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Regional Trends in the Middle East: Political and Economic Dynamics

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Owing to contradictions between regional actors, socioeconomic problems, and political instability in some countries, the situation in the Middle East remains tense. Given such circumstances, political and economic trends in the Middle East require a degree of theoretical conceptualization. The authors of this report analyze the current political and economic trends in the region's Arab countries and non-Arab states, including Iran, Turkey, and Israel. Additionally, the authors examine key foreign policy trends in Middle Eastern states.

The opinions expressed in this report reflect solely the personal views and analytical outlook of the authors and do not necessarily represent the views of the Russian International Affairs Council NP (Non-profit Partnership).

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Contents

Introduction	4
Chapter 1. The Arab World: Internal Political Development Trends	9
Chapter 2. Economic Trends in Arab Countries	18
Chapter 3. The Domestic Political and Socioeconomic Situation in the Islamic Republic of Iran	36
Chapter 4. The Domestic Political Situation in the Republic of Turkey	40
Chapter 5. Major Domestic Political Trends in Israel	45
Chapter 6. Key Foreign Policy Trends of Middle Eastern States	50
Conclusion	67
About the Authors	69

Introduction

Andrey
Kortunov

The title of RIAC's new report, "Regional Trends in the Middle East: Political and Economic Dynamics", could prompt various objections and debate. After all, the Middle East is so heterogeneous and diverse, the countries that constitute the region travel along extremely different trajectories in their political and economic development. Thus, is it even proper to speak of there being common regional trends? Being home to both Arab and non-Arab states, some countries are very rich while others are very poor. There are secular states and theocracies, countries that are relatively stable, as well as those highly unstable and fragile.

Even by reducing the Middle East to a theoretical concept such as the "Arab world", it will still be difficult to settle on some common denominators and identify general trends. Impulses toward associations exist right next to acute contradictions; a sense of belonging to a community does not rule out fierce competition, territorial disputes, and the struggle for regional and sub-regional leadership. It is therefore difficult to suppose that the Middle East will be able to position itself as a consolidated pole of the emerging multipolar world in the foreseeable future, a pole capable of speaking in a single voice to other poles and centers of influence.

The political situation in the Middle East changes rapidly and sometimes unpredictably, which complicates any attempt to identify long-term pan-regional dynamics. For instance, the recent escalation of the Israel-Palestine conflict was a classical "black swan", throwing regional plans into disarray, forcing state leaders to take a new look at many of the region's problems. Of course, Israel's operation in Gaza is still far from over, and it is practically impossible to confidently predict what will happen throughout the current course of events, not to speak of the outcome. Nonetheless, the war between Israel and Hamas will surely have lasting large-scale consequences not only for the two sides of the conflict, but for the entire Middle East, even if the neighboring states do not join the fray. Some previously noted regional development trends will be given a new powerful impetus, while others will be significantly weakened.

Nonetheless, an attempt to approach the Middle East as a single ecosystem and summarize the changes taking place in the region, and to ponder its future is, in our opinion, a worthy enterprise. Without going too far ahead, and without jumping into the analysis provided in the chapters of this report, it is important to layout some of the preliminary hypotheses concerning the likely outlook of the Middle East.

First, the many divisions across the Arab and Middle Eastern world will remain in the foreseeable future. These divisions have many dimensions: they run between countries (determined by objective differences in the national interests of individual regional states), through societies (between the leaders of many Arab states and the so-called "Arab street"), through elites (between the so-called "power ministries" and "technocrats", between conservatives and reformers, between central authorities and regional authorities, etc.). It is hard to say what effect these

divisions are going to have on the political trends in each individual Middle Eastern state, but there are grounds to believe that they will prove to be an additional factor in the internal instability throughout the region, as well as a factor that may generally slow down the socioeconomic and political modernization of the Middle East.

It is also difficult to suppose that in the nearest future, the Middle East will successfully overcome its chronic statehood crisis. This crisis takes very different forms in different Middle Eastern states; not only the traditionally fragile states who have, in recent years and decades, gone through long-lasting civil wars with major international involvement (Iraq, Lebanon, Yemen, Libya), but also relatively stable states with stable political institutions (Israel, Turkey, and even conservative Arab monarchies of the Gulf) are not safe from it. This, in turn, means that the region will still have an active and powerful non-state military and political actors and their corresponding group identities. A revival of tribalism and different radical cross-border movements cannot be ruled out.

It is these movements, and not Arab states neighboring Israel, that will remain the greatest threat for Israel's security. Even if the Israel Defence Forces (IDF) succeeds in fully defeating Hamas (which is an outcome that would be too early to confidently predict at this time), its place will be undoubtedly taken by another, no less radical, fundamentalist groups. If there was a time when the persistent weakness of Arab states used to give Israel certain advantages in the face of its larger opponents, now it is becoming one of Israel's main problems: its leaders may simply fail to find responsible dialog partners. Naturally, political radicalism is a challenge not only for Tel Aviv, but for the capitals of Arab states themselves.

The latest events in the region give grounds to suppose that refugees and forcibly displaced persons will remain an important factor in the Middle East's political life. The ongoing fierce Israel-Palestine confrontation and unresolved refugee problems have been a pressing issue for many decades. They are passed on from one generation to another and can set off an outbreak of violence at any time. Additionally, the conflict proved that Palestinian diasporas still have a major potential for political mobilization, both in the Arab and non-Arab worlds. The Middle East notably accommodates not only Palestinian, but also Syrian, Iraqi, Yemeni, Afghani, and other groups of refugees. All these groups will continue to stretch the social infrastructure of its host countries and advance the radicalization of host societies, both in the region and beyond.

The current crisis will inevitably entrench the existing distortion in the region's individual national priorities. Amid the current circumstances, the political elites of both Arab and non-Arab states will be forced to unquestionably prioritize security issues over all other matters on the national agenda. It is possible that many Middle Eastern countries will increase their defense budgets, while their militaries and other power agencies will bolster their political standing.

At the same time, many development problems (from rapid demographic growth and uncontrollable urbanization, to widespread corruption and socioeconomic inequality) are not going anywhere. On the contrary, many of them will be exacer-

bated, owing to the negative consequences the region will experience because of the overall global military and political situation, global warming, and increasing fresh water and food shortages. On the other hand, internal resources that could be mobilized to successfully handle fundamental development tasks will remain more than limited.

Accordingly, Middle Eastern pressure on the outside world will increase to some degree, extending both to its near and remote neighbors. Unfortunately, the Middle East will continue to remain one of the principal sources of international terrorism in a great variety of its forms and of cross-border flows of illegal migrants. In the worst-case scenario of Israel's military operation in Gaza (a lasting operation with major casualties among the civilian population), the region's public would inevitably see global politics as an endless confrontation between the rich "Christian" West and the poor "Muslim" East, with corresponding political consequences for the relationship of Middle Eastern countries and their western partners. Today's stereotypes of the West and its double standards, and the West's indifference to the problems of the Middle East will only continue to grow.

At the same time, there can be no doubts that the political and economic role of Middle Eastern diasporas will be steadily increasing in many countries, primarily in Europe. Since Arab Muslim communities are far larger and better organized in Europe than in the US, this crisis could become one of the factors undermining Western unity, especially since the first fault lines in trans-Atlantic relations are already emerging over the Israel-Palestine conflict and other fundamental Middle Eastern problems. These lines are becoming more pronounced since, for objective reasons, the Middle East is far more important for the European Union than for the United States.

Although the current crisis may, among other consequences, produce a short spike in global oil and gas prices, this traditional Middle Eastern leverage in global economy and politics will hardly prove effective both in the short and long-term. In any case, a rerun of the 1973 "oil embargo" is impossible since the geography of global energy markets has fundamentally changed over the last fifty years and OPEC will hardly manifest the same united front it formed back in 1973. Down the road, the political and economic capabilities of the Middle East's hydrocarbon export states will continue to decrease as western states, as well as China and India will travel towards an "energy transition". This journey, even if slow and sometimes inconsistent, will inevitably raise the question of the new place Middle Eastern hydrocarbons exporters will have in the international division of labor.

The current crisis has clearly demonstrated the failure of Washington's long-term strategy that had intended to relegate the Palestinian problem to regional politics and replace it with the objective of forming a unified front, comprising Israel and the leading Arab countries of the Gulf, locked in a confrontation with the Islamic Republic of Iran (IRI). Of course, the US will persistently attempt to bring the region back to the Abraham Accords, but the conflict has shown that completely removing the Israel-Arab dimension from Middle Eastern politics and replacing it with the Arab-Iran dimension is impossible. Israel's rapprochement with the Arab

monarchies of the Gulf is indeed based on the many interests of the parties, but it will inevitably slow down and even roll back in some respects. This means that Washington will have to, once again, prove its right to play the role of an “irreplaceable” external actor in the region, even though its strategic involvement in European and East Asian affairs will certainly prevent US strategists from concentrating solely on the Middle East.

The events in and surrounding Gaza certainly create new problems, primarily for the Biden Administration, who has declared its unquestionable support for Israel yet is forced to caution Tel Aviv against excessive use of military force. Attempts to steer a balanced course in the unfolding conflict inevitably provoke domestic criticisms both from the left (US supporters of Palestine), and from the right (supporters of furthering aid to Israel as an ally of the US). An unfavorable concatenation of events may cost Democrats the 2024 presidential elections. However, any new administration will inevitably run into the problem of there being no domestic consensus in the US on the Palestine-Israel conflict settlement.

The overall difficult geopolitical global situation will inevitably make its negative contribution to the events in the region. The chances of the Quartet on the Middle East or any other representative multilateral mechanism for Palestine-Israel settlement resuming its activities today are slim to none. The prospects of establishing a collective security system in the region or even instituting a limited system of confidence-building measures also lack any promise. Discussions of Russia and Brazil’s proposed resolutions on Gaza and unsuccessful attempts to prolong cross-border deliveries of humanitarian aid into Syria in the summer of 2023 show that there is equally no hope of the UN Security Council adopting new decisions on Syria or Palestine.

Most likely, the UN Security Council (as well as the UN General Assembly) will continue to act as venues for bitter exchanges of great power informational exchanges and propaganda, while the Middle East will remain as the arena for this great power geopolitical rivalry. Although no one wants a major war in the region, no one is willing to make fundamental concessions to their geopolitical rivals either. It is easy to see that this circumstance will further complicate the already-complex dynamics of intra-regional political trends.

Of course, it would be a mistake to completely rule out the possibility of this new acute crisis suddenly opening some fundamentally new opportunities for stabilizing the regional situation. For instance, the war in Gaza could speed up Israel and Palestine’s upcoming generational change of political elites. Benjamin Netanyahu (who turned 74 in October 2023) and Mahmoud Abbas’ (who will turn 89 in the spring of 2024) retirement may give the old plans of creating an independent Palestinian state a new impetus.

On the other hand, improved relations between Iran and Saudi Arabia might prompt Lebanon’s Hezbollah, and other pro-Iranian Arab groups, to exhibit more restraint in the current conflict. Successful national reconciliation efforts in other parts of the Arab world, for instance, in Yemen or Libya, could have a certain positive, even if indirect, effect on the Palestinian situation. However, most new

factors that could soon manifest in the region will likely bring additional burdens instead of fundamentally new opportunities for Israel-Palestine settlement, rather than consolidate all of the Middle East.

In any case, an active, broad, and highly emotional global response to the events taking place today in the Middle East shows that, like a few decades before, the region's contradictions and conflicts remain a comprehensive international problem that is not only regional, but global. Accordingly, its solutions should also be global, not just regional. Although no such solutions are discernible today, it does not mean they should not be sought. This report is RIAC's attempt to make its modest contribution to this endeavor.

Chapter 1. The Arab World: Internal Political Development Trends

Vasily
Kuznetsov

Twelve years ago, in 2011, the Middle East experienced the now-dubbed “Arab spring”, either in a nod to the Prague Spring of 1968 or to the Springtime of the Peoples of 1848–1849. This development is frequently seen as the trigger that led to a “tectonic shift” in the region.¹ Although many democratic illusions of the time have since then been dispelled, the transformation itself continues. Authors who wrote on this topic at the time compared the events to the emergence of the region’s inter-state relations in the 1950s–1960s. Then, predictions were made that it would require about ten to twenty years until the region achieved a new equilibrium, both in international relations and at the level of individual political systems.²

Tellingly, it was not entirely clear what both cases meant (and still mean) by equilibrium, since there are at least two options for both levels. Internationally, it can be seen as a balance of forces (but this raises the question of whether this balance should (and to what degree) consider only regional states or if it should also account for extra-regional and non-state actors present in the Middle East). Alternatively, it can be seen as a balance of interests (and then, in addition to the question of specific participants, the questions of defining their interests arise, of these interests being dependent on the opinions of specific political groups, and the mechanisms of aligning these interests). At the same time, there are also two options at the level of political systems: a balance of forces between different public and/or elite groups (raising the question of institutionalizing these groups, their stability, and ensuring connection between these elites and their social base, etc.) or about a balance between public demand and the system’s response to it (what David Easton’s classical political system theory calls input and output³).

If those experts were correct, now, twelve years after the start of the “era of change”, is the time for the basic outlines of these equilibriums to take shape.

Still, even though regional transformations have somewhat slacked off the last two years, there is an unmistakable feeling that there is still a long way to go to achieve stability.

To describe the current political development of Arab countries and the individual dynamics of the countries, it is important to, first, identify factors (at the global, regional, and country level) that determine this development. Second, it is important to focus on the most pressing changes that have already taken place.

¹ Truevtsev K.M. “The Arab Spring: Its Development, Actors, Technologies, and Interim Results” // *Politia* 2012. No. 1 (64). P. 21–32 (in Russian).

² Stegny P. “The Future of the Greater Middle East” // Russian International Affairs Council. URL: <https://russiancouncil.ru/analytics-and-comments/analytics/budushchee-bolshogo-blizhnego-vostoka/> (in Russian)

³ Easton D. “Approaches to Political System Analysis” // *Vestnik Moskovskogo universiteta [Moscow University Bulletin]. Series 12. Political Science.* 2015 (5). P. 17–37 (in Russian).

Factors of Change at the Global, Regional, and Country Level

Compared to the 2010s, the most important change occurred not at the regional or state level. Rather, global factors most affected the situation in the Middle East.

Politically, a key event became the spiraling confrontation between Russia and the West. Economically, the world faced de-globalization trends in the global economy⁴ and changes in transportation and logistics chains.⁵ Socially, there has been ongoing conflict between the “elites” and the “people”,⁶ recently evidenced by France’s large-scale riots in July 2023. Culturally and axiologically, discussions of civilizational values linked to the concepts of the emerging multipolar world is being more discussed

None of these factors that largely determine the current state of the world emerged out of nowhere. Each of them was, to some degree, manifested during the “Arab spring”. For instance, the diametrical opposition between Russian and Western approaches to the problem of political regimes change was clearly manifested precisely in connection with the “Arab spring”. It was NATO’s intervention in Libya that Russian elites labeled as a textbook example of the West acting irresponsible. At the same time, a wave of anti-governmental protests swept the world highlighting the consistent lack of trust in elites, both in Middle Eastern and Western societies. This mistrust led to a spike in the popularity of populist leaders, both extreme right and left movements, and that mistrust has yet to be overcome. Finally, it was then when the problem of humanity’s development strategies emerged, and many questions concerning values were posited (suffice it would be to recall the many debates regarding freedom of speech and respecting religious values).

These global development trends gained momentum over the next decade, yet seemed to have receded into the background amid the pandemic that temporarily consolidated society in the face of needing to fight the disease and bring back trust in state institutions, essentially the only source of security at the time. However, when the pandemic ended, it became clear that not a single global problem had been solved, and the deteriorating economic situation makes the accumulating contradictions manifest in ever more radical ways.

These global development factors manifest differently in the politics and policies of Middle Eastern states, but it is only in rare cases that they directly affect the domestic political situation. The confrontation between Russia and the West may force elites to adjust their foreign policy stances, and global economic changes naturally impact domestic economies of the region’s countries, yet both factors are projected onto the domestic politics in a non-linear manner.

⁴ Goldberg P., Reed T Is the Global Economy Deglobalizing? // The Brookings Institution, 2023.
URL: https://www.brookings.edu/wp-content/uploads/2023/03/BPEA_Spring2023_Goldberg-Reed_unembargoed.pdf

⁵ Naumkin V., Kuznetsov V. “The Middle East and the Future of the Polycentric World” // Valdai International Discussion Club Support and Development Fund. February 2023. URL: <https://ru.valdaiclub.com/files/44102/> (in Russian)

⁶ Ortiz I., Burke S., Berrada M., Cortes H. S. Word Protests. Friedrich-Ebert-Stiftung New York; Initiative for Policy Dialogue // Global Social Justice. 2022.
URL: <https://web.archive.org/web/20230710140557/https://library.fes.de/pdf-files/bueros/usa/19020.pdf>

Specific regional factors have greater influence on the domestic political development on Middle Eastern and North African countries, yet these factors remain unchanged: there are several sub-regions with gradually diverging development trajectories; there are increasingly significant resource imbalances; there is permanent multistructurality whose nature changes as modernization develops; cultural, value-based, ideological, and intra-regional ties play an important role that partially offsets the region's low economic coherence.⁷ These are all the permanent features of the Middle East and North Africa that directly influence the political development of individual states. However, in the recent decade, they also had an increasing effect on domestic political and regional trends.

Primarily, with the postcolonial world order model having run its course, the four main sub-regions of the Arab world (the Maghreb, the Nile valley, the Arabian Peninsula, and the "Fertile Crescent")⁸ are on divergent development trajectories. The states in each sub-region diverge both in their foreign policy and economic ties, as well as their political development models.

Resource imbalances that were previously considered as the unequal distribution of extractable resources now primarily refers to water shortages, which are becoming a crucial conflictogenic factor. Food security in the region is directly connected with this matter, and it has become particularly evident in connection with global grain deliveries amid the events of 2022–2023.

Multistructurality that has always been viewed as a distinctive feature of Middle Eastern societies has ramped up its effect because of two simultaneous trends: continuing modernization on the one hand that shapes and bolsters new social strata absent in agrarian and industrial societies (the so-called creative class) and, on the other, partial archaization of social relations amid conflicts and weakening state institutions.

Finally, the role of value-based and cultural intra-regional ties remains invariably strong: for the last dozen years, competitions between various components of political Islam, Arabism, country-based nationalisms, etc., have also been observed.

Individual states retain fundamental features such as hybrid political systems that combine elements of traditional and modern political authority institutions, insufficiently diversified economies, and low regional coherence, continuing urbanization, and different cultural and value paradigms in different social strata.

This great variety of factors determines the unique political development of Arab states of the Middle East and the major changes that have already taken place in the region and will, apparently, help shape new political development trends.

⁷ Baranovsky V., Naumkin V. "The Middle East in the Changing Global Context: Key Trends of a Hundred Years of Development" // *Mirovaya ekonomika i mezhdunarodnye otnosheniya* [Global Economy and International Relations]. 2018. Vol. 62. No. 3. P. 15. URL: https://www.imemo.ru/index.php?page_id=1248&file=https://www.imemo.ru/files/File/magazines/meimo/03_2018/0005_0019_BARANOVSKY_ID15396.pdf (in Russian)

⁸ The Fertile Crescent is a sub-region in the Middle East that comprises Iraq, Syria, Lebanon, Palestine, and Jordan.

