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## *Middle East Analysis Report*

A variety of disputes and conflicts have continued in the Middle East in 2018, which have had a significant impact both within the region and outside of it. The Middle East Institute of Japan, looking back on the 2018 year, has surveyed the fundamental situation in the Middle East region and this is summarized below.

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### **A Review of the State of Affairs in the Middle East in 2018**

Middle East Institute of Japan

#### **1. Outline**

In the Middle East region in 2018, the conflicts and confusion that occurred in many places after the “Arab Spring” of 2011 continue as before. The conflicts in Syria and Yemen show no signs of being settled, and there is still a long path to stability for countries such as Tunisia and Algeria that were somehow able to get through the Arab Spring. The Islamic State is following a path of decline in both Syria and Iraq, and both political and military threats are decreasing, but Islamic extremist thought has not been eliminated and aims for opportunities to expand its influence in many regions of the Middle East, including Syria and Iraq.

In the Gulf region, fissures and confrontations between countries in the region have intensified, such as the breaking off of relations with Qatar by Saudi Arabia and its allies and the deterioration of relations with Iran. These have become a cause for further anxiety. Regarding the US, which contributes significantly to the state of affairs in the Middle East and influences the region,

the Trump administrations pro-Israel policies have been striking, such as moving the embassy to Jerusalem. The US has also withdrawn from the Iranian nuclear agreement, resumed economic sanctions against Iran, and sought to keep pace with Saudi Arabia and the UAE in containing Iran. Accordingly, the US has moved from being a coordinator in the region, as it was before, to being a party aligned on one side of the problem. Also, young leaders in the Arab states adopting a “my country first” manner of thinking have appeared more often than those in support of traditional policies such as the Arab cause and Arab unity.

The trends in the Middle East region in 2018 can, therefore, be seen from the following viewpoints.

First, the decline of the Islamic State and the actions of each country regarding the state of affairs in Syria.

After the fall of al-Raqqa in October 2017, the organized combat ability of the Islamic State in Syria decreased sharply with the expansion in the amount of territory controlled by the government military and the Kurdish nationalist forces. “Oppositions” composed primarily of Islamist extremist groups were also mopped up by the government military and pursued into Idlib province in September 2018. It was assumed that a general offensive on Idlib province by the government military would take place, but there were concerns of casualties in the civilian population of the province and the occurrence of a new wave of refugees, so agreements were established between Turkey and Russia which hoped to avoid an attack for a “demilitarized zone” and similar measures.

In Syria, the government has expanded the area that it controls, while the area controlled by opposition groups has contracted. The possibility of the oppositions regaining the momentum is therefore low, and under the current administration, the stage has moved from one of conflict resolution to reconstruction and the return of refugees. Presently, Turkey, Iran, and Russia all hold considerable influence on how the situation unfolds, and it is thought that they will also continue to exercise influence going forward. In particular, Turkey has increased its presence in the Middle East through its influence on the situation in Syria, and by backing Qatar as other countries have broken off relations with it and by flustering the Saudi government over the murder of the Saudi journalist that took place in Istanbul. In contrast, the US, which desires “regime change” and has taken the stance of not contributing even one US dollar to reconstruction under the current administration, is acting as a considerable hindrance to “reconstruction.” The US is no longer a major constructive player

regarding the Syrian problem.

Second, there are trends in the Gulf region including antagonism between Saudi Arabia and Iran, which are the two major countries in the Gulf region, in addition to the rift between the various GCC countries that can be seen in the severing of relations with Qatar, the continuing conflict between the Houthis of Yemen and a coalition of the willing led by Saudi Arabia. Furthermore, there are concerns about the occurrence of a humanitarian crisis in Yemen due to a lack of food and medicine. Regarding the severing of relations with Qatar, there is discord in the background between the leaders of the various nations involved, and Qatar, although it has been cut off, appears to be making use of its assets to offer long-term resistance. In Saudi Arabia, Muhammad bin Salman (MbS) is in control of political, military, and economic power, and although reforms are proceeding in allowing women to drive and to watch sports events, he has also shown a willingness to use heavy-handed methods in the detention and investigation of numerous business leaders suspected of corruption, including members of the royal family. In the incident at the beginning of October in which the well-known Saudi journalist Jamal Khashoggi went missing upon visiting the Saudi consulate general in Istanbul, it was revealed by Turkey that Khashoggi was detained and murdered upon entering the consulate general by members of the Saudi intelligence agency who had entered the country from Saudi Arabia. The role of MbS in this incident was suspected (although denied by the Saudis) and the international community showered the Saudis with considerable suspicion and criticism. It seems that the incident will inevitably affect foreign investment in Saudi Arabia, and domestically it has begun to be said that MbS's unifying power is weakening.

