

A satellite map of the Mediterranean region, showing the sea in dark blue and the surrounding land in shades of brown and tan. The map includes parts of Europe, North Africa, and the Middle East. The title and author's name are overlaid on the top left, and the date is in the top right. The bottom of the image has a solid blue banner with the logo of the Centre for European Reform.

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# Europe should not forget the challenges to its south

By Luigi Scazzieri

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- ★ European policy-makers are rightly focusing on the war in Ukraine and the economic challenges that Europe now faces. But Europe should not think that it can insulate itself from what happens to its south.
- ★ The spill-over from the Ukraine conflict will affect Europe's Middle Eastern and North African (MENA) neighbours. The war is leading to lower food exports from the Black Sea and higher energy prices, which will compound long-standing social and economic challenges in the region, fostering instability.
- ★ Meanwhile, old challenges persist. The wars in Libya, Syria and Yemen, and the Israeli-Palestinian conflict, continue to simmer; terrorist groups remain a threat across parts of the Middle East; and Iran's destabilising foreign policy is likely to remain an issue even if the 2015 nuclear agreement is revived. There is also potential for further instability, particularly in the eastern Mediterranean, Lebanon and Iraq.
- ★ Europeans need to learn how to navigate a more complex regional environment: there is a widespread perception of US withdrawal from the MENA, while China and Russia's presence and influence in the region has increased. Regional powers like Iran and Turkey have become more assertive and the alignment between Israel and the major Arab powers has established a new diplomatic reality.
- ★ Europe needs to devote more attention and resources to addressing the security and socio-economic challenges in the region. While many European states remain influential in the MENA, the EU has punched below its collective weight. Europeans have often been divided and passive, unable to leverage their economic heft effectively. And the EU's political and economic offer to its neighbours has not been sufficiently ambitious.
- ★ In the short term, the EU should help its MENA neighbours deal with the consequences of the conflict in Ukraine. Europeans also need to develop more coherent strategies to address regional conflicts, particularly that in Libya, on which they have considerable influence.
- ★ Europeans should continue to push for a revival of the 2015 nuclear agreement with Iran, the Joint Comprehensive Plan of Action (JCPOA). If negotiations to revive the JCPOA fail, Europeans should try to secure a less ambitious agreement to reverse some of Iran's nuclear advances, while preventing military escalation. They should be willing re-impose some sanctions on Iran to encourage it to return to negotiations. And, whether talks to revive the JCPOA succeed or fail, Europeans must try to dampen tensions between Tehran and its neighbours and steer Iran towards a more moderate foreign policy.

- ★ In the long term, the EU should help its neighbours to become more prosperous and resilient. The Union is currently rethinking relations with its eastern neighbours in the context of Ukraine and Georgia's EU membership bids, and of French President Emmanuel Macron's idea of a European Political Community to deepen links between the EU and other European partners. In time, these developments should lead the EU to re-evaluate and deepen its relationships with its MENA neighbours too.
- ★ It would be in the EU's interest to offer its MENA partners better access to the single market, extensive co-operation on the green transition and a deeper political partnership. The EU's neighbours would become more prosperous and stable, while closer political and economic ties would boost Europe's political influence in the region and its ability to promote human rights and good governance.

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In the aftermath of Russia's invasion of Ukraine in February 2022, European leaders have unsurprisingly focused on responding to that conflict and dealing with its immediate consequences for Europe's security and economy. But the war in Ukraine is also having broad repercussions in the Middle East and North Africa (MENA) region, exacerbating socio-economic challenges. And old challenges have not disappeared: the conflicts in Libya, Syria and Yemen, as well as that between Israel and the Palestinians, continue to simmer, while terrorist groups still pose a threat across parts of the region. Iran's foreign policy will continue to pose a challenge, even if talks to revive the 2015 nuclear agreement succeed. There is scope for new tensions in the eastern Mediterranean or between Morocco and Algeria, and for instability in Lebanon and Iraq.

This policy brief argues that Europe should help its Middle Eastern neighbours cope with the spill-overs from the conflict in Ukraine, such as higher global energy prices and lower food exports from the Black Sea region. But simply dealing with short term challenges will not be enough. European foreign policy towards the MENA region has often been incoherent, passive and ineffective. Europeans also need to grapple with the realities of a

changing region – there is a widespread perception of US withdrawal, while the influence of China and Russia has grown. Regional powers like Iran, Turkey and Saudi Arabia have become more assertive in advancing their interests. And new alignments are taking shape, most notably that between Israel, the UAE and Saudi Arabia. Europeans are losing their naivety about Russia – but they now need to do the same when it comes to the MENA region.

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## The war in Ukraine and the Middle East

The MENA region remains central to European security. First, direct threats to Europe can emerge from it, in the form of terrorist groups like the so-called Islamic State. Second, social and economic fragility and conflict in the Middle East can lead to destabilising consequences within Europe, such as large-scale irregular immigration that may fuel the rise of anti-EU populist forces in Europe and undermine European cohesion. Third, the EU relies to a considerable degree on energy imports from the region: in 2021 it imported 23 per cent of its oil and 14.2 per cent of its gas from the MENA.<sup>1</sup> In the medium term, the EU's efforts to transition away from hydrocarbons will reduce reliance on fossil fuels. But in the short term, as Europeans are forced or choose to use less oil and gas from Russia, they will rely more on imports from MENA suppliers like Algeria, Libya, Iraq or Saudi Arabia. This means that the region's political and economic importance for Europe will grow in the coming years.

