different political aspirations of policymakers provides a clear understanding of input (sources) and output (manifestations) making it relevant in analyzing the extent to which SWFs contribute to each element of subtle power, and provides a strong theoretical model for qualitative analysis.

4. Methodology

This study answers the research question by using the theoretical framework of 'subtle power' in a comparative case study approach using the SWFs of Qatar and the UAE.

This approach was chosen to analyse how SWFs contribute to policymaking by small states because it provides a means to extensively examine how they contribute to foreign policymaking and whether or in what respect they differ from countries compared with. This study focuses on the small states in the Gulf, and has chosen Qatar and the UAE for case studies, based on the 'Most Similar Systems Design'. This design posits that cases chosen for comparative research should share similar characteristics but differ in one crucial aspect (Halperin and Heath, 2016, p.219). This study identifies Qatar, the UAE, Bahrain, Oman, and Kuwait as small states in the Gulf. Among them, only Kuwait, Qatar, and the UAE feature SWFs within the top 30 global rankings (based on total assets) of the Sovereign

Wealth Fund Institute (SWFI, n.d.). Among these three, Qatar and UAE are chosen for the case study because they hold both - similarities and some crucial differences. Qatar and the UAE are more active politically in the region as opposed to other small states and pursue strategic ambitions at the regional level (Miller and Verhoeven, 2019). In the UAE, this study focuses on the Emirates of Abu Dhabi and Dubai. They have achieved significant economic growth and global recognition, and hence are in a better position to be compared to Qatar (Jong, Hoppe and Noori, 2019). Qatar, Abu Dhabi, and Dubai form a compelling pair to study because all three have strong leadership with a clear vision, demonstrate the ability to think long term, and have a strong international profile (Ibid). In terms of the differentiating factor, although both the UAE and Qatar are monarchies, they are different in terms of administration. The UAE is a federation of seven emirates whereas Qatar is a unitary state. Studying these two cases helps answer whether a difference in the state administrative model results in a variation of how SWFs are used by Qatar and the UAE, making them a strong pair for comparative analysis.

The study collects contextual data from primary sources such as government publications, newspaper accounts and interviews, and secondary data in the form of academic papers, publications by think tanks etc. The author identifies that there is a limitation of government publications since this data is not published regularly and published data is not consistent with all SWFs of the case studies. For example, although SWFs such as the Investment Corporation of Dubai (ICD) and Mubadala publish yearly audited reports, Qatar Investment Authority does not publish audited reports, and its reports are not published regularly. This creates a discrepancy in the context of information that can be analysed. To overcome this limitation, the author concentrates on high profile activities and investments and focuses on available published primary and secondary data to support analysis through the study.

5. Case Study I: Qatar

Qatar's flagship SWF is the Qatar Investment Authority (QIA). Established in 2005, QIA is wholly owned by the State of Qatar and is subject to supervision by the state (Qatar Investment Authority, n.d.). QIA is ranked globally as the eleventh largest SWF in terms of the total AUM. AUM details of QIA are not confirmed since this data is not published by Qatar. However, estimates by PricewaterhouseCoopers suggest QIA's AUM be approximately USD 304.4 billion (PricewaterhouseCoopers, 2020, p.37). This section analyses how QIA contributes to Qatar's subtle power through the three elements of subtle power.

A. Physical and Military Protection

QIA contributes to this aspect by alleviating domestic weakness and by supporting Qatar in its foreign policy of hedging. I demonstrate this through QIA's investment in Hassad Food and its investment in Russia's Rosneft.

Hassad Food (HF), a wholly-owned subsidiary of QIA established in 2008, identifies itself as 'Qatar's premier investor in the food and agri-business sectors' (Hassad Food, n.d.). Its investment model consists of purchasing or leasing of farmlands, purchase of equity in businesses that own farmlands or produce agri-products, either directly or through holding companies and joint ventures (Mustafa, 2017). HF was founded to ensure Qatar's food security was not affected by the 2008 global food crisis and to diversify its supplier base to alleviate future crises (Ibid). Because Qatar's geography comprises a hot, arid, and water-stressed topography, it is poorly suited for growing food and the country is thus dependent on food imports through trade to ensure food security (Fuchs, 2012). Thus, by investing in both agriculture-related businesses and farmlands overseas, HF secures Qatari food security through imports and cultivates food on its farmlands where such cultivation could not have been carried out domestically.