Third, there are trends in US policies regarding the Middle East. The Trump administration has so far adopted pro-Israel policies and is no longer a neutral "fixer" of peace in the Middle East. Consequently, in May, the US embassy was moved to Jerusalem as had been pledged. Also, in January, contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) were partially suspended on the basis that the organization needs to be "reformed." Regarding Iran, the US has taken measures to prevent the inflow of capital to Iran, such as announcing its withdrawal from the nuclear agreement (JCPOA) in May, restarting the first part of its sanctions in August, and the second part of the sanctions in November. As conditions for the return of a new nuclear agreement, the US has listed 12 items, such as unconditional

access for IAEA inspectors, the suspension of the development of ballistic missiles, and the cessation of interference in the affairs of the countries in the region. However, regarding the Khashoggi incident, while President Trump initially seemed to take words and actions that protected the Saudis, he began to use harsher language as the involvement of Saudi Arabia became clearer.

Fourth, the political methods of young leaders have changed. The characteristic case is the Saudi leader MbS. MbS has not taken the traditional standpoint of deciding important problems through the agreement of royal conferences. Instead, with the backing of the majesty of his father, King Salman, MbS is taking a heavy-handed method of political and economic management that relies on a model of strong, top-down leadership. The oil-producing states in the Gulf have relied on the US for security guarantees up to now, but due to the rebalancing policies of the Obama administration, the US presence has contracted. As the US can no longer be seriously relied upon, policies to independently guarantee national security are being taken, such as diversifying sites for the acquisition of weapons. Within this context, more than emphasizing traditional standpoints such as the Arab cause and Arab unity, a self-serving nationalism that pursues the interests of one's own country at the current time has emerged. For example, the Palestinian problem is not an everyday one in the Gulf States, which are separated from Palestine by a distance but, even so, the Arab cause and Arab unity in the face of Israel have been important political policies. However, although the US has recently recognized Jerusalem as the capital of Israel and moved its embassy, no large counterreaction has been seen. This is thought to be because each country has prioritized its relationship with the US, which is to say its interests. In Saudi Arabia, there is also a movement towards affirming the existence of Israel. Progress has not been made in the Palestinian problem for many decades. For young leaders, the sense of the severity of this problem has certainly decreased. Egypt, which is a major Arab power and has great influence on peace in the Middle East, has become a less powerful presence since the Arab Spring, as it has been embroiled in domestic problems. With the sudden rise of a self-interested nationalism in the Arab countries, there is an ineradicable impression that the Palestinian problem, i.e., the Arab cause, has been marginalized. Amid this situation, in October, Prime Minister Netanyahu of Israel suddenly visited Oman and held a conference with Sultan Qabus.

## 2. Notable Trends

### (1) The Deterioration of the Situation in Afghanistan

In the parliamentary elections held in October 2018, confusion was caused for a variety of reasons, such as lack of preparation and unfair practices during the election process and terrorism. A particularly serious problem was the increase in terrorism by both the Taliban and the Islamic State before and after voter registration when the number of victims exceeded the number in a typical year. It was also decided that the presidential election, which had been scheduled for April 20<sup>th</sup>, 2019, would be delayed until July 20<sup>th</sup>, and doubts remain that it will take place smoothly. Also, peace negotiations with the Taliban have encountered difficulties. The Taliban has not yet responded to direct negotiations with the Afghanistan government and is dealing directly with the US. The economic situation has also worsened, and the country is attempting to grow closer to its neighbors, Iran and Pakistan. However, due to the influence of the US sanctions against Iran, Iran has become stricter regarding providing assistance and accepting Afghani workers, which will likely worsen the situation in Afghanistan.

