Valdai Discussion Club Report

The Middle East and the Future of Polycentric World

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February 2023

ISBN 978-5-907318-80-9
9 785907 318809

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Introduction

The third decade of the 21st century started out with extremely dramatic events. The COVID-19 pandemic, the armed conflict in Ukraine, the exacerbating Russia-West confrontation, the rapid strengthening of the global role of the global majority countries (countries outside the Western alliance), the global food crisis and aggravated environmental threats taken together have spurred the long process of collapse of the international political system, leaving out of sight what may come to replace it.

The world has crumbled.[1] As was foretold, the order has given way to anarchy[2], and there's no end to it in sight. The time to come of age[3] seems to have arrived, but no one can say what it really means and what the new adult world will look like.

Polycentricity is a sacred concept, but how can we fill it with specific content and use it to make a long-cherished image of a fairer, appealing and reliable future a reality?

The Middle East appears almost redundant in this new brutal and uncertain reality. The violent upheavals that unfolded there over a decade drew everyone's attention, but now they have suddenly found themselves almost on the fringes of international politics. Even though the region is still there and its ongoing crises and conflicts have remained unresolved, and some of the Middle Eastern countries are vocally asserting themselves in the international arena, the future of the Middle East in the new world appears uncertain. We will try to outline it in our analysis of intra-regional and global factors.

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[1] Barabanov O., Bordachev T., Lissovolik Y., Lukyanov F., Sushentsov A., Timofeev I. Living in a Crumbling World. Valdai Club Annual Report, Valdai Discussion Club. 2018. URL: https://valdaiclub.com/a/reports/living-in-a-crumbling-world/

[2] Timofeev I. A New Anarchy? Scenarios for World Order Dynamics, Valdai Discussion Club. 2019. URL: https://valdaiclub.com/a/reports/a-new-anarchy-scenarios-for-world-order-dynamics/

[3] Barabanov O., Bordachev T., Lissovolik Y., Lukyanov F., Sushentsov A., Timofeev I. Annual Report: Time to Grow Up, or the Case for Anarchy, Valdai Discussion Club. 2019. URL: https://valdaiclub.com/a/reports/annual-report-time-to-grow-up/

Internal factors: an illusion of silence

During the first decade that followed the Arab Spring, the situation in the region was dominated by armed conflicts in Syria, Libya and Yemen. They were in the public eye, dozens of political initiatives were advanced to settle them, and regional alliances were formed around them. However, the situation has changed.

Conflicts continue there, but they have lost their central role. The importance of confrontation between international alliances has waned as well. Seemingly insurmountable contradictions between Israel and the Arab countries, Iran and Saudi Arabia, Turkey and Egypt, Qatar and other GCC countries, and so on have been alleviated by diplomatic initiatives in recent years. This has created an illusion of the situation regaining normalcy, but, ironically, it has not led to the formation of a new regional relations system. The Middle East seems to have been put on hold, and the differences between Iran and Israel, which are made known occasionally, or rivalry between Algeria and Morocco, do little to change the long-established overall picture.

However, the lull just veils contradictory intra-regional processes, which, taken together, are quite capable of triggering another imbalance in the region. These processes can be described with several dichotomies, which have an impact on the intra-regional landscape that only intensifies over time.

Dichotomy 1: rich and poor nations

Imbalances in economic development per se are nothing new in the Middle East. However, their aggravation is leading to changes in the quality of the sociopolitical life. At a time when some countries are ready to embrace a new technological order, others, on the contrary, are confronted with overly simplified economic arrangements and the widespread occurrence of the most destructive forms of political and economic relations. In both cases, in addition to the economic transformation of societies, this brings about a specific social transformation of societies which will call for political changes (different ones in different countries) down the line. If in the case of deteriorating economies the key issue is about ensuring the functioning of at least basic institutions of statehood, the leading economies, on the contrary, may soon run into the need to expand the political regimes' social base and to form new mechanisms for co-opting their elites. In large countries such as Saudi Arabia, the fast pace of economic development is superimposed on the urbanisation processes and, subsequently, the transformation of society's tribal structure. The inevitable risks of mounting social tensions can be somewhat mitigated by high-quality governance and availability of sizable free financial resources owned by the elites. However, these risks are unlikely to be removed in full.

If it were not for the intra-country processes, the gap in economic development would have led to the formation of a centre-periphery regional subsystem within which economically and politically weak territories would be subsumed in the orbit of stronger economies. However, with the above challenges in mind, the leadership of these countries will strive to shield themselves from destructive external influences, which means weaker intra-regional ties.

Dichotomy 2: conflicts and conflict resolution

In the 2020s, the list of unresolved Middle Eastern conflicts expanded. In addition to the commonly mentioned Palestinian-Israeli and Western Saharan conflicts, it now includes the Yemeni, Libyan and Syrian conflicts. In all cases, we are witnessing a decrease in the intensity of armed confrontation and fading interest in it on the part of regional and global actors alike, replete with the total absence of clear prospects for a political settlement, failed or sterile mediation initiatives, the persistence of the root causes of the conflicts and newly arising flash points.

Syria is standing somewhat separately in this arrangement. Despite the dramatic situation in that country bedeviled by hyperinflation, impoverishment of large masses of the population, lack of uninterrupted power supply, and the fuel crisis, to mention a few, a dash of improved relations with a number of Arab countries, which Turkey may follow, could, in theory, create proper conditions for partial normalisation of the economic situation which would help Damascus make advances in its efforts to strengthen the sociopolitical system sooner or later. In Yemen and Libya, those prospects are nonexistent: many years of humanitarian disaster in Yemen and incompetent Libyan governments in the 2010s-2020s leave little chance for making any systematic improvements.

The inevitable formation of a habit for conflicts by external actors and societies experiencing them is among the biggest present dangers. This, in turn, results in a fading away of efforts to resolve them. The sad experience of Western Sahara and Palestine indicates that the situation can persist for decades and continue to have a destructive effect on the entire regional layout.

In addition to existing conflicts, the prerequisites for new ones are arising, primarily in Lebanon. The systemic crisis of nationhood, economic collapse and food shortages have sent about 3.2 million people in that country, that is, more than half, below the poverty line. The Palestinian and Syrian refugees, many of whom have come face-to-face with political violence on earlier occasions, have been hit particularly hard. Given the presence of the Syrian border and the uncontrolled spread of firearms in the Levant, the likelihood of radicalisation and the spread of terrorism is quite high.

Egypt, now in the grip of the deepest ever economic crisis in recent years, faces a less acute, but still a very challenging situation. The stability of state institutions, which is customary for that country, makes a conflict scenario here unlikely, but social destabilisation cannot be ruled out.

Algerian-Moroccan relations are another potential hotbed of tension. The countries have been rivals over the past several years, but their current relations are reminiscent of a new sub-regional Cold War, which may well degrade into a hot phase.