Its role in contributing to the safety and security of the state became more prominent during the Blockade. Since more than 90% of Qatari food supplies were imported through the border (Wellesley, 2019), the sudden blockade was a crucial chokehold for Qatar's food security. HF aided Qatar to resolve this issue by using its contacts built through its investments (Kavaler, 2019) and opening a new land route from Turkey through Azerbaijan to Bushehr port in Iran, and transporting supplies via sea to Qatar's port (Hassad's Contribution During the Blockade, n.d.). This route was then handed off to the private sector to sustain while HF concentrated on its core business of investments (Gulf Times, 2017). By resolving the issue of food security through agri-investments, HF allowed Doha to stand its ground against the Quartet's condition (Wellesley, 2019), provided domestic security and protected the erosion of its sovereignty. Thus, QIA's investment in HF and complementary industries abroad ensured Qatar's food security, which manifested in safety and security in times of crisis and supported Qatar.

In international equity investments, QIA continues to invest in hydrocarbon-based industries despite its stated objective to diversify from them. It has garnered much attention through high profile investments such as Shell, Heritage Oil and Rosneft (Macalister, 2012; Young, 2014; Zhdannikov and Astakhova, 2018). Particularly, QIA's aggressive investment to increase its stake to 19% in Rosneft, and becoming its third-largest stakeholder (Paraskova, 2018), shows a deviation from its objectives. This deal is controversial since Russia's objective in privatising part of Rosneft was to demonstrate the flow of foreign capital for the country but it financed this acquisition through QIA by loaning out $6 Billion from Russia's VTB Bank (Voronova, Kobzeva and Zhdannikov, 2018). Qatar's ambassador to Russia, Al-Attiyah, stated that there is no 'malicious agenda' and the reasons behind the Rosneft acquisition are economic (Ivanova and Golubkova, 2019). However, the complex web of corporate connections makes this deal more controversial because QIA's investment subsidiary, Qatar Holding is a shareholder of VTB Bank (Reuters, 2013).

This situation demonstrates Qatar's foreign policy of hedging with a quid pro quo for Russia. Growing political isolation from the West through sanctions put Russia in a position to prove that it was still strong and could attract global investors (Voronova, Kobzeva and Zhadannikov, 2018). For this, SWF investments were crucial because they symbolised the soundness of its economy. Andrei Kostin, Chief Executive of VTB Bank said that SWF investments put 'a quality label' on companies (Reuters, 2013). Meanwhile, by aiding Russia through its wealth, Qatar obtained greater leverage over Russia by providing Doha with the goodwill to exploit the outcome of Syria's endgame in its favour. It further ensured a victory without losing face over its failed bet in supporting the rebels and staying in control of their geopolitical interests (Karasik, 2017). Since Putin is in an influential position with the Assad regime and dominates Syrian geopolitics (Alam, 2020), Qatar's grand strategy in Russia enables it to win a losing war. Through QIA, Qatar has found a way to manipulate the circumstances of Russia to its advantage, which corresponds with Kamrava's argument that 'subtle power is exuded by being in a position to manipulate circumstances of others to one's advantage' (2013, p.49). Hence QIA aids Qatar's security interests by making feasible investments that sway the outcomes in Qatar's favour.

B. Marketing and Branding Efforts

QIA focuses on this through its investments in high profile acquisitions and stakes in companies synonymous with luxury. By purchasing commercial assets with luxury, QIA pursues the strategy of riding on the success of the names of its iconic international investments. Qatar Airways is its most prominent domestic investment pushing the Qatari brand name.

