

Research &
Publications

No. 16

MENA Report

June 2022

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



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

A memorandum of understanding signed between **Egypt**, Israel and the EU will allow for the export of Israeli gas via Egypt to European countries. The EU has also pledged \$100 million to support Egypt's food security amidst the food crisis it is experiencing as a result of limited imports from Russia and Ukraine. The EU's recent strengthening of ties with Egypt is largely linked to its intention to reduce its energy dependency on Russia.

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The **Egyptian** authorities are finalising arrangements for the political "national dialogue" set to take place in early June. The recently National Dialogue Department released a statement regarding the final arrangements. The statement was met by both positive and negative responses from the various political actors set to participate in the "national dialogue", which will explicitly exclude the Muslim Brotherhood.

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Egypt is seeking to strengthen its ties with Tanzania following a visit to Cairo by Tanzania's Foreign Minister Liberata Mulamula. The two parties agreed to increase cooperation in the fields, energy and IT. The Ethiopian Dam crisis was also discussed by both parties, as Egypt seeks to bring Tanzania, as a fellow Nile Basin country, on its side regarding this issue.

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Military clashes took place in the **Libyan** capital Tripoli between forces loyal to Fathi Bashagha (from the Tobruk-based government) and Abdul Hamid Dbeibah

(from the Government of National Unity). The clashes took place in the context of Bashagha's recent claim to govern the country from Tripoli, despite his assurances that he will not physically enter the city under the current political circumstances.

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Following a blockade on oil output in the east of **Libya**, the Ministry of Oil and Gas stated that oil output decreased to between 100,000-200,000 barrels per day. Minister of Oil Mohamed Oun later stated that oil production was restored back to around 700,000 barrels per day, almost half of what the country was producing last year.

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Tunisian President Kais Saied dismissed 57 judges accused of having links with political parties deemed a threat, leading to a general strike by other judges in the country in protest of the President's decision. The dismissal has been met by criticism from the International Trade Union Federation, which criticised the lack of due process and the right to appeal.

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Tunisia's largest trade union, the Tunisian General Labour Union, called for three million people working in the public sector to join a general strike. The Union claimed that around 96% of its members joined the strike against Saied's decision to enact austerity measures in order to meet IMF demands for a loan worth \$4 million.

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Algeria cut trade ties with Spain following Madrid's decision to support Morocco's

claim to maintain Western Sahara within its borders. The EU, which has sought increased energy supplies from Algeria amidst the political crisis with Russia, criticised Algeria's decision. Algeria's decision comes amidst growing cooperation with Russia, with whom it recently agreed to increase trade, especially Algerian exports to Russia.

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Algeria's Prime Minister Abdelmadjid Tebboune dismissed Minister of Finance, Abderrahmane Raouya, only three months after his appointment. This decision comes only days after the Association of Banks and Financial Institutions ordered a halt to payments to and from Spain. This dismissal also comes only weeks after the sacking of the Central Bank's Governor, Rostom Fadhli.

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There are growing calls in **Morocco** to re-open the SAMIR oil refinery amid increasing oil prices. The plant was privatised in 1997 and closed in 2015 due to financial difficulties. Calls are now being made to nationalise the refinery, which is

still foreign owned and requires renovation.

The Gulf

Saudi Arabia is reducing its export of oil to China over the next few months after Russia became China's top oil provider. Russia has been exporting oil to China in recent months at a discounted price, shifting China's pivot away from Saudi imports. This development comes following Saudi Aramco's decision to increase its light crude oil price for July by \$2.10 per barrel for Asian customers. At least four Chinese refiners have been informed that they will receive less than the contracted amount of oil in the coming months.

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US President Joe Biden is set to make a visit to **Saudi Arabia** in mid-July where regional leaders will meet in the capital Jeddah. Biden stated that he will not be meeting Saudi Crown Prince Muhammad bin Salman in direct talks, but they will be part of the same international meeting. The July visit will be Biden's first to the region since becoming US President and it comes at a time when US-Saudi relations have been gradually straining.

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The latest round of diplomatic talks between **Saudi Arabia** and Iran have been deemed to be "positive", according to Iranian Foreign Minister Hossein Amir-Abdollahian. The first group in two years of Iranian pilgrims have travelled to Saudi Arabia for Hajj in a sign of thawing relations amid the Baghdad-facilitated talks. Iranian Foreign Ministry Spokesperson Saeed Khatibzadeh has nevertheless stated that talk about re-

opening embassies in Riyadh and Tehran is "too early".

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The UN reported that the current truce in **Yemen** is, by and large, "holding", with the majority of casualties now coming from exploding landmines and some reports of reduced shelling and clashes. International parties involved in the conflict are stressing the need to open the roads around the city of Ta'izz, from where reports of clashes are still emanating.

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An abandoned and decaying 45-year-old oil tanker off the **Yemeni** port of rebel-held Hodeida potentially risks causing a disastrous spill in the Red Sea. The UN has launched a crowdfunding campaign to collect \$5 million by the end of June in order to prevent the spill. **Saudi Arabia** has offered \$10 million.