The war in Ukraine will worsen social and economic challenges across many countries in the MENA. Russia and Ukraine are major exporters of food to the region. Lebanon and Egypt depended on Russia and Ukraine for over 70 per cent of their wheat imports in 2021. Both countries are highly dependent on food imports generally: Lebanon relies on the outside world to meet 80 per cent of its food demand, and Egypt imports over 50 per cent of its wheat.<sup>2</sup> Libya, which relies on imports for 90 per cent of its cereals, and imported over 60 per cent of its wheat from Russia and Ukraine. And Yemen, which imports 80 per cent of its cereals, relied on Russia and Ukraine for 40 per cent of its wheat imports.<sup>3</sup> Even if the agreement on grain exports brokered by the UN and Turkey in July continues, Ukraine's exports are unlikely to return to pre-war volumes quickly. The fighting has damaged Ukraine's transport and storage infrastructure and there will be challenges in harvesting and storing

1: Eurostat, 'EU imports of energy products - recent developments', April 2022.

2: Agricultural market information system, Lebanese ministry of agriculture, 'Lebanon national agriculture strategy 2020-2025', June 2020.

3: Food and Agriculture Organisation of the United Nations, 'Global information and early warning system', 2021-22.

grain. Shipping grain out of Ukraine will remain difficult if fighting continues near the ports or the safe sea corridor designated for exports. And, despite being exempt from Western sanctions, exports of Russian food products and fertiliser have also become pricier because of higher insurance costs for vessels sailing in the Black Sea.<sup>4</sup>

Countries in the MENA are unlikely to be able to secure similarly-priced suppliers easily, given high global energy prices, and those that cannot pay higher food prices will probably face some food security challenges. At the same time, Europe's southern neighbours are not insulated from the impact of ongoing supply chain disruptions, high inflation, and slowing growth in the global economy. Some countries, like the Gulf States, have the financial resources to cushion their economies

and citizens from these shocks successfully. But food insecurity and higher food and energy prices are likely to increase social discontent in fragile states like Lebanon, which is already in the throes of a severe economic crisis.

Europe will be affected by any instability among its southern neighbours. In 2011, high food prices led to widespread unrest in the MENA, with the start of the civil wars in Libya and Syria. Increased social and economic difficulties will increase incentives for people to try to seek better lives elsewhere, including in Europe. Russia will do what it can to distract Europe from the war in Ukraine, including by potentially fanning the conflicts in Syria or in Libya, both of which could encourage people to flee to Europe.

## Old challenges persist

The challenges stemming from the conflict in Ukraine come on top of those that Europe is already facing in the MENA region: Iran's nuclear programme and its destabilising support for proxies in the region; the simmering conflicts in Syria, Libya, Yemen, and between Israel and the Palestinians; and the potential for further instability, particularly in Lebanon, the eastern Mediterranean and between Algeria and Morocco.

*“Failure to revive the Iran nuclear deal quickly is likely to lead to further tensions in the region.”*

### Iran

Iran and its nuclear programme are among the most pressing challenges for European security in the Middle East. The EU-facilitated negotiations between the US and Iran to revive the 2015 JCPOA have not yet succeeded. Iran has developed its nuclear programme well beyond the limits that would have been imposed by the JCPOA, and the head of the International Atomic Energy Agency has said that Iran is only weeks away from having enough material to produce a nuclear bomb if it chooses to.<sup>5</sup> Iran has also limited international inspectors' access to its facilities, raising concerns that it is hiding parts of its nuclear programme and making it harder to gather reliable data on which a renewed deal could be based.

Despite this, Iran and the US have inched closer to an agreement in recent months. If they agree to revive the JCPOA, there would once again be limits on Iran's nuclear programme and Tehran would be further away from

being able to acquire a nuclear device. However, many US allies in the Middle East, especially Israel, worry that a renewed deal might embolden Iran, removing many of the sanctions on its economy and giving it access to greater funding. There is a risk that Iran could potentially channel additional funds to proxies like militias in Iraq and Hezbollah in Lebanon, improving their military capabilities. More broadly, even if the JCPOA was revived, this would only be a temporary solution to the challenge posed by Iran's nuclear programme. Under the terms of the JCPOA, some of the limits on Iranian nuclear activities expire in 2025 and most expire by 2030, meaning that a follow-up agreement with Iran would need to be negotiated.

Failure to revive the JCPOA quickly is likely to lead to further tensions in the region. The US would increase its economic pressure on Iran through sanctions, while Tehran could carry out sabotage attacks on shipping through the Strait of Hormuz or use its proxy forces in Syria, Lebanon, Iraq and Yemen to carry out attacks on US forces and allies in the region. There would be pressure on the US to retaliate against any attack, and this could easily escalate to a regional conflict. Alternatively, Israel, which wants to prevent Iran from acquiring a nuclear weapon at all costs, may eventually attempt to carry out an attack on Iranian nuclear facilities, potentially sparking a bigger conflict. Attacks on shipping, or a regional war, would destabilise the region and disrupt energy supplies to Europe, at a time when imports from Russia are decreasing.

### Simmering conflicts

Over a decade after Muammar Gaddafi's fall, despite periods of relative calm, Libya remains riven by

4: Food and Agriculture Organisation of the United Nations, 'The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the war in Ukraine', June 10<sup>th</sup> 2022.