Accomplished Changes and New Trends

The most important change (if to focus solely only the last couple of years) is the regional détente that includes the normalization of relations between Iran and Saudi Arabia, the Qatar crisis settlement, Syria's return to the League of the Arab States (LAS), and some positive shifts in Turkey's relations with Egypt and the Emirates. However, fetishizing the importance of all these remarkable changes should be avoided; a universal reconciliation is far from emerging. The threats stemming from Iran–Israel conflict tendencies remain and intensify, while Algeria–Morocco tensions are slowly, but inexorably, mounting in the Maghreb. The dramatic events of the fall of 2023 showed that the historically unresolved Palestinian problem and its marginalization in the regional agenda proved to be the crucial factors in the new regional escalation. Clearly, it is still early to predict whether this new escalation will spread to the entire region or if it will remain as contained phenomenon. Regardless, the region remains visibly fragile.

Despite this development and without focusing on the international consequences of the 2020–2023 détente, it would be expedient to consider its domestic political consequences.

It primarily results in key regional states cutting back on their involvement in conflicts and reducing support for friendly forces acting as proxies. One positive consequence is obvious: conditions for conflict de-escalation emerge, for instance, in the case of Yemen. At the same time, conflict internal causes remain, therefore, predicting their final settlement is difficult. Moreover, conditions for a new escalation have emerged. Of course, without outside support, various proxies can be forced to cut back on their activities. The problem, however, is that none of these forces is solely a proxy; they all sprang up from some sociopolitical soil, they have their own legitimacy, social base, military, political, economic, and ideological resources. Stark examples include Ansar Allah in Yemen, Hezbollah in Lebanon, the militia in Tripolitania and Cyrenaica, etc. Additionally, in many cases, cutting back on support for friendly non-state actors requires revising the foundations of the foreign political identity of the regional states. While Mohammed bin Salman proclaimed such a revision for Saudi Arabia, insisting on revising its religious policies and politics, nothing of the sort happened in Iran. Finally, an important factor suggesting that conflicts may once again flare up is that instead of handling underlying problems, the current situation merely causes new knots of social, political, and economic contradictions to spring up in every case. Catastrophic humanitarian consequences in Yemen, deep economic crisis in Syria, and lack of clear political prospects in Lebanon have created an entire new generation of young people to grow up and socialize amid conflicts. Countless weapons have been found in the hands of a population, as the absence of a strong authority suggests a rather pessimistic view of the situation.

Additionally, if some regional states do become more politically responsible, less reckless and emotional, and become aware of the “red lines”, it does not mean that other countries will avoid taking politically reckless steps. Finally, the question of de-escalation causes and, consequently, its stability remains open.

The response of regional actors to the events in Gaza in October–November 2023 is quite telling. Most regional states, including Iran, Israel's relentless adversary, showed a high degree of pragmatism and restraint. Some states, for instance, Algeria and Iraq, stepped up their anti-Israel rhetoric, while others, such as Turkey, attempted to use the new situation to declare, once again, their desire to be the leader of the Islam world.

At the same time, Israel, who has generally been seen as quite a pragmatic actor, responded to the Hamas attack with disproportionate use of force against a generally peaceful population in Gaza, lacking any realistic strategic program for future governance in Gaza, thereby demonstrating foreign political recklessness from an international relations point of view. At the same time, a look at its behavior "from the inside" and not "from the outside" shows that it though it is acting reckless, it is also the only possible course dictated by its society's demands.

There is another stark example of the effect this conflict on the conduct of non-state actors. The paradox here lies in the fact that the most active non-state actors (Hamas, Hezbollah, Ansar Allah) that are frequently seen as proxies of large regional powers, conduct themselves not as proxies, but as quite independent actors pursuing their own interests.

Looking at the developments around political systems and regimes, the situation proves to be even more interesting. With Abdel Fattah el-Sisi in Egypt, Kais Saied in Tunisia, Abdelmadjid Tebboune in Algeria coming to power, and with Bashar al-Assad staying in power in Syria, the phenomenon seen as "new authoritarianism" is taking hold of the region. The problem, however, is that the democracy/authoritarianism dichotomy does not provide an adequate description of the complex political reality; this dichotomy essentially says that the democratic trends that were beginning to emerge in 2011, failed. Unlike in Southern or Central and Eastern Europe a few decades before, or in Western Europe even earlier than that, the Middle East and North Africa have never grounded these trends in sufficient economic, political, or institutional support from outside forces. There was no Marshall Plan and no prospects of joining the "family of European nations". Moreover, quite soon, some external actors apparently decided that it was easier to deal with consolidated regimes, even if they were not democratic, than with weak and unconsolidated democracies. Ultimately, a paradoxical situation emerged: the trends that seemed to be outwardly like those that had previously been seen in the western world, did in fact, have a diametrically opposite meaning. Democratization in Europe brought, with its economic progress and prosperity, greater public security and legitimized political elites. In the Middle East and North Africa, democratization brought economic disorder, societal polarization, poorer governability, worse public administration, and, consequently, reduced legitimacy of the current authorities and democratic institutions in society's eyes. The latter development was evidenced by super-low voter turnout at elections and referendums in Algeria and Tunisia in recent years. Democratic-leaning political parties in Arab countries have generally been losing their appeal.

Growing authoritarianism in state governance was certainly a response to those challenges. This emerged in republics that formed powerful governmental machines prior to 2011: in Egypt, Tunisia, Algeria, and Syria. The countries that had not evolved such a governmental apparatus, for instance, Lebanon, Libya, or Sudan, or countries where these machines had been dismantled, as had happened in Iraq, only saw increased political chaos.

Such a response to instability essentially means a change in the basic terms and conditions of the social contract. While the regimes in Tunisia, Egypt and Syria prior to 2011 were based on exchanging political rights and freedoms for economic progress and modernization, those regimes that have recently come to power primarily offer their societies security, and ensuring security becomes the main source of trust in these regimes. This is why authorities in Egypt in the first years of Abdel Fattah el-Sisi's government and the Syrian authorities throughout the current conflict found it so important to combat terrorism. This is why Algeria accused Rabat of supporting Islamist radicals and Kabylia autonomists, and why the followers of the Ennahda party were subjected to mass criminal prosecutions in Tunisia.

The problem with such a social contract is apparent: to be complied with, it requires constant social mobilization, and in its absence, the contract can be revised. Characteristically, Egypt instituted such a contract earlier than other states, and now there is an emerging trend to replace it with another one that better aligns with the social contract that had been in place under Hosni Mubarak and his predecessors. This is evidenced by the growing national dialogue with the opposition (naturally, except for the Muslim Brotherhood)⁹ launched by the President in 2022, particularly focusing on strategic mega-projects. Finally, the least important, yet very stark testament, is the slogan "Building a modern Egypt is our common goal", is one that dominates Cairo's streets today. Even though this evidence is somewhat equivocal,¹⁰ its very existence indicates possible changes. As the military threat from the armed opposition and terrorist groups is shrinking in Syria, matters of re-integrating territories not yet controlled by Damascus is moving into the foreground (hence the periodically surfacing information on talks with Kurds and Turkey), as well as overcoming the serious economic crisis. In Algeria and Tunisia, where the political regimes were installed only in 2019, security threats are not as urgent. Nonetheless, characteristically, as soon as Abdelmadjid Tebboune came to power and struggled to gain the people's trust (all elections and referendums in 2019–2023 demonstrated extremely low voter turnout and mass fraudulent ballots¹¹), he actively used the foreign political agenda to consolidate society by including the traditional Morocco rivalry motif, the Western Sahara problem, the Israel threat (that has become particularly pressing amid the Morocco–Israel rapprochement), and the French factor. At the same time, Kais Saied in Tunisia is

⁹ The National Dialogue // Presidency of the Arab Republic of Egypt. URL: <https://www.presidency.eg/en/الرئاسة/الحوار-الوطني/>

¹⁰ Al-Anani K. Egypt's National Dialogue: A Lost Opportunity for National Salvage // Arab Center Washington DC. 07.07.2023. URL: <https://arabcenterdc.org/resource/egypts-national-dialogue-a-lost-opportunity-for-national-salvage/>

¹¹ Kuznetsov V.A. "Algeria: Political Participation amid Post-2019 Regime Transformation" // Novaya i noveyshaya istoriya [Modern and Recent History]. 2023 (1). P. 209–219. URL: <https://nni.jes.su/S013038640021357-0-1> (in Russian)

just as actively combating both Ennahda and different foreign influence agents (several conspiracies were exposed in 2022 alone¹²) and illegal migrants.¹³

However, in many other respects, these regimes are very different. It becomes particularly clear if to look at them from the point of view of above-mentioned domestic political equilibriums. Even though Syria amended its constitution in 2012, it did not co-opt alternative elites into its political system. When the Muslim Brotherhood was removed from power in Egypt, some forces joined the system in 2011 and succeeded in keeping their position since. Additionally, to enlarge their talent capacity, rejuvenate their bureaucracy, and create social mobility for the active young generation, the government launched several projects to expand their talent pool. Algeria's political arena features the same forces that had been there in 2019, and Hirak protest movement proved to be incapable of political institutionalization. Finally, in Tunisia, political elites were quite substantially revamped after 2011. Even though Ennahda and its allies were removed from power, returning the political party configuration of the Zine el-Abidine ben Ali era is out of the question.

In all four cases, political parties and technocratic bureaucracy generally lost some of their importance in the state apparatus. As security became the main service the state must provide to the public, legitimate agents of violence became key actors. This trend is present in three out of the four considered cases. In Tunisia, where it is not defined at least outwardly, social consolidation is realized through the political populism of the president, contrasting the support of the masses with the apparent distrust of the public elites. At the same time, power agencies did play an important role in all those countries even before 2011, but it has always been balanced out by the ruling political parties that essentially consolidated the public (in this respect, they had little in common with Western European political parties). Characteristically, at the time of Zine el-Abidine ben Ali, a quarter of Tunisia's population were members of the country's ruling party, while in Algeria, the National Liberation Front preserved its monopoly on the memory of fighting colonialism, and Syria's constitution enshrined the exclusive role of the Baas party, etc. Multi-party systems more (as in Tunisia and Syria) or less (as in Algeria) officially existed everywhere, and at the time of transition presumably should have become an alternative mechanism for balancing out public demands and solutions adopted by the political system and the interests of various sociopolitical groups. That, however, did not happen in all four cases (Egypt, Tunisia, Syria, Algeria). Political parties today do not appear to be serious and independent political forces that enjoy significant public trust. Even though the consequent functional deficit is partially offset by the increased role of political leaders, they will channel efforts into creating some new mechanisms in the near future. The region's monarchies manifest somewhat different development trends.

¹² Seif Soudani. "Tunisia. A Conspiracy Against State Security: Defense Exposes 'Empty Action'" // *Le Courier de l'atlas*. February 28, 2023.
URL: <https://www.lecourrierdelatlas.com/tunisie-complot-contre-la-surete-de-letat-la-defense-denonce-des-dossiers-vides/> (in French)

¹³ Vincent Geisser. "Tunisia: The Hun for Migrants from Sub-Saharan Africa is Open" // *Cairn Info*.
URL: <https://www.cairn.info/revue-migrations-societe-2023-1-page-7.htm> (in French)

Only in Bahrain does the political situation appear to follow the same track, being affected by the events of the 2011 “Arab spring” like the Arab republics. The national dialog that took place in the early 2010s quickly rolled back. The most active opposition movements (primarily Al-Wefaq) were banned, and the opposition found itself excluded from the 2022 parliamentary elections.¹⁴ At the same time, the configuration of forces within the ruling elite did change. The equilibrium of “hawks”, linked to the king’s uncle and Prime Minister Khalifa bin Salman Al Khalifa, and “doves”, connected with Crown Prince Salman bin Khamad Al Khalifa, was disturbed. As in the republics considered above, a course for consolidating power began to emerge.¹⁵ At the same time, however, the kingdom became more dependent on Saudi Arabia whose military played a key role in suppressing the 2011 protests.

As in the republics considered earlier, Bahrain’s state policy throughout the 2010s was based on the key motif of defending itself against the Iranian threat, while in the 2020s, the kingdom felt the need to supplement it with new prospects of socioeconomic progress. Here, the kingdom chose to follow the same route that had been taken by other monarchies in the Cooperation Council for the Arab States of the Gulf (GCC) and banked on ambitious national development strategies.¹⁶

In other GCC countries, the situation developed somewhat differently. Most of them handled the need to bolster their systemic stability by improving governance mechanisms (here, digitization plays an important role), and by consolidating and rallying their societies around impressive strategic projects where the state, personified by specific leaders, becomes the main modernizing and progressivist force. The best examples here are the UAE and Qatar. This approach generally allows for avoiding the problem of searching for a new balance of power between different elite groups. The exceptions here are Kuwait and Saudi Arabia. The former has fairly developed public political organizations, a unique political culture, largely shaped by the events of 1990–1991, and also needs to handle clearly expressed protests of some social groups. Together, these factors force Kuwaiti leaders to seek for new balances in parliamentary instruments.¹⁷ The latter has no such instruments and political organizations, yet its social system has suddenly become more complex in the last twenty to thirty years (demographic growth, urbanization, the middle class emerging, etc.) and together, these factors force Saudi Arabia to seek new balances by transforming its intra-elite, whereby the elite group led by Crown Prince Mohammed bin Salman concentrates power in its own hands and relies on a modernized urban population.

¹⁴ “The Entire Political Process is Fraudulent”: A Legal and Political Study of the 2022 Parliamentary Elections in Bahrain // Bahrain Institute for Rights & Democracy. November 2022. URL: <https://birdbh.org/wp-content/uploads/2022/11/The-Entire-Political-Process-is-Fraudulent-A-Legal-and-Political-Study-of-the-2022-Parliamentary-Elections-in-Bahrain-©BIRD.pdf>

¹⁵ Nakhleh E. Could Bahrain’s new prime minister chart a new path toward reform? // Quincy Institute for Responsible Statecraft. November 19, 2020. URL: <https://responsiblestatecraft.org/2020/11/19/could-bahrains-new-prime-minister-chart-a-new-path-toward-reform/>

¹⁶ Our Bahrain. National Plan for Strengthening National Identities and Consolidating Civil Values // Bahrainouna. URL: <https://web.archive.org/web/20230608074643/https://www.bahrainouna.com/> (in Arabic)

¹⁷ Melkumyan E.S. Kuwait: Domestic Politics after the Arab Spring // Vostok. Afro-Asiatskie obshchestva: istoria i sovremennost [The East. African-Asian Societies: History and Modernity]. 2021 (3). P. 74–84. URL: <https://vostokoriens.jes.su/S086919080015049-0-1> (in Russian)

Overall, the transformation of political systems that started in the early 2010s is far from complete in all Arab states in the region. While in the early 2010s, it seemed that the key issue here was co-opting certain groups into the political system and rejuvenate it, today, the situation appears to be more complex.

Ultimately, both situations did happen: the Islamic parties and movements are, to some degree, represented in the political elite of most Arab states in the region (except for Syria and some Gulf monarchies), and in some cases, new generations of their elites appeared in the natural course of things. However, these developments do not resolve two key problems: the political architecture and changed social structure being misaligned on the one hand, and the political system being institutionally weak (and, consequently, poorly adapting to changing social conditions) on the other. At the same time, the changes in societal social structures are rather ambiguous. While continuing urbanization (or pseudo-urbanization in some cases) naturally entails social modernization, the latter may be of a different nature.

States going through military political conflicts or major economic crises (like in Palestine, Iraq, Syria, Libya and Yemen, such as Tunisia, Egypt, and Lebanon) essentially see their middle class vanish and large swathes of their population growing poorer, while the most fragile also see their state system lose its monopoly on legitimizing violence, as their institutions become increasingly dysfunctional. Those developments, in turn, translate into an objective spike in social tensions and a high likelihood of political radicalization. The recipes described above show that today's systems appear palliative to some degree. Their effectiveness could probably be improved by pouring greater resources into them, thereby allowing elites to revisit, at least partially, the old social contract formula by offering their societies faster development. First, however, it is far from obvious where these resources will come from, and second, even attracting these resources will not as such resolve the institutional problem. This problem apparently cannot be resolved, neither by restoring previously dismantled or weakened party bodies as they had been effective in a different social environment, nor by directly copying Western practices.

Similar modernization entails entirely different consequences in the Gulf monarchies that outwardly appear to be developing well. While the "problem" countries face middle class erosion, GCC countries (primarily Saudi Arabia) have, on the contrary, an ascendant middle class, which, in turn, inevitably results in a tribal institution crisis. Since the political authority in these countries is based precisely on those tribal institutions, its nature should also change. Despite fundamentally different conditions for development, the institutional problem remains, although it may not be quite as pressing as in the republics.

Therefore, both monarchies and republics face the need to search for new state system models, a quest that is complicated by the inability to follow familiar development plans to catch-up.

Chapter 2. Economic Trends in Arab Countries

Alexander
Yakovlev

Pan-Regional Problems and Prospects

The Global Transition Crisis

In the 2020s, the global international political and economic space has been undergoing major changes; it is being re-built and re-tuned. The world is generally moving from one era to another, from one order to another.

A question had been raised over the fundamental principles of the international system that had emerged by the late 20th century: on Western leadership and the division of the developed center into “the North” and its backward periphery, “the South”. Russian Oriental studies and international relations expert Alexey Bogaturov stated that “the emergence of a new world order remains as a crucial megatrend in global politics”.¹⁸ This transformative process, however, sees many states developing a commonality of interests that is, however, coupled with their increasing competition for better standing in the emerging new world order.

The West is losing its absolute dominance in international economic life and its ability to act as a single agent. The policy of the “dollar stick” and the “big stick” is still working, but it is no longer universally effective. Eastern countries are rising to the West as new centers of the world system. Economic breakthroughs of these countries, accompanied by independent political courses steered by China, India, Arab states, Turkey, and Russia marks the “center of gravity” shifting to the East.

As the world is becoming multipolar, the global balance of forces in politics and economy is also being re-distributed, and all the components of the global system are being irrevocably updated. Regional and sub-regional power and influence centers emerge anew in each region based on their economic, social, ethnic, denominational, military, and political indicators.

The Arab states of North Africa and the Middle East are important participants in this process as both agents and subjects. In addition to their shared geography, religion, and history, they are united in seeking a world order that is fairer and more advantageous for them and by the need to withstand dangerous challenges: economic problems, terrorism, water shortages, and in some cases, post-war devastation, hunger, and destitution. At the same time, even though regions have common intents to achieve these goals, within, they enshrine divisions into sub-regions where countries have their own visions of development prospects, logic and norms of cooperation, and have opportunities to engage in closer interactions between themselves and with external actors regardless of the interests of other countries in the region.

The region’s countries are characterized by two major economic developments:

¹⁸ Megatrends. World Order Evolution in the 21st century. // T.A. Shakleina, A.A. Baykov, eds. 3rd edition, revised and amended. Moscow: Aspect Press, 2022. P. 150 (in Russian).

- Economic activity norms and national economy structures are becoming universalized by global economic inclusion.
- National economies are becoming increasingly heterogeneous, contrasting multistructurality and technological gaps are becoming progressively more pronounced within a single economy.

Problems in Structurally Reconfiguring National Economies

Accelerated economic development during the Arab world’s modernization helped it overcome shocking poverty and backwardness, yet it also led to becoming sharply differentiated into groups of highly developed countries with a high quality of life, developed countries with an average quality of life, and underdeveloped countries. At the same time, all countries established (even if at different technological levels) the foundations of a modern processing industry and modern energy sector.