Dichotomy 3: authoritarianism and civil societies

Konstantin Truevtsev noted in his last monograph that “the Arab Spring and the ensuing regional conflicts in the Arab world clearly exposed the doom and fast approaching demise of the authoritarian political systems.”[4] In and of itself, this does not imply a democratic transition which has not taken place in full in any country of that region, and the underpinning theory is causing much skepticism. However, according to Truevtsev, it goes to show that the previous development model has run its course.

[4] Труевцев К.М. Глобализация и арабский мир: до и после двух волн турбулентности. М.: Ин-т востоковедения РАН, 2020. С. 312.

At first glance, the events of the past two years call into question the accuracy of the above opinion. Indeed, the COVID-19 pandemic and the ensuing developments have, on the contrary, created the prerequisites for the strengthening of authoritarian dynamics in the governance systems. In Algeria, the rise to power of Abdelmajid Tebboune failed to significantly transform the political system; in Tunisia, Kais Saied was making overt attempts to establish a one-man presidential rule in 2021-2022; in Egypt, the governance model that was formed in 2013 has been used to this day, and so on. Moreover, the strengthening of the right-wing political forces that is typical of the rest of the world and is manifested in the Middle East (such as an ultra-right government in Israel), would appear to create more prerequisites for this trend to expand. One gets the impression that the republican countries of the region are facing a choice of either rejecting democracy, or… also a rejection: falling prey to political turbulence which is likely to result in a collapsed statehood.

However, the formation of the “new authoritarianism” is aggravated by two aspects that prevent the region from moving forward according to the scenarios of the second half of the 20th century.

First, major social upgrade efforts undertaken in all countries of the region have already led to the formation of meaningful elements of civil society. The number of NGOs grew exponentially in that region in the 21st century. Even though they may exist in fewer numbers than in Europe – even by an order of magnitude – and the NGOs themselves are far from always being truly independent (many of them are funded from external sources or by their own governments), this is already enough to involve a significant portion of society in the sociopolitical process, a fact which puts forward new requirements for the social contract.

Second, generally the “new authoritarianism” does not justify itself ideologically in any way and cannot offer societies any tempting prospects for economic development in the way the political regimes of the 20th century used to do. In fact, the only thing they can offer is security, which, however, will still be a problem without major development prospects.

The two above circumstances call into question the likelihood of an effective recovery of the authoritarian governance model in the medium term. Coupled with the aggravated social justice issues – in individual countries and globally – this creates new threats to the political development of the above countries.

Dichotomy 4: unity and particular nature of identities

For long years, it was believed that despite the lack of developed regional institutions, the low level of intra-regional trade and the enormous role of external actors, the Middle East remained highly integrated culturally and ideologically. However, the outcome of the previous decade casts doubt on this belief.

Indeed, the events of the Arab Spring of 2011 and protests in Iraq, Lebanon, Sudan and Algeria in 2019 showed that while the Arab countries shared the same communication space, this could not be said about their ideological or political space. Coupled with the sharp rise of the non-Arab countries of the region, the transformations of the 2010s have led to a series of rifts between the Arab countries, and all attempts to appeal to the idea of Arab unity failed since it was seen either as an attempt to revivify the long forgotten ideals of the 1950s, or as a more or less far-fetched anti-Iranian project.

The hopes of achieving unity on the basis of Islam fell through as well. Forces representing various currents of political Islam in most countries were integrated into national political systems (with the exception of Syria), but failed to prove their ability to establish effective long-term control over them. The activities of the most radical jihadist groups caused idiosyncrasy with regard to their projects in regional societies and led to the idea of political Islam losing much of its credibility.

Due to the challenging circumstances of the early 2020s, the countries of the region turned to country-specific nationalism strategies, thus, in fact, abandoning integration ideas. The course on nationalism coincided with the COVID-19 pandemic, which created conditions for state actors to be given more power, this time on a global scale, and there is every reason to believe that this will continue unabated in the medium term. The above challenges stemming from mounting economic imbalances, the impact of old conflicts, the emergence of new flash points and the attempts to strengthen authoritarian elements within the governance systems are bolstering this course.

~~Dicho~~Trichotomy 5: three troikas of leaders

The four above dichotomies make it possible to take a fresh look at regional leadership. For decades, the Middle East has existed without an unconditionally dominant centre of power, which made entire country groups claim this spot. However, their claims were invariably challenged by others.

So far, there have been two such groups.

The first group included Egypt, Syria and Iraq, which played a central role in the regional subsystem of relations in the 1950s and, to a varying degree, retained it until the 1990s. Their advancement to the forefront was underpinned not so much by the availability of highly developed governance systems or high levels of modernisation, but by their ability to come up with a national development project that would be seen by the entire Arab world as significant. Their geographic location made it possible for them to form an unusual regional architecture with a strong centre, weak periphery and frontier countries.

In the 1980s, though, the leadership positions of the three countries began to erode. The degradation of Iraq after the Iran-Iraq War and the First Gulf War, the decline in the foreign policy activities of Egypt and Syria, and the failure to come up with a new project to replace the Arab nationalism ideas that had lost their appeal and, to top it all, the US invasion of Iraq created a vacuum in the region that lasted some time.

After 2011, the vacuum was quickly filled by the second set of top three countries, namely, Iran, Israel and Turkey. Each of these countries could offer the Middle East an appealing image of a strong power, and Iran and Turkey could also offer success stories of political Islam. Their coming to the fore also led to the formation of a new regional architecture, this time with a strong periphery and a weak centre, which became home to an unimaginably fierce competition among them (conflicts in Syria and Iraq). The problem, however, was that these three countries were shackled by natural restrictions on the development of regional ambitions. None of them was Arab and all of them had a complicated track record of relations with the Arab world. Applying Turkish or Iranian governance models in the Arab soil proved impossible, and each of the three countries was hit by severe domestic political and (in the case of Turkey and Iran) economic difficulties in the 2020s.

This created a proper environment for a third trio – Saudi Arabia, the United Arab Emirates and Qatar – to come to the fore. The three Arab monarchies boast financial and economic resources, are able to offer an appealing model of national development, and are free from the historical burden of colonialism and some sociopolitical challenges. Today, they are trying to assume a leading position and, therefore, reshape the region one more time.

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Overall, the situation is quite alarming: the Middle East is overflowing with contradictions, ongoing and potential crises and conflicts, its future is vague, and the formation of a new regional leadership will entail another transformation of the regional subsystem. Add to that the fact that the place of the region in global politics is determined not only by the above intra-regional processes, but also by the impact of the external factors on the region.

External factors: quiet revolutions

The most notable external factors that may have a role to play in changing this region's place in international politics in the medium term may have to do with transforming the global economy rather than politics. New circumstances on the oil and gas market, food supply and global transport and supply lines stand out among them.