5: BBC News, 'Iran's atomic energy chief says country could build a bomb but has no plan to', August 1<sup>st</sup> 2022.

instability. The unity government brokered thanks to UN mediation in early 2021 and led by interim Prime Minister Abdul Hamid Dbeibah has failed to bring the country together. Libya has been once again divided in two since February this year, when Fathi Bashaga was appointed prime minister by lawmakers in the east of the country. Bashaga is backed by military commander Khalifa Haftar, who is close to Moscow and remains very influential in Libya's east. In late August there was large-scale fighting in Tripoli between supporters of Dbeibah and Bashaga, and the risk of a return to fully-fledged conflict is real – with Haftar and Moscow poised to benefit.

The conflict in Syria has been continual since 2011, when protests against Bashar al-Assad's regime started. There is no large-scale fighting now, but there are several ways in which the conflict could escalate. First, Russia, Iran or Assad could decide to launch an attack on the Idlib area in northern Syria, which is controlled by anti-Assad rebels and protected by Turkey. Fighting around Idlib could push large numbers of its three million inhabitants to flee to Turkey, and many of them could later try to reach Europe. Separately, there is a chance that Turkey could carry out a new military operation against the Kurdish People's Protection Units (YPG) in Syria, a militia that Ankara sees as part of the PKK, a group that has waged an armed insurgency in Turkey since the mid-1980s, and which the EU and the US classify as a terrorist organisation. A Turkish incursion may see Turkey clash with Iran or Assad. The US and EU also worry that a Turkish operation in Syria could potentially allow extremist groups, like the remnants of the so-called Islamic State, to gain strength.

*“The eastern Mediterranean could see renewed instability, with profound implications for Europe's security.”*

The conflict in Yemen, now in its 12<sup>th</sup> year, has been a major cause of regional instability, because in many ways it became a proxy war between Saudi Arabia and the UAE, which backed the government, and Iran, which backed the Houthi rebels. A truce has been in effect since April this year and was recently extended until October. But not all factions involved in the conflict are abiding by the ceasefire, and there has been fighting in the south of the country. The challenge for international diplomacy is to extend the truce so that humanitarian aid can reach all regions of Yemen and civilians can return to their homes. A permanent agreement would also pave the way for a broader political settlement, which would lessen tensions between Iran and its Arab rivals and be good for regional stability.

Finally, the Israeli-Palestinian conflict endures. In 2021 there was fighting between Israel and Hamas and this

summer a brief war between Israel and Palestinian Islamic Jihad. The risk of large-scale violence sparked by clashes between Palestinian militants and Israeli security forces in East Jerusalem or in the West Bank remains high, especially around religious holidays. Any conflict between Israel and terrorist groups based in Gaza and the West Bank could draw in Hezbollah in Lebanon and Iranian militias in Syria, leading to a regional war. While achieving a two-state solution remains the nominal aim of EU and US diplomacy, in practice neither Europeans nor the US are investing much energy in it. The EU's ability to put pressure on Israel is limited, as most member-states privilege their economic and diplomatic relations with Israel over advancing the two-state solution. The EU, which is the biggest funder of the Palestinian Authority, is also unwilling to seriously use its leverage to try to push it to be more democratic, for fear of provoking instability. That leaves European diplomacy devoid of a long term vision and focused on trying to contain flare-ups of violence when they occur.

### Potential future flashpoints

Aside from the wars in Libya, Syria and Yemen, and the Israeli-Palestinian conflict, there are several other potential flashpoints on the horizon. Lebanon and Iraq face daunting internal challenges. Lebanon is on the verge of political and economic collapse and, in a worst-case scenario, could see the return of large-scale violence between Hezbollah and its adversaries. Iraq has been in a state of destabilising political deadlock since the October 2021 elections. Supporters of Muqtada al-Sadr, the leader of Iraq's largest political bloc, have stormed and occupied parliament on several occasions, and al-Sadr is calling for a new election. Violence between Sadrist and their pro-Iranian opponents in Baghdad led to the deaths of dozens in late August. Large-scale unrest in Iraq would undermine the state's authority, creating a vacuum in which external actors like Iran, the Gulf states and Turkey would compete for influence. Violence could also lead to a reduction in oil output and pave the way for a re-emergence of extremism.

The eastern Mediterranean could also see renewed instability, with profound implications for European security. Turkey wants to secure a large exclusive economic zone for itself in the eastern Mediterranean and to be included in efforts to develop the region's gas resources. In 2020, Ankara sent vessels to assert its claims and explore for hydrocarbons near Greek islands and off the coast of Cyprus, creating tensions with many EU states and with the US. Tensions cooled in 2021 and early 2022, but recent months have seen an escalation, with long-standing Greek-Turkish disputes over airspace, maritime zones and the de-militarised status of certain Greek islands near Turkey all re-igniting. Turkish President Recep Tayyip Erdoğan has threatened to seize some Greek Aegean islands that he claims belong to Turkey. More tensions in the eastern Mediterranean are likely

in the coming months, as the next Turkish election, scheduled to be held by June 2023, approaches. Polls suggest that Erdoğan and his party have lost popularity, meaning that he will be tempted to resort to even more nationalist rhetoric and actions to rally his base.