Qatar holds equity investments in a variety of industries either through QIA, or its subsidiaries. QIA has become synonymous with trophy assets through its aggressive investment strategies to the extent that luxury investment is now its trademark (Guerrero and Giron, 2016). In the automotive sector, it holds stakes in the Volkswagen Group, Porsche and Fisker; in the departmental sector, it holds stakes in Harrods, Printemps, and Sainsbury; in high fashion and jewellery sector LVMH (holding company of brands like Louis Vuitton, Loewe and Christian Dior), Tiffany, Valentino, Anya Hindmarch, Pal Zileri, and Balmain (Guerrero and Giron, 2016). In real estate, either through QIA or indirectly through subsidiaries such as Qatari Diar, (real estate investment arm) and Qatar Holdings (investment subsidiary) it owns projects such as Chelsea Barracks, US Embassy (in London), the Canary Wharf Group, the Shard, the HSBC tower (in London), Asia Square Tower 1 (in Singapore), CityCenter (in Washington DC), Sea Pearl (in Istanbul) and City Gate (Egypt) (QIA, 2016; House of Commons, 2018, p.7). Similarly in hospitality, through QIA or its subsidiary Katara Hospitality, Qatar owns hotels like The Westin Excelsior Rome; InterContinental Carlton Cannes; Royal Savoy Lausanne; The Peninsula Paris; Le Royal Monceau – Raffles Paris; Excelsior Hotel Gallia – a Luxury Collection Hotel Milan; Raffles Hotel Singapore; Claridge's; the Berkeley; and the Connaught among others (QIA, 2016 p.44; House of Commons, 2018, p.7). In aviation, QIA owns the flagship carrier of Qatar – Qatar Airways, which is one among the elite group of airlines in the world to have earned a 5-star rating by Skytrax, has won several accolades (QIA, 2016, p.45; Qatar Airways, n.d.). The CEO of Qatar Airways, Akbar al-Baker, identified the airline as the 'world 5-star airline' and symbolised the expensive airline experience with that of a 'first-class' experience (Al Jazeera, 2020). The airlines' brand positioning reflects what Qatar wants to project itself as – prestigious and luxurious, which manifests through its high-profile investments from luxury automobile companies, hotels, and real estate investments. The investments concentrated among premium trophy assets garner attention to Qatar and contribute towards building an international reputation synonymous with prestige.

These acquisitions can be corroborated as a political move. QIA aggressively invested in luxury trophy assets in the period starting from 2009 and slowed this trend from 2014 (Guerrero and Giron, 2016). This period coincides with the tenure of Qatar's Former Prime Minister and Foreign Minister, Sheikh Hamad Bin Jassim Al-Thani, who ran the fund between 2008 and July 2013 (French, 2015). During his tenure, QIA was known to be used as a foreign policy tool, where it deployed wealth into areas that would boost Qatar's power and prestige (French, 2015), and the identified investments would suitably contribute to this reputation since they are positioned as high-end brands. These instances support how Qatar through QIA focuses on marketing and branding efforts to attain brand recognition, international reputation, and prestige.

C. Diplomacy and International Relations

QIA focuses on diplomacy through investments in sports teams, sports sponsorships, and multilateralism.

Qatar pursues sporting diplomacy by either purchasing teams through Qatar Sports Investment (QSI), the wholly-owned subsidiary of QIA, or sponsors sports teams indirectly through its wholly-owned investments such as Qatar Airways. QSI holds a 100% stake in the French football club Paris St Germain (Arabian Business, 2012) and has contributed to the sporting world indirectly through sponsorships via Qatar Airways to FC Barcelona (Marsden, 2017a), as the premium partner of Paris St Germain Men's and the Official Partner of Paris St Germain women's football teams (Gulf Times, 2020). These investments in sports constitute Qatar's football diplomacy strategy. By investing in sports, Qatar attains domestic and international recognition as a global good citizen, because sports are popular with the masses and supporting sports through sponsorships and investments creates a favourable image. Domestically, Qatar seeks to change the gendered approach towards sports by encouraging women to participate and encourage a healthy lifestyle among its citizens who are ranked 17th most obese in the world by the World Health Organization (WHO) (Reiche, 2014). It also serves its interests to gain domestic goodwill and adds to the national pride of the country by supporting renowned football clubs (Ibid). Although these sponsorships work primarily to advertise the sponsoring entity, in this case, it also allows the country to project a positive image of the country in new markets, establish long-term relationships with key businessmen, politicians, and the society in general of the countries of the teams they sponsor (Capape, 2017). In the FC Barcelona sponsorship contract, Qatar Airways retained the right to build marketing campaigns with the club and accordingly released an advertisement in collaboration with the team during the 2014 FIFA world cup with the tagline – 'Qatar Airways and FC Barcelona: A team that unites the world' (Theodoropoulou, 2019). Through such campaigns, it constructs an image synonymous with that of a global citizen and secures recognizability, admiration and respect both inside and outside its borders (Ibid). Thus, through sports diplomacy, predominantly in football, QIA projects the image of Qatar as a global good citizen.