The hydrocarbon market: new outlines of the same old reality

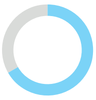
The international situation in 2022 has prompted significant changes on the global hydrocarbon market. As expected, the role of OPEC+ has strengthened, and, accordingly, the political influence of key oil exporting countries in regulating the global oil and gas market has

OPEC+

Members of OPEC

1. Algeria
2. Angola
3. Venezuela
4. Gabon
5. Iran
6. Iraq
7. Republic of the Congo
8. Kuwait
9. Libya
10. UAE
11. Nigeria
12. Saudi Arabia
13. Equatorial Guinea

OPEC controls


2/3 of the world's oil reserves


35% of the world's crude oil production


50% of crude oil world exports

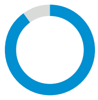
Members of OPEC+

1. Azerbaijan
2. Bahrain
3. Brunei
4. Kazakhstan
5. Malaysia
6. Mexico
7. Oman
8. Russia
9. Sudan
10. South Sudan

OPEC+ controls

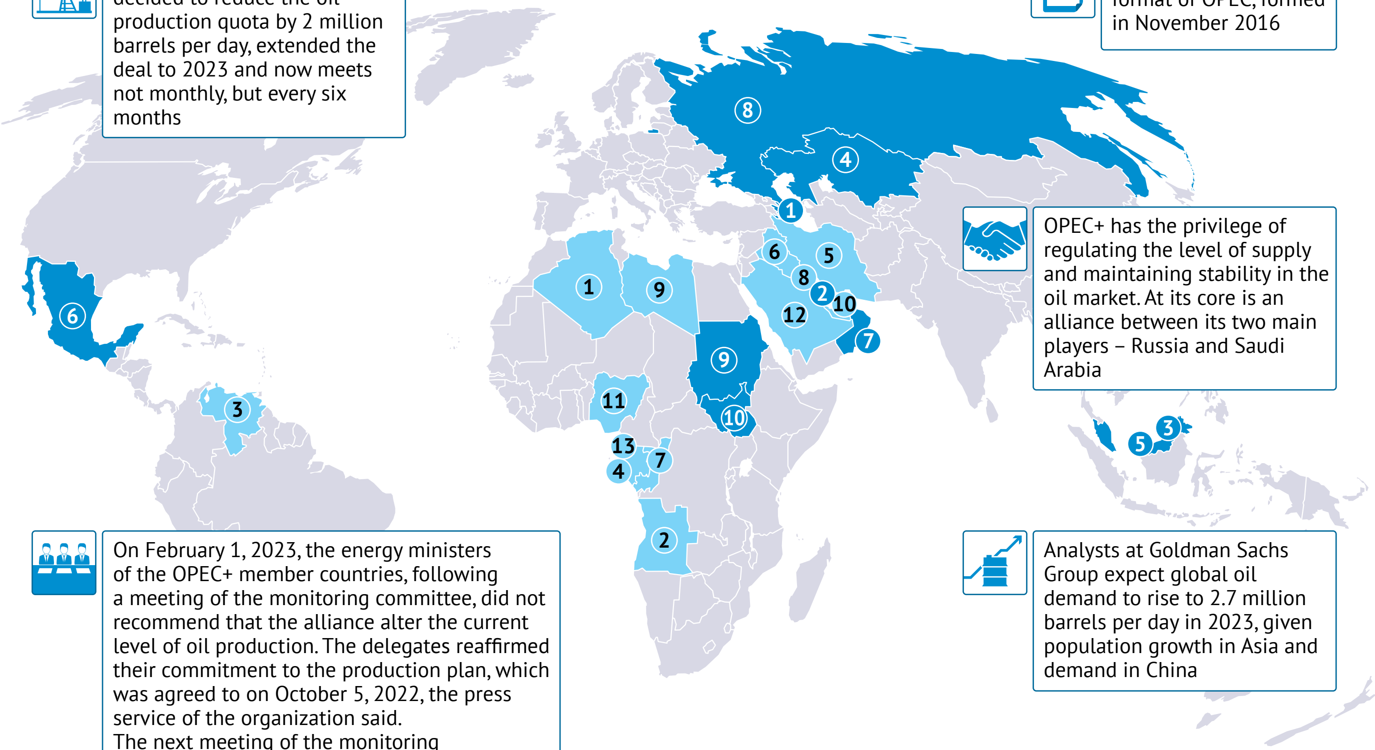

14% of world's oil production


55% of the world's oil supply


90% of proven reserves

OPEC + in October 2022 decided to reduce the oil production quota by 2 million barrels per day, extended the deal to 2023 and now meets not monthly, but every six months

OPEC+ is an expanded format of OPEC, formed in November 2016



OPEC+ has the privilege of regulating the level of supply and maintaining stability in the oil market. At its core is an alliance between its two main players – Russia and Saudi Arabia

On February 1, 2023, the energy ministers of the OPEC+ member countries, following a meeting of the monitoring committee, did not recommend that the alliance alter the current level of oil production. The delegates reaffirmed their commitment to the production plan, which was agreed to on October 5, 2022, the press service of the organization said.
The next meeting of the monitoring committee will take place on April 3

Analysts at Goldman Sachs Group expect global oil demand to rise to 2.7 million barrels per day in 2023, given population growth in Asia and demand in China

Other important factors affecting oil prices are OPEC+ production cuts and measures to limit the price of Russian oil, which, according to Deloitte, could lead to disruptions in global supplies

Sources: www.interfax.ru, pronpz.ru, www.forbes.com, www.naturalgasintel.com amplified. This primarily concerns the Middle Eastern countries, which play leading roles in OPEC and have demonstrated their ability to withstand the political pressure of the United States, which insisted on increasing oil production contrary to the decisions of OPEC+.

According to the cartel's forecast[5] (December 2022), global oil and gas consumption will increase until 2045, and OPEC's share in global oil supply will rise from 33 percent in 2021 to 39 percent in 2045. Given that in 2022, of all the countries of the cartel, only Saudi Arabia and the UAE possessed significant available oil production capacities, the growing role of the GCC countries on the global oil and gas market can be considered at least a medium-term trend.