### (2) Algeria Approaches a Post-Bouteflika Era

In Algeria, concerns regarding a genuine post-Bouteflika era have continued to increase ahead of the presidential election in April 2019. These concerns are about whether current President Bouteflika, whose health is at risk, will stand for election again, who will become presidential candidates after the death of Bouteflika, what kind of power struggle will occur during the transition process to this post-Bouteflika era, and what kind of effect this will have on Algerian politics and the Algerian economy. The governing party, the National Liberation Front (FLN), is moving towards making President Bouteflika its official candidate, but even if Bouteflika is elected, it is possible that he will not be able to serve out his fifth term (2019–2024) as a result of his health. In the centers of power in the Algerian political world, power struggles have already begun regarding the selection of the next presidential candidate, but no consensus seems to have been reached. In the power struggles over the next presidential candidate, which may become fierce going forward, attention should be paid to the movements of the military, which hopes to maintain influence in the political and economic spheres, and to relationships between the government or ruling party and businesspeople close to the government.

### (3) Yemen: The Humanitarian Situation Worsens with No Resolution in Sight

After the intervention of a coalition of forces led by Saudi Arabia in March 2015, conflict has continued with little prospect of a break in the deadlock. The economic crisis and the deterioration of the humanitarian situation have become graver, and the Yemeni rial temporarily fell to one-quarter of its previous value. The devaluation of the currency has temporarily eased with Saudi support, but no signs can be seen of improvement in the economic situation. Not only have international agencies warned of the spread of cholera since last year, but there is also a deepening sense of crisis in the worsening famine. Yemen was a poor country before the outbreak of conflict, and now the depletion of foreign currency and the paralysis of trade routes have exacerbated what was already a low rate of food self-sufficiency.

There are many important challenges in Yemen, such as the problem of countering Islamic extremist organizations, represented by the Islamic State and al-Qaida in the Arabian peninsula, and the problem of ensuring the security of international sea routes, such as the safe navigation of the Bab al-Mandab. The further aggravation of the humanitarian crisis will undoubtedly harm these challenges.

### (4) Islamist Extremists

Although activities by the Islamic State have been seen in the Sinai Peninsula, Libya, Afghanistan, and other places, its activities in its core area operations, Syria and Iraq, have declined significantly. Its PR functions have also considerably decreased, and the Islamic State continues to lose political, military, and social influence. From the perspective of preventing a similar phenomenon from occurring in the future, along with implementing measures to deal with the military and criminal aspect of Islamic extremists, it is important to respond to the PR activities of such organizations.

The various branches of al-Qaida are an international concern in terms of their activities in Yemen and the Sahara. However, the influence of their leadership, beginning with al-Zawahiri, and their ability to disseminate their message has continued to decrease, and the current focus is on the question of in what region and what area of activity al-Qaida will attempt to regain its power. Also, the Nusra Front, which is active in Syria and claims to have “separated” from al-Qaida, and various sects derived from the Nusra Front, are planning to

survive as “Syrian opposition.” The treatment of Islamic extremists will also affect the directionality of the resolution of the Syrian conflict.

#### (5) Israel: An Increasingly Conservative Netanyahu Administration

In July, the Nation-State Bill was adopted by the Israeli Knesset. This law holds no description of self-determination for non-Jewish peoples with Israeli citizenship, such as those of Arab descent or members of the Druze sect, and upon initial adoption was met with protest demonstrations in many cities. However, protests by the Druze sect, one of the main participants, gradually weakened, and the protests of Israelis of Arab descent have not been met with sympathy by Israeli society, due to their advocacy for the liberation of Palestine and other similar causes. Consequently, from September onward, hardly any large-scale protests were taking place. Furthermore, the construction of settlements in the area around Gaza, the West Bank, and Jerusalem has steadily continued, and bills to expel refugees from Eritrea, Sudan, and other African countries have also been discussed.

#### (6) Iran: US Withdrawal from the Nuclear Agreement and the Rouhani Administration

In May 2018, the US withdrew from the Iranian nuclear agreement (JCPOA) and resumed sanctions against Iran in two stages that occurred in August and November. Along with the implementation of sanctions, the possibility of establishing a special purpose vehicle (SPV) composed primarily of the countries that are party to the JCPOA has been examined, and transaction systems that do not require mediation by US dollars are being established. The effects of these kinds of sanctions and the operational status of Iran aid systems are thought to be the main points of focus for Japanese companies that have been forced to withdraw from the Iranian market. Also, there has been significant interest in the present condition of Chinese companies, which have been able to thread this gap and expand their influence in Iran. Furthermore, the International North-South Transport Corridor (INSTC) cannot be ignored regarding the Chabahar port. Also, on the domestic front, it is necessary to follow the moderate Rouhani administration and to pay close attention to the movements of the conservative hardliners. Even in the face of reimposed sanctions the current administration has not closed the path to international cooperation. It is reasonable to consider the status of the current administration as being the determining factor for the

future of Iran.