Table 1. Arab countries of the Middle East and North Africa (2022)

	Area (thousand sq.km.)	Population (million)	GDP (bn.)	GDP (PPP) per capita (USD.)
Algeria	2,381.7	44.9	191.9	13,209
Morocco	446.3	37.5	134.2	9,518
Libya	1,759.5	6.8	45.8	-
Egypt	995.5	111	476.7	15,091
Syria	183.6	22.1	11.2	-
Iraq	434.1	44.5	264.2	9,861
Kuwait	17.8	4.3	184.6	59,065
The Kingdom of Saudi Arabia (KSA)	2,149.7	36.4	1,108.1	30,436
UAE	71	9.4	507.5	87,729
Yemen	528	33.7	21.6	3,437

Source: compiled by the author from data published by the World Bank.¹⁹

The highly developed countries, exporters of oil and gas, who have high revenues and are very appealing for foreign investors (Kuwait, Saudi Arabia, the UAE) are diversifying their monosectoral economies into hybrid post-industrial economies that, along with keeping their oil and gas-producing sectors and processing industries (using labor-saving technology and robotics) and agriculture (mostly poultry farming and vegetable growing) are intensively developing financial and recreation sectors using cutting-edge technology.

¹⁹ The World Bank Group // The World Bank Group. URL: www.worldbank.org

The second group consists of most Arab states with agrarian-industrial and industrial-agrarian economies that do not have stable sources of internal revenues and are insufficiently appealing for massive foreign investment (Algeria, Morocco, Egypt). The main objective of their governments is to improve the current state of economic affairs by implementing certain changes and running large economic projects.

The third group of states, that are going through the aftermath of civil wars and breakdown of regular economic life (Libya, Syria, Iraq, Yemen), set their main objectives as rebuilding and restructuring their national economies to provide a normal life for the populations and to preserve their statehood.

The common trend for most countries is their growing quantitative economic indicators: growing GDP, developing agricultural, extracting, and energy sectors, construction and transportation, and, to a lesser degree, metallurgy and chemical industry, engineering, financial and recreational sectors, information and communication services. Oil-producing countries are leaders in access to electricity, which is an important indicator: up to 100% in Kuwait, Saudi Arabia, and the UAE. Egypt, Algeria (99.8%)²⁰ and Iraq also belong in this group; the situation is worse in Syria (88.8%)²¹, Yemen (74.9%)²², and Libya (70.2%)²³.

The degree of economic problems differs greatly in different countries in the region: inflation in 2022 ranged from 84.9% in Syria²⁴ to 13.9% in Egypt²⁵ to 4% in Kuwait²⁶ and 2.5% in Saudi Arabia²⁷; unemployment from 20.7% in Libya²⁸ and 15.5% in Iraq²⁹ to 2.8% in the UAE³⁰ and 2.5% in Kuwait.³¹ At the same time, with respect to the new world statistics indicator measuring CO₂ emission (in metric tons per capita) the situation is better in the countries going through a crisis: these

²⁰ Access to electricity (% of population) – Algeria // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=DZ>

²¹ Access to electricity (% of population) – Syrian Arab Republic // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=SY>

²² Access to electricity (% of population) – Yemen, Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=YE>

²³ Access to electricity (% of population) – Libya // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=LY>

²⁴ Syrian Inflation at 84.9 Percent in 2022 as Half of Syrians Live in 'Abject Poverty,' Report Says // The Syria Report.
November 14, 2023.
URL: <https://syria-report.com/syrian-inflation-at-84-9-percent-in-2022-as-half-of-syrians-live-in-abject-poverty-report-says/>

²⁵ Inflation, consumer prices (annual %) – Egypt, Arab Rep. // The World Bank Group.
URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=KW&name_desc=false

²⁶ Inflation, consumer prices (annual %) – Kuwait // The World Bank Group.
URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=KW&name_desc=false

²⁷ Inflation, consumer prices (annual %) – Saudi Arabia // The World Bank Group.
URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=SA&name_desc=false

²⁸ Unemployment, total (% of total labor force) (modeled ILO estimate) – Libya // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=LY>

²⁹ Unemployment, total (% of total labor force) (modeled ILO estimate) – Iraq // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=IQ>

³⁰ Unemployment, total (% of total labor force) (modeled ILO estimate) – United Arab Emirates // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=AE>

³¹ Unemployment, total (% of total labor force) (modeled ILO estimate) – Kuwait // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=KW>

figures range from 0.3 in Yemen³² and 1.27 in Syria³³ to 14.3 in Saudi Arabia³⁴ and 21.3 in the UAE.³⁵

Thus, the Middle East is also feeling global changes. Yet in this region, the global systemic qualitative transition manifests in a refracted manner and breaches the established development course of partially modernized societies and economies, magnifies existing problems, and in some countries, revives those social structures that have been dying out, such as tribal and territorial solidarity.

Arab countries are tangibly seeking to weaken their dependence on the West, and this goal bolsters the role of the state in economic life, produces the need to restructure national economies, create a new balance within national economies and in foreign affairs, bolster the planning principles in economy, and further develop public-private partnerships.

Demographic Problems

In the 2010s, the Middle East and North Africa saw a demographic transition: instead of this region's traditionally high growth of 3%, indicators began falling. In 2022, annual population growth rates ranged between 3.7% in Syria³⁶ and 2.2% in Iraq³⁷ to 1.6% in Algeria,³⁸ 1.6% in Egypt³⁹ and 0.8% in the UAE.⁴⁰ Total regional population was estimated at 493 million people⁴¹ in 2022 and was expected to increase to 615.6 million by 2050. Life expectancy has increased to 79 years in the UAE⁴² and Bahrain⁴³ to 70 years in Egypt⁴⁴ and 64 in Yemen.⁴⁵

³² CO₂ emissions (metric tons per capita) – Yemen, Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=YE>

³³ CO₂ emissions (metric tons per capita) – Syrian Arab Republic // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=SY>

³⁴ CO₂ emissions (metric tons per capita) – Saudi Arabia // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=SA>

³⁵ CO₂ emissions (metric tons per capita) – United Arab Emirates // The World Bank Group.
URL: <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=AE>

³⁶ Population growth (annual %) – Syrian Arab Republic // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.POP.GROW?locations=SY>

³⁷ Population growth (annual %) – Iraq // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SR.POP.GROW?locations=IQ>

³⁸ Population growth (annual %) – Algeria // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.POP.GROW?locations=DZ>

³⁹ Population growth (annual %) – Egypt, Arab Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.POP.GROW?locations=EG>

⁴⁰ Population growth (annual %) – United Arab Emirates // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.POP.GROW?locations=AE>

⁴¹ Population, total – Middle East & North Africa // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ZQ>

⁴² Life expectancy at birth, total (years) – United Arab Emirates // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=AE>

⁴³ Life expectancy at birth, total (years) – Bahrain // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=BH>

⁴⁴ Life expectancy at birth, total (years) – Egypt, Arab Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=EG>

⁴⁵ Life expectancy at birth, total (years) – Yemen, Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=YE>

The region has a characteristically high population density. Urban population is about 66%⁴⁶ and growing. The Middle East remains one of the world's most urbanized regions.

The youth cohort is quite large: in 2022, children 14 and younger accounted for 38% of the population in Iraq,⁴⁷ 39% in Yemen,⁴⁸ 31% in Syria,⁴⁹ 33% in Egypt,⁵⁰ 26% in Saudi Arabia,⁵¹ and 31% in Algeria.⁵² The “youth bulge” is a common phenomenon in the demographics of all Arab states. However, the potential advantage of the economy receiving a large workforce and many consumers is curtailed by the slow growth of the economy and by the poor quality of life. Overall, population growth pace outstrips the economic growth pace.

Even today, youth unemployment (up to 50% in some countries⁵³) and widespread poverty have a major impact on the socioeconomic and political situation in every Arab country and on authority policies. Amid unstable socioeconomic development, it produces political instability flare-ups.

Protracted armed conflicts in Palestine, Libya, Syria, Iraq, and Yemen produced large numbers of refugees. This problem has greatly burdened neighboring Arab states. Intra-regional labor migration (mostly to the rich countries of the Arabian Peninsula) and migration into European states only partially mitigates these trends.

Water Shortage Problem

Naturally, water shortages are problematic for Middle Eastern states, but water has become a strategic resource, too. The natural features of the region combined with intensive economic growth and spontaneous anthropogenic effects significantly curtail and complicate economic development capabilities. In some areas, global warming consequences are augmented by advancing deserts; for instance, the Sahara Desert is expanding. Consequences and scale of global climate changes in the region along with intensive economic activities exacerbate environmental problems with general water shortages in the region being the greatest one.

⁴⁶ Urban population (% of total population) – Middle East & North Africa // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPURB.TOTLJN.ZS?locations=ZQ>

⁴⁷ Population ages 0–14 (% of total population) – Iraq // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=IQ>

⁴⁸ Population ages 0–14 (% of total population) – Yemen, Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=YE>

⁴⁹ Population ages 0–14 (% of total population) – Syrian Arab Republic // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=SY>

⁵⁰ Population ages 0–14 (% of total population) – Egypt, Arab Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=EG>

⁵¹ Population ages 0–14 (% of total population) – Saudi Arabia // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=SA>

⁵² Population ages 0–14 (% of total population) – Algeria // The World Bank Group.
URL: <https://data.worldbank.org/indicator/SPPOP0014.TO.ZS?locations=DZ>

⁵³ Khamis J. How Arab countries can harness the advantages of region's 'youth bulge' // Arab News. August 13, 2023.
URL: <https://www.arabnews.com/node/2354676/middle-east>

The situation is further complicated by some states failing to understand how urgent this problem is. State water resources per capita vary widely (cubic meters/year): from countries with insufficient resources (such as Jordan with 62⁵⁴ and Yemen with 65⁵⁵) to countries with moderate resources (including Algeria with 259⁵⁶ and Oman with 308⁵⁷) and to countries rich in water (such as Morocco with 790⁵⁸ and Iraq with 827⁵⁹).

The region has little natural precipitation. Only Egypt, Syria, and Iraq have large full-flowing rivers. Ground water is of major importance in the countries on the Arabian Peninsula. However, years of industrialization, intensive agriculture development, and accelerated urbanization polluted surface water and exhausted ground water. Sustainable water resources in the countries of the Arabian Peninsula have on average shrunk from 678 cubic meters/year in 1970 to 176 in 2000; for the Arab world, these resources have shrunk from 4,000 in 1950 to 743.5 in 2011.⁶⁰ This process is irrevocable.

The problem lies not only in having natural resources such as water, but in having access to them, since sustainable water resources come from other countries. The largest rivers Nile, Euphrates, and Tigris have their riverheads outside the Arab region, while most other rivers are used by several countries. For instance, the river Jordan flows through Lebanon, Syria, Israel, Jordan, and Palestine. Egypt now has concerns over receiving enough of the Nile's waters because Sudan and Ethiopia, as well as Burundi, Rwanda, Uganda, Kenya, and Tanzania are all claiming the water from the Nile's upper reaches and tributaries. Syria faced water shortages because of Turkey building a series of dams on the Euphrates.⁶¹ Therefore, countries on the Arabian Peninsula, Jordan, and Palestine are rigidly constrained by their natural capacities, but other Arab states are also constrained in access to water resources.

Such a situation generates problems with shortages of arable land and food. About one third of the region's population works in agriculture, yet up to 50% of the Middle East's demand for food is met via imports, which creates a problem with food security. Nonetheless, all Arab states are both food exporters and importers (in limited quantities and types of food).

⁵⁴ Renewable internal freshwater resources per capita (cubic meters) – Jordan // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=JO>

⁵⁵ Renewable internal freshwater resources per capita (cubic meters) – Yemen, Rep. // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=YE>

⁵⁶ Renewable internal freshwater resources per capita (cubic meters) – Algeria // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=DZ>

⁵⁷ Renewable internal freshwater resources per capita (cubic meters) – Oman // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=OM>

⁵⁸ Renewable internal freshwater resources per capita (cubic meters) – Morocco // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=MA>

⁵⁹ Renewable internal freshwater resources per capita (cubic meters) – Iraq // The World Bank Group.
URL: <https://data.worldbank.org/indicator/ER.H2O.INTR.PC?locations=IQ>

⁶⁰ The Arab World. Contrasts of Water Balance // Yu.P. Bibikoav et al. Z.A. Solovieva, A.O. Filonik, eds. Institute of Oriental Studies of the RAS, 2018. P. 258.

⁶¹ Ibid. P. 199–256.

In the meantime, population growth, explosive urban and industrial development along with maintaining local agricultural production creates progressively greater water consumption. In Saudi Arabia, water consumption is four times greater than available sustainable water resources,⁶² which, accordingly, exhausts them at a greater pace. Water consumption also remains quite high in the UAE.⁶³ The problem is being handled in different ways from saving water resources through using them in more rationally, and by introducing state-of-the-art irrigation technology to the desalination of sea water, which can be done by countries with large financial and energy resources.

The countries of the Arabian Peninsula account for 57–70% (in different estimates) of the world's desalination capacities. In 2020, Saudi Arabia cut its land farming non-renewable water consumption to 9 billion cubic meters (compared to 17 billion cubic meters in 2016). In 2020, its water desalination corporation had 32 plants with the daily capacity of 5.9 million cubic meters.⁶⁴

The Arab World and Sustainable Economic Regionalization

Countries of the Arab world naturally form regions based on their geography, in addition to their natural and human resources: North Africa (the Maghreb and Egypt) and Southwest Asia (countries of the Arabian Peninsula, Jordan, Lebanon, Syria, Iraq). The geographical concept of the Middle East is not entirely identical to the functional concept it has in today's and political and economic discourse, primarily referring to the central part of the Mediterranean from Egypt to Syria. Similarly, the Persian Gulf concept consists of three components: the oil monarchies, Iraq, and Iran.

Economic ties that emerged in the late 20th century within the region were further buttressed by economic agreements between those states where obvious economic expediency and benefits had the upper hand over in their politics even despite frequent political differences. Growing integration emerged in the region outside LAS economic bodies.

The GCC was established in 1981, and within a few years, it developed from an oil monarchy security and defense coordination body into a true economic community. In 1989, the treaty on establishing the economic Arab Maghreb Union (AMU) that included Algeria, Morocco, Mauritania, Libya, and Tunisia was concluded, yet, owing to internal differences, interactions soon inevitably turned to bilateralism.

The Arab world hardly manifests any economic unity. The starkest confirmation here is the division of Arab states into two groups that emerged in the last fifty years. The first group are countries with major oil resources that had consequently had excessive capital until recently. The second group comprises states with-

⁶² Bradbury C. "Water Crisis in Saudi Arabia" // The Borgen Project. July 10, 2020.
URL: <https://borgenproject.org/water-crisis-in-saudi-arabia/>

⁶³ Hilal N. "Word Water Day: A chance for the UAE to re-think our use of resources" // The National. March 22, 2022.
URL: <https://www.thenationalnews.com/opinion/comment/2022/03/22/world-water-day-a-chance-for-the-uae-to-re-think-our-use-of-resources/>

⁶⁴ Dolzhenkov A. "The Kingdom Wants Stability" // Expert Journal. 2022 (46). P. 76. (in Russian)

out major oil resources (although most Arab states do have limited oil and gas resources used for domestic purposes).

Common economic parameters and interests among neighboring states prompt them to coordinate their economic efforts and policies in the Middle East and North Africa. Currently, some states from the first group, the oil monarchies of the Gulf, can be categorized as countries with emerging post-industrial economy while the bulk of the Arab world can be categorized as industrial-agrarian states (Egypt, Algeria) and as agrarian-industrial states (Morocco, Syria). Many countries can be classified as pre-industrialized economies (Yemen, Mauritania, Western Sahara). This entrenched differentiation strips the Arab world of its former unity of economic indicators that was typical of the times before the “oil boom” and before modernization. The share of intra-regional trade in the Middle East is small. Economies are of the same type and are, as a rule, export oriented. In most countries, the extracting industry, agriculture and processing industry have long become the leading sectors (that more or less meet the needs of the domestic demand) along with tourism.

Throughout the world, economies are progressing toward a “knowledge-intensive” or innovative development stage. In the Middle East, this process is rather fragmented thereby amplifying development discrepancies both between groups of countries and within individual national economies. In all countries, citizens have become active consumers of material products of scientific development (mobile phones, and, to a lesser degree, computers and the internet), but only oil exporter countries have their own manufacturing based on state-of-the-art technology. At the same time, the “green economy” and renewable energy are a part of the development plans of virtually all the countries in the region, and some states are successfully implementing projects in this area (efficient wind and solar power plant projects in the Maghreb, an NPP plant under construction in Egypt, and plans to build NPPs in the UAE and in Saudi Arabia).

Socioeconomic inequality in the region is growing since a large chunk of the population has no access to vital resources (food, fresh water, social and medical services, education), and wealth gaps are yawning ever wider throughout the region. The richest 10% of the population in the Middle East account for 56% of the national revenue.⁶⁵

Oil and Gas in the Arab World

The region’s countries are the world’s leaders in oil and gas resources (about 50% and 40% of the world’s resources). Middle Eastern states are still the largest players in the global crude oil market.

The geographical makeup of their exports has changed significantly, compared to the second half of the 20th century when oil flowed mostly to Western Europe and Japan. Today’s main consumers of the Arab world’s crude oil are China and other countries in Asia Pacific, India, Japan, and only then comes Europe. Thus, Middle

⁶⁵ Moshrif R. Income Inequality in the Middle East // World Inequality Lab. November 2022.
URL: <https://wid.world/document/income-inequality-in-the-middle-east-world-inequality-lab-issue-brief-2022-06/>

Eastern states so far can use to their advantage national economic competition for resources.

However, in the first decades of the 21st century, oil-producing states faced the need to adapt to the world's energy transition from extensive use of oil to extensive use of natural gas with Eastern states building up their industrial energy sector and Western countries gradually transitioning to the post-industrial energy sector that places an important role on renewable energy sources (RES). The energy transition pace may pick up or slow down, but it is unquestionably irrevocable. Short-term, demand for the region's principal product plummeted twice within the last two decades owing to the economic financial crisis and the COVID-19 pandemic. Excess oil on offers caused oil prices to drop.

Long-term, these trends combined with the current restructuring of the global energy sector, with Western countries transitioning to RES and many other states following suit, and with energy-saving technology being introduced on a progressively larger scale, will result in the shrinking of the region's global economic role as a source of energy resources. Decarbonization also affects the Gulf oil monarchies and has become part of their long-term development plans. In the short and medium-term, however, Middle Eastern oil and particularly LNG will retain their significance.

Oil exporting states urgently need to develop oil refining and a petrochemical industry. So far, the capacities of US and Canadian oil refineries and petrochemical plants exceed the capacities of all Middle Eastern states forcing them to compete with the products of North American states. In 2022, Middle Eastern oil exports totaled 15.4 million tons per day,⁶⁶ while US exports totaled 9.6 million tons per day.⁶⁷

OPEC+ has become such a staple of global economy and politics that people sometimes tend to forget that this powerful economic alliance (just like OPEC, established in 1960) opposes the West, Western companies, and Western capital. OPEC was established as a response to western companies sharply lowering reference oil prices, thereby cutting the revenues of oil producing states. OPEC+ was founded in 2016 in response to the US doubling its oil production by extracting shale oil and thus causing oil prices to plummet and oil exporting countries to end up with a budget deficit, which was impossible in the 20th century. To protect their interests, they formed an alliance with the largest oil producers outside the western world.

In 2023, even amid a sharply polarized global system, OPEC+ countries still successfully coordinate oil production volumes and together seek to maintain acceptable oil prices. They also negotiated a successful market trade-off: when the US and Europe began boycotting Russian oil, Saudi Arabia ceded the Indian market and a share in the Chinese market to Russia and started selling oil on the European market.⁶⁸

⁶⁶ Oil exports from the Middle East from 1998 to 2022 (in 1,000 barrels per day) // Statista.
URL: <https://www.statista.com/statistics/265311/oil-exports-from-the-middle-east/>

⁶⁷ Total petroleum exports from the United States in selected years from 1950 to 2022 (in 1,000 barrels per day) // Statista.
URL: <https://www.statista.com/statistics/191320/total-us-petroleum-exports/>

⁶⁸ Ogorodnikov E. "Syrian Contribution" // Expert Journal. 2023 (15). P. 9. (in Russian)

The global market demand for natural gas is growing steadily. Qatar is the LNG market leader in the Arab world. It will further solidify its position in the global gas market when it puts into operation new LNG capacities in 2027.