The repartition of this market began in 2022. With Russia reorienting its business towards Asian importers, the role of the Middle Eastern countries in Europe has increased. Thus, according to some estimates, Saudi oil supplies to Europe through the Egyptian SuMed pipeline and the Saudi Arabia ports reached an average of 798,000 barrels/day in October-November 2022, which is 17 percent higher than in January-February 2022 with 663,000 barrels/day.[6]

Speaking of gas, European countries are planning to replace Russian gas with LNG supplies from Qatar, the United States and Australia. Even though Qatari LNG supplies covered no more than 5 percent of Europe's needs in 2022, and in February 2022 the emirate's Minister of State for Energy Affairs Saad Al Kaabi said that the country was not in a position to replace Russia in terms of gas supplies to Europe, as soon as in October 2022 he promised[7] to supply Europe steadily with 12-15 million tonnes of natural gas. Technically, this change of approach is connected with Qatar's plans to become the world's largest LNG supplier by way of expanding the LNG production at the North field from 77 to 126 million tonnes per year.[8]

Algeria and, in the future, Iraq (Iraqi Kurdistan) are other important gas suppliers. However, European consumers' relations with the Algerian suppliers are marred by occasionally diametrically opposite approaches to a number of issues, including the Western Sahara conflict, security in the Maghreb, the situation in the Sahel, and the legacy of colonialism,

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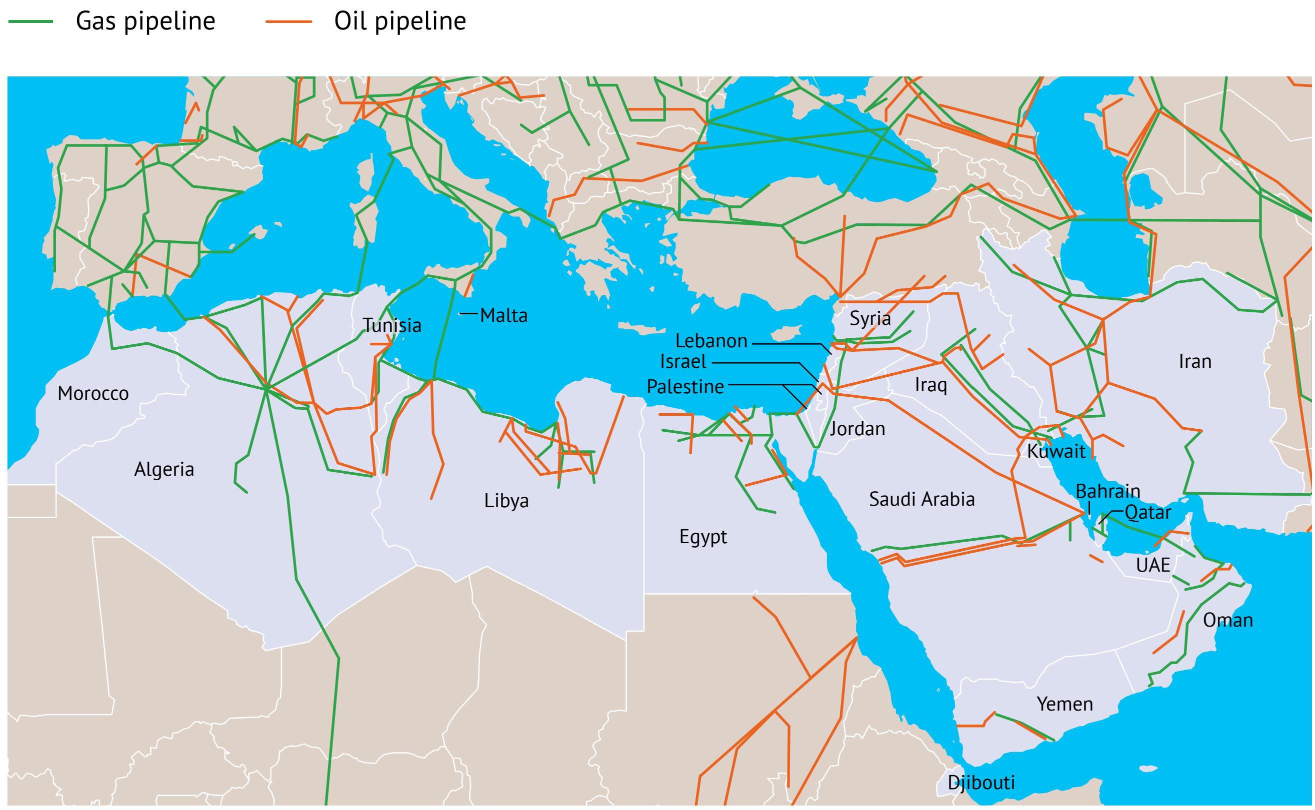
[5] OPEC Bulletin. 1-12. 2022. С. 21.

[6] 'Trading places': Moscow muscles in on Saudi Arabia's oil sales to Asia // Middle East Eye. 06.12.2022. URL: https://www.middleeasteye.net/news/trading-places-moscow-muscles-saudi-arabias-oil-sales-asia

[7] См.: Energy Intelligence Forum.URL: https://twitter.com/EI_Forum?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Eauthor

[8] Катар планирует стать крупнейшим продавцом СПГ в мире // РИА Новости. 05.10.2022. URL: https://ria.ru/20221005/gaz-1821713108.html

THE MIDDLE EAST AND NORTH AFRICA IN THE SYSTEM OF GLOBAL OIL AND GAS RELATIONS



Source: World Oil Map 2021

to name a few. Algeria is leaning towards using energy to leverage its northern partners, while not only maintaining, but also deepening close cooperation with Russia.

The situation has five key implications:

1. Both at the global and regional levels in the Middle East, the polarisation between oil exporters and oil importers is intensifying, and the latter are becoming increasingly dependent.

2. Energy ties between Middle Eastern suppliers and European consumers are getting stronger. In a number of cases, energy interaction relies on political considerations.

3. As Russia is reorienting its supplies towards Asian markets, the role of the Arab suppliers in Asia may decrease, which, in turn, will cause downward pressure on the prices for Arab oil in Asia. However, since oil consumption is projected to grow in countries outside the OECD in the future, and in the OECD countries the decline in oil consumption is estimated at over 10 million barrels per day in 2021-2045, the issue should be about diversifying consumers of Arab energy.

4. The latter ensures the strengthening of the Arab exporters' economic sovereignty, which is reflected, among other things, in the transition to settlements in national currencies.

5. The oil policy coordination within OPEC+ is likely to become more complex.

Food security and the politics of survival

At a time when the transformation of the energy market entails the strengthening of the global role and agency of a number of Middle Eastern countries (primarily, the GCC and Algeria), the situation with food supplies, on the contrary, contributes to the deepening of the crisis and the growing dependence of regional development on external factors.

On the one hand, according to Rosselkhoznadzor,[9] Russian grain exports have been 3 percent higher since the beginning of 2022 than in 2021, with the Middle Eastern countries accounting for 39 percent of shipments and African countries for 20 percent. On the other hand, the food shocks of 2022 caused by the Ukraine conflict, which broke out amid a steady increase in food prices that had been going on since the spring of 2020,[10] has led to a severe aggravation of the situation in a number of Middle Eastern countries.

