Europe and a new Middle East

by Luigi Scazzieri, 5 October 2023

A new Middle East may be emerging as tensions thaw and US influence wanes. Europe needs different policies to deal with a changing region.

Tensions between former rivals in the Middle East are thawing…
The China-brokered meeting between Iran and Saudi Arabia in March this year took many observers of the Middle East by surprise. The two countries had cut off relations in 2016, and their rivalry – which stretched back decades – added fuel to the war in Yemen. They had also supported different sides during the conflicts in Lebanon, Iraq and Syria. At the Beijing meeting, which was preceded by secret talks, Iran and Saudi Arabia agreed to re-establish diplomatic relations, reduce tensions (including by not interfering in each other’s domestic politics) and strengthen economic ties.

The Iran-Saudi rapprochement is only one pillar of a thaw in relations between former rivals in the Middle East. Another pillar is the September 2020 ‘Abraham Accords,’ the agreements to establish relations between Israel on one hand and Bahrain, Morocco and the United Arab Emirates (UAE) on the other. These relationships have deepened over the past few years, especially that between Israel and the UAE, which has been strengthened by arms sales, joint military exercises and a free trade agreement in May 2022. In March 2022 Israel, Bahrain, Egypt, Morocco, the UAE and the US launched a structured co-operation platform by agreeing to meet regularly and establishing working groups to discuss issues such as clean energy and regional security. Israel’s relationship with Saudi Arabia has also grown closer, and the US is trying to broker a normalisation of relations between the two. The maritime boundary agreement between Israel and Lebanon in October last year fits into the same pattern of deepening co-operation between Israel and its Arab neighbours.

Turkey’s recent détente with its neighbours makes up a third pillar. For around a decade after the 2011 Arab spring, Ankara’s relations with many Middle Eastern countries were very poor, largely because Turkey sought to increase its regional influence and other countries saw that as threatening. Ankara’s ties to the EU and the US also frayed due to wide-ranging differences. However, starting from late 2020, Ankara recalibrated its policy and sought to repair relations with Egypt, Israel, Saudi Arabia and the UAE.
After his re-election in May this year, President Recep Tayyip Erdoğan signalled that he also wanted to improve ties with the West. At the NATO Vilnius summit in July, Turkey dropped its opposition to Sweden’s accession to the alliance (even though the Turkish parliament still needs to approve). Ankara has also said it wants to improve relations with the EU, and it has resumed dialogue with Greece to resolve their long-running bilateral disputes over issues such as maritime delimitation in the Aegean.

Several other developments also contribute to the sense of easing tensions. First, the Qatar diplomatic crisis, which had seen Saudi Arabia, the UAE and Egypt cut off relations with Qatar in 2017, ended in early 2021. Second, Arab countries concluded that Syria’s President Bashar al-Assad would remain in power and moved to reconcile with him, inviting him to the Arab League summit in May this year. Third, there are signs that the US and Iran are taking steps to avert a nuclear crisis. Iran has slowed down the expansion of its nuclear programme while the US is allowing Tehran to sell more oil. These steps were cemented by a prisoner swap and the US unfreezing $6 billion of Iranian oil revenues. These developments could pave the way for a resumption of negotiations on the nuclear file.

The thaw is not complete, however. Further delays in Sweden’s NATO accession or fresh tensions between Turkey and Greece or Cyprus in the eastern Mediterranean would sabotage the rapprochement between Turkey and the West. The easing of tensions between Iran and Saudi Arabia is due to a mix of pragmatism and fatigue and will not put an end to their rivalry. A flare-up in Yemen could lead to renewed Iranian-Saudi tensions. A resumption of the conflict in Libya could rekindle rivalry between Turkey on one hand and Egypt and the UAE on the other. The Abraham Accords have proven resilient, but renewed conflict between Israel and the Palestinians could undermine co-operation and scupper normalisation between Israel and Saudi Arabia. Finally, while the prospect of a nuclear crisis with Iran has somewhat receded, an incident – like an Iranian attack on an oil tanker in the Gulf – could spark a conflict with the US and strain the détente between Iran and the Saudis.