Turkish military action against Greece remains unlikely, as this would prompt US intervention, but the risk of a clash between aircraft engaged in mock dogfights, or between manoeuvring ships, is real. Turkey could also resume its exploration for hydrocarbons close to Greek islands and Cyprus or take actions that further undermine the prospect of Cypriot re-unification. These moves would generate more tension with the EU and the US and would revive divisions between EU member-states over how best to respond to Ankara's actions. Some member-states like France would probably call for a tough stance towards Ankara, while others would fear that talk of sanctions would only play into Erdoğan's hands in the

election by enabling him to say that external enemies were threatening Turkey.

Finally, in North Africa there is a risk of clashes between Morocco and Algeria – which is a leading gas supplier to the EU. In August 2021, Algeria cut off relations with Morocco, blaming it for hostile actions including fomenting separatism on its territory. But the crux of the dispute is the status of the Moroccan-claimed and occupied Western Sahara: Algeria is resentful that Morocco's claim over the region has grown stronger after former US President Donald Trump recognised it as part of Morocco. There have recently been clashes between Moroccan forces and the Algerian-backed Polisario Front rebels in the Western Sahara. Any serious escalation risks drawing in Moroccan and Algerian troops and eventually sparking a conflict that could destabilise a previously calm region of North Africa.<sup>6</sup>

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## A new Middle East?

### US retrenchment

Europeans also need to grapple with the realities of a Middle East in which several important political shifts are taking place. The most significant is the US de-prioritising the region. Economically, the Middle East is falling in importance for the US, which became a net petroleum exporter in 2020. Politically, US involvement in the region has diminished and become more erratic since Barack Obama's presidency. Under Obama, Washington emphasised the importance of the 'pivot' to Asia. Obama upset the US's traditional allies in the Middle East by striking the 2015 nuclear agreement with Iran, which they thought did little to constrain Iranian expansionism. Obama also proved unwilling to lead Western intervention in Libya's civil war, shunned a significant role in stabilising the country after Gaddafi's fall and failed to act decisively to halt the war in Syria.

*“No matter what US officials say, the perception of US retrenchment is probably here to stay.”*

The re-orientation of US foreign policy towards Asia continued under Donald Trump. Although the US's regional allies initially welcomed Trump's tough stance towards Iran and his lack of lecturing on human rights, his failure to defend Saudi Arabia after an attack on its oil installations in September 2019, widely attributed to Iran, did much to undermine the US's credibility as a security partner. Trump's later decision to assassinate Iranian

Revolutionary Guard commander Qasem Soleimani did not change the allies' widespread perception that the US's reliability was questionable. Joe Biden has done little to dispel concerns that the US's growing focus on China will mean less emphasis on the Middle East. His decision to abandon Afghanistan in the summer of 2021 and the perceived lack of support for the UAE after Houthi missile attacks on its territory earlier this year were seen as further signs that the US wants to reduce its involvement. Biden's initial refusal to engage with Saudi leader Mohammed Bin Salman because of his human rights record fostered more concerns over the US's commitment amongst regional partners. US public opinion has become more sceptical of military entanglements in the Middle East.

However, talk of the US pivoting away from the Middle East entirely is exaggerated. Although the US no longer relies on energy imports from the region, these are still important to US allies in Europe and to the stability of the global economy. US military support and arms sales remain highly valued by allies, as does access to US technology and know-how. The US is diplomatically involved across the region, although not always as intensely as its allies would like. Looking ahead, Washington will continue to focus on countering terrorism, ensuring Israel's security and containing Iran's influence. But no matter what US officials say, the perception of US retrenchment is probably here to stay, as many US allies are convinced that Washington's focus on China, combined with the need to expand its forces in Europe to deter Russia, will mean less American emphasis on the MENA region.

6: Anthony Dworkin, 'North African standoff: How the Western Sahara conflict is fuelling new tensions between Morocco and Algeria', European Council on Foreign Relations policy brief, April 8<sup>th</sup> 2022.

## China and Russia

The US's reduced focus on the area has coincided with, and facilitated, growing roles for Russia and China. China's influence in the region should not be over-stated, but Beijing has been expanding its economic ties and political clout. Many countries in the region like China because it does not try to influence their internal affairs by lecturing them about human rights. China's economic growth also proves that prosperity does not necessarily require democratic governance, and therefore the Chinese model has been attractive to much of the MENA. The Middle East is also important to China, especially when it comes to energy. Oil from the region accounted for over 40 per cent of China's total oil imports in 2019.<sup>7</sup> Other areas of trade are also growing, with total trade increasing by around 60 per cent between 2012 and 2021, and China is currently the largest goods trading partner for Iran and for the countries of the Gulf Co-operation Council (Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman).<sup>8</sup>

*“Russia's military interventions allowed it to establish a military foothold in the Middle East.”*

Beijing's investment in the Middle East has also been growing. The stock of Chinese foreign direct investment (FDI) in the region increased fivefold between 2010 and 2020.<sup>9</sup> Unlike European countries, China is an important investor in Iran, where it has invested a total of \$26 billion.<sup>10</sup> In 2021 Beijing and Tehran concluded a 25-year strategic partnership agreement in which China promised to invest \$400 billion in Iran in exchange for Iranian oil supplies. China's navy has exercised together with the Iranian and Russian ones. Unlike the US, China has not taken sides in the region's disputes, and tries to keep good relations with all countries. To signal the importance of trade and political ties, Beijing has concluded so-called 'comprehensive strategic partnerships' with Egypt, Saudi Arabia, Iran and the UAE, and an 'innovative comprehensive partnership' with Israel.