There were fears in the early 21st century that Arabia will soon exhaust its oil deposits, but these fears disappeared quickly. In 2023, the world's top ten countries with largest oil deposits (billion barrels) were Venezuela (303.8), Saudi Arabia (297.5), Canada (168.1), Iran (157.8), Iraq (145), Russia (107.8), Kuwait (101.5), the UAE (97.8), the US (68.8), and Libya (48.4).⁶⁹ The reserves of the Arab countries alone were three times the deposits of the US and Canada. Importantly, Arab oil policy is “let's leave reserves to future generations”, while the US and Canada step up production to handle their current economic problems and certain political matters.

The current spike in oil consumption in the West and in the East produces a corresponding spike in reference prices and prompts oil producing states and their companies to improve production technology and control the oil market while their “oil age” lasts.

Key Sub-Regional Economic Developments

This section will consider sub-regions of the Middle East and North Africa: the Mashriq, the Maghreb (including Egypt, located at the junction of the two sub-regions) and the Gulf oil monarchies of the Arabian Peninsula. Special attention will be given to Yemen, who is geographically on the Arabian Peninsula, but manifests entirely different economic trends compared to the oil monarchies of the Gulf.

Reconstruction and Modernization: Syria, Iraq, Lebanon

The Marshriq sub-region has every condition for successful development: natural and human resources, modernized societies, and successful experience in building up foundations of a modern industrial-agrarian economy. Worth mentioning is that the region has a state with a post-industrial economy and a European-esque society: Israel. Theoretically, a combination of these potentials would make this region an example of accelerated development. However, the endless “conclusion” of the Middle Eastern conflict (solution to the “Palestinian problem”), together with fighting for hydrocarbon resources and the means of delivering them to consumers, are seen as an insurmountable barrier in the way of pooling resources for common prosperity.

Owing to its domestic political problems, Iraq, who once had such potential, found its socioeconomic development pushed back by decades and became viewed as a rogue state in international relations.

Syria, in turn, has developed potential agrarian and industrial production systems, but lacks the capacities to make full use of it.

In the 1970s, Lebanon lost its role as the financial center of the Middle East and then also lost its accumulated banking and commercial potential, hence progres-

⁶⁹ Oil Reserves by Country 2023 // World Population Review.
URL: <https://worldpopulationreview.com/country-rankings/oil-reserves-by-country>

sively losing opportunities for independent development, relying instead on external aid and loans.

The partially institutionalized Kurdish factor that is part of Mashriq's economic life has not yet become an independent economic agent.

With political (and partially ethnic and denominational) causes of endless conflicts still in place and being (intentionally or unintentionally) enhanced by the involvement of external actors, both global (the US, Russia, China) and regional (Turkey), the sub-region may be labeled "slowly slipping". The economy continues to function on its previously gained momentum, but there is no new economic development. Assisted by external aid, the efforts of state and private capital help keep the existing economic sectors "afloat" and even ensures growth in some areas. However, armed conflict hotbeds and disunity in Arabic society do not allow for the kind of full-fledged economic development that is typical for the oil monarchies of the Gulf, Turkey, or Iran.

The main economic objective of the authorities and society in every country of the sub-region is to stabilize economic life: normalize the financial sphere, rebuild the infrastructure, meet utility needs, revive industrial production, rebuild trade flows on the domestic and regional markets, and give back the state the planning, regulatory, and controlling functions in each country's economy. Only after stabilization has been reached can a country transition towards rebuilding its national economy, accounting for the "new normal" level of post-industrial technology and economic modernization.

Remaining Stable: Egypt and Countries of the Maghreb

Due to the ongoing civil conflict, Libya's economic development is different from that of other countries of the Maghreb. However, huge hydrocarbon resources and external actor interests in using them suggest that whatever route Libya's statehood restoration takes, the country's natural resource potential will become part of future global oil production (with large-scale involvement of Arab and other investors) by rebuilding and restoring Libya's economy.

Algeria has been and remains the economic leader among Maghreb states. By regional standards, Algeria has a developed economy based on the oil and gas sector, and remains stable.

Morocco and Tunisia have smaller economic potential, but they are quite efficient in using their available capabilities. Morocco does not have oil and gas reserves, but it has large phosphate reserves and is willing to use Western Sahara phosphates: Morocco's authorities are actively involved in Western Sahara's economic life: they are building infrastructure, developing agriculture, setting up schools. Both countries have major potential in recreation, and the tourist sector plays an important role in their economies.

Egypt is more than just a country; it is "the heart of the Arab world" located between sub-regional systems and constituting itself a sub-region between Asia and Africa. Egypt's size and historical authority make it the recognized regional

political leader, while it also has extensive and well-developed economic ties with the entire Arab world, as well as African countries. Egypt has a multi-sectorial and developed economy topped only by non-Arab states of the region.

El-Sisi's regime seeks to preserve the hard-won social and economic stability in the largest Arab state with a population of over 110 million people. Egypt's Vision 2030 program is a declaration of intent to implement socioeconomic reforms.⁷⁰ Its implementation, however, is extremely slow; in particular, the ambitious goal El-Sisi set to fully eliminate poverty by 2030 is clearly impossible.

Individuals living at a low 45-dollars-a-month account for one third of Egypt's population, although the country's wealthier strata are not exactly rich, compared to neighboring states. The relatively lower-than-average quality of life mitigates the social inequality problem in the country. Authorities chalk it up to the consequences of the pandemic that undermined the tourist sector, one of Egypt's main economic pillars, and to the Ukrainian crisis that changed trade flows, thus affecting navigation in the Suez Canal.

Egypt is still dependent on the IMF's loans that are contingent on implementing economic reforms.⁷¹ The government liberalized Egypt's currency, producing inflation that has yet to be brought down. Since 2013, Egypt received about USD 100 billion in financial aid from the Gulf monarchies.⁷² Egypt remains the world's largest wheat importer.

In the meantime, Egypt's economic problems (inflation, growing prices) are mounting. The country's hard-pressed authorities can administratively regulate economic life but simultaneously tighten their political control to do so.

The long-standing dangers of a water shortage is becoming more acute. Once Ethiopia finishes building its Grand Ethiopian Renaissance Dam and the Hidase HPP in the upper reaches of the Nile, Egypt will face an estimated 30% drop in water resources, and the Aswan HPP will produce 40% less electricity.⁷³ Talks with Sudan and Ethiopia (and other concerned African states) could potentially resolve the water conflict only with the assistance of external mediators (the UN, the US). To some degree, power shortages will be offset by putting into operation Africa's largest NPP, El Dabaa, that Russia will build for Egypt.

Egyptian authorities banking on large multi-billion mega-projects is not always a justified course of action. On the one hand, the NPP will generate power and create new modern jobs; the New Suez Canal cut down on shipping times and made it possible to expand and deepen the Suez Canal. However, building the New Cairo administrative capital thirty kilometers off Cairo fell quite short of expectations. At the same time, structural economic reforms do not appear feasible in

⁷⁰ Egypt's Vision 2030 // Egypt's Vision 2030. URL: <http://sdsegypt2030.com/?lang=en>

⁷¹ Egypt and the International Monetary Fund // State Information Service. March 17, 2023. URL: <https://www.sis.gov.eg/Story/178311/Egypt-and-the-International-Monetary-Fund?lang=en-us>

⁷² Gambrell J. Egypt's president praises UAE, seeking to heal Gulf aid rift // The Associated Press. February 13, 2023. URL: <https://apnews.com/article/russia-ukraine-politics-egypt-government-united-arab-emirates-2e2e35a90ff6a77a83d9749b91d06a37>

⁷³ Efimova M. "Division of Water" // Kommersant. May 09, 2016. URL: <https://www.kommersant.ru/doc/2978858> (in Russian)

view of shortages of both Egypt's own funds and foreign investment. For the last ten years, China has been significantly aiding Egypt in maintaining its economic stability; China is involved in modernizing infrastructure and creating special economic areas around the Suez Canal.

At the same time, Egypt's economy remains important in the Middle East. A telling event here is President el-Sisi's May 2023 decision to supply natural gas to Syria; on the one hand, it helps the weak Syrian economy, and on the other, helps Lebanon receive payment for gas transit.

Setting Up the Post-Industrial World: Persian Gulf Countries

Geographically, Arabian states are part of Southwest Asia, yet they constitute a separate part of the Arab world. Their commonality is determined not only by their relative ethnic and linguistic homogeneity and similar elements in their historical development, but also by the like nature of their socioeconomic development in recent times.

The ruling dynasties of Al Saud, Al-Sabah, Al-Khalifa, Al-Thani, and others used the influx of petrodollars and western companies aid in the second half of the 20th century to modernize their economies and entire societies thereby not only adapting their political system to new realities while preserving their current systems, but also to embark on laying down the foundations of post-industrial high-tech economies based on the capabilities and conditions of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE, and Oman.

Oil producers of Arabia are not scared by the global energy sector transitioning from hydrocarbons to the RES. In May 2022, Saudi Arabia's Minister of Energy Emir Abdulaziz bin Salman called the "net zero emissions" scenario for reaching the sustainable development goals fantastical, and pointed out that the reality is "low carbon emissions".⁷⁴ The Kingdom and other states are seeking to reduce annual CO₂ emissions and increase energy production by using renewable sources. In all estimates, oil is expected to remain important as an energy resource for at least ten to fifteen years. During that time, the authorities plan to complete the radical diversification of their petrol economies making them multi-sectoral with the service sector (tourism, trade, finances) in the lead.

The Dubai International Financial Center has already become an international venue for financial institutions and companies interested in entering the markets of the Middle East, South Asia, and Africa.

Regime political stability has long been ensured by "stick and carrot" policies: a rigid political regime and a high quality of life for the indigenous population. The last decade saw partial political liberalization added to the combo. The country is facing a problem of dealing with a huge foreign workforce; this is seen as a potential (and sometimes real) political threat to the indigenous people in terms of equal social rights. Saudi Arabia is stepping up the process of "Saudizing" the workforce

⁷⁴ Dolzhenkov A. "The Kingdom Wants Stability" // Expert Journal. 2022 (46). P. 76 (in Russian).

(the goal is for foreigners to account for no more than 25% of the workforce),⁷⁵ while the UAE with its small population is tightening foreign workforce regulations (foreigners account for over 90% of the workforce),⁷⁶ and robotics is being widely introduced in production.

In January 2023, Saudi Arabia's Minister of Foreign Affairs Faisal bin Farhan Al Saud when speaking at the World Economic Forum in Davos said that his country intends to become the world's fastest-growing economy. At the very least, the Minister's high-profile statement attested to the Kingdom's authorities being confident in the current state of their economy. Saudi Arabia has long abandoned the stereotype of needing to produce as much oil as possible. The Saudi economy is undergoing a structural reconfiguration. The oil sector is still its "backbone", but the petrochemical industry and oil refining are gaining importance. Along with neighboring UAE and Kuwait, Saudi Arabia seized some of the global petrochemical market and intends to increase its share at the expense of East Asian countries. Saudis are running large-scale oil refining and petrochemical projects in China.

Currently, Saudi Arabia's authorities are interested in attracting outside investment to implement large-scale socioeconomic projects envisaged in Vision 2030. They propose monumental and highly ambitious "cities of the future" projects on the coast of the Red Sea including industrial enterprises, tourist facilities, and residential areas with cutting-edge technology. One indicator of the post-industrial nature of the Saudi economy are the 12,000 5G towers in the country. Saudi Arabia has invited China's IT specialists, while its national oil company SaudiAramco launched a joint venture with Google.⁷⁷

The efforts of Crown Prince Mohammed bin Salman are gradually resolving the long-standing Saudi problem, the shortage of a high-skilled workforce, by extensively and freely involving women in the workforce. This development also continues the "Saudiization" of the workforce and replaces potentially (politically) dangerous migrants with local workers.

The Problem Everyone Keeps Forgetting: Yemen

The economic situation in Yemen is more complex than in Libya owing to Yemen's lower socioeconomic development level, much larger population, and greater division along tribal, ethnic and denominational lines. By 2021, a Saudi-led coalition had rolled back its Operation Decisive Storm launched in 2015; this operation had turned a civil war into a sub-regional conflict. It takes only one word to describe the economic consequences this war has had for one of the region's poorest countries: disastrous. Ending the civil war is the main condition for creating normal living conditions for the country's population. Regardless of whether the country remains unified or splits into two (the North and the South) its economy

⁷⁵ Saudi Arabia: Rules on Saudization (Saudisation), including their applicability to teachers generally, and to kindergarten and elementary school teachers specifically // United Nations High Commissioner for Refugees. October 24, 2002.
URL: <https://www.refworld.org/docid/3f7d4e137.html>

⁷⁶ UAE firms scramble to hire locals for jobs as deadline approaches // Al Jazeera Media Network. December 28, 2022.
URL: <https://www.aljazeera.com/features/2022/12/28/uae-firms-scramble-to-hire-locals-for-jobs-as-deadline-approaches>

⁷⁷ Manukov S. "Saudi Arabia 'found a home' in China for huge amounts of oil" // Expert Journal. 2023 (13). P. 35 (in Russian).

will remain primitive. Coffee production for export maintains an enclave of ties within the modern economic paradigm, while Saudi Arabia uses the Hadhramaut area to optimize logistics and build oil pipelines, that may create conditions for modern industrial spots to emerge.

Regional and Sub-Regional External Ties: Change Dynamics

Throughout the second half of the 20th century, the Arab world found itself largely influenced by the US in the military and political sphere (military supplies and military pressure), as well as economic (food supplies, financial and other aid), and humanitarian spheres (the influence of US mass culture, communication systems, and education). This influence paradoxically co-existed with silent resentment against the US, given that it acts as Israel's patron. Even open conflicts with the US and other Western states in 1967 and 1973 did not change the nature of these relations, while increased activities of the US and US capital in the region in the late 20th century appeared to enshrine these trends. US actions in the region in the early 21st century fostered major resentment against US actions among "average Arabs". However, real economic needs prompted Arab authorities to rely on the US and Western countries to a greater or lesser degree.

However, at the turn of 2022–2023, it turned out that the Arab world was not as greatly dependent on the West and the US as it had been traditionally believed. In turn, this brought the realization of the fact that the West did not need the region quite as much as it did in the mid-20th century.

For instance, the "shale revolution" of the 21st century made the US self-reliant in the energy realm, and this development prompted a revision of Saudi-US relations and of US regional policy in general. Another important reason was that the Saudis realized their excessively great dependence on the US and the US dollar as a unit of payment for oil, on technology required to create state-of-the-art manufacturing facilities, and on the military "umbrella" and military supplies as Iran was seen as potentially dangerous.

However, the trends that have recently become apparent had been in the making for the last 25 years of the Arab world's socioeconomic and political development. This uneven development was changing the nature of relations with outside actors both in international politics and in the international economy. Arab state movements from being a "resource colony" and an export market for western economies to being the "periphery" of the global capitalist economy is now transforming itself into becoming economically independent in the following key areas:

- *Food.* Currently, the Arab world is no longer fully dependent on US, Canadian, and French food supplies. India and Russia have become major food suppliers to the region.
- *Oil and gas.* The success of the "shale revolution" in the US may prove short-lived. Already in the spring of 2023, oil production in the US plateaued, and the costs of production are growing. The "shale failure" scenario will again make the US a net importer of oil, and the global oil and gas market will go back to

the familiar situation that is convenient for OPEC+ countries and prices that are comfortable for them.

- *Equipment and technology.* The US and Western European states remain as the main suppliers of equipment and technology; however, the new economic (technological) cluster emerging in the Asia Pacific around China (China, Taiwan, South Korea, and, to a lesser degree, Japan) is, if not an alternative, then at least a means of reducing Western dependence in this area.
- *Weapons.* For decades, Gulf country militaries have been mostly purchasing various weapons from the US and Western Europe. Pragmatic rulers understand that they have no one to wage war against in the nearest future. Equipment is becoming outdated, and should a need arise, China, Turkey, and Russia may (and to some degree already do) supply all types of weapons and defense systems. In late May 2023, a large delegation of Rostech representatives visited Saudi Arabia and showed the Saudis the capabilities of Russian helicopters, trucks, and firearms. In early June 2023, talks were held with Kuwait's authorities on the possible sale of Russian tanks.
- *Finance.* International trade is irreversibly transitioning to payments in national currencies, the dollar is losing its status. Like the rest of the world, the Middle East is getting ready to reconfigure global trade without the dollar. Even the once-faithful US ally, Saudi Arabia, receives payments for its oil from China in the yuan, which is a watershed moment in abolishing the customary "petrodollar". Saudi Arabia makes decisions to cut production without getting US approval, and when President Joseph Biden visited Saudi Arabia in 2022, hoping to increase oil production, he was met and left empty-handed.

Finally, Egypt and Saudi Arabia's activities in the G20 witness further distancing from the West, and Saudi intentions (that have virtually materialized) to join BRICS indicates that the Kingdom is seeking to establish a new global currency that would replace the dollar in oil payments.

Therefore, the Arab world manifests an obvious trend of pivoting its economic relations to the East. The former status quo may have continued for a rather long time carried on by the momentum of ties with the West and lukewarm connections with the East. Yet the US-China conflict, exacerbated by the actions of the Trump and Biden Administrations, as well as the Ukrainian crisis and its consequences, accelerated the emergent trends.

The US unilaterally freezing Russia's assets made a powerful impression on the rulers and people of the oil monarchies. The number of petrodollars they had invested in the Western financial system, and primarily in the US, is estimated in hundreds of billions of dollars. The oil monarchies would not wish to lose them or to lose the right to manage them. At the same time, investments in European financial institutions continue: in late 2022, Saudi Arabia invested 500 million dollars in a branch of Switzerland's struggling financial conglomerate Credit Suisse.⁷⁸

⁷⁸ Obukhova E. "Who Killed the Canary" // Expert Journal. 2023 (12). P. 17 (in Russian).

Foreign investments are also entering the region. Upcoming projects of rebuilding and reconstructing cities, infrastructure, and industry in Libya, Syria, and Iraq also attract the attention of China and other outside players. China is particularly focused on Saudi Arabia as a real power center in the Middle East.

The North-South trans-Asian transportation corridor project does not envision the participation of Arabic Gulf countries, but should it be successfully implemented, the oil monarchies may join the promising Southern trade flows to India and Pakistan. The end of the “small cold war” between Saudi Arabia and Iran following the China-mediated March 2023 agreement on restoring diplomatic relations opened up opportunities for normalizing bilateral relations and restored normal economic connections.

In turn, North African states with their solid long-standing economic ties (trade connections, investment, labor migration) became willing to further bolster mutually advantageous cooperation with Southern European countries (Spain, France, and Italy).

Key Regional Economic Development Trends

Middle Eastern Arab states remain an important, but relatively weak part of the global economy thanks to their oil and gas resources, but low level of socioeconomic and technological development.

The main regional economic development trend is the emerging and growing imbalance of intra-regional relations and intra-regional economic bodies, as well as weakening inter-Arab ties, which is projected onto relations with outside actors. Differentiation between Arab countries is growing as they increasingly focus on handling their own problems and tasks.

It is important to note that Islamic values have retained and even increased their influence on the economic life of Arab states, which became particularly obvious in the wake of the 1979 Islamic revolution in Iran. Islamic banks in Arab states operate right next to traditional financial institutions.