Another effort taken by QIA to portray itself as a global good citizen is through multilateralism. However, this measure has seen some shortfalls as opposed to others. QIA was a founding member of the IFSWF and endorsed its Santiago principles being a founding member of the group (International Forum of Sovereign Wealth Funds, 2018, p.46). The participation in the Working Group and codifying the Santiago Principles was a significant opportunity to portray Qatar as a global good citizen. However, despite being one of the founding members of the Santiago Principles, QIA was singled out as the only non-compliant SWF deficient in most principles and only received a rating 'D' which is the lowest score. It was also the only SWF to have been given this score as well (Strohecker, 2014). This continued to the 2015 SWF Scoreboard as well, where Qatar again had one of the lower scores at 40 (out of 100) demonstrating a lack of transparency (International Forum of Sovereign Wealth Funds, 2018, p.39-46). However, QIA has since then taken to other means of projecting Qatar as a global good citizen by participating in other multilateral frameworks and becoming a founding partner of the One Planet SWFs, which is an initiative that codifies a voluntary framework of adoption for institutional investors to channel financial investments in a manner that contributes to climate change efforts (One Planet Sovereign Wealth Funds, n.d.). Hence, this depicts a case where QIA was successful in the aspect of sporting diplomacy in portraying itself as the global good citizen but has issues working on the multilateral end of things.

6. Case Study II: United Arab Emirates

In this section, I analyse the flagship SWFs of Abu Dhabi – Abu Dhabi Investment Authority (ADIA) and Mubadala Investment Company (henceforth Mubadala), and Dubai - ICD. The first section provides details of ADIA, Mubadala and ICD, following which their activities are analysed within the theoretical framework of subtle power.

The UAE holds three of the largest SWFs in the world. While ADIA was established in 1976 and is the second oldest SWF in the world (Bazoobandi, 2012), Mubadala is comparatively younger and was established in 2002 as 'Mubadala Development Company' (Mubadala Investment Company, n.d.). While ADIA only invests abroad with the primary use of its funds meant to save for future generations, Mubadala has a broader mandate – to aid the diversification of Abu Dhabi's economy and generate returns on government investments (Hall and Gara, 2012). As of 2019, ADIA is estimated to have a total AUM of US$ 697 Billion (Martin, 2019), whereas Mubadala has announced that its total AUM is at US$ 232.2 Billion (Mubadala Investment Company, 2019). ADIA is globally third largest and UAE’s largest SWF, while Mubadala is globally the twelfth largest and UAE’s third-largest (SWFI, n.d.). The third SWF analysed in this chapter in ICD, which is the flagship SWF and the principal investment arm of the government of Dubai. It is much younger than the SWFs of Abu Dhabi and was established in 2006 to consolidate and manage the Dubai government’s portfolio of commercial assets (Investment Corporation of Dubai, n.d.). ICD prides itself on being the ‘hub which builds and extends lines (of ‘strategic investments)’ enabling Dubai to diversify its economy (Ibid). ICD is globally ranked tenth-largest and UAE’s second-largest SWF with an AUM of US$ 305 Billion (SWFI, n.d.).

A. Physical and Military Protection

The physical and military protection of a state is primarily rooted in its defence sector. The UAE progresses towards its safety and security goals through its SWF by making investments in the defence industry domestically and internationally. Since UAE does not have a strong industrial base for defence industries, it uses SWFs to partner with domestic companies in the industry and forms the third entity. This third entity benefits from such a partnership because the SWF holds partnerships and investments in leading international companies in the defence industry. This mode of state-controlled business is part of the complex corporate structure used by UAE where holding companies and subsidiary companies go through a series of regular restructuring in an attempt to disguise the interconnected nature of different ministries, domestic business ventures and its SWF.

Mubadala (then known as Mubadala Development Company), was launched by Tawazun Economic Council (Est in 1992 as UAE Offsets Group, rebranded as Tawazun Economic Council in 2007), which is a government vertical responsible for the creation and development of defence and security in the UAE (Tawazun Economic Council, n.d.). The strategic assets of Tawazun were transferred to Mubadala in 2004 after which the latter continued to focus investments predominantly in strategic industries with a focus to diversify UAE’s economy (Ibid). Among the many sectors, Mubadala actively invests in its partnerships and investments in aerospace and defence with significant players. Rolls-Royce, GE, Boeing, and Airbus are crucial because they promote the aerospace and defence industry in the UAE (Oxford Business Group, 2019). In 2014, Mubadala and

Tawazun Holding (est. in 2007 as strategic defence manufacturing arm by Tawazun Economic Council) launched Emirates Defence Industries Company (EDIC), which was an integrated national defence service and manufacturing platform and comprised of companies from the subsidiaries of Mubadala Development Company, Tawazun Holding and Emirates Advanced Investment Group (EAIG) (Mubadala Investment Company, 2014). In 2019, UAE named the conglomerate 'EDGE' to further streamline its defence industry and absorbed Tawazun Holdings, EDIC, and EAIG (Helou, 2019). In this complex structure of holding companies, acquisitions, and their attempts of restructuring UAE makes it challenging for observers to point how and where international investments bridge domestic aspirations. Since Mubadala invests in both domestic and international companies, it makes it highly possible for domestic companies to reach out to international industry leaders since they both share the same shareholders.