Russia's influence in the Middle East stems from its status as a major oil producer, its arms sales and its military and diplomatic weight. Moscow co-operates with Middle Eastern oil producers in OPEC+ to control prices and shares in interest in keeping them high. Moscow's influence is also underpinned by arms sales and military deployments, both to advance its interests and to show

that it is an essential player in the Middle East. Russian arms sales in the region are significant: Moscow is Egypt's largest arms supplier and the UAE's third largest.<sup>11</sup> In August 2021, Russia signed a military co-operation agreement with Saudi Arabia, which may lead to arms sales in the future.

Russia has also worked closely with Iran, especially during the war in Syria, in which both supported Assad. Russia has sold air defence systems to Iran and the two have carried out joint military exercises. After the February invasion of Ukraine, Moscow has been trying to build closer ties with Iran. Both sides have military equipment that the other wants: Russia wants Iranian drones while Iran wants Russian fighter jets and more advanced air defence systems. Moscow is also trying to expand its commercial ties to Iran. But so far, the partnership between Russia and Iran remains transactional.<sup>12</sup>

Russia's influence in the Middle East has grown in recent years. In 2015, Russia inserted itself in the conflict in Syria, where it deployed military force to buttress Assad's regime and allow it to survive. The intervention in Syria placed Moscow at the heart of any diplomatic efforts to solve the conflict. In 2019 Russia also intervened in the war in Libya, albeit in a deniable manner, by deploying mercenaries from the Wagner group, which is considered in the West to be a Russian proxy. Wagner forces supported Haftar in his attempts to seize power. Russia's military intervention in Syria allowed it to position itself as a reliable partner to autocratic governments, no matter how bad their human rights record. And Moscow's support for Haftar in Libya made Russia look like a partner for non-state actors at odds with the West. These military interventions allowed Russia to establish a military foothold in the Middle East, especially with its naval and air bases in Syria and Wagner's control of several air bases in Libya. Moscow could deploy more advanced weapons to these bases, such as missiles, potentially threatening NATO members. Russia's military involvement in the Middle East also gives it the ability to create problems for the West if it wants to, by generating instability and politically destabilising refugee flows. Russia's influence is likely to persist even if Moscow is forced to withdraw some of its proxies from Syria and Libya to fight in Ukraine. Crucially, many US allies in the region want to maintain decent relations with Moscow for fear Russia could create security problems for them. For example, Saudi Arabia and the UAE fear Russia could grow closer to their rival Iran, whereas Israel depends on Russian acquiescence to allow it to strike Iranian targets in Syria.

7: US Energy Information Administration, 'Country analysis executive summary: China', September 30<sup>th</sup> 2020.

8: Comtrade data accessed with Trade Map.

9: China Med project data.

10: Data on Chinese investment from American Enterprise Institute, China investment tracker.

11: Pieter D. Wezeman, Alexandra Kuimova, Siemon T. Wezeman, 'Trends in international arms transfers, 2021', Stockholm International Peace Research Institute, March 2022.

12: Aniseh Bassiri Tabrizi, 'Friends with benefits: Iran and Russia after the Ukraine Invasion', RUSI commentary, July 22<sup>nd</sup> 2022.

## More assertive regional powers

In response to the geopolitical shifts around them, other powers in the region have also adjusted their foreign policies and hedged their bets. Egypt and the UAE sought to advance their interests by backing Haftar in Libya's civil war. Saudi Arabia and the UAE intervened in the conflict in Yemen to contain Iranian influence there. The UAE and Saudi Arabia have sought closer ties to Beijing, not least to remind the US that it cannot take them for granted, and to increase their leverage with Washington. The UAE abstained in the UN Security Council vote to condemn Russia's invasion of Ukraine in February, although it later condemned it in a vote in the UN General Assembly.

Turkey's foreign policy has changed significantly since the Arab Spring. Ankara's actions in the eastern Mediterranean have already been discussed. But Ankara's foreign policy has become much more assertive across the MENA region. Turkey carried out military operations against the PKK in Iraq and the YPG in Syria, establishing a sizeable military presence there. Turkey also intervened in Libya's civil war, helping the UN-backed government in Tripoli to survive against Haftar's military offensive. This put Ankara at odds with Russia, Egypt and the UAE, which supported Haftar. Turkey's actions in the eastern Mediterranean also sharpened Ankara's rivalry with Egypt, the UAE and Saudi Arabia, exacerbated by Ankara's perceived closeness to the Muslim Brotherhood.

*“Ankara's foreign policy has become much more assertive across the MENA region.”*

More recently, Turkey has sought to mend relations with many of its neighbours. It re-established full diplomatic relations with Israel in August, and has also tried to improve relations with Egypt and with Saudi Arabia.

Despite being on a different side from Russia in the conflicts in Libya and Syria, Turkey has maintained good relations with Moscow. Ankara and Moscow have co-ordinated their actions in Syria, where Turkey's operations against the YPG have been made possible by Russia's agreement. Ankara also bought an S-400 air defence system from Russia, causing friction with other NATO allies, which viewed the system as incompatible with NATO's air defences, and prompting the US to exclude Turkey from its F-35 fighter programme. Following Russia's invasion of Ukraine in February, Turkey has backed Ukraine, including by providing it with weapons. However, Ankara has also sought to maintain

good relations with Russia: it has not adopted Western sanctions and has tried to maintain valuable trade and energy links with Moscow.