The exacerbation of traditional problems (fresh water shortages and food security concerns) is an important factor for several Arab states.

The technological revolution, pandemic, and Ukrainian crisis has severely threatened the traditional way of life in many Arab states. Such factors have produced new restrictions, as well as new opportunities. New trends, forms, and motives have developed for moving commodities, raw materials, capital, workforce, technology and knowledge. Additionally, it has opened up new prospects for integrating and organizing logistic flows. National economic plans and opportunities are being revised, new foundations of economic independence are being identified, as new forms and principles of cooperation within the region and sub-regions expand and foreign actor interaction develops. The search is on for new external pillars that would balance the political and economic systems of the region's states, as they enter global systems on more advantageous terms.

With the inevitable participation of foreign actors, economic growth in Arabic countries, as well as Algeria and Egypt, in addition to the rebuilding and restoring economies of Libya, Syria, Lebanon, Iraq, and Yemen, may be marking a new rise of the region. Otherwise (which is more likely for political reasons), the region will continue to evolve not as “islands of stability and prosperity”, but of “islands of chaos and poverty” with the economies of most countries surviving thanks to previously accumulated momentum.

Chapter 3. The Domestic Political and Socioeconomic Situation in the Islamic Republic of Iran

Elena
Dunaeva

In recent years, Iran's domestic political situation has been developing under the influence of its economy, that has been deteriorating thanks to US (and other) sanctions following changing US policies and other foreign political factors.

In 2018–2020, Iran went through a sharp dip in its economic growth following the oil embargo and the coronavirus pandemic. By 2021, the economic situation had somewhat stabilized. In 2022–2023, oil exports were gradually building up, which increased the 2022 GDP by 3.8%, and the World Bank predicts a 2023 growth of 4.1%. Thus, Iran outpaced the UAE (3.4%) and Saudi Arabia (-0.9%).⁷⁹ Iranian statistics reported a 7.9% GDP growth in current prices in April–June 2023.⁸⁰ In addition to the oil sector, this growth comes from the service industry and the transportation sector. Such optimistic indicators, however, do not reflect the real economic situation even though its growth demonstrates that Iran has adjusted to living under sanctions. However, these positive shifts do not translate into improving the prosperity of the bulk of Iran's population. Inflation remains high: 47% in 2022, 42.6% in 2023,⁸¹ resulting in deteriorating Iranian quality of life and expands the revenue gap. Notably, 2023 saw a certain drop in food inflation, and the World Bank's predictions removed Iran from the list of the world's top ten countries with the highest food inflation. Unemployment remains fairly high at 9%, with female unemployment at 15.6%, and youth unemployment at 35%.⁸² Poverty levels are growing even though the government annually increases wages and subsidies. Islamic funds and clergy actively assist the population using *waqf* endowments.⁸³

The Iranian rial's devaluation remains an unresolved problem; the rial continues to respond immediately to all political events and changes in economic indicators, which is largely the cause of inflation. Every attempt by the government to stabilize the rial fails. When the situation in the Middle East exacerbated sharply on October 7, 2023, Iran's rial plummeted again. The rial-dollar exchange rate is IRR 510,000 to USD 1,⁸⁴ 12 times less than in late 2016.⁸⁵

The budget deficit has been climbing in the last few years; without oil, the balance of payments remains negative. Trade deficit was over USD 6 billion in

⁷⁹ Balancing Act: Jobs and Wages in the Middle East and North Africa When Crises Hit. Mena Economic Update // World Bank Group. October 6, 2023. P 8. URL: <https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-2035-9>

⁸⁰ Iran's 7.9% economic growth in the spring of 1402 (1402 رش 7/9 در صدى اقتصاد ايران در بهار 7/9 رش). // Kayhan. URL: <https://kayhan.ir/fa/news/273633/> (in Farsi)

⁸¹ Balancing Act: Jobs and Wages in the Middle East and North Africa When Crises Hit. Mena Economic Update // World Bank Group. October 6, 2023. P 8. URL: <https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-2035-9>

⁸² Ibid.

⁸³ *Waqf* is property (land, real estate, money, securities) transferred to religious organizations for charitable purposes.

⁸⁴ Bonbast. Live exchange rates in Iran's free market // Bonbast.com. URL: <https://www.bonbast.com/>

⁸⁵ The JCPOA's implementation started in 2016, and international sanctions were lifted from Iran.

2022. In 2023, six months (April–September) of Iran’s non-oil exports totaled USD 24.14 billion, while imports totaled USD 30 billion.⁸⁶ The situation, however, is improving, with growing exports of Iranian oil, primarily to China. In 2022, Iran received USD 42.6 billion in oil revenues.⁸⁷ Transit shipping through Iran increased by 14% due, to a large degree, Russia building new export–import routes through Iran and to Tehran, stepping up trade with its neighbors and with the EAEU. In turn, this increased the share of services in Iran’s foreign trade.

Economic problems exacerbate the social ones. Since 2021, migration out of Iran increased. Nearly 85,000 people leave the country yearly, many of whom are intellectuals, cultural figures, doctors, mid-level and entry-level managers. The number of Iranians working remotely in other countries is also increasing.

Iran perceives “brain drain” as one of its most pressing problem; average migrant age is 23,⁸⁸ and population growth rate is shrinking annually, leading to the overall population aging, placing a greater burden on social and pension funds that face financial shortages crises. Pension subsidies lag behind inflation. Additionally, Iran faces some other economic and social problems such as late wage and subsidy payments; shutting down or suspending the work of some enterprises; the water crisis that had seriously affected Iran’s agriculture and made life difficult in some of its southern areas, particularly the Sistan and Baluchestan provinces; lack of permanent jobs; falling quality of medical services; shortage of teachers in some areas. These problems cause discontent among Iranians that are then manifested into protests.

In 2017–2022, protests intensified. In December 2017 – January 2018 and in November 2019, protests engulfed Iran; protesters put forward economic demands, but in some places, they also demanded a regime change. From 2020 to 2021, isolated street protests and strikes blossomed in various Iranian cities, expressing discontent with Iran’s economic and environmental situation.

With Ebrahim Raisi’s new government coming to power in September 2021, protests shrank; Iran’s population hoped for social and economic changes. A year later, however, it became apparent that talks on reviving the Joint Comprehensive Plan of Action (JCPOA) were stopped and, consequently, the terms and timeframe of lifting financial and economic sanctions were unclear. During that time, the new cabinet failed to keep its campaign promises and stabilize the economic situation.

When Ebrahim Raisi was elected President, he formed his cabinet primarily from former members of the Islamic Revolution Guard Corps (IRGC), military personnel, heads of Islamic funds, and cabinet members of 2005–2013, i.e. supporters of the former President Mahmoud Ahmadinejad. Thus, power was ultimately consolidated in the hands of conservative political and religious elites and pushed

⁸⁶ The country’s foreign trade reached USD 54.6 bn. / foreign transit growth is 8.24% // IRNA. September 30, 2023.
URL: <https://irna.ir/xjNzww> (in Farsi)

⁸⁷ Iran’s oil revenues exceeded USD 42 bn. // Shana News Agency. August 19, 2023.
URL: www.shana.ir/news/477101/ (in Farsi)

⁸⁸ Iranian immigration yearbook for the year 1401 // Iran Migration Observatory.
URL: <https://imobs.ir/outlook/detail/22> (in Farsi)

all moderate liberals out of Iran's complex political system. When the US under Trump withdrew from Iran's nuclear deal, liberal positions were gravely undermined, and they lost voter support. Additionally, the withdrawal undermined the standing of even moderate conservatives who were not allowed to participate in the 2021 presidential elections. Moderate conservative attempts to unite have so far been unsuccessful. Generational change taking place among political elites also complicates the situation.

Fundamentalist conservatives seized the opportunity offered by the situation and raised the banners of the Islamic revolution's ideas,⁸⁹ ensuring social fairness, and relying on traditional Islamic values. Seeking to suspend trends for social modernization taking place in Iran, they demanded that the government tighten control over compliance with Islamic rules of conduct and dress code in public places and throw obstacles in the way of "pro-Western" youth culture. These restrictions prompted discontent primarily among the youth; this discontent was supported by Iran's intellectuals, entrepreneurs, and urban middle class. Several ethnic religious minorities joined the protests. An opposition movement of unprecedented scale, intensity, and radical slogans unfolded in Iran in September–December 2022.

Western media in Farsi were notably actively calling upon Iranians to protest. Iran's leadership had information that opposition groups abroad and some state secret services sponsored and organized armed protests.⁹⁰ At the same time, there is no doubt that most protests are endogenous and are determined by the current economic, social, cultural, and domestic political situation.

Women led protests against being mandated to wear the hijab revealed the roots of discontent that had accumulated in Iran's society. Additionally, protests showed the society's demand for reform within the existing system and showed that today's society was split, and most Iranians do not trust authorities.⁹¹ Even though the opposition movement was harshly suppressed, discontent with the authorities manifests in other forms, primarily in social media rhetoric. Another means of expressing civil position is shrinking political participation, lack of interest in current political parties and organizations, and the electoral system. A sharp drop in voter turnout puts a question mark over the regime's legitimacy in the eyes of Iran's population. For instance, 48.8% of the population participated in the 2021 presidential elections, while in Tehran, the figure was only 26%.⁹² The country's leadership is very concerned with the problem of motivating voters to cast ballots in the parliamentary elections slated for March 1, 2024.⁹³

⁸⁹ Iran's media call radicals and fundamentalists *tondravan* (in Farsi).

⁹⁰ Iran's Supreme Leader accused the US and Israel of igniting riots // MIA Rossiya Segodnya. October 3, 2022.
URL: <https://ria.ru/20221003/iran-1821156238.html> (in Russian)

⁹¹ Social problems and challenges for Iran's people // Monoppy. July 1, 2023
URL: <https://www.khabaronline.ir/news/1642480/--/1642480/> بازخوانی-چند-عددو-مرقم-در-بار-ه-انتخابات-ریاست-جمهوری-1400 (in Farsi)

⁹² Some figures on the outcomes of the presidential elections in 1400 // KhabarOnline News Agency. June 18, 2022.
URL: <https://www.khabaronline.ir/news/1642480/-1400> بازخوانی-چند-عددو-مرقم-در-بار-ه-انتخابات-ریاست-جمهوری-1400 (in Farsi)

⁹³ Wahidi: There is no higher priority than elections and people's participation // Iranian Students' News Agency. May 15, 2023.
URL: <https://www.isna.ir/news/1402022516429/> (in Farsi)

Contrary to predictions, power centralization and all state institutions becoming consolidated in the conservative hands further fragmented the conservative camp, soured relations between the branches of power, and exacerbated intra-elite confrontation. The Majlis are actively criticizing the government, believing it to be incompetent and ineffective. Six ministers and several heads of governmental agencies were replaced in the course of two years of Ebrahim Raisi's presidential tenure.

The parliament also manifests an internal ideological confrontation. The most radical conservatives demand passing a law on virtual space control. The law on hijab and morality has generally been approved by the Majlis. This law displeases both society and religious elites since it envisions large fines for non-compliance with the Islamic dress code in public places. It appears that greater Islamic radicalism in the social area, narrowing the space for the activities of liberal political parties loyal to the government and of civil society organizations are the developments that significantly reduce social support for the authorities. Unresolved everyday problems will continue to stimulate discontent. In such a situation, attempts to impose governmental restrictions in public and cultural areas will only make the gap between society and authorities wider.

For 45 years after the revolution, despite political and psychological external pressure, despite military operations and economic sanctions, Iran has succeeded in preserving stability and neutralizing internal conflicts. At the same time, the country had bolstered its foreign political standing as a strong regional power. Despite extensive protests in the fall of 2022, Iran keeps stable state authorities and seeks to resolve its economic problems. At the same time, greater fundamentalism in domestic policies and tighter control over social and cultural areas breed public discontent and can, in the future, become a major challenge for the authorities.

Chapter 4. The Domestic Political Situation in the Republic of Turkey

Amur
Gadzhiev

The year 2023 marks the centennial of the establishment of the Republic of Turkey. For the last two decades, the country has been ruled by the Justice and Development Party (AKP) led by the Republic's current president Recep Tayyip Erdogan. The AKP's tenure in power oversaw a host of reforms in Turkey.

When the AKP came to power in 2002 under the slogan "everything for Turkey", it proclaimed its main goal was to build a modern democratic state and integrate the country into the European Union. At the initial stages of its rule, the AKP (described by many political scientists as "pro-Islamic", "moderately Islamic", etc.) was concerned with demonstrating that Islam was compatible with democracy and secularity.⁹⁴ This period notably saw the most significant breakthrough in Turkey–EU relations, and in 2004, the European Commission recommended starting talks on admitting Turkey to the European Union as a full member.⁹⁵

After winning parliamentary elections in 2007, the AKP embarked on radical governmental reforms and revised virtually all regulations of the key bodies of the Turkey's governmental machine. Additionally, the Constitution was amended. Following two successful referendums on the Constitution (in 2007 and in 2010), the AKP proposed a "new Turkey" concept. The year 2023 was a turning point for Turkey as it has become a regional leader in several areas.⁹⁶ The AKP's leaders set themselves ambitious goals of transforming Turkey into, first, a "power that influences the nature of international development", as well as an "influential global actor".⁹⁷

In 2018, the AKP's leaders introduced the notion of a "strong Turkey". The country was supposed to rely on a "strong government" in its domestic policies while combining elements of "soft" and "hard" power in its foreign policy, thereby forming the so-called "Turkish axis" based on a qualitatively new interpretation of multi-vector foreign policy. Instead of envisioning an "axis shift" from the West to the East, this approach envisaged bolstering cooperation with different actors and alliances with a view to advance Ankara's interests as one of the new centers of the multipolar world.

The main tenets of the "Turkish axis" concept formed the foundations of the "Turkish Century" vision proclaimed in the AKP's 2023 electoral campaign.

⁹⁴ Suleimanov A. "The Justice and Development Party: Ten Years in Power in Turkey" // *Vestnik Permskogo universiteta* [Perm University Bulletin]. Political Science. 2013 (2). P. 4–9 (in Russian).

⁹⁵ Turkey's Foreign Policy at the Time of the Justice and Development Party (2002–2023). Marking the Republic's Centennial / Amur Gadzhiev, ed. Moscow: Institute of Oriental Studies of the RAS, 2023. P. 138 (in Russian).

⁹⁶ Ulchenko N. Yu. "Turkey's New Route?" // *Mirovaya ekonomika i mezhdunarodnye otnosheniya*. (Global Economy and International Relations). 2012 (6). P. 90–101 (in Russian).

⁹⁷ Evseev V.V., Pivovarenko A.A., Gadzhiev A.G. "Turkey's Political Influence on the Balkan Countries" // *Geoekonomika energetiki* (Geoeconomics of the Energy Sector). 2021 (4). P. 70–95 (in Russian).

Current Public and Political Situation in Turkey

In May 2023, Turkey held presidential and parliamentary elections. Recep Tayyip Erdogan won this election with his People's Alliance political coalition that united the AKP, the Nationalist Movement Party (MHP), the Great Unity Party (BBP), and the New Welfare Party (YRP). These elections were one of Turkey's most complicated and tense campaigns of the last two decades. One of the key political outcomes of the May elections was the split of the oppositional Nation Alliance that had included six parties.⁹⁸ Moreover, members of some opposition parties began drifting closer to the authorities. In such a situation, the country embarked on getting ready for the upcoming municipal elections slated for March 2024. Supporters of the ruling party announced they were going to get their own backing in Turkey's largest cities after the defeats of the latest local elections of 2019. It should be noted that, given the split in the opposition, the AKP's plans appear justified.

Some political scientists believe that the current Turkish government is technocratic, which they consider to be a signal to the public that the authorities intend to keep their campaign promises. The ruling coalition, therefore, attempts to win the swing voters.⁹⁹ However, the situation is somewhat different. One key criterion of appointing heads of agencies is not their professional success, but their loyalty to the president. Additionally, some ministers from the previous government had retained their offices. Therefore, Turkey's government was not fully revamped into a technocratic cabinet of ministers.

Following the May 2023 elections, Recep Tayyip Erdogan solidified his standing as Turkey's leader and expanded his powers. In turn, opposition's influence on political decision-making has shrunk significantly. Turkey's president has concentrated in his hands a significant chunk of executive power and also tightened control over and pressure upon the legislature and the judiciary, which generally contradicts the principle of the division of powers and puts a question mark over the efficiency of the current system of checks and balances.

It is important to remember that Turkey's bureaucracy was greatly modified in 2018: the office of the prime minister was abolished, several governmental bodies were re-subordinated to the executive office of the president, and the practice of appointing counselors was introduced. The parliament lost many of its supervisory functions and essentially lost the mechanism of directly monitoring the government; its capacity to impeach the president was also restricted. Additionally, pursuant to introducing the executive order practice, the legislature had virtually had its power usurped in the part pertaining to its lawmaking functions.

⁹⁸ The Nation Alliance included the following political parties: 1) The Republican People's Party (CHP) led by Kemal Kılıçdaroğlu; 2) The Good Party (İP) led by Meral Akşener; 3) The Felicity Party (SP) led by Temel Karamollağlu; 4) the Democracy and Progress Party (DAP) led by Ali Babacan; 5) The Future Party (GP) led by Ahmet Davutoğlu; 6) the Democrat Party (DP) led by Gültekin Uysal.

⁹⁹ Qinkara G. "President Erdogan's New Term and the New Cabinet of Ministers: The First Technocratic Government in the Second Republic" // *Independent Turkish*. June 12, 2023. URL: <https://www.indyturk.com/node/639026/turkiyeden-sesler/cumhurbagkani-erdoganm-yeni-dgnemi-ve-yeni-kabinesi-ii-cumhuriyetin> (in Turkish)

Erdogan's Megaprojects and Socio-Economic Problems

Recep Tayyip Erdogan is currently pursuing the idea of turning Turkey into a regional logistics center, an energy hub and an international transport artery for food cargoes. The full-scale launch of all these transit initiatives could significantly increase Turkey's regional importance, while also providing a means to replenish state coffers. Ankara is already reaping the political benefits by partially implementing some of these projects, and their monetization is surely soon in the works. The Turkish leadership is doing its best to ensure that these initiatives are implemented in due time.

A number of major infrastructure projects are scheduled to be launched in 2023–2024, including industrial, energy and logistics facilities. Some existing projects in both infrastructure and high-tech that were initiated during the AKP's rule are planned to be expanded and taken to the next level. Progress in the defense industry deserves special attention. The Turkish defense sector includes dozens of enterprises from a number of major industries. The country's defense sector is also involved in implementing the national development plan for 2019–2023. By the end of 2023, the national defense industry is expected to supply 75% of the army's needs.¹⁰⁰

The recent trends observed in Turkey's defense industry indicate that this goal is achievable.

The Turkish defense industry continues to develop and demonstrate new successes. Several models, including unmanned aircraft, as well as military shipbuilding, air defense and other projects have been brought to the point of production and sales, and significant funds have been invested in promising new developments and upgrades to production facilities. However, there are still negative factors and risks in the defense industry, such as the refusal of third countries to supply the necessary items. Regardless, over the last 10–15 years Turkey majorly modernized its defense industry, bringing with it a number of new opportunities, in particular, strengthening the country's own industrial potential and significantly increasing the share of domestically produced components in the final military and dual-use products. These opportunities are now being utilized to develop the Turkish army and export arms abroad, and the situation is generally optimistic here.