Mubadala also uses investments directly for state security. In 2015 Mubadala increased its share in Piaggio Aerospace, the Italian Uninhabited Aerial Vehicle (UAV) manufacturer, to 100%, but following its failure to deliver the P.1HH HammerHead uninhabited aerial system on time to the UAE, the SWF withdrew its funds (Béraud-Sudreau, 2019). Thus, Mubadala uses its wealth to ensure that UAE's defence requirements are met, failing which it withdraws its investments demonstrating a carrot or stick model to ensure the safety and security of the UAE.

B. Marketing and Branding Efforts

In marketing and branding efforts through the SWF, the emirate of Dubai is more focused than Abu Dhabi in investing to target prestige, brand recognition and reputation. Dubai through ICD has focused more on domestic investments or investments in international companies that predominantly yield domestic returns. It targets sectors such as transportation, hospitality and leisure, and real estate to yield brand recognition

In ICD's portfolio, Transportation, Real Estate and Construction, and Hospitality and Leisure constitute 18.2%, 16%, and 12.3% respectively which together constitute 46.5% - almost half the size of ICD's portfolio (Investment Corporation of Dubai, n.d.). Among the transportation sector, are investments such as Emirates; real estate sector constitutes investments such as Emaar, Cleveland Bridge & Engineering Middle East Pvt Ltd; and hospitality sector includes investments such as Kerzner International Holdings and Atlantis the Palm Dubai (Ibid). These investments either contribute to the national champions and/or iconic landscape of Dubai. Emirates is a premium airline and global leader in aviation which promotes the international position and reputation of Dubai (Lebel, 2019). Similarly, Emaar is responsible for building Burj Khalifa - the tallest building in the world, and ICD owns Atlantis the Palm Dubai, which are both iconic of Dubai. Alternatively, ICD invests in international companies to yield domestic returns. For instance, Cleveland Bridge is a UK based company focusing on the construction of bridges and complex structures, which was acquired by Saudi Arabia's Al Rushaid Group in 2000 (Bridge Web, 2020) and the Dubai venture of Cleveland Bridge was later established as a partnership between the Al Rushaid Group and Investment Corporation of Dubai (Cleveland Bridge and Engineering Middle East Pvt Ltd, n.d.). The Cleveland Bridge & Engineering Middle East significantly contributed to the construction of the Burj Al-Arab and the Emirates Towers, both of which are iconic to Dubai's skyline (Cleveland Bridge and Engineering Middle East, n.d.). Similarly, when ICD first bought a stake of 46% in Kerzner International Holdings in 2014, it was evidence of Dubai's commitment to supporting its domestic luxury hospitality industry (Sleiman, 2014), which is a segment crucial to Dubai's brand positioning. Their commitment in positioning Dubai as a brand synonymous with luxurious hospitality only increased over time as ICD increased its stake to 99.99% in Kerzner International Holdings as of Dec 2019 (Investment Corporation of Dubai, 2019). This move has now effectively brought under ICDs control the renowned properties across the world managed by Kerzner under the One and Only brand (Sleiman, 2014). Thus, through ICD's investments, Dubai has contributed to positively influencing the UAE's brand and international reputation as one synonymous with prestige and luxury.

I emphasise Dubai's SWF for leading the UAE in terms of marketing and branding efforts because although Abu Dhabi often competes with Dubai along similar lines, these are either not directly associated with the SWF or do not yield results as effective as Dubai's. For instance, Etihad Airways competes with Emirates and is also responsible for enhancing Abu Dhabi's reputation and hence the reputation of the UAE (Lebel, 2019). However, although Etihad is owned by the government of Abu Dhabi it is not owned by Mubadala or ADIA. Similarly, although 'Burj Khalifa' replaced the title 'Burj Dubai' when Abu Dhabi bailed Dubai out in 2010, this was again not associated directly or indirectly with their SWFs (Booth and Hughes, 2010). Furthermore, even though the building was renamed Burj Khalifa to demonstrate the greatness of the ruler of Abu Dhabi, the fact that the building is still based in Dubai retains its feat and contributes to the marketing and branding efforts of the UAE.