Iran is a major force for instability in the Middle East. Ever since the revolution, Tehran has pursued a strategy of forward defence, building up militia groups and networks in nearby states to gain leverage over them and to make up for the relative weakness of its army. The US's ousting of Saddam Hussein in 2003 and the emergence of the Islamic State in Iraq both allowed Iran to increase its influence there; pro-Iranian militias played an essential role in driving the Islamic State from its strongholds in Iraq. These militias remain among the most influential political actors in Iraq. The Syrian civil war opened more space for Tehran's regional influence to grow. Iran, together with Russia, was Assad's main backer in the conflict, helping his regime survive by providing him with substantial military support. Hezbollah and other pro-Iran militias remain highly influential in Syria, and Iran's role may be further enhanced if Russia withdraws some of its forces. Finally, during the war in Yemen, Iran has supported the anti-government Houthis, providing them with the equipment that has allowed them to strike Saudi Arabia and the UAE directly.<sup>13</sup>

## New alliances

Europeans also have to grapple with new political alignments in the MENA. Greece, Cyprus, Egypt, the UAE and, to a lesser degree, Israel and Saudi Arabia have been building closer ties to counter what they view as Turkey's encroachment on their interests. Military forces from Egypt, the UAE, Saudi Arabia, Greece and Cyprus have exercised together, and Greece has loaned air defence systems to Saudi Arabia. Cyprus, Greece, Israel and Egypt have also banded together to exploit natural gas resources in the region, setting up the Eastern Mediterranean Gas Forum in 2019.

But the most consequential development is the growing alignment between Israel and other US allies in the region. The 2020 agreements to establish normal diplomatic relations between Israel and Bahrain, Morocco and the UAE, mark a new political reality in the MENA area. Israel and US Arab allies have forged much closer relations since then. In May 2022, Israel and the UAE signed a trade agreement, and Israel has provided the UAE with military assistance to counter Houthi attacks from Yemen. Israel has also forged closer ties to Saudi Arabia, even though the two have not yet established normal diplomatic and economic relations.

The US is trying to promote closer co-operation between its Arab allies and Israel. Washington has supported their efforts to foster co-operation on climate, economic and

<sup>13</sup>: Seth G. Jones, Jared Thompson, Danielle Ngo, Brian McSorley, and Joseph S. Bermudez Jr., 'The Iranian and Houthi war against Saudi Arabia', Centre for Strategic and International Studies brief, December 2021.

energy issues by setting up a permanent multilateral co-operation framework, the Negev Forum, which includes Israel, Bahrain, Egypt, the UAE, Morocco and the US. The US is also trying to foster military co-operation in the region: in early 2021 Washington moved Israel from its European military command to the Middle East-focused Central Command, a move that has facilitated co-ordination and joint exercises with US allies in the region.

## Europe's challenge

With the war in Ukraine, European leaders have focused on helping Ukraine counter Russia's invasion and on strengthening deterrence towards Russia. But leaders should not lose sight of the short and long term challenges they face in the MENA. The EU should help countries in the region cope with the spill-overs from the conflict in Ukraine and become more prosperous and resilient. Europeans need to do more to prevent escalation and to end active conflicts. And they need to learn how to navigate a more complex regional environment.

Reduced US engagement in the Middle East will require Europeans to grapple with new issues. Europeans have always looked to the US to help manage regional conflicts like those in Syria and Libya, and the lack of a clear US position may expose European divisions.

*“Europeans need to learn how to navigate a more complex regional environment.”*

Furthermore, the growing assertiveness of regional powers like Iran, Turkey, Saudi Arabia and the UAE means that Europeans will have to navigate a regional environment in which their own space for manoeuvre might be more limited.

However, it is not all doom and gloom for Europe. The past year has seen a fragile *détente* between Iran and the UAE and Saudi Arabia, prompted in part by a fear amongst the latter that the US would not stand by them against growing Iranian encroachment. The rapprochement between Turkey and Israel and the alignment between Israel and some of its Arab neighbours could open the space for co-operation on many issues. At the same time, while less US engagement is unlikely to make it easier to solve the existing conflicts and crises in the region, less US involvement in the MENA area might have some benefits for Europe. US policies in the Middle East have sometimes damaged European interests: the 2003 invasion of Iraq destabilised the

Washington is also pushing efforts to integrate its allies' early warning systems and air and missile defences. But the scope for deeper security co-operation is unclear: while the UAE and Saudi Arabia want access to Israeli and US technology to help them defend themselves against Iran, they are also cautious about being drawn into a potential escalation with Tehran.

region, and Trump's decision to withdraw from the JCPOA allowed Tehran to make further progress in obtaining a nuclear weapon and raised the risk of a regional war.