After winning the May 2023 elections, Recep Tayyip Erdogan faced an urgent need to transform the national economic policy. The national currency continued to lose value, inflation remained high, and budgetary funds were no longer available as they had already been used up during the populist pre-election measures. The Turkish leader had to heed the supporters of traditional economic policy, abandoning his own experiments and agreeing to almost double the key interest rate. However, this was not enough: the lira continued to fall in value, hitting an all-time low of 25 to the dollar on June 23, 2023.¹⁰¹

¹⁰⁰ Kugukoglu M. "Defense Industry Development and its Influence on the Economy (2000–2023)" // DergiPark. URL: <https://dergipark.org.tr/en/download/article-file/3032204> (in Turkish)

¹⁰¹ Konnov M. "Turkey on the Threshold of a Major Crisis. How is Erdogan Going to Save the Economy and Currency after Winning the Elections?" // Lenta.Ru. June 24, 2023. URL: <https://lenta.ru/articles/2023/06/24/turkiye/> (in Russian)

At the same time, the market depreciation of the Turkish lira allowed exporters to restore the competitiveness of their products and provided Turkey's Central Bank with an opportunity to replenish foreign exchange reserves. The government was able to close the budget gap stemming largely from the cost of reconstruction following the February 2023 earthquakes and delivering on election promises, including by raising taxes. Analysts say Turkey could continue its tough monetary policy right up to the 2024 municipal elections. So, it can be assumed that inflation in the country will remain at a fairly high level in the short term.¹⁰²

In addition to the depreciation of the Turkish lira, rising prices and the aftermath of the February earthquakes, Turkey is also grappling with the problem of an overwhelming influx of refugees and migrants into the country. According to Turkish government data provided to the UN High Commissioner for Refugees, the number of Syrian refugees registered in Turkey was more than 3.2 million as of September 14, 2023.¹⁰³ Unofficial figures put the number of Syrian refugees living in the country at more than 5 million people.¹⁰⁴ Apart from Syrian immigrants, Turkey is currently hosting refugees and migrants from Afghanistan, Iraq, Iran, Somalia and other countries.

Security Concerns

The steady flow of illegal migrants into the country is seen by many Turkish politicians and experts not only as a socio-economic problem but also as a threat to national security. The problem became especially acute after a terrorist attack in one of the most crowded places in Istanbul on November 13, 2022, killing 6 people and injuring more than 80 others with varying degrees of severity. The perpetrator of the attack was Ahlam Albashir, a 23-year-old Syrian national, who, according to Turkish law enforcement agencies, was trained by US military instructors at the Kurdistan Workers Party (PKK) intelligence school in Syria. According to some reports, she arrived in Istanbul illegally, via Afrin.¹⁰⁵

Turkish cities have been repeatedly attacked in previous years by the PKK, which is fighting to establish Kurdish autonomy in Turkey and Syria. Following the terrorist attack in Istanbul, the Turkish media have once again begun to focus on the scale of the threat faced by Turkey due to its migration policies.

Moreover, after the 2022 attack, Turkish attempts to mend relations with pro-Kurdish political forces, including with the People's Democratic Party (HDP), ran into

¹⁰² "Things are not all that bad: A Comprehensive Analysis of Turkey's Economy Has Been Published" // EADaily. August 12, 2023.

URL: <https://eadaily.com/ru/news/2023/08/12/ne-vse-tak-ploho-opublikovan-kompleksnyy-analiz-tureckoy-ekonomiki> (in Russian)

¹⁰³ The Number of Syrians in Turkey, September 2023 // RASAS. September 14, 2023. URL: <https://multeciler.org.tr/turkiyedeki-suriyeli-sayisi/> (in Turkish)

¹⁰⁴ Umit Ozdag: "I am addressing Erdogan. By filling the country with millions of people, you have endangered the security of Turkey's People and Stripped Them of Their Prosperity" // Anka Haber Ajansi. July 1, 2023. URL: https://ankahaber.net/haber/detay/umit_ozdag_buradan_erdogana_sesleniyorum_sen_milyonlari_buraya_doldurarak_turk_halkinin_guvenligini_tehlikeye_attin_refahini_elinden_aldin_145824 (in Turkish)

¹⁰⁵ "An interesting detail about the terrorist who flooded Istiklal St. with blood: Address in New York?" // Yeni Safak. November 15, 2022. URL: <https://www.yenisafak.com/foto-galeri/gundem/istiklal-caddesini-kana-bulayan-teroriste-ilgili-ilginc-detay-adres-new-york-mu-2072791/1> (in Turkish)

an almost insurmountable obstacle – a sharp increase in negative attitudes among the vast majority of Turkish citizens towards the renewed peace process to solve the Kurdish conflict. With the state of things, it can be assumed that the Kurdish problem in Turkey will continue to be addressed predominantly via force.

The Istanbul attack also led Ankara to tighten its migration policy, especially regarding to the “open door” policy for Syrian refugees. Turkish authorities have recently stepped up their efforts to identify and deport illegal immigrants.

To sum up, the position of Recep Tayyip Erdogan and the political coalition he leads continues to strengthen. In socio-political terms, this is largely facilitated by the final split of the opposition bloc following the May 2023 elections, as well as the Turkish leader's uncompromising rhetoric on Israel against the backdrop of a dramatically escalating Palestinian-Israeli conflict, which helps the Turkish president secure support not only among the conservative religious voters, who are already loyal to the current government, but also among the backers of other political forces in the country.

Inspired by this endorsement, AKP supporters are determined to regain control of the country's key big cities through the municipal elections in March 2024. It should be noted that given Turkey's current socio-political situation, this task looks much more feasible compared to the last local elections. Moreover, the megaprojects initiated and largely completed in the industrial, transport and energy sectors under AKP rule, which enable Turkey to become a full-fledged regional logistics and energy center, can to some extent facilitate this perspective. At the same time, key socio-economic challenges – mainly related to both persistently high inflation and the excessive influx of refugees and migrants – remain on the agenda, periodically evolving into significant security risks.

Chapter 5. Major Domestic Political Trends in Israel¹⁰⁶

Luiza
Khlebnikova

Over at least the past ten years, the political crisis in Israel has continued to escalate, reaching its climax in recent years. This has been particularly evident in the fact that there have been five snap elections in three years (2019–2022), as well as the country's failure to build a stable political coalition.

The protests that began in 2023 against the proposed judicial reforms promoted by the Benjamin Netanyahu-led government coalition were the longest in Israel's history. These events demonstrated the deep fault lines in Israel's society.

Political instability coupled with poor governance and other unresolved socio-political issues played a part in the country's inability to repel the security threat in early October 2023. It demonstrated the total dysfunctionality of the Israeli system, which, according to official figures, cost the lives of over 1,400 Israelis.¹⁰⁷ While it is too early to discuss the long-term consequences of the Hamas attack on Israel on October 7, it has already gone down in Israeli history as one of the country's political and military failures to protect its population. It is clearly a collective trauma for the Israeli nation.

By the early 2020s, Israel was still facing all sorts of challenges, even though the country had already become a regional powerhouse. The development of the state continues to be influenced by global and regional trends, but it also has specific internal socio-political trends.

Rise of Anti-Democratic Trends in Israel

The question of how to qualify Israel's political regime has long been debated among scholars on both sides of the Atlantic. Opinions vary greatly: Israel is being referred to as a (non-)liberal democracy, a democracy with four flaws (Benjamin Neuberger), an ethnic democracy (Sammy Smootha) and even an ethnocracy (Oren Yiftachel).¹⁰⁸ Russian scholar Tatyana Karasova, who is a recognized expert on Israel, in her joint article with Mikhail Shterenshis prefers to use the term "multicracy with democratic dominance".¹⁰⁹ What matters most, is that Israel's political regime is not static; its development was influenced by domestic and foreign policy factors. On the whole, Israel's political system and culture has always been full of various democratic and anti-democratic elements. The Jewish and democratic character embedded in the very foundation of the state did not imme-

¹⁰⁶ The author expresses his gratitude and appreciation to Tatyana Nosenko, Ph.D. in History, Leading Researcher of the Department of Israel and Jewish Communities Studies of the Institute of Oriental Studies of the Russian Academy of Sciences, for her important comments and remarks on the text of this article.

¹⁰⁷ FM Cohen addresses UN Security Council // Israel Ministry of Foreign Affairs. October 24, 2023.
URL: <https://www.gov.il/en/departments/news/fm-cohen-addresses-un-security-council-24-oct-2023>

¹⁰⁸ The main positions and debates are summarized in the chapter by B. Newyberger. See: Neuberger B. From Liberal Democracy to Ethnocracy: Different conceptions of Israel's Democracy. Handbook of Israel: Major Debates. (eds. by Ben-Rafael E. etc). Vol. 1. De Gruyter. 2016. P. 705–740.

¹⁰⁹ Karasova T.A., Shterenshis M. Political regime of modern Israel. International analytics. 2016. No. 4. P. 30 (in Russian).

diately manifest its conflict potential. In recent years, it has become evident that the Jewish character of the state has come to dominate its democratic dimension. This affects not only Israeli citizens but also Palestinians in the West Bank, East Jerusalem and the Gaza Strip.

Israel is a parliamentary republic, so a coalition government is formed with the approval of the president based on the results of elections to the Knesset (from 1996 to 2001, direct elections of the prime minister were held). In Israel, therefore, the principle of separation of powers is “flexible”, i.e. the interaction between the executive and legislative branches of power has its specific features. The head of government, the Prime Minister of the country, is the leader of the party that won the majority of votes in the election, received a presidential mandate and is able to form a coalition. The Knesset supervises the activities of the government. In turn, the Supreme Court (or the High Court of Justice) monitors the activities of the Knesset, with the authority to overturn laws that, in the opinion of the judges, do not comply with the Basic Laws of the State of Israel.

The Supreme Court's “judicial activism” began to gain momentum in the 1990s, especially after the adoption of the Basic Law: Human Dignity and Liberty in 1992. This has made it possible for different groups to succeed in their struggle to realize their rights in Israel. Adalah, a human rights group founded in 1996 that fights for the rights of Arabs in Israel and Palestinians in various parts of the West Bank, has won numerous cases in the Supreme Court of Justice. The judicial reform proposed by Justice Minister Yariv Levin in 2023¹¹⁰ was perceived by part of the public as an anti-democratic move to weaken the Supreme Court and put it under the control of the current government.

The crisis of leadership in Israel has become particularly evident in recent decades. The most recognizable and experienced political figure of the past 15 years is Benjamin Netanyahu, head of the secular, right-wing Likud party. He has led the government longer than Israel's first prime minister, David Ben-Gurion, one of the country's founding fathers.

Public trust in state institutions, including the government, the Knesset, and the incumbent parties, has been declining in Israel. According to a 2021 survey by the Institute for the Study of Democracy, Israeli Jewish respondents have the least confidence in political parties (10%), the Knesset (21%), and the government (25%), while trusting the IDF (78%) and the president (58%) the most. The same study found that Israeli Arab respondents have the most confidence in the Israeli Supreme Court (49%).¹¹¹

It is equally important that Israeli citizens have serious concerns about the future of the country's democratic system. The collision of ethno-nationalism and liber-

¹¹⁰ The judicial reform plan has been proposed by Justice Minister Yariv Levin and Knesset Constitution Committee Chairman Simcha Rothman. The key proposals include reducing the Israeli Supreme Court's power of judicial review over legislation and transferring the right to appoint judges to the government. The reform would also enable the Knesset to overturn a Supreme Court decision by a majority vote (61 out of 120).

¹¹¹ Hermann T., Anabi O., Kaplan Y., Sapozhnikova I.O. The Israeli Democracy Index 2021 // The Israel Democracy Institute. January 6, 2022. URL: <https://en.idi.org.il/articles/37858>

alism is a stress test for an Israeli political system that was previously known for its high adaptability.

Growing Influence of Religion on Political Processes

Israel is not a secular state. Based on the status quo agreement between David Ben-Gurion and the ultra-Orthodox Agudat Yisrael party, personal status, marriage and divorce issues fall within the competence of religious institutions and courts. The Chief Rabbinate is dominated by orthodox rabbis.

Religious Zionist and ultra-Orthodox parties continue to play an important role on the Israeli political scene, and it is becoming difficult to form a coalition without them, at least for right-wing parties. The ultra-Orthodox parties, the Ashkenazi Yahadut Ha Torah (United Torah Judaism) and the Sephardic Shas Party reject democratic ideals, insisting that the state must adopt halakha, i.e. Jewish religious law, as its basic framework. The representatives of the religious Zionist political camp differ from the ultra-Orthodox parties, but on some issues, they do find common ground.

Religion has come to play an increasingly important role in Israel's domestic political processes due to political and demographic changes in the country. This is set to step up tensions between secular and religious groups on a greater scale than before.

Weakening of Political Parties in Israel

The party and political system in Israel was formed back in the pre-state period and went through different stages of development. It has always been characterized by multi-partisanship and intense struggle between different blocs and parties. The parties may merge into one list or, on the contrary, split and nominate their own list. There are also short-lived parties with a specific agenda that do not survive to the next electoral cycle, and so on.

In the 21st century, political parties no longer play the role they used to. Israel is no exception in this regard, but the party crisis hit it later than other developed countries. Interestingly, the term “party” itself has never been popular among Israeli political associations, which preferred to use names that included the terms “union”, “movement”, etc.

The classification of Israeli parties into left-wing, right-wing and centrist parties no longer reflects the political reality of today's Israel. Amidst the plethora of parties, one can conventionally distinguish left-wing, center-left, center-right, right-wing, as well as Arab and ultra-Orthodox parties. This leads to an increase in the number of party groupings, which brings additional instability to the political system.

The main rift between Israel's political parties is over how to resolve the Palestinian-Israeli conflict. Views vary, ranging from a radical approach of getting rid of the Arab population through a “transfer” to a more moderate and realistic position based on the principle of “two states for two peoples”. Another important divide is between secular politicians and party associations centered on religious and

national-religious ideology. There is also division on a number of other issues, including economic ones regarding the distribution of budgetary funds among different interest groups.

The results of the parliamentary elections in November 2022 clearly showed that the left-wing parties have not only ceased to dominate the political scene, but are finally becoming a thing of the past. Israeli voters no longer vote for leftist parties, disillusioned with their program and attempts to resolve the Palestinian-Israeli conflict. However, the dominance of exclusively right-wing secular or religious parties is unlikely. The average Israeli voter tends to favor center-right or center-left parties.

Rise of Populism

As in most countries around the world, political populism thrives in Israel, which is particularly apparent during the election season. On the one hand, right-wing populism stands out here. Benjamin Netanyahu, who is a defendant in a lawsuit, actively uses populist tools, blaming the “left”, the “media” and various groups, particularly Arabs, for various failures of his policies. On the other hand, populism is also characteristic of the ultra-Orthodox Sephardic party Shas, which builds its program on the opposition between the people (“we”) and the elite (“they”, which can be Ashkenazi Jews, Arabs or secular Jews). For example, its representatives often identify the “liberal elite” and/or labor migrants as the main threat to the state and its foundations.¹¹²

Deepening Societal Divisions

Israeli society has always been highly diverse in terms of its ethno-cultural makeup. Different groups of the population often find themselves in conflict with each other. The fragmentation of the society makes it difficult to form common values in the country.

The ongoing problem of socio-economic inequality in Israel has aggravated the position of certain groups. The most vulnerable groups in the country include Israeli Arabs, ultra-Orthodox and Ethiopian Jews. The most pressing problems for them are poverty, unemployment, etc. Amidst unresolved political and socio-economic problems, some groups are becoming radicalized, such as religious Zionists, among whom there are many settlers living in the occupied territories of the West Bank. At the same time, there has been an increase in crime in the country, especially in the Arab sector.

Israel's demographic figures suggest that population growth is set to continue. One of the fastest growing and youngest groups is the ultra-Orthodox. According to the Central Bureau of Statistics of Israel, by 2030 the number of ultra-Orthodox Jews will reach 16%, including due to high fertility and a large number of children in the family, as well as an advanced healthcare, which reduces child mortality.¹¹³

¹¹² Porat G., Filc D. Remember to be Jewish: Religious Populism in Israel. Politics and Religion. 2020. P. 1–24.

¹¹³ Cahaner L., Malach G. Statistical Report on Ultra-Orthodox Society in Israel // The Israel Democracy Institute. December 31, 2022. URL: <https://en.idi.org.il/haredi/2022/?chapter=48263>.

There has also been an increase in the number of Israeli Arabs, who make up 21% of the population as of the early 2020s.¹¹⁴

The social profile of an average Israeli is expected to look like this: young (a third of Israelis are under 20), religious and supportive of right or center-right political views.

The various conflicts, splits, and confrontations in Israeli society have the tendency to break down during trials like the one that struck Israel in the autumn of 2023.

Domestic political tendencies, especially the trend toward anti-democratization of the political system and a greater role for religion in the state, will influence not only Israel's character but also the course of its development. Numerous global and regional challenges, especially security issues and climate change, can bring adjustments. These include the fact that the unresolved Palestinian-Israeli conflict will remain a key threat to the security and preservation of Israel's democratic regime.

¹¹⁴ Haddad Haj-Yahya N., Khalaily M., Rudnitzky A. Statistical Report on Arab Society in Israel 2021 // The Israel Democracy Institute. URL: <https://en.idi.org.il/media/18218/statistical-report-on-arab-society-in-israel-2021.pdf>

Chapter 6. Key Foreign Policy Trends of Middle Eastern States

Ivan
Bocharov

Certain changes in the Middle East help to reconfigure the system of regional relations. At the same time, the main trends observed in the region are, in many respects, a continuation of the tendencies that have been forming for over a year.

The Russian International Affairs Council has conducted a series of in-depth interviews with leading Russian experts on the Middle East between March and October 2023 to identify key foreign policy trends of Middle Eastern countries. The study reveals several foreign policy trends in the region's countries.

Improved Relations Between Regional Players

In the early 2020s, the Middle East faced major crises in the aftermath of the COVID-19 pandemic and the conflict in Ukraine. The refugee problem remains a pressing challenge, adding pressure to the already fragile economies of Turkey, Lebanon and other countries in the region. Experts say the region is also set to face the effects of a world economic recession, as well as global warming in the future. Some Middle Eastern countries will also face increased threats to food security. In the long term, this could lead to major humanitarian disasters.

Experts say the regional trade in the Middle East is still at a low level of development, and a number of major integration economic projects cannot be called successful. Thus, the GCC, which has assumed, among other things, a major economic function, has shown rather modest progress in terms of economic integration, compared to the tasks that had initially been set for this organization.

Some of the experts interviewed believe that over the past few years, economic prerequisites have developed in the Middle East to improve relations between countries in the region. Given the economic challenges facing Middle Eastern countries, there has been a growing need to reduce the costs that inevitably arise from confrontation. Yet, this trend cannot be called sustainable, and the escalation of the Palestinian-Israeli conflict in the autumn of 2023 once again confirmed that ideological contradictions often prevail over economic pragmatism in foreign policy. According to experts, however, it is very likely that in the long run, the desire to develop and modernize national economies, raise living standards and develop an urban culture will gradually manifest itself more and more clearly.

Throughout the first few months of 2023, the trend of improving relations between rival states in the Middle East continued. However, there are examples showing that this tendency has already been observed before, albeit not so vividly. So, in January 2021, Saudi Arabia, UAE, Bahrain and Egypt signed a statement of reconciliation with Qatar. This marked the end of a major diplomatic conflict with Doha that had been ongoing since 2017.

Perhaps one of the most striking examples of improved relations in the Middle East (partly offset by the worsening of the Palestinian-Israeli conflict) has been

the recognition of Israel by a number of Arab states. The State of Israel was established in 1948 and for many decades existed in a hostile environment. Until the 2020s, Israel maintained a “cold peace” with Egypt and constructive relations with Jordan and Turkey, although Turkish-Israeli relations have not been as stable and positive in the 21st century as they were, for example, in the 1990s.