Almost all of them are heavily dependent on food imports. The level of dependence reaches 95-100 percent in the GCC monarchies, 71 percent in Algeria, 66 percent in Tunisia, 57 percent in Morocco, and 48 percent in Egypt.[11] Russia and Ukraine have provided the bulk of supplies to these countries in recent years. Thus, Egypt, which is the largest Middle Eastern country with a population of 100 million, buys 35 percent of its cereals from Russia and 25 percent from Ukraine. The two countries meet Egypt's demand for wheat by 60 and 25 percent, respectively.

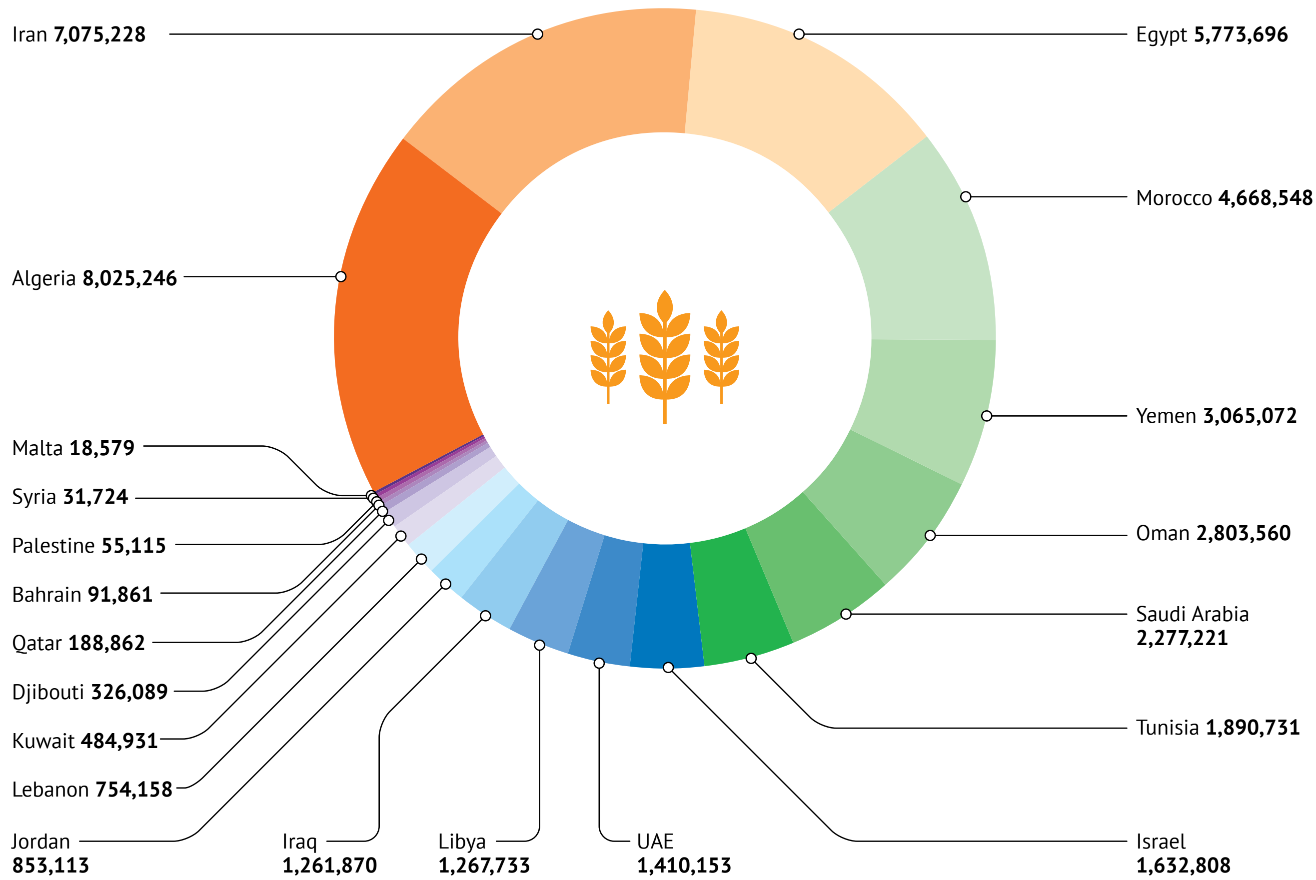
Only rich countries have sufficient resources to ensure uninterrupted supplies amid the crisis. The situation in poor countries is getting worse. So, the price of bread began to rise in Tunisia and Morocco in the summer of 2022. In the case of Tunisia, this coincided with a drop in the tourist flow from Russia and Ukraine and clear signs of an internal political crisis.

[9] Итоги 2022: Экспорт зерна, государственный мониторинг качества, борьба с недостоверным декларированием // Россельхознадзор. 29.12.2022. URL: https://fsvps.gov.ru/ru/tags/eksport-zerna

[10] Commodity Food Price Index Monthly Price - Index Number // IndexMundi. URL: https://www.indexmundi.com/commodities/?commodity=food-price-index&months=60

[11] Арабский Восток в лабиринте социально- экономических проблем: коллективная монография / Отв. ред. А. О. Филоник. М.: ИВРАН. 2022. 226 с.

