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# MENA Report

## April 2022

Geopolitical briefs on:  
The Gulf • North Africa • The Levant



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Integrity UK publishes bi-monthly geopolitical briefs to provide an overview of recent political, economic, social and security affairs in the MENA Region.

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## North Africa

**Egypt** announced the delivery of aid packages and logistical and humanitarian support to Sudan following talks between Sudanese Army General Abdel Fattah al-Burhan and Egyptian officials on 30<sup>th</sup> March. The announcement comes amidst the continued filling of the Grand Ethiopian Renaissance Dam (GERD), which threatens to reduce water levels in both countries. Egypt also signed a \$2.5M agreement with Kuwait to conduct a feasibility study into an Egypt-Sudan railway.

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The IMF increased its growth projection in **Egypt's** economy to 5.9% for the financial year 2021/2022. However, it envisages a lower growth rate of 5% in 2023, largely as a result of the detrimental economic impact of the Ukraine-Russia war. Egypt has requested assistance from the IMF to implement a loan programme to support the Egyptian economy, which has thus far been stabilised through an increase in interest rates and cuts in public spending.

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Oil production and exports from the Zueitina port and El Feel oilfield in **Libya** were once again blocked on 16<sup>th</sup> April. In a statement, the groups disrupting the oil fields demanded a fair distribution of oil revenues and the installation of a government led by the recently elected Fathi Bashagha. The disruption to oil production is a direct result of the political crisis ongoing in Libya between the current Prime Minister, Abdulhamid Dbeibah, and those aligned with Bashagha.

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The five delegates of the House of Representatives (HoR) in the 5+5 Joint Military Commission in **Libya** have conditionally withdrawn from their roles, making a series of demands. These demands include the halting of oil exports, closing road and air links between eastern and western Libya, and ending cooperation with the Tripoli-based government. These demands come in the context of Tripoli's refusal to accept the presidency of the HoR-aligned Fathi Bashagha.

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Talks between 12 HoR representatives and 12 High Council of State representatives from **Libya** concluded in Cairo on 18<sup>th</sup> April with no agreement. Disagreements regarding the nature of the national constitution and the legal bases of future national elections have impeded efforts to bring the two sides to a political agreement.

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**Tunisia's** trade deficit witnessed a significant increase of 40.2% in the first quarter of 2022. Although Tunisia saw increases in both exports and imports, the latter far outweighed the former. The majority of increased imports were in energy (87.2%), and raw materials and semi-manufactured materials (36.7%). Moreover, the value of the Tunisian dinar vis-à-vis the US dollar has depreciated, exceeding three dinars to the dollar.

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President Kais Saied removed the opposition Ennahda Party from an initiative for political national dialogue,

further deteriorating an already fraught political situation in **Tunisia**. Opposition groups have responded negatively, with the Workers' Party refusing to participate in the dialogue, while 60 civil society organisations voiced their criticism and called for a broader national dialogue.

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**Algeria** and Italy signed agreements on 11<sup>th</sup> April that will increase Algeria's energy exports to Italy. The agreements were signed specifically by the two countries' main energy companies – Sonatrach and Eni – however, details of the deal have not been released. Italian Prime Minister Mario Draghi announced that this will reduce Italy's dependence on Russian energy.

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**Algeria** has accused **Morocco** of shelling commercial convoys between Mauritania and the disputed region of Western Sahara. Algeria's Foreign Ministry claims that Morocco attempted to "target citizens from three countries in the region outside of its internationally recognized territories". This represents an increase in tension between Algeria and Morocco following the latter's push for European and American recognition of Western Sahara as a part of Morocco.

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**Moroccan** Prime Minister Aziz Akhannouch told parliament on 18<sup>th</sup> April that spending on subsidies of soft wheat, cooking gas and sugar is expected to increase to \$3.3 billion (from approximately \$2.2 billion last year). The decision comes following a dramatic rise in international prices of these goods in the context of the Ukraine-Russia war.

## The Gulf

**Saudi** crude oil exports reached their highest level since April 2020, when the Covid-19 pandemic and the ensuing oil price disagreements with Russia hit their peak. New data released on 18<sup>th</sup> April showed that crude oil exports in February 2022 reached 7.307 million barrels per day, exceeding the 7 million barrels per day mark for the first time since April 2020.

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The IMF increased its projection of economic growth in **Saudi Arabia** this year to 7.6% following an increase in oil prices as a result of the Ukraine-Russia war. The IMF stated that this increased projection is not only thanks to rising oil prices but also growth in the Saudi economy's non-oil sector. The IMF predicts that the level of growth for 2023 will decrease to 3.6%.

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Russian President Vladimir Putin and **Saudi Arabian** Crown Prince Mohammed bin Salman had a call to discuss relations between the two OPEC+ countries, the second since Russia began its military operations in Ukraine. The two countries have been careful to avoid a repeat of the oil price war in 2020, amid current US pressure on Saudi Arabia to increase oil output due to the Ukraine-Russia war.

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The new presidential council and its head, Rashad al-Alimi, has been inaugurated in **Yemen** following the resignation of Abd Rabbuh Mansour Hadi. According to the *Wall Street Journal*, Hadi's resignation was

forced by **Saudi Arabia** and that he is currently under house arrest in Riyadh. The reorganisation of the presidential council supports theories that Riyadh intends to extract itself from the Yemen conflict and to leave it to this newly formed anti-Houthi bloc.