#### (7) Egypt: The Suppression of the Opposition Continues

In Egypt, the current president Abdul Fattah al-Sisi was reelected with 97% of the vote in June 2018 and began his second term. As the Sisi administration thoroughly oppressed the opposition after seizing power in a coup in 2013, there is nearly no room for the activity of powers that criticize the government. However, economic reforms that are accompanied by economic pain in the lives of the people have continued, such as the reduction of subsidies. What is of primary importance is the question of whether the economic dissatisfaction of the people can continue to be suppressed within a restrictive political environment. The government itself is aware of the constant possibility that some event could trigger a rebellion. Second, as Sisi's term as president will end in 2022, it is thought that an active search for a successor will begin to take place within the centers of government. As President Sisi is firming up the foundations of his administration by expelling those who oppose his policies, attention is also being paid to the question of whether actions will be taken to adjust personnel in the presidential office and the higher levels of the military and to amend the parts of the current constitution that pertain to presidential term limits.

#### (8) Saudi Arabia: Saudi Internal Affairs and Foreign Policy as Unstable Factors

International relations are increasingly evolving into a destabilizing factor for the oil-producing countries of the Arabian peninsula. One of the significant events of 2017 was the antagonism and severing of relations between Saudi Arabia, the UAE, and others with Qatar. While there are few prospects of a break in the deadlock of this situation, Qatar has resisted the Saudi side by strengthening its relationship with Turkey and other powers. Recently, the incident involving the murder of Jamal Khashoggi at the Saudi consulate in Istanbul occurred. Regarding this incident, criticism of Saudi Arabia came not only from Turkey, where the incident took place, and from Qatar, which is hostile to Saudi interests, but also from Western countries concerned for freedom of the press and human rights. As the Saudi position on incident fluctuated repeatedly, it resulted in damaging the positive image of Saudi Arabia advanced by the social reforms enacted under MbS.

Movements to “normalize” relations between the oil-producing nations of the

Arabian peninsula and Israel also seem increasingly tangible, and Saudi Arabia's actions are of particular note here also. Although this change has resulted from each country pursuing its interests, the deepening of relations between the oil-producing nations of the Arabian peninsula and Israel symbolizes a change in the initiative for the Arabian countries regarding peace in the Middle East. If Saudi Arabia and other countries continue to hold no clear hopes for or methods of settling various problems, trends in the Arabian peninsula will continue to serve as destabilizing factors for the region.

(9) Syria: Proceeding Towards Reconstruction and the Repatriation of Refugees

Trends in the declining Islamic State and the expansion of the regions controlled by the government military and the Kurdish nationalist forces have continued. As pressure from the Islamic State in the east has dissipated, the government forces have proceeded to mop up the remaining fighters in the Damascus suburbs and southern Syria. In April, suspicions were raised of the use of chemical weapons in the eastern suburbs of Damascus and the US, UK, and France bombed Syria, but this had no significant effect on the mopping up of "oppositions," composed primarily of Islamic extremists, by the government forces. In September, the "oppositions" who had been cornered in Idlib Province, established an agreement with Russia and Turkey to avoid a large-scale attack by the government forces and their allies. In this agreement, measures such as a "demilitarized zone" were agreed upon.

Actions are also being concretized for the reopening of border crossings with Jordan and recovering the function of major roads both inside and outside of Syria. Efforts for the reopening of major roads and the recovery of city services and economic functions in areas with a high population density are connected to the recovery of the political, economic, and social cohesive forces in Syria. Within this atmosphere, the US, which occupies al-Tanf, one of the border crossings with Iraq, has taken the position that without a "change of government" the US will not provide even a single dollar towards the reconstruction of Syria, and has continued to be uncooperative regarding the occupation of Syrian territory and its reconstruction. Consequently, difficulties have been encountered in the international arena in terms of seriously conducting operations for the reconstruction of Syria, and international agencies have stopped grappling with "restoration" initiatives.