WHEAT IMPORT VOLUMES IN THE MIDDLE EAST AND NORTH AFRICA, TONNES



Source: FAOSTAT

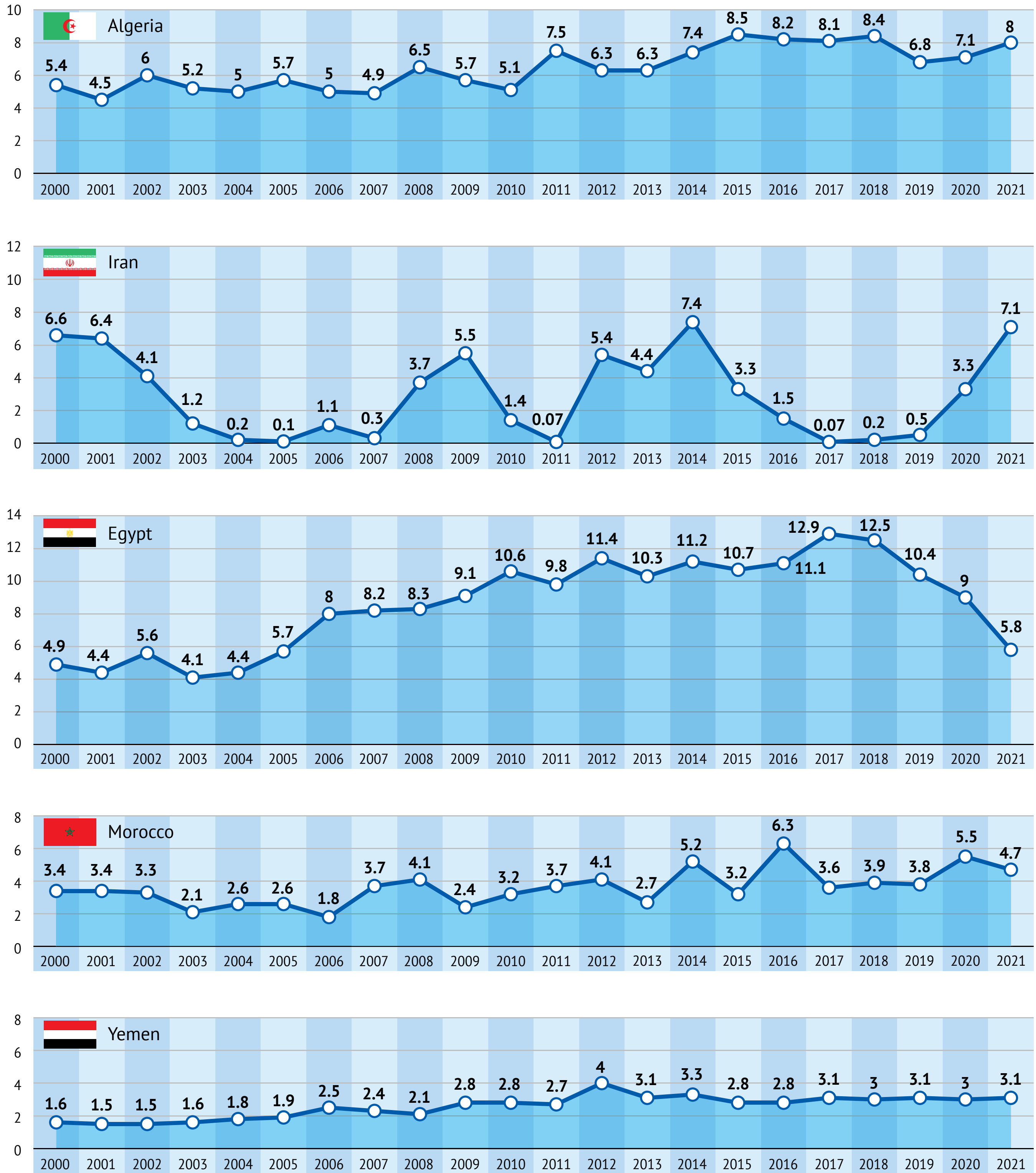
Yemen, Lebanon and Syria are in an extremely vulnerable, if not dismal situation. While Syria is still able to cover its needs for food by 30 percent, Lebanon and Yemen do not have food or financial resources for this. Yemen is facing a very real threat of mass starvation: in 2022, 17.4 million people were already struggling to put food on the table, while 5.6 million were in a state of food emergency.[12]

The grain deal between Turkey, Russia, the UN and Ukraine, which was concluded in July 2022 and renewed on November 17 for 120 days, seemed to have smoothed out the sharp peaks of the crisis and partially stabilised global grain prices, but it was unable to resolve the problem in full.

By the end of the first period, more than 50 percent of the 10 million tonnes of grain shipped under the deal went to Spain, Turkey, China, Italy and the Netherlands, while the countries that are most in need, such as

[12] Hunger Hotspots. FAO-WFP early warnings on acute food insecurity June to September. 2022 Outlook / FAO. Rome. 2022.

WHEAT IMPORT VOLUMES IN THE TOP 5 IMPORTERS IN THE MIDDLE EAST AND NORTH AFRICA, MILLION TONS



Source: FAOSTAT

Ethiopia, Yemen, Sudan, Libya, Lebanon, Kenya and Somalia got only 5 percent of the shipment.[13] Ukraine has cut its wheat exports and focused on expensive supplies of corn and sunflower oil to the EU and East Asia.

The political circumstances are only partly to blame for the ongoing situation. The fact that, overall, the food crisis is of a structural macroeconomic nature, and food shortages in the least developed countries of Asia and Africa stem mostly from the lack of money to pay for it, cannot be ignored.

The erratic supplies of Russian fertilisers are another negative factor. According to FAO, fertiliser exports fell by 10 percent in early January. Russia has stepped up its fertiliser supplies to Turkey, India, and Vietnam. The Maghreb countries were the first to sense the shortage of supplies with Morocco finding itself in a particularly vulnerable position.

Partial reorientation of the Middle Eastern importers to new food suppliers came as an aftermath of the crisis. Algeria, which used to buy Russian wheat in small quantities, practically turned down European supplies this year and switched to the Russian market. In addition, Saudi Arabia, the United Arab Emirates, Israel and Sudan increased their purchases of Russian grain. Egypt, which used to be one of the main grain importers, began to switch to payments in rubles, while buying grain in the EU countries. Lebanon, which earlier bought up to 60 percent of its grain from Ukraine, is now forced to turn to other suppliers, including Russia.

There are four main implications for the Middle East:

1. The economic polarisation of the countries of the region begins to be projected directly onto food, hence, sociopolitical security. Only wealthy countries have a sufficient set of economic tools to stave off new threats. The gap between the GCC countries, Israel, Iran and Turkey and the most vulnerable economies in the region is widening.

2. As in the case of energy, the role of political factors in regulating the food market is growing. This helps strengthen the position of Turkey, as well as, albeit to a lesser extent, the position of the countries that are capable of ensuring their own food security.

[13] According to I.V. Deryugina, this figure is even less than 2 percent for the most vulnerable MENA economies. Deryugina I.V. Food security in the countries of the Middle East and North Africa // Economics and Entrepreneurship. No. 8 (145). 2022. pp.116-120

3. In the medium and long term, the two previous implications will lead to an increase in systemic dependence of food importers on food exporters.

4. In the countries that are most vulnerable in terms of food security, the risks of social destabilisation are skyrocketing.

New transport and logistics system: ghostly hopes

If the effect of the transformation of the oil and gas and food markets is mainly short- or medium-term, the revolutionary changes in the global transport and logistics system have a more lasting and systemic impact.

Interestingly, in the 1970s, transatlantic traffic accounted for 80 percent of the global freight traffic, whereas today trade links of China, the Middle East and Africa already account for more than half of the international trade.

In the short term, air traffic is the most important area of logistics for the Middle East, and maritime transport will be named as such in the long term.

Sanctions and counter-sanctions on air travel imposed by the West and Russia have triggered the demand for alternative routes and airlines. There has been a sharp increase in the importance of Istanbul and Dubai as world-class aviation hubs, as well as in the status of the national airlines operated by Turkey and the GCC countries.

With regard to sea freight, for a long time, the Suez Canal will remain the main sea route for 25 percent of the world's goods traffic from Europe to South, Southeast and East Asia. The importance of the canal is expected to increase to 33 percent of global goods traffic in the short to medium term. This boosts the importance of Egypt in international politics in general and for the Western countries, in particular.