Gradually, however, the situation began to change, and at some point, it became apparent that Israel was no longer almost completely isolated from other regional actors. If earlier Egypt and Jordan were the only Arab countries to recognize Israel's legitimacy, in 2020, the UAE, Bahrain and Morocco also normalized their relations with Israel. Perhaps this could have been a qualitatively new stage in Arab-Israeli normalization had it not been for the events of October 7, 2023. Experts say that in the early 2020s, Israel became part of the region from a political, economic and cultural standpoint, not to mention that it also became part of the region's security system. Some analysts believe that in the long term, Israel has the potential to lead the Middle East's drive toward becoming fast-growing region with an economy based on cutting-edge technology and energy.

According to Dmitry Maryasis, the rapprochement with Israel, which was initially motivated by security issues, turned into an economic cooperation. From a technological point of view, Israel has much to offer to the Arab world, both in terms of development (e.g., water technology) and security (particularly in the area of cybersecurity). The need to upgrade national economies in terms of technology was not the last reason why UAE, Bahrain and Morocco chose to normalize relations with Israel.¹¹⁵

The intensification of economic and technological cooperation is particularly visible in Israeli-Emirati relations. Investment projects have been launched under the Abraham Accords in a number of areas, including finance and agriculture. Cooperation has also been established in medicine production and boosting tourist traffic to UAE from Israel.

Another important issue that deserves attention is the possible signing of an agreement between Israel, Jordan and UAE on a joint energy project. An Emirati company was supposed to build a solar power plant in Jordan, and the energy produced by it would be supplied to Israel. In turn, Israel would supply Jordan with desalinated water. However, given the escalating conflict between Hamas and Israel and the deterioration of Arab-Israeli relations, the deal is unlikely to be signed anytime soon.

In some cases, cooperation between certain Arab countries and Israel has been public, while in others it tended to be non-public and informal. Indeed, many Gulf countries, including Saudi Arabia, have established informal ties with Israel, including cooperation in the technological sphere. However, there seems that there will be no prospects for formalizing the relations in the foreseeable future.

Of particular note is the conclusion of an agreement between Israel and Lebanon on the delineation of maritime boundaries. So, countries that do not have formal diplomatic relations have been able to normalize bilateral ties in a certain area.

¹¹⁵ From an interview with Dmitry Maryasis.

Even before the events of October 7, 2023, the Palestinian issue played an important, if not key, role in Arab-Israeli relations. This also applied to those countries that officially recognized Israel. For example, during the trilateral summit held in El-Alamein in August 2023, the leaders of Egypt, Jordan and the Palestinian National Authority (PNA) criticized Israel for violating the rights of Palestinians. They also demanded an end to Israeli security raids on the Al-Aqsa Mosque, lifting the Gaza Strip blockade, and unblocking the USD 39 million that had been intended for the PNA and withheld by Israel.¹¹⁶ Notably, against the backdrop of reports about the upcoming agreement to normalize Saudi-Israeli relations, Saudi Arabia for the first time appointed its ambassador to the PNA. This once again confirmed Riyadh's principled position on the Palestinian issue.

In building its relations with the Arab world, Israel sought to separate normalization from the Palestinian factor. However, as Viktor Smirnov points out, such is fantastical, because it is about the sovereignty of the Palestinian people, which is self-conscious and enjoys international recognition. Even before the escalation of the Israel-Hamas conflict, there was little illusion that without a solution to the Palestinian problem, the Abraham Accords would have progressed as far as necessary to pacify the region.¹¹⁷

To some extent, Israel's rapprochement with certain Arab countries has been offset by the escalating confrontation with Hamas and the IDF operation in the Gaza Strip. For example, Israeli Foreign Minister Eli Cohen visited Bahrain for the first time in September 2023 to open an Israeli embassy there. During the visit, a number of agreements were signed on cooperation in the fields of innovation and finance. However, as soon as in November 2023, following the IDF operation in the Gaza Strip, Bahrain's parliament adopted a statement on recalling the ambassador from Israel and suspending economic ties, although Israel did not confirm this information. Another example is that of Israeli's relations with Morocco. In July 2023, Israel recognized Morocco's sovereignty over Western Sahara, which was an important step in normalizing the bilateral relationship. However, mass demonstrations broke out in Morocco after the escalation of the Palestinian-Israeli conflict, with protesters showing solidarity with the Palestinians. The Kingdom's authorities cannot ignore the protest activity of Moroccans, and this may significantly hinder Morocco's cooperation with Israel in the coming years.

Another example confirming the trend towards better relations between countries in the region was an agreement between Iran and Saudi Arabia to normalize bilateral ties, which was signed in March 2023 with China's assistance. In the summer of the same year, for the first time in the last seven years, Saudi's Foreign Minister visited Iran, and the Iranian Foreign Minister paid a return visit.

According to experts, one of the reasons behind Tehran's efforts to establish rapprochement with Riyadh was the tense socio-economic and political situation in Iran. Analysts say Iran is interested in developing constructive ties with other countries. The improvement of the Saudi-Iran relations has not only allowed Teh-

¹¹⁶ Tax revenues collected by Israel on behalf of the Palestinian Authority.

¹¹⁷ From an interview with Viktor Smirnov.

ran to reduce possible costs stemming from the confrontation, but it will also help Tehran to boost its economic cooperation with Riyadh in the future. Another important factor is that the reduced tensions in the Gulf region enables Iran to focus more on solving its domestic socio-economic problems. By concluding the agreement with Tehran, Riyadh also sought to minimize the risks it was facing.

In the opinion of Andrey Zeltyn, the improvement of Saudi-Iranian relations will mostly involve the economic sphere, which may be followed by political cooperation. However, this process will take quite a long time, and there will be no real rapprochement in relations between Riyadh and Tehran for quite some time.¹¹⁸

At the same time, some experts pointed out that relations between Iran and Saudi Arabia are unpredictable, arguing that in this situation, the improvement of the bilateral ties can hardly be seen as full-fledged and comprehensive normalization. Since the 1979 Islamic Revolution in Iran, Saudi-Iran relations have seen both ups and downs on a number of occasions, with diplomatic contacts having already been broken and re-established. However, the 2023 normalization has a new external element – China – which gives a little more reason for optimism.

Most of the experts interviewed agreed that the process of improving relations between Tehran and Riyadh has become a positive impetus for the region. Analysts have noted that under the Saudi-Iran agreement to normalize relations, Iran promised not to pursue anti-Saudi activities through Iranian proxies. Saudi Arabia, in turn, promised not to support anti-Iran groups, including the People's Mojahedin Organization of Iran.

The normalization and resumption of diplomatic relations between Iran and Saudi Arabia could have a positive impact on conflict resolution in the Middle East, although this will not necessarily happen. According to some experts, although both countries agree on the need to resolve the situation in Yemen, there is no direct link between Saudi-Iranian normalization and the Yemeni conflict. It would be a mistake to see the Houthis as pro-Iranian proxies, and it would be more accurate to define them as allies of Tehran. Iran's influence on the Houthis therefore appears to be limited.

Some analysts see the Saudi-Iran agreement as a harbinger of changes in regional security in the Gulf region. Since 2018, the US has aimed to create "Arab NATO" that would focus on anti-Iranian issues. This alliance could include the Persian Gulf countries, Egypt and Jordan, with which Israel was to cooperate. According to Boris Dolgov, the United States expected that in the event of a military conflict with Iran, Saudi Arabia would have to join the war against it. From this point of view, China-brokered a Saudi-Iran deal that undermined this American plan, changing the force alignment in the region, strengthening China's influence and weakening the position of the US, which changed the regional security situation.¹¹⁹

As for Turkey, it has recently taken actions that have at times upset the balance of power in the region. However, Ankara has recently improved relations with its

¹¹⁸ From an interview with Andrey Zeltyn.

¹¹⁹ From an interview with Boris Dolgov.

former rivals, forging cooperation with UAE, Egypt, Greece and, until October 7, 2023, with Israel. According to Ibragim Ibragimov, however, it would be wrong to say that tensions in the Eastern Mediterranean have subsided. So, it is still not obvious that Turkey's relations with Greece and Cyprus will develop in a constructive way, taking into account unresolved maritime disputes.¹²⁰

The Republic of Turkey faces economic challenges, which it is trying to address, including through constructive engagement with the Arab States. In July 2023, Turkey and Egypt re-established official diplomatic relations, a decade after they were severed. Until a few years ago, there was a rather sharp confrontation between Ankara and Cairo. Some experts interviewed said that in 2020 Turkey and Egypt were on the verge of a direct military conflict due to sharp contradictions in Libya. Yet despite rather complicated political relations, economic ties between the countries did not cease. The re-establishment of diplomatic relations is likely to become an important additional impetus for the development of bilateral economic cooperation.

There is a positive dynamic in Turkey's relations with Arab countries in the Gulf. In July 2023, Turkish President Recep Erdogan toured the Persian Gulf countries, visiting UAE, Qatar and Saudi Arabia. Twenty-six contracts were signed with Turkey as a result of the visits, covering such areas as finance, transportation infrastructure and industry. The total value of the contracts signed with UAE exceeded USD 50 billion,¹²¹ and an agreement was reached with Saudi Arabia to launch joint production of drones.

A vivid element of the normalization process was the return of Syria to the Arab family. In March 2023, the League of Arab States agreed to reinstate the membership of the Syrian Arab Republic (SAR) in the organization. It soon became known that Damascus and Riyadh had reached an agreement to restore formal diplomatic ties. Some experts believe that the Saudi-Syrian agreements were partly accelerated by the normalization of relations between Saudi Arabia and Iran.

Contacts between Syria and Turkey, actively supported by Russia and Iran, also intensified in 2023. In December 2022, Moscow hosted talks between the defense ministers of the Russian Federation, the SAR and the Republic of Turkey. This was the first meeting between the Syrian and Turkish defense ministers in 11 years. In May 2023, the foreign ministers of Russia, Iran, Turkey and Syria met to agree on a road map to normalize Syrian-Turkish relations. It is also noteworthy that in the run-up to the presidential elections in Turkey, Recep Tayyip Erdogan noticeably softened his rhetoric towards the official government in Syria, which, however, should still be regarded as part of the election campaign.

Ilya Vedeneev points out that the main obstacle to the normalization of Syrian-Turkish relations is the unresolved Kurdish problem. The SAR insists on the withdrawal of Turkish troops from Syria, also as a precondition for negotiating the normalization of relations between Ankara and Damascus. Turkey, in turn, expresses

¹²⁰ From an interview with Ibragim Ibragimov.

¹²¹ Uppal R., Saba Y. Turkey's Erdogan signs \$50 billion in deals during UAE visit // Reuters. July 19, 2023. URL: <https://www.reuters.com/world/middle-east/turkeys-erdogan-ends-gulf-tour-with-abu-dhabi-visit-2023-07-19/>

concerns over the strengthening of the Syrian Democratic Forces (SDF), which it considers a terrorist organization, using it as a pretext to maintain its presence in Syria.¹²²

Improving ties between a number of regional players has become a key trend in the relations between Middle Eastern countries. The fallout from the October 7 attacks has affected this trend, particularly the prospect of normalizing relations between Israel and Saudi Arabia. However, as Irina Zvyagelskaya observes, the new crisis does not mean that the previously outlined prospects will be curtailed, including the tendency to de-escalate tensions between certain countries.¹²³ Especially since this trend affects not only Arab state relations with Israel, but also some other regional players.

Greater Role of Non-Violent Tools in Foreign Policy

Middle Eastern countries are beginning to place more emphasis on non-violent means of influence in implementing their foreign policy. This trend, however, does not imply a lesser role of the power factor in the region's foreign policy.

So, part of Iran's military doctrine is to export the Iranian-style Islamic revolution to other countries in three ways – militarily, through hybrid conflicts, and by using soft power. The agreement signed with Saudi Arabia in March 2023 imposes certain restrictions on Iran, experts say. If unable to export the Islamic revolution by force, Iran is likely to focus increasingly on soft power and pursue it through cultural expansion.

In Syria, who, in many ways, serves as Iran's outpost in the Eastern Mediterranean, Tehran does not limit itself to military and political activity and support for pro-Iranian groups. According to experts, Iran is doing a great deal of ideological and propaganda work in the SAR, while also stepping up its economic presence, including by creating relatively normal conditions for doing business in Syria and by buying land and infrastructure facilities. This way, Iran works extensively to secure a foothold that will guarantee the presence of the IRI in Syria and in any possible scenario.

Iran's nuclear program should probably be considered as a non-violent tool of Tehran's foreign policy. According to Vladimir Sazhin, Iran will not build nuclear weapons in the medium term. For Tehran, this is fraught with political costs, or even preemptive strikes by Israel and the United States against Iranian nuclear facilities. Iran will probably be able to achieve a high level of nuclear development and enrich uranium to 90%, but it will not necessarily be able to build nuclear warheads. As the expert says, it is important for Iran to acquire the status of a threshold power that is capable of creating nuclear weapons in the shortest possible time. In the future, Iran may use its high level of nuclear technology development to strengthen its position in negotiations.¹²⁴

¹²² From an interview with Ilya Vedeneev.

¹²³ Zvyagelskaya I.D. "Middle Eastern states follow the trend of multipolarity" // *Nezavisimaya gazeta*. November 8, 2023. URL: https://www.ng.ru/kartblansh/2023-11-08/3_8871_kb.html

¹²⁴ From an interview with Vladimir Sazhin.

According to Vladimir Belov, despite certain economic difficulties faced by Iran, the country would like to occupy its niche in the new division of labor that emerges with the development of China's Belt and Road global initiative. By taking part in the Chinese project and in the North-South international transport corridor, Iran seeks to become an important transit hub for Eurasia. Iran is also aspiring to be one of the region's key producers of certain industrial goods such as petrochemicals, pharmacology, medicine and engineering.¹²⁵ According to some experts, this can be seen as Iran's intention to occupy important niches in specific sectors of the prospective regional economy.

The greater role of non-violent means in foreign policy does not negate the fact that Iran continues to retain significant influence "on the ground". For example, the IRI supports the forces friendly to it that are part of the so-called "Axis of Resistance" (Syria, Lebanese Hezbollah, Yemeni Houthis, Iraqi militias, and Hamas).

It should be also mentioned that the Arab countries of the Persian Gulf are not a monolithic association, with each state pursuing specific goals and realizing its capabilities in different ways. For example, Qatar has always emphasized the cultural dimension and soft power in its foreign policy. Saudi Arabia, for its part, has adjusted some of its foreign policy approaches in recent years. So, if earlier the country sought to aggressively influence the situation in Yemen, up to direct military intervention, in recent months Riyadh has been increasingly turning to diplomatic methods to achieve foreign policy goals.

Economic tools play a major role in the foreign policy of Saudi Arabia and its allies. The economic assistance that these countries provide to Lebanon has helped to mitigate the effects of the severe economic crisis. According to some experts, such support is partly rooted in the fear that Iran could strengthen its influence in Lebanon, like by providing assistance to Hezbollah. So, the Arab monarchies of the Persian Gulf are striving to create a balance of interests that will allow them to play a greater role in the political and economic processes taking place in this state.

In the previous years, Turkey was trying quite actively to demonstrate its superiority in the region, often resorting to the use of force, says analyst Amur Gadzhiev. More recently, however, Ankara has been increasingly pursuing its foreign policy course through "smart power", combining hard tools with soft power that relies on diplomatic methods and cultural expansion. In doing so Ankara is heavily using the Sunni Islamic factor in its foreign policy.¹²⁶

Although the role of non-violent methods in solving foreign policy problems has increased to some extent, the force factor remains crucial in many respects. The most vivid example of a state emphasizing the force factor is Israel, which not only conducts raids in Palestinian territories, but also strikes Iranian facilities in Syria. In the minds of Israeli leaders, a strong Israel is the basis for its existence, say analysts. After the Hamas attacks of October 7, 2023, the use of force in Israel's foreign policy has, in many respects, confirmed its key importance.

¹²⁵ From an interview with Vladimir Belov.

¹²⁶ From an interview with Amur Gadzhiev.

The harsh rhetoric that some Middle Eastern countries are resorting to does not mean that the opposing sides will actually come to use force. In some cases, it helps to solve certain domestic and foreign policy problems. So, according to some experts, the Iranian threat remains one of the reasons why Israel receives additional aid from the United States, and before the normalization of Saudi-Iranian relations it was also an opportunity for rapprochement with some Arab countries. According to Nikita Smagin, confrontation with Israel remains an important political tool for Iran, aimed at demonstrating solidarity with the Palestinian people and positioning itself as the main defender of Muslims in the Middle East. As long as the Islamic republic is not restructured, the expert says, Israel will remain part of the ideological paradigm for Iran, which it will not abandon.¹²⁷

Despite the relatively high conflict potential between Iran and Israel, open military conflict between them is not imminent. The limited conflict potential is also constrained by the geographical distance of the two countries from each other. According to experts, for the Iranian-Israeli confrontation to escalate into a direct military clash, sufficiently serious grounds are needed.

So, non-violent tools are playing an increasing role in the relations between regional players in the Middle East. At the same time, the force factor in the Middle East remains crucial in many ways.

Freezing Conflicts While Escalation Risks Persist

At some point, it seemed that military conflicts in the Middle East began to lose their systemic role in regional relations. A number of conflict zones have previously seen quite sharp confrontation between regional players. For example, in 2020, the war in Libya between the Government of National Accord led by Fayez al-Sarraj and the Libyan National Army led by Khalifa Haftar could trigger a major regional conflict involving external actors. Assisting the government in Tripoli, Turkey sent its regular army units to Libya. There have also been reports of Egypt and UAE being involved in the conflict and providing military, technical and diplomatic support to Khalifa Haftar's forces.

The following years saw a partial reconfiguration of the Libyan political landscape, with Abdul Hamid Dbeibah taking power in Tripoli, while Fathi Bashagha began to play an increasing role in the eastern part of the country. By 2023, the conflict in Libya froze, with no major fighting in the country over the past three years, though sporadic skirmishes have been taking place. However, the unresolved fundamental problems associated with Libya's political settlement pose risks of conflict escalation. Issues related to the organization of all-Libyan elections in a country that is effectively divided into several parts continue to play a key role. It is equally important to reach agreements on a post-conflict future with the Libyan militias, taking into account their political and economic interests in the event of a possible settlement.

In Syria, where the government controls about 65% of the country's territory, full-scale hostilities have also been avoided after fighting in 2020. Since 2019, Turkey

¹²⁷ From an interview with Nikita Smagin.

has not conducted any major ground operations in Syria either, limiting itself to airstrikes against the positions of the SDF, which is composed mainly of Kurdish militias. The official government in Damascus and the armed opposition in Idlib have maintained the status quo since 2021.

In 2023, domestic political tensions intensified amidst the deteriorating socio-economic situation in Syria. Protests have grown more intense in the southern provinces of the SAR. There have been reports of spikes in violence, including attacks on the offices of the ruling Baath party.

Additionally, clashes intensified between Arab tribes and the SDF. Amid the Arab tribal uprising, the armed Syrian opposition, backed by Turkey, attacked SDF positions in Aleppo province. The fighting in northeastern Syria has been the most intense in several years.

In addition, there remain risks of an upsurge in terrorist activity in the SAR. According to the seventeenth UN report on the threats posed by the Islamic State of Iraq and the Levant (ISIS*), there are between 5,000 and 7,000 members of the terrorist organization in Syria and Iraq.¹²⁸ At the same time, about 11,000 people suspected of having links to the group are being held in prisons in northeastern Syria. ISIS* sporadically attempts to release its associates from these prisons, with one of the largest attacks taking place in January 2022.