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Despite the 2<sup>nd</sup> April truce in **Yemen**, clashes have broken out in Marib, which has been the epicentre of fighting in the past few months. Both sides of the conflict have exchanged accusations of breaking the truce, claiming to have "repelled attacks" from the other side. The UN Envoy to Yemen Hans Grundberg has called on both sides to respect the two-month truce.

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The **United Arab Emirates (UAE)** has implemented significant changes to its visa system. It has increased the number of days visitors can remain in the country from 30 to 60 and in some cases, it has ended the need for arrivals to acquire sponsorship. Moreover, jobseekers will now enjoy an expanded Golden Visa system and will find it easier to obtain entry visas. The overhaul aims to improve the UAE's economic competitiveness by attracting and keeping skilled workers.

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The **UAE** announced a slight increase in the non-oil sector's contribution to national GDP, growing from 71.3% in 2020 to 72.3% in 2021. Hotels and restaurants were recognised as the largest contributor (21.3%), with retail (14.1%) and health and social services (13.8%) coming second

and third. The country is seeking to further reduce its dependence on oil profits and is looking to gain revenues from other sources, even planning to introduce its first tax on business next year.

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**Qatar** has issued two new laws on social insurance and military retirement. The laws present improvements and guarantees mainly for people working in the private sector, as well as for military personnel. Non-Qatari relatives of Qataris who receives pensions are also included as beneficiaries in case of death of the insured Qatari.

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The National Bank of **Kuwait** recorded a 38% increase in profits from lower impairment losses in the first quarter of 2022. Both net interest income and non-interest income of the bank increased by 3% and 15% respectively. These increases in profits and income reflect the country's general economic recovery from the pandemic, largely attributed to rising oil prices.

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**Bahrain** will resume making payments to its Future Generations Reserve Fund after it had halted such payments in 2020 due to falling oil prices. The recent surge in oil prices has facilitated the renewed payments to the fund, which will amount to \$3 for every barrel of crude oil sold at over \$120, \$2 if it is sold at over \$80 and \$1 if sold at over \$40.

## The Levant

In a sign of easing tensions between **Lebanon** and the Gulf, Saudi Arabia, Kuwait and Yemen announced the return of their ambassadors to Beirut. Saudi ambassador to Lebanon Waleed Bukhari received top Lebanese officials to his residence on 11<sup>th</sup> April and Lebanese Prime Minister Najib Mikati announced that he will visit Riyadh this month. Kuwait will resume issuing visas to Lebanese citizens and the country will look to provide “support” to Lebanon, most likely economic in nature.

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The **Lebanese** Government will allocate \$15.3 million in credit to importers as a means of easing the bread shortage crisis in the country, which has been exacerbated by the Ukraine-Russia conflict. Minister of Economy Amin Salam also stated that Lebanon is seeking an agreement worth \$150 million with the World Bank to “improve food security” as the country lacks the capacity to provide food security in the long-term.

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The Islamic State (IS) conducted an attack on the **Iraqi** Army in Anbar Province amidst a dust storm. The attack took place on 9<sup>th</sup> April, near the town of Hit, claiming the lives of two Iraqi soldiers from the Jazeera and Badia Operations Command.

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Turkey launched a new military offensive on 17<sup>th</sup> April as part of “Operation Claw Lock” against positions of the Kurdistan Workers’ Party (PKK) located in the

Metina, Zap and Avashin-Basyan regions of northern **Iraq**. Turkish Defence Minister Hulusi Akar stated that 19 PKK fighters were killed in the offensive. The military operation comes two days after a visit by Masrour Barzani, Prime Minister of the Kurdistan Regional Government in Iraq, to Turkey.

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The World Bank released an update on 14<sup>th</sup> April on the **Iraqi** economy. It stated that the Iraqi economy is recovering from the pandemic and the previous fall in oil prices, and that growth is reaching its pre-pandemic levels. The rebound is attributed largely to a growth of 6% in the non-oil sector in 2021 as well as the rise in oil production and prices. Overall economic growth in Iraq in 2022 is projected at 8.9%.

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The IS has conducted a string of attacks over the course of this month on **Syrian** Government positions as well as allied militia groups. The attacks were launched in various parts of the country, including the Badiya desert area, and Homs, Raqqa and Deir ez-Zour Provinces. Targets have not only included military positions but also the various oil fields across the country.

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**Syrian** state television claimed that Israeli airstrikes targeted locations to the west of Damascus. Only physical damage to the targeted areas was reported. The Israeli Government has not commented on the incident. The last such Israeli airstrike to

take place on Syrian soil occurred in March.

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The **Syrian** Opposition Coalition (SOC) has split, with part of the group leaving to form the new Syrian National Coalition – Reform Movement. The split came about after the SOC head Sheikh Salem al-Muslet excluded members from the coalition and dissolved four blocs within the group.

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Diplomatic tensions between **Jordan** and **Israel** have risen following what Jordan's King Abdullah labelled as Israel's "unilateral" moves against Muslim worshippers at al-Aqsa Mosque this week. The Jordanian Foreign Ministry summoned the Israeli ambassador for reprimand. Israeli Prime Minister Naftali Bennett criticised the accusatory remarks against Israel, without specifically naming the accusers.