In the context of ongoing developments, land routes are taking on a new role as well. The most important of them pass through Russia and Central and South Asia. At the same time there are untapped opportunities for developing road and rail networks in the Middle East. Two large ports are being constructed in northern and southern Israel, and a railway is being built to connect them. Clearly, a hundred-year-old project will get implemented, and railways will go directly from the continent to Saudi Arabia, Jordan and the Mediterranean Sea. Israel has the potential to become an important railway hub.

Despite the difficult situation in Syria and the stalling of the project to connect the Syrian railway network with the Iranian railway, there are still prospects in this area as well. If the North-South transport corridor is opened, it may well be linked up with the transport hubs in the Persian Gulf, on the one hand, and the Mediterranean coast (across Iraq and Syria), on the other hand. This leads, **first**, to a strengthening of the positions of Iran, Iraq and Syria in the global transport infrastructure and, **second**, to at least partial involvement of the Middle East in the Eurasian space.

A trans-African railway, with access to the Mediterranean Sea through the territory of Algeria, could be built in the Maghreb, which has for a long time remained on the fringes of international transport networks.

All of this has the following implications:

1. In the short and medium term, the transport and logistics chains will shift to the South, which will boost the importance of the Middle East in global trade. In the long term, after the situation in Ukraine gets resolved and relations between Russia and the West are normalised, traffic flows may shift to the North again.

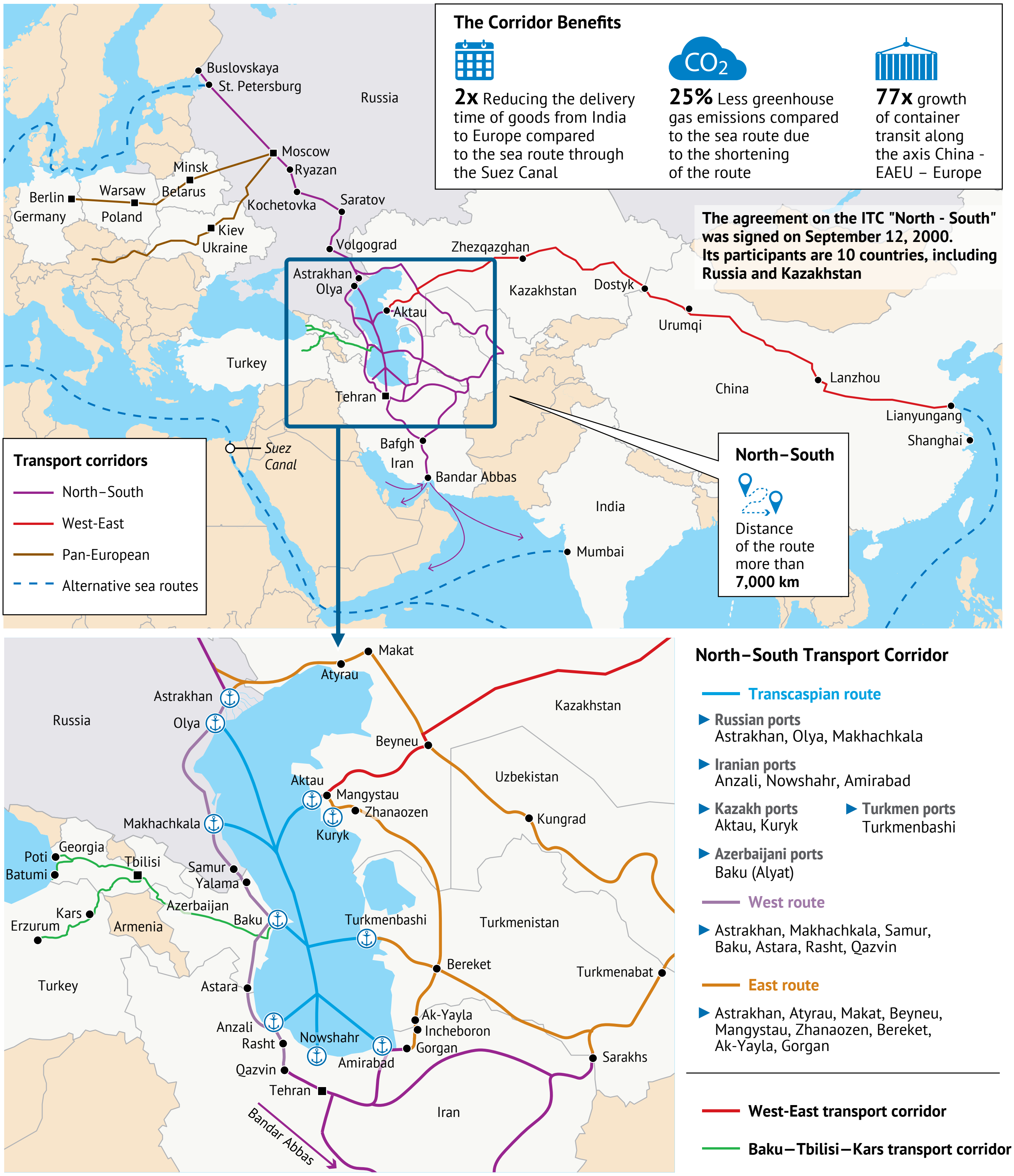
2. The intensification of traffic along the southern routes means that maritime transport will have a stronger role to play which, in turn, indicates, **first**, an increase in the critical importance of maintaining security in the Persian Gulf, the Arabian Sea and the Red Sea, as well as in the Eastern Mediterranean Sea, and **second**, the rising influence of the countries that control these waters, primarily, Iran, GCC countries and Egypt. Settling the conflict in Yemen is thus becoming particularly important.

3. Concurrently, the role of the Middle Eastern hubs in air transport is becoming stronger. Clearly, Turkey and the UAE will benefit from it.

4. Finally, in the long run, the transformation of the global transport infrastructure could, on the one hand, allow a number of Middle Eastern countries to strengthen their position in the international arena and, on the other hand, will contribute to the disintegration of the MENA region, with the inclusion of its eastern part in the Eurasian space, and its western part in the Mediterranean space.

INTERNATIONAL NORTH–SOUTH TRANSPORT CORRIDOR

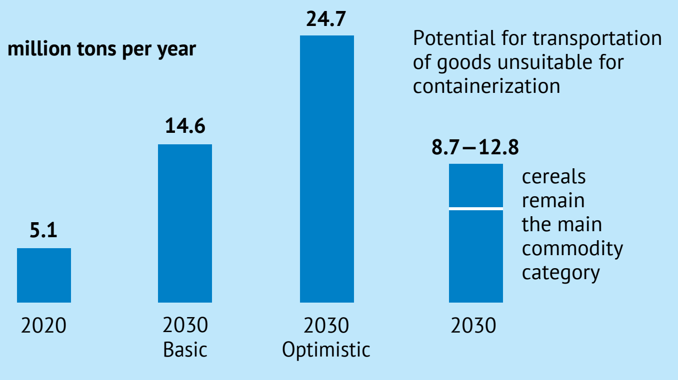
The North-South Multimodal International Transport Corridor (ITC) connects the northwestern part of the Eurasian Economic Union (EAEU) and Scandinavian countries with the states of Central Asia (CA), the Persian Gulf and the Indian Ocean



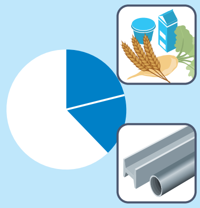
Sources: Russian Railways, open sources.