Europeans are still influential in the MENA region, particularly in economic terms. According to the European Commission, the EU is the biggest trading partner for Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Turkey, and the second biggest for the Gulf Co-operation Council states. At the same time, many member-states are important regional security and diplomatic actors. Europeans helped to forge the JCPOA with Iran and to keep its basic structure in place after Trump abandoned it. Many European countries were involved in the international coalition to defeat the so-called Islamic State in Syria and Iraq and contribute to the NATO training mission in Iraq. Italy, Spain and France are leading contributors to the UN peacekeeping force in Lebanon. European arms sales in the Middle East are also significant: according to the Stockholm International Peace Research Institute, France is the second largest arms supplier to Egypt, Saudi Arabia, Qatar and the UAE. Italy is the leading supplier to Turkey and the third largest supplier to Egypt, Iraq and Qatar. The UK is the third largest seller to Saudi Arabia and Germany is Israel's second largest supplier.<sup>14</sup>

Despite this, with the notable exception of their hard work on the nuclear deal with Iran, Europeans have generally punched below their collective weight in the security sphere. While other actors have become more assertive, Europeans have often been divided and passive, which has limited their influence, especially when it came to dealing with conflicts like those in Syria and Libya. Member-states often pursued their own policies in a disjointed manner, as exemplified by Italy and France pursuing unco-ordinated and competing policies towards Libya until relatively recently.

Europeans have been unable to make full use of their considerable economic influence. The European Neighbourhood Policy (ENP), the framework for the EU's relationship with its southern neighbours, has been disappointing. The EU does not make an appealing

14: Pieter D. Wezeman, Alexandra Kuimova, Siemon T. Wezeman, 'Trends in international arms transfers, 2021', Stockholm International Peace Research Institute, March 2022.

offer to its partners in terms of political ties, with the ENP placing partners in a position that many view as subordinate. The economic side of the ENP is also not attractive to most partners: the EU offers countries in the region enhanced market access if they align themselves with EU regulatory standards. But the EU's partners have largely been unwilling to do so: adapting EU standards

is challenging and there is a widespread perception that liberalising trade with the EU would harm local businesses. Finally, the EU's migration agenda has been dominated by limiting irregular migration from countries to its south, rather than forging genuine partnerships that give citizens from its partners opportunities to live and work in Europe.<sup>15</sup>

## What the EU should do

### The short term

If they want to secure their interests in the MENA region, Europeans will have to overcome their passivity and craft more coherent and effective policies. In the short term, the priority should be for Europeans to help their southern neighbours cope with the economic spill-over from the conflict in Ukraine. This means, in the first instance, pushing Russia to abide by the deal on food export from Ukraine beyond the 120-day initial deal brokered by Turkey and the UN. The EU will also have to provide financial and technical support to the most fragile neighbours like Lebanon and Iraq, so they can cope with potentially explosive social discontent.

*“Europeans will have to overcome their passivity and craft more coherent and effective policies.”*

The biggest security challenges will be those relating to Iran and the Gulf. Europeans should continue to facilitate negotiations between the US and Iran and push for a mutual return to the JCPOA. If the US and Iran agree to revive the deal, Europeans need to ensure it can last. Europeans can probably do little to persuade America to remain party to the agreement if a Republican is elected president after Biden. But they should try to convince Iran that the benefits of the JCPOA are worth it, as this will strengthen Iran's incentive to stick to the agreement and encourage Tehran to accept limits on its nuclear activities after the JCPOA's restrictions expire. To do so, Europeans will have to expand their trade with Iran, for example providing businesses with guarantees about the scope of sanctions and the legitimacy of any transactions they conduct, and perhaps also providing some credit to expand trade.

Even if the JCPOA is revived, Europe will have to grapple with Iran's ballistic missile program and Tehran's support for proxies across the region. Iran is unwilling to accept limits on its missiles or its support for proxies, because it sees both as essential in deterring its adversaries. Both issues can only be successfully addressed if tension

between Tehran and its regional rivals decreases, and probably only as part of a broader framework of regional arms control. Europeans will have to focus on encouraging a *détente* between Iran and its neighbours. Europeans should also continue to support mediation efforts by regional actors like Iraq; and encourage the Gulf States to discuss regional security issues with Iran. Europeans could also help reduce regional tensions by deploying ships to patrol Gulf sea-lanes, showing that they have a stake in the continuation of free shipping flows.

Whatever Europeans do, however, Iran's nuclear advances may soon make the prospect of reviving the JCPOA unrealistic. Europeans should try to keep Iran and the US talking, in the hope that a temporary agreement could still contain Iran's nuclear programme to some extent. Iran would have to roll back some of its recent advances and freeze its programme, while the US would relax its implementation of existing sanctions. To that end, Europeans should unambiguously tell Tehran that they will re-impose economic sanctions unless it reverses the expansion of its nuclear programme. There is little chance of working with Russia to constrain Iran's nuclear advances. But Europeans should push China to take a tougher stance – as otherwise Tehran may calculate that it has Beijing's quiet backing and can cope with any sanctions. If Iran does not reverse the expansion of its programme, Europeans will have to reimpose economic sanctions to push it to return to negotiations.

A reimposition of EU sanctions should be gradual, to give Iran the chance to step back from the brink and return to diplomacy. At the same time, Europeans would have to focus on trying to avoid military escalation. They should try to dissuade Iran and its proxies from taking military actions that could spark a broader conflict, including by conveying to Iran the US and Israeli red lines that it must not cross. Europeans should also urge the US and Israel to be restrained and proportionate in their military response to any Iranian actions, to avoid a spiral of escalation. Europeans should work with regional players that have decent ties to both Iran and its opponents, like Iraq, Qatar and Oman, but also with Saudi Arabia and the UAE, which do not want a conflict. Ultimately, it is up to Iran to be a less disruptive regional actor.