C. Diplomacy and International Relations

Although both Abu Dhabi and Dubai utilise their SWFs to manifest the image of the UAE as a 'global good citizen', the SWFs of Abu Dhabi are more focused on achieving this aspect. Abu Dhabi's SWFs focus on culture and renewable energy focused investments to manifest the global good citizen image. The SWF of Dubai focuses on attaining this indirectly through the companies it owns. The differentiating factor that gives the SWF of Abu Dhabi an edge in this element over that of Dubai is the fact that the former represents the UAE through ADIA in various multilateral initiatives.

One of the ways ICD contributes to projecting a 'global good citizen' image of the UAE is through sports. Emirates airlines, owned by ICD, is renowned for its sports sponsorships. Emirates sponsors renowned football clubs like AC Milan, Arsenal FC, Real Madrid, S.L. Benfica, Olympiacos FC and competitions such as the Asian Football Confederation and The Emirates (Emirates, n.d.). Apart from football, the airlines have also sponsored sporting teams and events in cricket such as Durham County Cricket Club, Lancashire Country Cricket Club and International Cricket Council and all their major events (Ibid). Apart from these, the airline also sponsors numerous events in Tennis, Rugby, and arts and culture (Ibid). Like the Qatari approach of winning hearts through sporting events, Emirates has broadened their sponsorships to different sports covering a broader base. Some of these sporting sponsorships also come with an agreement where the Emirates gets to retain the right to name the stadium after itself, such as with the Emirates Stadium - Arsenal FC's home stadium and with the Emirates Riverside Stadium – Durham County Cricket Club's home stadium (Ibid). An extraordinary circumstance that depicted Dubai's commitment to projecting the image of UAE as a global good citizen was when it announced that it would continue its sponsorship of Qatar owned football club Paris St Germain despite the blockade till its original contract year until 2019 (Firstpost, 2017). This gesture comes across as an instance where the Emirate chose to put aside its political rivalry with Qatar and respect the fundamentals of sports as a field that unites people. Thus, Dubai has focused on garnering international attention towards the UAE to project it as a global citizen through sports.

Abu Dhabi's move to capitalise on culture to be perceived as a 'global good citizen' can be explained through its partnership with the French museum Louvre. In 2006, the French Minister of Culture signed an agreement with Abu Dhabi for a sum of four hundred million euros for the use of the Louvre name and another two hundred and twenty million euros for borrowing the artwork and management help of the museum (Coleman, 2018; Graebner, 2014). This transaction occurred via Mubadala, whose CEO Khaldoon Al Mubarak has maintained that Mubadala is engaged in the diversification of Abu Dhabi's economy and the creation of a flourishing society, for which supporting arts and culture is essential (Cocks, 2017). Further emphasising the relevance of the Louvre and its exhibits specifically to the UAE, Mubarak stated that being a young country, the museum represents many things but the bigger story was UAE's attempt to send a message of tolerance (The David Rubenstein Show: Khaldoon Al Mubarak, 2018). Specifically taking the example of an exhibit of world religions within the Louvre which held three religious relics of the same age – a Quran, a Bible and a Torah, Mubarak said that to do this for a country in the Middle East sends out a huge message from the UAE's to the world (Ibid). This demonstrates how Mubadala contributes towards projecting UAE as a global good citizen through arts and culture-oriented investments.

Although the SWFs of both Abu Dhabi and Dubai seem to contribute in different fields, the SWF of Abu Dhabi, ADIA, takes special prominence in the diplomacy and international relations element owing to its influence in global politics. For instance, in the backdrop of 2007, both IMF and US Treasury concerned by the growing wave of protectionism over SWF investments decided to codify general principles for SWF investments parallelly (IFSWF, 2018, p.12-16). The US Treasury first approached ADIA and Government of Singapore Investment Corporation (GIC) to codify a preliminary draft of suitable principles, and it was this draft along with the preparatory work of the IMF which was foundational to the formation of the International Working Group of SWFs which later led to the creation of the International Forum of SWFs (IFSWF, 2018, p.20). ADIA being one among the first two to be approached to work on the first drafts of the SWF investment principles demonstrates its image of a neutral and a global citizen. Although the flagship SWFs of UAE, namely, Mubadala, ADIA and ICD in the SWF Scoreboard 2015 scored (out of 100) 68, 58 and 55 respectively (Peterson Institute for International Economics, 2016), their performance lay towards the middle of the group with Mubadala as its best performer. Thus, the SWFs of the UAE seem to maintain better levels of transparency.