… while Europeans worry about US retrenchment and China’s growing influence

While the regional thaw heartens European policy-makers, another set of developments worries them. The US, which has been the most influential external power in the Middle East since World War II, is losing authority, while China’s influence is growing. There is a widespread perception that the US is paying less attention to the region than it used to, prompted by Washington’s emphasis on addressing China’s rise. This perception has taken hold despite the US seeking to reassure partners that it remains committed to the Middle East. Notably, while the US military presence in the region has shrunk by 85 per cent since 2008, Washington maintains a sizeable footprint, with several military bases and around 30,000 troops.

However, this is of limited comfort to allies who fear that Washington is not a reliable security partner, a perception exacerbated by the chaotic US withdrawal from Afghanistan in 2021. The US is seen as untrustworthy and erratic, with big policy shifts between administrations. For example, Turkey resents US backing for Kurdish militants in Syria, while the Saudis and UAE are upset by the lack of support from Washington in countering the threats from Iran and its allies.

This loss of US influence is happening as China is gaining political and economic sway across the Middle East – as shown by Beijing brokering the normalisation agreement between Iran and Saudi Arabia. The expansion of the BRICS grouping to the US’s Middle Eastern partners like Egypt, Saudi Arabia and the UAE in August this year is another important development. Additionally, many countries in the region, including Egypt, Saudi Arabia, Turkey and the UAE are associated with China’s security-focused Shanghai Co-operation Organisation.
China’s growing influence is largely due to its deep economic interests in the region. Beijing relies on the Middle East for around half of its oil imports, and it is the leading trade partner of the Gulf Co-operation Council (GCC) countries, having taken the top spot from the EU in 2020. Chinese investment in key infrastructure in the region has increased, as shown by the construction of a terminal in the Israeli port of Haifa, or a new capital planned by Egypt. In terms of digital infrastructure, China’s Huawei has been involved in building 5G networks in most Middle Eastern countries.

China’s influence does not only stem from economics. China’s lack of regard for human rights has made it a natural partner for authoritarian countries and Beijing has tried to boost its soft power in the region, for example by providing Covid vaccines or by opening new Confucius institutes. China is also a significant player in some areas of military co-operation. Beijing has provided Saudi Arabia with missile systems since the late 1980s. More recently, China has agreed to manufacture military drones in Saudi Arabia and has sold drones to the UAE. Beijing is building a military base in the UAE and has held military exercises with a range of traditional US partners in the region, including Saudi Arabia and the UAE.

Countries in the region want to keep the US involved in regional security but they also want to adapt to America’s perceived retrenchment. US partners like Saudi Arabia, Turkey and the UAE are hedging. They think they can have good relations with Washington while also developing ties with China and maintaining their existing ones with Russia. Developments since Russia’s full-scale assault on Ukraine last year are emblematic of this strategy. US partners in the Middle East have condemned Russia’s invasion but have not signed up to Western sanctions, have maintained co-operation with Russia and have cut oil production despite US urging them to increase it. Additionally, drawing closer to Beijing can be a way for countries to push the US to offer them a better deal, for example by providing security guarantees and more advanced weapons.

Opportunities and challenges for Europe in a new Middle East
For Europe, the new Middle East heralds both opportunities and challenges. A more stable and prosperous region benefits Europe. Many Europeans may also think that less US involvement in the region could be good if it makes Washington less prone to destabilising military adventures. But US disengagement also poses challenges, as Europeans have often followed Washington’s lead on regional security. The US and Europe have not always been aligned – Trump’s Iran policy stands out as a major recent disagreement. However, when the US has taken a step back, as in the conflict in Syria, Europeans have often been unable to craft a coherent policy. At the same time, while Europeans will benefit if China’s growing involvement reduces the risk of conflict and fuels growth, Beijing’s rising clout will curtail their own influence.

The challenge for European countries will be to adapt their foreign policy to the new Middle East. Unlike America, Europe cannot afford to distance itself from the region. Europeans are immediately affected by developments in the Middle East, and despite their efforts to accelerate the green transition, they will still need to import fossil fuels from the region for a long time. The end of hydrocarbon imports from Russia means that European countries will be comparatively more dependent on supplies from countries like Qatar, Saudi Arabia and Iraq. Moreover, these countries’ negotiating power could grow as falling demand pushes higher-cost producers out of the market.