<sup>15</sup>: Luigi Scazzieri, 'Rethinking the EU's approach towards its southern neighbours', CER policy brief, July 10<sup>th</sup> 2020.

But Europeans should do all they can to try to change Tehran's calculations and encourage a return to talks on the nuclear programme.

Europeans also need to be prepared to deal with other security challenges in the region. They should urge Morocco and Algeria to de-escalate their rhetoric and to avoid inflammatory moves. Europeans should also be ready for fresh tensions in the eastern Mediterranean, especially as Turkey's next election draws near. The risk of conflict is low, so the EU should avoid playing into Erdoğan's hands by allowing itself to be portrayed as threatening Turkey. The situation in Libya is more dangerous, not least because of Russia's active involvement there. Europeans need to prevent a return to violence by urging for de-escalation and putting new momentum behind efforts to persuade Libyans to agree on how to organise elections and set up a government that can represent the whole country. They should be willing to sanction those that hinder diplomacy and to work closely with the US and with regional actors like Turkey, Egypt and the UAE – all of which have interest in avoiding a return to open conflict. When it comes to the Israel-Palestine conflict, Europeans should try to prevent dangerous flare-ups, by pushing for reform and accountability of the Palestinian Authority and trying to persuade Israel that it is in its own interest to use force with restraint, to halt the expansion of settlements, and to improve living conditions in the West Bank and Gaza.

*“The EU's green deal will have implications for many of its Middle Eastern neighbours.”*

In Syria and Yemen, Europeans have little influence. In Syria their role will be limited to providing humanitarian aid, especially to the areas that are not under government control. In Yemen, Europeans should aim to consolidate the ceasefire by improving living conditions on the ground. They may be particularly well placed to support local security and reconstruction initiatives.<sup>16</sup>

### The long term

In the longer term, Europeans should help their neighbours in the MENA region become more prosperous and resilient. The current rethinking of the EU enlargement process in the context of the war in Ukraine and Macron's proposals for a European Political Community (EPC) could have a positive effect on Europe's relationships with its southern neighbours. Taken together, the reform of the enlargement process and the introduction of the EPC could increase political and economic co-operation between the EU and its neighbours in the Western Balkans and the eastern

Europe. Neighbours that have good relations with the EU are likely to have better access to the EU's single market, to benefit from some EU funding, and to have more political consultation and co-operation with the Union in areas like energy and digital policy. Their citizens are also likely to have more opportunities to easily visit the EU and to work there.

Over time, this should lead the EU to rethink relationships with its Middle Eastern neighbours too. The EU should offer them better access to the single market, and a deep and equal political partnership including extensive co-ordination and consultation between leaders and officials. It should also allow more opportunities for their citizens to live and work in Europe.

The green transition should be a priority. The EU's green deal will have implications for many of its Middle Eastern neighbours, as the EU will eventually buy fewer fossil fuels from them. And specific EU tools like the proposed carbon border adjustment mechanism will affect partners' exports in carbon intensive industries. The EU should support its partners in reducing their industrial carbon emissions, or risk alienating them. The EU should try to build green partnerships with its neighbours, to help them decarbonise their economies. Specifically, Europeans can help finance green energy investments, such as renewables and green hydrogen, and promote electricity interconnections. Europeans should also offer their partners technical assistance and capacity building on energy saving measures, effectively managing water resources, and creating carbon pricing systems like the EU's own.<sup>17</sup>

In doing so, Europeans would help their southern neighbours reduce their emissions, contributing to meeting global climate targets. But partnerships on environmental, climate and energy policy can also contribute to fostering stability: issues such as water or power shortages have led to protests and conflict. Such initiatives can also advance the EU's interests by creating jobs, reducing incentives to migrate and strengthening Europe's influence in the region. But all this will require EU funding of a magnitude greater than is currently envisaged through tools like the €80 billion Neighbourhood, Development and International Co-operation Instrument – of which only 30 per cent is supposed to be spent on fighting climate change.

A more ambitious EU offer would allow the EU's MENA neighbours to become wealthier and more resilient. Closer political, economic and personal ties would also make the EU a more influential player in the region. Europe should also use the promise of a closer relationship to promote human rights and democracy, without which there can be no real stability. It is not

16: Mareike Transfeld, 'Local and focused: European support for peace in Yemen', European Council on Foreign Relations commentary, July 1<sup>st</sup> 2022.

17: Megan Ferrando, 'Boiling dry: How the EU can help prevent instability in the water-scarce Maghreb', CER policy brief, April 20<sup>th</sup> 2022.

credible for the Union to threaten to cut off co-operation with states that are undemocratic or that have a poor human rights record, as such countries might be important partners in energy, countering terrorism or managing migration. But the EU should use its financial

and technical support to push countries to be less repressive. And if that does not happen, the Union should be ready to divert its support to priorities that directly benefit ordinary citizens in partner countries, and its own interests (like green energy development).

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## Conclusion

Russia's invasion of Ukraine was a pivotal moment for European security. As Europeans focus on supporting Ukraine and deterring Putin from further aggression, they should not lose sight of the many challenges to their south. Their approach to the Middle East and North Africa has lacked coherence and often been passive. Europeans must now learn how to navigate a more complex regional environment and devote more attention to addressing security and socio-economic

challenges in the region. They should not think that they can insulate themselves from what happens to their southern neighbours.

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