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The new **Bahraini** ambassador to Syria, Waheed Mubarak Sayyar, formally took up his post in Damascus as the two states continue to normalise relations. Bahrain was one of the first states in the Middle East to re-establish relations with Damascus following the cut in diplomatic ties since the outbreak of the Syrian war.

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The **Bahraini** crypto assets trading platform CoinMena has obtained a provisional virtual assets license to operate in Dubai. CoinMena, which is regulated by the Central Bank of Bahrain, serves as a Sharia-compliant platform in the MENA region that allow for buying and selling cryptocurrency. Dubai has

been looking to develop the cryptocurrency field as it recently adopted its first law to regulate virtual assets.

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The IMF has predicted a 4.5% economic growth in **Oman** in 2022 thanks to rising oil prices fiscal reforms. The reforms include plans by the country's wealth fund, the Oman Investment Authority, to publically list two parts of the state energy company OQ, among other companies, on the Muscat Stock Exchange. This is part of the "Oman Vision 2040" plan to diversify the national economy through privatising measures.

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Qatar is negotiating with Chinese national oil companies seeking to invest in the expansion of what is considered to be the world's largest liquefied natural gas project. The Chinese state-owned CNPC and Sinopec will reportedly invest in the export trains as part of the North Field expansion project. China is seeking to diversify its energy import sources while Qatar is looking to expand its client base in Asia.

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Kuwait is set to experience a significant increase in economic growth in 2022, with a forecast of 7% in comparison to a 2.5% growth in 2021. In addition, the country is expected to record a budget surplus for the first time since 2014. The growth outlook is largely driven by the oil sector, along with some expansion of non-oil sectors in the economy.

The Levant

Officials in **Lebanon** have recently made statements about expelling refugees from the country amidst the economic crisis. Caretaker Prime Minister Najib Mikati called for the return of Syrian refugees to Syria and Maronite Patriarch Bechara Boutros al-Rai called for the removal of Palestinian refugees without specifying where they should go. International human rights organisations have warned against taking such action for fear of the refugees' safety.

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Following 13 years of investigations, a UN-backed court sentenced two Hezbollah members in absentia, Habib Merhi and Hussein Oneissi, to life imprisonment for the murder of former **Lebanon** Prime Minister Rafic Hariri. This decision comes following protests in March against the court for absolving the Hezbollah members of any blame.

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In the latest set of Astana Group negotiations, Turkey failed to gather support from Russia and Iran for its planned "special operation" in northern **Syria**. Turkey planned to launch a military operation with the objective of creating a 30-km "safe zone" and to remove the pro-Kurdish Syrian Democratic Forces dominant there. Both Russia and Iran have stated that they reject any form of self-rule for the Kurdish forces in the north in an attempt to alleviate Turkish concerns.

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A joint operations room, allegedly spearheaded by Iran, has been created in northern **Syria** in case of a Turkish military operation in the region. The operations room, called North Thunderbolt, contains elements of the Kurdish-dominated People's Protection Units (YPG), Iran-affiliated groups, a battalion affiliated with the Lebanese Hezbollah, and the Syrian Army.

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Israel conducted airstrikes on **Syria's** Damascus International Airport, leaving commercial flights from the airport out of service for the foreseeable future. Israel seeks to prevent the transfer of weapons from Iran to Syria and has conducted several airstrikes around the airport with that objective before. However, this is the first such airstrike to hit the civilian sector of the airport.

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Operation Inherent Resolve announced that it detained a senior Islamic State leader in the north-west of **Syria**. Although the coalition did not mention exactly where the operation took place, reports state that it was conducted in the village of al-Humaira. This would mark the first such Coalition operation in territory held by the Syrian National Army.

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Iraq is seeking to reduce its gas dependency on Iran by developing its own gas fields. Iraq recently paid \$1.6 billion to Iran for gas supplies. Iraq is also intent on increasing its own gas exports, especially to Europe which is looking for alternatives to Russian energy.

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Iraq is set to implement a court decision that will ensure that all oil revenues from the Kurdistan Region will be transferred to Baghdad. The Kurdish authorities have been attempting to lay claim to revenues made from the oil found in the Kurdistan region and a constitutional battle with Baghdad has ensued in the past few months.

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Iraqi cleric and politician Muqtada al-Sadr has ordered his political bloc, the Sadrists, to withdraw from Parliament. The Sadrists were the biggest winners in last year's national elections; however, months of political paralysis has prevented the formation of a government. Sadr has called this move a "sacrifice" as he claims that this withdrawal will help to remove obstacles to the formation of a government. Nevertheless, this is likely a strategic move to arouse popular support the Sadrists enjoy in parts of the country.

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Jordan has revealed a 10-year economic plan that aims to double growth through reforms. The reforms will include a bolstering of the private sector and a

reduction of public sector employment in an attempt to reduce public debt. Tackling unemployment especially among the youth has been emphasised as a key target.