Similarly, ADIA was also the founding member of the One Planet SWF Working Group, which is a voluntary framework that addresses risks related to climate change in the management of large, long-term diversified assets pool (One Planet Sovereign Wealth Funds, n.d.). In line with this, ADIA has invested significantly into renewable energy through companies such as Renew Power and Greenko in India, Green Investment Bank in

Britain etc (Arnold, 2019). By investing in renewables, the SWF of the oil-rich Emirate of Abu Dhabi has contributed to shifting the perception of the country into one that is working towards a sustainable future and one that follows its endorsement of the One Planet SWF voluntary framework. Thus, this is representative of how Abu Dhabi's SWFs is more multilateral and projects the UAE as a global good citizen through diplomacy and international relations.

7. Discussion

Through the case studies, the author has argued that SWFs contribute to the policymaking of small states as a tool that exudes subtle power and manifests in - (1) the safety and security of the state, (2) garners prestige, brand recognition and international reputation for the state, and (3) projects an image of the state as a global good citizen. The case studies have demonstrated that although there are similarities in how the SWFs of Qatar and the UAE operate, there are some interesting differences among them. This section first addresses the extent to which the SWFs of Qatar and the UAE contribute to each element of subtle power and explains the differences in their modus operandi, after which it discusses how these differences are a result of their different governance models.

The similarity in exuding the first element of subtle power is that Qatar and the UAE both use their SWFs to resolve a domestic weakness, but Qatar is more proactive in this element to push its foreign policy through its investments. Since for Qatar, its foreign policy is its security policy (Roberts, 2012), and its economic policy is its foreign policy (Kavaler, 2019), QIA becomes an important point where money and security reinforce each other to manifest subtly. The icy relationship between Saudi Arabia and Qatar led to Doha's isolation in its neighbourhood and pushed it to proactively pursue foreign policy objectives in stark opposition to the region's behemoth Saudi Arabia through instances such as supporting the Muslim Brotherhood (Roberts, 2012). Meanwhile, for the UAE, its effective military coordination and bandwagoning strategies with the United States of America and Saudi Arabia contributes to its safety and security (Mason, 2018). This makes UAE less dependent on its SWF to push for its military protection and instead concentrate on focusing the synergies of investment domestically, unlike Qatar, which is more inclined to higher dependence on QIA as a tool of foreign policy for state security.

In marketing and branding efforts, both Qatar and the UAE target to position themselves as luxurious brands but differ in their approach. Through QIA, Qatar moves in two directions; it acquires renowned international luxury brands in automobile, fashion, hospitality etc and develops national champions such as Qatar Airways synonymous with luxury. Meanwhile, in the UAE, ICD, leads the marketing and branding efforts by investing in its national champions more and pursues international investments which complement progress domestically. For instance, the investment in Kerzner was significant in aiding the hospitality sector of Dubai since it gave the Emirate ownership of the Atlantis brand. The strategic difference is that through Dubai, UAE focuses on an 'inside-out' approach by domestically building brand recognition through its portfolio, while Qatar focuses on an 'outside-in' approach by purchasing renowned companies and luxury real estate, alongside positioning national champions as luxurious but relative to the UAE its international investments don't have a strategic correlation to its national champions.

For diplomacy and international relations, although both countries have utilised their SWFs towards attaining the perception of a 'global good citizen', the UAE has been more effective than Qatar. This difference is primarily because of the success of these SWFs in their pursuit of multilateralism. UAE pushes for a global good citizen image through multilateralism using ADIA by contributing to the establishment of the Santiago Principles from its ideational level and the One Planet SWF group. Although QIA has put in efforts along similar lines, its participation in multilateralism has been detrimental than incremental because by being a founding SWF that does not practice the principles it endorsed, QIA positions itself as one that preaches, but does not follow. However, the SWFs of the UAE are not very dissimilar to QIA in their lack of transparency, they have instead found a better way to disguise their opaqueness. SWF, as defined in this study, is an investment vehicle owned by the government and invests in foreign assets for the long term. By this definition, other investment vehicles in the UAE such as Dubai World, an investment company owned by the government of Dubai (Dubai World, n.d.), can be brought under the definition of an SWF since it also invests in foreign commercial assets directly and indirectly through its subsidiaries. However, by projecting ADIA, Mubadala and ICD as the country's SWFs, others acting in similar capacities are hidden from international introspection. Furthermore, by publishing annually audited financial statements of ICD and Mubadala by renowned auditors such as PricewaterhouseCoopers, and EY, the perception of transparency is elevated where in reality other disguised investment vehicles pursue political objectives alongside financial ones in an opaque manner. Since the UAE benefits from having an established SWF much older than the QIA, it has been more apt at developing such measures over time.