INTERNATIONAL NORTH–SOUTH TRANSPORT CORRIDOR

Assessment of the of cargo transportation potential by 2030



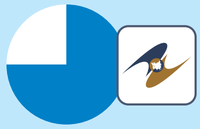
325–662 thousand TEUs
the potential of container traffic



21,2% food

16,6% metals

40% of the total potential of container traffic is provided by the effect of interfacing the North-South ITC with latitudinal transport corridors



75% of the potential volume of container traffic falls on the EAEU member states

Main Goods to Be Transported Along North-South Corridor

Producers

Petrochemical polymers
(including potassium fertilizers)

Azerbaijan, Turkmenistan → Iran, India, Russia

Agriculture products

Iran, Azerbaijan, Uzbekistan → Russia, Belarus, Eastern Europe

Grains

Russia, Kazakhstan → Iran, India, Azerbaijan, Middle East

Pharmaceuticals

India, Iran, Azerbaijan, Russia → Middle East, Central Asia

Textiles
(including cotton)

India, Uzbekistan, Azerbaijan → Russia, EU

Petrochemicals

Azerbaijan, Turkmenistan, Kazakhstan → Russia*, India, Iran

*Petroleum coke gas

Sources: Russian Railways, open sources

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The three above external factors do not affect the international position of different Middle Eastern countries in equal proportions. There is a group of countries that is already increasing its influence in international politics and is capable of continuing to do so; there's a group that has a significant potential for exerting influence, but is unable to do so due to a variety of limiting circumstances; and there is a group of countries whose dependence on external circumstances is likely to either remain unchanged or to increase. In all three instances, changes in the positions of the countries from any particular group in the international arena will be determined not only and not so much by external circumstances, but rather by internal circumstances.

The above external factors have led to an expansion of the Middle Eastern countries' economic ties. Some of them, like Iran, Syria, Lebanon, and Turkey, saw their economic ties with Eurasia expand. Other Middle Eastern countries, such as Iraq, Libya, Saudi Arabia, Qatar and Algeria, have seen their economic ties improve with the Western countries as a corollary of the Middle Eastern oil and gas exporters' increased role on the European markets. Still others, like Turkey, UAE and Egypt saw their economic ties improve due to their favourable location on the logistics routes connecting the East to the West. Some of them, like Morocco, Algeria, Tunisia and Egypt, became more dependent on the supply of agricultural products from Europe and the United States.

The countries that are simultaneously part of the Western, the Eurasian and the Asian economic and political spaces, such as the GCC countries, Iran or Turkey enjoy the most favourable arrangement. Eventually, this may lead to the strengthening of their economic sovereignty, which is already happening, for example, with the GCC countries, whose growing economic independence has so far led to only limited political expression, but has nevertheless contributed to an erosion of the global economic system pegged to the US dollar and to the formation of a global economic polycentricity.

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Let's return to the question posed at the very beginning. If a polycentric world does emerge, what place will the Middle East and North Africa have in it? Will the region be able to claim the role of the global political system's centre? Or will it become a peripheral region of his system? Or, perhaps it will become – in whole or in part – a sphere of influence of other centres?

There are today no simple answers to these questions. But the above external and internal factors of regional development make it possible to make some assumptions.

Scenario #1

Under the first scenario, the Middle East and North Africa will become an independent centre since these countries represent one geographical region and still share historical and cultural commonality and elements of shared identity.

However, the above trend towards country-specific nationalism undercuts the importance of this unifying principle. The absence of a dominant power in this vast area, the growing internal fragmentation and multiple development imbalances combined with the military-political weakness of the Middle Eastern countries (compared to other centres of power) come to the fore as serious arguments against this scenario.

If it does materialise though, Russia will need to adjust its Middle Eastern policy. In recent decades, it was based on Moscow's ability to "be friends with everyone" and to build positive relations with a variety of regional actors. In the new circumstances, when formulating goals, it will be necessary to take into account the global aspirations of the key Middle Eastern players and the new balances of interests in Eurasia.

Scenario #2

The diametrically opposite option includes transforming the entire space "from the Ocean to the Gulf" into a vast peripheral space of global politics. This option is supported not only by existing and looming conflicts, but also by the region's high dependence on external players who, amid the ongoing efforts to form a new international order, are unlikely to be ready to take responsibility for the Middle East and thus repeat the experience of the 20th century.

However, the availability of the points of growth, that is the countries that are not only advancing strong claims for regional leadership, but are also capable of playing a meaningful global role coupled with the important part that the Middle East continues to play in global energy supplies and the global transport and logistics routes is making it unlikely that this scenario will ever come to fruition.

In addition, this scenario appears to be vastly disadvantageous to almost all centres of international politics, including Russia and Europe, for which the expansion of conflict to the south of their borders will mean the emergence of new major threats. Under the current circumstances, it is hardly possible to expect productive interaction on security matters in the Middle East between Russia and the West, but the parties can still make efforts not to project their current confrontation onto the region.

Scenario #3

As we take up the third option for the unfolding of events, let's consider a scenario where certain parts of the Middle East and North Africa are adjacent to other global political centres, such as European (Maghrib) or Eurasian (Mashriq), and a local independent centre of power takes hold in the Persian Gulf region. This scenario could be facilitated by the emerging transport and logistics system, the alteration of global economic ties, the factors of intra-regional weakness and the availability of isolated points of growth. The cultural and religious, as well as political unity could play an important role in building adjunction in a polycentric world.

In theory, once implemented, this scenario should help strengthen Europe and Eurasia and speed up the development of certain parts of the Middle East and North Africa.

In principle, the threat here is the same as in the previous scenario, and the Russia-West confrontation could spread to the Middle East, which would aggravate the existing conflict potential there. If Maghreb connects with Europe and Mashriq connects with Eurasia in a more or less smooth manner, the issue of revising the foundations of inter-civilisational interaction already within the two new centres of international politics will arise. This, however, is a matter of a relatively distant and very hypothetical future. So far, the players are busy addressing completely different concerns.

Given the above scenarios that may unfold in the Middle Eastern region and the existing conflict-prone nature of Russia's relations with the West, Russia's Middle Eastern policy would benefit from becoming more adaptive and flexible.

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