#### (10) Middle East Peace: Moving the American Embassy to Jerusalem

On May 14<sup>th</sup>, 2018, the US announced that it would move its embassy from Tel Aviv to Jerusalem and officially recognize Jerusalem as the capital of Israel. The Arab nations and the international community expressed concerns regarding the movement of the embassy, but no countries appeared ready to review their relationship with Israel or the US. Furthermore, Guatemala also moved its embassy to Jerusalem. Also, while Brazil and Australia suggested that they might move their embassies, there may be some embassies who revoke the movement of their embassies upon the change of administrations, such as Guatemala. However, the notion that Jerusalem is Israel's capital has become a fact. Overall, the interest of the international community in the Palestinian problem has weakened.

#### (11) Turkey: The Destabilization of the Internal and External Situation

2018 was an extremely hectic year for Turkey. On June 24<sup>th</sup>, from the elections for the Grand National Assembly and the presidential elections, the ruling Justice and Development Party (AKP) retained its position as the primary party, and President Erdogan was also reelected. Many observers had wondered if Erdogan would be reelected, but he was reelected without even reaching a run-off ballot. As context to Erdogan's win, it has been shown that the votes of the far-right Nationalist Movement Party (MHP) flowed to Erdogan from the establishment of a cooperative relationship, and the increase in the influence of the MHP on the AKP has become one cause for concern regarding Turkey's domestic affairs.

On the diplomatic front, relations with the US have considerably deteriorated since July from the release from custody of the American pastor Brunson. On August 1<sup>st</sup>, for reasons deeply related to the detention of this pastor, not only were economic sanctions imposed upon the Turkish Justice Minister and Interior Minister but on August 10<sup>th</sup>, the second round of sanctions was imposed. While Turkey took resistance measures, the Turkish lira dropped suddenly upon being sanctioned by the US twice in one month. This affected not only Turkey but also, simultaneously, caused a decrease in value for the currencies of other emerging nations and eventually developed into a situation called the "Turkey shock." Then, in October, the murder of a Saudi journalist at the Saudi consulate general in Istanbul occurred. In response to the incident, amidst increasing criticism of Saudi Arabia, appraisals of Turkey have improved.

(12) Palestine: The Great March for the Return of the Gaza Strip and the Continuing Blockade

Since March, along the coast and in the area of the overland fence between the Gaza Strip and Israel, a “Great March of Return” has been occurring. This march is in protest against the Israeli blockade of Gaza since 2007 and is primarily composed of civilians from the demilitarized Gaza Strip. However, Hamas has been paying participants, and minor Palestinian groups have taken advantage of the march to fire rockets at Israel. Using this as a pretext, Israel has deemed the Great March of Return an act of terrorism and has responded using live fire and tear gas and has reinforced the suspension of shipments of fuel and aid materials into the Gaza Strip. Egypt and the UN have mediated ceasefire negotiations between Hamas and Israel, but beyond the temporary opening of checkpoints into the Gaza Strip by Israel, no significant results have been achieved. Furthermore, the antagonism between Hamas and Fatah has made it even more difficult to reach a ceasefire agreement. Fatah of the Palestinian National Authority has asserted that there should be reconciliation with Hamas, a unity government should be established that includes the Gaza Strip, and this government should then negotiate with Israel. However, no progress has been made in reconciliation between Hamas and Fatah and, consequently, a ceasefire agreement with Israel has stalled.

(13) Jordan: The Razzaz Cabinet Begins with Financial Difficulties

In May, in the form of accepting a proposal for economic reform from the International Monetary Fund, the lower house of Jordan adopted an income tax bill that would increase taxes. In response, demonstrations of protest occurred in every city in Jordan. The object of protest, the Mulki Cabinet, was dissolved and the Razzaz Cabinet was formed on June 14<sup>th</sup>. In Jordan, where more than half of all citizens are young, the unemployment rate is high, and subsidies support people’s lives. Also, in part due to the acceptance of a large number of Syrian and Palestinian refugees, the financial situation has become strained and the cumulative amount of debts held by the Jordanian government has risen to a large sum. The Razzaz Cabinet, while emphasizing Jordan’s role in ameliorating the Palestinian and refugee problems, has obtained aid from the Gulf States and from Europe. However, this kind of aid merely delays the confrontation with the essential problem of financial reform. While reforms to

the income tax bill are proceeding in the legislature, the question of how to convince the people to shoulder greater economic obligations has become the major challenge for the government.

(End)