From the above discussion, there is a key difference in the modus operandi of the SWFs of Qatar and UAE. First, the SWFs of the UAE are more focused and demonstrate defined roles and responsibilities. For instance, Mubadala is more strategically deployed in defence, ICD is more inclined towards marketing the UAE, and ADIA is more diplomatically oriented and acts as the representative of the UAE through multilateralism. This differentiation depicts how Abu Dhabi's SWFs take prominence over Dubai's SWF as the capital's SWFs pursue strategic roles of defence and diplomacy while ICD acts as number two, focusing on the marketing and branding of the UAE. Meanwhile, Qatar being a unitary state cannot differentiate and delegate its objectives relative to that of the UAE. Although it pursues differentiation by establishing sector-specific subsidiaries, they work under QIA's aegis. Hence, QIA becomes a central point for Qatar to exude subtle power using wealth. Thus, the difference in the governance model of the UAE and Qatar has manifested as a variation in the roles and responsibilities allocated to their SWFs.

8. Conclusion

This study has analysed the SWFs of two small states in the Gulf: Qatar and the UAE, using the theoretical framework of 'subtle power' to argue that SWFs do contribute to the policymaking of small states by enhancing the ability of the states to exude subtle power. It argued that SWFs contribute to policy-making by acting as a tool of statecraft which helps the state attain its political motivations. These political motivations were established within the theoretical framework of subtle power. This research has demonstrated that SWFs help the state attain its political motivations, by analysing their contribution towards three elements of subtle power namely physical and military protection, marketing and branding efforts, and diplomacy and international relations. It has thus contributed to the research gap in the literature by conducting a theory backed qualitative analysis of SWFs to understand how political motivations are categorised to strategically target the policy objectives of the chosen countries.

Analysing the SWFs of Qatar and the UAE, as a subtle power tool yield the following four observations -

(1) QIA plays a broader role in contributing to safety and security of the state security by aiding Doha in its foreign policy of hedging and supporting domestic security by

alleviating food insecurity. Meanwhile, Mubadala aids safety and security of the state by supporting the domestic defence industry and uses shareholding as a strategy to secure military supplies.

(2) Although both Qatar and UAE target to brand their countries as prestigious and luxurious they differ in terms of their approach: Dubai takes the lead in marketing and branding the UAE through ICD, and it acquires international investments which aid to build the UAE brand from inside-out, while Qatar, through QIA, focuses on international acquisitions and developing national champions.

(3) The UAE is more skilled at projecting itself as a global good citizen by tactfully using its complex corporate holding structures and the federation model. This allows the country to champion select SWFs as a model institutional investor and maintain the opaqueness in transactions through other SWFs. However, Qatar is restrained in this regard as the country has one flagship SWF whose disclosures are closely observed. QIA's failure to be transparent in this regard comes at a high price as Qatar was among the founding partners of the Santiago Principles.

(4) The structural difference in the governance model of Qatar and the UAE has resulted in a variation in the roles and responsibilities of their SWFs. In the UAE's case, Abu Dhabi takes a strategic role through its SWFs and Dubai focuses on national branding efforts. Meanwhile, for Qatar, QIA acts as the primary instrument exuding subtle power across all three categories.

This research contributes to the academic literature by emphasising the avenues through which SWFs are employed by states to derive their political objectives. This study is useful for government stakeholders in investment recipient countries, international bodies formulating frameworks for SWF activities and for scholars to understand which specific objective is the accompanying political motivation to the investments by the SWFs of Qatar and the UAE and also demonstrates how disguised SWFs distort the actuality of transparency rankings. Furthermore, this study provides a replicable model within which SWF activities can be analysed in a theoretical framework that guides the reader to understand which subtle power elements are targeted by states through their SWFs. Prospects for research that can be conducted using this model include a comparative analysis of SWFs of other states in the Gulf such as Kuwait with Qatar or the UAE, or alternatively. This model can also be adapted for comparative analysis of SWFs from different regions, such as the SWFs of small states in the gulf with that of rising Asian SWFs. Thus, this paper provides various opportunities for further research and acts as a useful theory backed framework for analysing how SWFs contribute to policy-making.

9. List of Abbreviations

ADIA: Abu Dhabi Investment

Authority AUM: Assets Under

Management

EY: Ernst and Young

GIC: Government of Singapore Investment

Corporation HF: Hassad Food

ICD: Investment Corporation of Dubai

IFSWF: International Forum of Sovereign Wealth

Funds QIA: Qatar Investment Authority

SWF: Sovereign Wealth

Funds UAE: United Arab

Emirates

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