Although there have been no active hostilities, the parties have not come any closer to resolving the crisis in Syria over the past three years. This settlement includes a whole set of unresolved issues, including the activity of the armed opposition in Idlib province, the SDF's aspirations for autonomy, and the continued presence of Turkish and American troops on Syrian territory.

According to Igor Matveev, the solution to the Syrian conflict largely hinges on whether the official Syrian government will be able to reach an agreement with local economic groups on the distribution of revenues. However, Damascus is not ready to make serious concessions to the Kurds and the armed opposition in Idlib, as it sees itself as the winner. The political resolution of the Syria crisis also depends on the prospects for economic recovery and the country's integration into the system of regional relations.¹²⁹

So, while the conflict in Syria is still partially frozen, significant risks for escalation remain. The underlying reasons for these risks are the absence of a political settlement of the conflict, the aggravation of the socio-economic situation in the SAR, and the continued presence of ISIS* militants and other terrorist organizations.

As for the situation in Yemen, the confrontation is not in a hot phase either. Although the April 2022 ceasefire between the Sana'a Alliance and the Arab coalition has officially expired, in fact the parties continue to abide by it.

* An organization banned in Russia.

¹²⁸ Report of the Secretary-General S/2023/568 // United Nations in Iraq, August 12, 2023.
URL: <https://iraq.un.org/en/241374-report-secretary-general-s2023568>

¹²⁹ From an interview with Igor Matveev.

There are no serious steps towards a political settlement and, according to Sergey Serebrov, Yemen remains in a state of “neither war nor peace”. The main obstacle to resolving the situation in Yemen is the lack of a platform to address the Yemen problem. The expert says that UN Resolution 2216, adopted in April 2015, has outlived its usefulness and became counterproductive. An attempt was made in April 2022 to convene a conference in Riyadh that could gradually evolve into a broader forum to address issues related to the Yemen conflict resolution, but these plans never came to fruition.¹³⁰ According to the experts interviewed, the possibility of resolving the conflict in Yemen depends to some extent on the effectiveness of relations between Iran and Saudi Arabia and on whether a platform is created to accommodate the interests of all opposing parties.

The Palestinian-Israeli conflict, despite sporadic outbursts of violence, was also in a partially frozen state. In 2023, however, this conflict not only broke out of the trend outlined above, but also set entirely new trajectories of movement, in particular affecting Arab-Israeli normalization.

The fundamental reason for the escalation of the armed confrontation between Hamas and Israel is the lack of a resolution on the Palestinian-Israeli conflict. A possible regional reason for the Hamas attacks on Israel on October 7, 2023 was the improvement in Saudi-Israeli relations.

The events of October 7 resulted in the deaths of more than 1,400 Israelis, and another 240 were taken hostage. In response to the Hamas attacks, Israel launched an operation in the Gaza Strip, the stated objective of which was to destroy the movement. Experts agree that Israel is unlikely to completely destroy Hamas, and the hypothetical elimination of threats from this organization does not solve the problem of radical Palestinian movements. Moreover, one of the long-term consequences of the Israel Defense Forces ground operation in the Gaza Strip could be the radicalization of Palestinians. Israel's operation in the Gaza Strip killed over 16,000 Palestinians, according to the PNA Health Ministry. Among other things, Israel's ground operation in the Gaza Strip could lead to severe humanitarian implications that would reverberate throughout the Middle East.

A number of Arab countries have adjusted their positions on the Palestinian-Israeli conflict in recent years. The elites of some Arab states, including Saudi Arabia, are not currently ready to show a high level of solidarity with the armed Palestinian resistance and have a negative attitude towards the actions of Hamas.

It is noteworthy that the direct military involvement of external actors remained very limited. Hezbollah struck Israeli forces and was able to restrain some IDF units on the Lebanese-Israeli border. In addition, the Houthi movement declared war on Israel and fired rockets at its positions. Otherwise, Middle Eastern countries have so far limited themselves to toughening their rhetoric, and Jordan has recalled its ambassador from Tel Aviv. There were reports that Iran refused to intervene in the conflict because it had not been warned by Hamas of its impending attacks on Israel.

¹³⁰ From an interview with Sergey Serebrov.

There is a potential for the aggravation of contradictions not only in countries engulfed in military conflicts, but also in unstable states facing internal crises. Among such countries, the experts singled out Iraq and Lebanon. However, if the neighboring states pursue a balanced policy, Iraq has all the opportunities for stabilization and development, according to Ruslan Mamedov. The level of problems that followed the American invasion of Iraq in 2003 and the rise of ISIS* are not expected in the foreseeable future.¹³¹ In Lebanon, an acute socio-economic crisis may provoke political destabilization.

In Libya, Syria and Yemen, despite the frozen state of the conflicts, there is still no talk of a final settlement. Moreover, in none of the three situations can we even speak of a stable military and political situation, analysts Vitaly Naumkin and Vasily Kuznetsov say.¹³²

In turn, analyst Tatyana Tyukaeva considers that the dynamics of the conflicts in question is non-linear. Frozen conflicts can flare up with renewed vigor at any moment, as the escalation of the Palestinian-Israeli conflict has shown. Non-state actors in the Middle East will play a special role as independent conflict variables and important elements of the regional relations system.¹³³

Diversifying External Relations

The conflict in Ukraine and the imposition of sanctions against Russia by the United States and Western countries have prompted the Middle Eastern states to diversify their foreign relations, mainly economic ones. A number of countries in the region are trying to build balanced relations with all external actors, including the United States, China, Russia and India. The countries of the Middle East do not abandon their dependence on the global economy but seek to find modalities for cooperation with the emerging centers of power.

This trend, however, is not evident in all countries of the region. For example, the diversification of external relations is less visible in Israel. According to Luiza Khlebnikova, despite Israel's developing relations with other extra-regional players, it is in Israel's interests that the United States should remain the leading force in the region since Washington is Tel Aviv's strategic ally. It is also important for Israel to have the US involved in negotiating agreements with Arab countries since Washington puts a lot of emphasis on ensuring Israel's security, while Russia and China, for various reasons, are unable to do so.¹³⁴

Iran, due to its political and economic isolation, has for decades been building relations primarily with non-Western extra-regional actors, mainly with China. Individual attempts to enter into dialog with the United States, both on the Iran

* An organization banned in Russia.

¹³¹ From an interview with Ruslan Mamedov.

¹³² Kuznetsov V.A., Naumkin V.V. "Global and Regional Trends of the 'Century+' in the Middle East: A New Interpretation" // *Vestnik Moskovskogo universiteta [Moscow University Bulletin]. Series 15. International relations and world politics – 2023.* Vol. 15, No. 1. P. 79–80. URL: <https://mp.elpub.ru/jour/article/view/168> (in Russian)

¹³³ From an interview with Tatyana Tyukaeva.

¹³⁴ From an interview with Luiza Khlebnikova.

nuclear deal and on a number of other issues, can hardly be viewed through the prism of diversifying foreign relations.

In recent years, the Republic of Turkey has been pursuing a multi-vector policy, actively developing relations with the United States, a number of EU countries, Russia and China. The trend towards diversifying external relations is not conceptually new.

So, this section will focus mainly on Arab countries.

As far as China is concerned, Beijing is quite active in developing its economic ties with the region's countries. China's One Belt, One Road initiative is of great importance for the development of trade and economic routes through the Middle East.

China is a key trade and economic partner for many countries in the region. The Middle Eastern states are keenly interested in attracting investment from China as it can help modernize national economies and promote socio-economic development. For example, agreements concluded over the past two years with Saudi Arabia have totaled over USD 30 billion alone.¹³⁵

With China's assistance, it was possible to smooth out the contradictions between Saudi Arabia and Iran not only in the interests of these two countries and their further economic development, but also in the interests of China, since it helped reduce tensions between two important economic partners for Beijing. Experts say this can be considered an important success in the country's regional policy and a serious enough bid to ensure China's active role in the political processes in the Middle East. According to experts, however, this does not mean that China will try to play the role of an important political force in the region, and perhaps it will limit itself to protecting its own economic interests. So, after the escalation of the Palestinian-Israeli conflict, Beijing took a rather restrained stance and chose not to play a prominent role in settling the situation in the Middle East.

As part of their efforts to diversify foreign relations, Middle Eastern countries are also increasingly focusing on developing cooperation with India. The launch of a new trans-regional economic project, the India–Middle East–Europe Economic Corridor (IMEC), was announced in September 2023. This project involves the creation of a railroad corridor and a sea route through which goods and services will be delivered. India, USA, Saudi Arabia, UAE and the EU countries are expected to take part in this initiative. However, the results of the initial consultations should not be overestimated – such major agreements may take years, if not decades, to implement. Still, the agreements reached serve, to some extent, as political commitments between the IMEC participating countries.

The active development of relations between Middle Eastern countries and Russia is also not a new trend. In the opinion of Grigory Lukyanov, Russia's military

¹³⁵ Yaakoubi A.E., Baptista E. Saudi Arabia signs Huawei deal, deepening China ties on Xi visit // Reuters. December 8, 2022. URL: <https://www.reuters.com/world/saudi-lays-lavish-welcome-chinas-xi-heralds-new-era-relations-2022-12-08/>

operation in Syria, launched in 2015, opened not only prospects in the SAR, but rather forced the countries of the Middle East to reconsider Russia's role in the regional security system. Following the start of the Russian operation in Syria, Middle Eastern countries began to take into account the Russian factor and its impact on regional developments to a greater extent.¹³⁶

Despite the complicated foreign policy background associated with the conflict in Ukraine, Middle Eastern countries and the Russian Federation continue to maintain constructive relations. For some Arab states, cooperation with Russia is particularly important to ensure food security. Strategic dialog continues with a number of Arab countries in the region within the framework of the Russia-GCC format.

Since the start of the Ukraine conflict, Russian-Iranian relations have been improving rapidly. According to Adlan Margoev, the rapprochement between Moscow and Tehran is driven, among other things, considerably by sanctions-related pressure. However, when it comes to the development of Russian-Iranian economic cooperation, it is impossible to achieve any significant progress within a short period of time, particularly when upgrading transportation infrastructure.¹³⁷

Another factor worth noting is the growing popularity of the SCO and BRICS in the Middle East. Egypt, Qatar and Saudi Arabia became SCO dialog partners in 2022, while UAE, Bahrain and Kuwait received this status in 2023. Turkey, which has been a SCO dialogue partner since 2012, has also expressed its desire to join the organization.

In July 2023, Iran became a full SCO member. According to a number of experts, no significant progress has recently been made on certain issues pertaining to SCO country economic integration. At the same time, Iran's participation in the SCO may improve coordination with the country on security issues.

In 2023, four Middle East countries – Saudi Arabia, Iran, Egypt and UAE – were invited to join BRICS. For them, BRICS membership is an additional opportunity to discuss with the leadership of extra-regional powers (first of all, China) the potential for implementing major infrastructure and industrial projects. For these countries, BRICS accession is also a chance to find a new international platform where they can promote their agenda.

The diversification of foreign relations does not mean that Middle Eastern countries are abandoning cooperation with the United States and the EU, as Nikolay Kozhanov points out. The US continues to maintain alliances with the Arabian monarchies, Israel, Jordan, Egypt, Tunisia, and Morocco, while also exerting significant political and economic influence on countries in the region. The United States is optimizing its policy in the Middle East, cutting costs in less promising areas, but Washington retains its influence in the region.¹³⁸

¹³⁶ From an interview with Grigory Lukyanov.

¹³⁷ From an interview with Adlan Margoev.

¹³⁸ From an interview with Nikolay Kozhanov.

Over 30,000 US military personnel are stationed in Saudi Arabia, Qatar, Bahrain, UAE, Kuwait, Oman, and Syria.¹³⁹ In 2023, the United States not only maintained but also increased its military presence in the Middle East. In July, Washington sent a guided-missile destroyer, as well as two landing craft and a group of fighter jets to the Persian Gulf area. The deployment of the 26th US Marine Expeditionary Unit was also announced. In October, amid the escalating Palestinian-Israeli conflict, the US dispatched two aircraft carriers with escort ships, as well as a Marine rapid reaction force, to the eastern Mediterranean Sea.

So, Arab countries are trying to diversify their foreign ties by building constructive relations with China, Russia and India. At the same time, the countries of the region maintain a high level of cooperation with the United States, including in the military and political spheres. Simultaneously, the SCO and BRICS are growing in popularity among many of the Middle Eastern countries, which they see as new platforms for promoting their economic interests.

Regionalization in the Context of Searching for a Balance of Power

Experts point out that one of the emerging trends in the Middle East, in the context of searching for a balance of power, is regionalization, implying that countries of the region are increasingly trying to solve their problems independently. This trend is only beginning to emerge, but it is becoming more and more evident.

This trend affects the political sphere, not as much as the economic sphere. Experts note that in recent years, the countries of the region have been striving for greater economic independence and technological sovereignty.

Regionalization in the Middle East is unfolding with non-Arab states retaining a key role in the region, says Alexey Khlebnikov. Egypt, Syria and Iraq have traditionally been the key Arab states in the Middle East, but their role in the regional relations system has gradually changed. The biggest impact on the role of Arab states was the 2003 invasion of Iraq by US troops, as well as the Arab Spring in 2011. At the same time, Iran and Turkey have become more actively involved in the processes taking place in the Middle East.¹⁴⁰

In leu of the global crisis associated with the conflict in Ukraine, the Middle East, in many respects, lacks an external force that could act as a political arbitrator, according to a number of experts. In the 20th century, such a role could be played by the United States, the USSR, France or the United Kingdom. In some cases, certain conditions for Middle Eastern states may have been dictated by extra-regional actors, although not all countries were happy with this system of building relations. So, a number of Middle Eastern states negatively viewed Washington's policies in the Middle East, but recognized the United States as a regional and global player capable of influencing the processes in the region.

¹³⁹ O'Connor T. Biden Seeks to End 'Forever Wars,' But Still Has Over 30,000 Troops in Middle East One Year On // Newsweek Digital LLC. January 20, 2022. URL: <https://web.archive.org/web/20230603035133/https://www.newsweek.com/biden-seeks-end-forever-wars-still-has-over-30000-troops-middle-east-one-year-1668815>

¹⁴⁰ From an interview with Alexey Khlebnikov.

Political elites in the Middle East are beginning to realize more and more clearly that external guarantors of the security system are becoming less and less important. Some experts say this is due to the withdrawal of US troops from Afghanistan, which has strengthened the tendency for political elites in the Middle East to be “slightly disappointed” in the United States as a guarantor of security in the region. At the same time, the security guarantees provided by the US remain fairly high compared to other extra-regional actors.

According to Leonid Isaev, the system of regional relations in the Middle East is being reconfigured. There are no serious and direct confrontations between countries in the Middle East today as there were a few years ago. The countries are striving to find and balance the status quo in the region’s security system. In some cases, the establishment of a certain balance (in particular, in Turkey’s relations with other regional players) is evident.¹⁴¹

A trend towards normalization between some countries in the region fits into the logic of regionalization. Those states that used to be rivals are increasingly seeking to negotiate with each other, including directly, without the assistance of extra-regional forces.

According to a number of experts interviewed, the trend towards regionalization confirms the desire of Middle Eastern countries to strengthen their sovereignty and build a foreign policy primarily based on national interests. This trend is likely to be increasingly evident in tackling key security and development challenges facing the Middle East.

Conclusions

Thus, the following foreign policy trends can be distinguished in Middle Eastern countries:

- Improving relations between some regional players, partly hampered by the Palestinian-Israeli conflict.
- Increasing role of non-violent means used by some of the region’s countries in their foreign policy, with the force factor retaining its vital role.
- Freezing military conflicts while maintaining risks of escalation, with the caveat that the Israel-Hamas war breaks out of this trend.
- Diversifying ties with extra-regional players while the US continues to play a key role in the Middle East.
- Regionalization in the context of searching for a balance of power, with Middle Eastern countries seeking to strengthen their autonomy.

In the short term, the identified regional trends in the Middle East are likely to continue. At the same time, as the Hamas attacks on Israel on October 7, 2023 and the subsequent Israeli army operation in the Gaza Strip demonstrated, the events can have a significant impact on regional dynamics.

¹⁴¹ From an interview with Leonid Isaev.

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Conclusion

The Middle East is a heterogeneous region that includes Arab and non-Arab societies, monarchies and republics, secular and theocratic regimes, relatively stable and highly unstable states. The diversity of the Middle East, tensions caused by contradictions between the region's countries, as well as socio-economic problems and political instability in individual states are all factors that make it difficult to identify region-wide dynamics. However, the changes taking place in the region make it possible to speak of certain developments, which are determined by a number of global, regional and country-specific factors.

One global factor influencing regional dynamics is the economic consequences of the Ukraine crisis. The process of global multipolarity involves the redistribution of the balance of power in politics and the de-globalization of the world economy, and also contributes to changes in the region's transport and logistical chains. This process also serves as an additional driver for Middle Eastern countries to diversify their external relations, first of all, their foreign economic ties.

However, trends in the Middle East are influenced by regional factors, including resource and technological imbalances, water scarcity, socio-economic differentiation, multiformity, economic norm universalization, increased national economic heterogeneity, and low levels of intra-regional trade. Also, cultural, value and ideological intra-regional ties continue to play an important role. A notable factor is the flexibility region's relations. So, in some cases, normalization between Middle Eastern countries, previously characterized by sharp contradictions, serves as an additional condition for conflict de-escalation and reducing tensions in the region. At the same time, black swans, such as the war between Israel and Hamas, serve as impulses with negative consequences that emphasize the fragility of the situation in the Middle East.

Numerous Arab countries in the region are faced with the need to find new models of state organization, which is complicated by the impossibility of following the usual path of catching-up development. The democratic transit processes envisioned in 2011 in a number of Arab states have not been successful. Authorities in some Arab republics offer their societies security in exchange for certain political rights and freedoms. In some GCC countries, governments are striving to increase system sustainability by improving governance mechanisms and by consolidating societies through strategic projects. As for countries engulfed in armed conflicts, risks for escalation remain. Armed conflicts in Syria, Libya, Yemen, Iraq and Palestine have already led to an increase in the number of refugees, which has put a heavy burden on both neighboring Arab countries and non-Arab states, in particular Turkey. The aggravation of the situation in conflict zones can upset the fragile balance in the region, which has so far been preserved.

In Iran, the domestic political situation is developing in line with the economic situation, which is deteriorating as a result of sanctions imposed by the United States and a number of other countries. The economic situation in the country exacerbates some social problems, which may pose a challenge to the Iranian

authorities. At the same time, despite the external pressure on Tehran, the country manages to maintain stability and mitigate internal conflicts.

In Turkey, President Recep Tayyip Erdogan and the political coalition he leads are strengthening their positions. Political factors, such as the splitting of the opposition bloc, and economic factors, such as megaprojects implemented by Turkey, help consolidate the society around the country's current leadership. At the same time, socio-economic difficulties associated with high inflation and the refugee problem can translate into security risks.

The domestic political situation in Israel demonstrates the deep divisions within its society. Political instability coupled with poor governance and other unresolved socio-political issues contributed to the country's inability to repel security threats in the autumn of 2023. However, various conflicts, divisions and confrontations in Israeli society tend to be overcome during the trying times following the autumn attack.

The Hamas attack on Israel in October 2023 and the Israeli army's operation in the Gaza Strip have intensified tensions between a number of regional players. As a result, Israel's improving relations with Arab countries has recently been partially reversed. At the same time, most Middle Eastern countries, including Israel's opponents like Iran, have demonstrated a high degree of pragmatism and the ability to restrain themselves, which so far helps to prevent the war from escalating into a major regional conflict.

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