Europe remains a significant actor in the Middle East. The EU is the largest trading partner for Egypt, Israel, Jordan and Turkey, and the second largest for the GCC countries. While some member-states pay little attention to the region, others are deeply involved - particularly France, Italy, Germany and Spain. In some cases, Europeans are also significant actors in security. Together with the UK, France, Germany
and the EU helped broker the nuclear agreement with Iran in 2015 and helped preserve some of its constraints after Trump withdrew from it in 2018. Many member-states contribute to regional security by providing personnel to UN missions in the region or to NATO’s mission in Iraq. And countries like France, Italy and Germany have important bilateral defence partnerships underpinned by arms sales with countries such as Egypt, Turkey, Saudi Arabia and the UAE.

The problem is that Europeans don’t have a unified approach to the region, but 27 different ones, sometimes competing with each other and with the EU’s own foreign policy – which itself has been underwhelming. For a long time the Union’s economic offer to the region amounted to offering countries limited access to the European single market in exchange for broadly following EU regulations. This was unappealing, and made partners feel subordinate to the EU. The Union has gradually shifted away from this approach, abandoning the assumption that countries in the Middle East wanted to mirror its norms and regulations. In early 2021 the European Commission announced a New Agenda for the Mediterranean, and in late 2021 the so-called Global Gateway. Both initiatives were supposed to foster new partnerships in energy, digital and infrastructure development, and to rival China’s Belt and Road. But both have been disappointing. With only €7 billion in funding, the New Agenda was too small, and the Global Gateway has so far had little focus on the Middle East, only investing in Egypt.

A new European policy for the Middle East

Europeans need to rethink their approach to the region. In terms of security, their influence will continue to depend on whether member-states can forge a coherent strategy. There are many cases, like the conflicts in Syria or Yemen, in which Europeans can realistically do little but provide aid and support existing peace processes. But there are other issues on which they can be more influential. Their overall aim should be hastening the regional thaw. Their priority, and the biggest contribution they can make to further diminish Iran-Saudi tensions, should be to continue to push for limits on Tehran’s nuclear activities, and to buttress any understanding that the US and Iran reach. Europeans could also take on a larger role in maritime security in the Gulf, to deter Iran from harassing shipping and prevent disruption in energy supplies.

Another priority should be supporting Turkey’s rapprochement with its neighbours, trying to build a constructive agenda for relations with Ankara and including Turkey in discussions on energy and connectivity, for example by involving it in the Eastern Mediterranean Gas Forum. More broadly, Europe needs to prevent bad situations from worsening by supporting refugees across the region, strengthening fragile states such as Lebanon, and preventing the Israeli-Palestinian conflict from worsening. Europeans should try to work flexibly with all regional actors, including China, if interests align or if there is no alternative to involving Beijing – as in the case of trying to limit Iran’s nuclear advances.

In terms of economic relations, a new focus on building climate- and tech-focused partnerships could help recast Europe’s relations with the Middle East. Countries in the region are hungry for investment and technology to foster growth, undertake the energy transition and diversify their economies – and Europe is well-placed to provide capital and technology in areas such as clean energy production, energy efficiency and digitisation. A new approach focused on building energy and tech partnerships would allow Europeans to secure their own energy needs, increase the production of clean energy, and advance broader climate goals – all while promoting regional co-operation and strengthening stability. Fostering connectivity within and beyond the region should be a major area of focus for Europeans, and a possible way to work together with India through the recently announced India-Middle-East-Europe Economic Corridor. Building closer partnerships does not mean Europe should forget its values and ignore human...
rights – on the contrary, deeper political and economic relations would reinforce Europe’s influence when it comes to such issues.

All this will require more funding – which will be challenging at a time when taxpayers will have to finance a range of other priorities, from the energy transition to Ukraine’s reconstruction. Europeans will also have to be nimbler: if they cannot reach consensus at 27, they will have to work in flexible coalitions, partnering with EU institutions and others where possible. Europeans should have few illusions: if they don’t reform their approach to the Middle East, their influence in a region of primary importance for them will only shrink.

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