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Confusion Deepening in Middle East over 4 Countries' Breakup with Qatar and Terror Attacks in Iran

Ken Koyama, PhD
Chief Economist, Managing Director
The Institute of Energy Economics, Japan

In early June, a series of grave incidents deepened confusion in the Middle East, leading to concerns over regional stability. In the first incident, Saudi Arabia, the United Arab Emirates, Bahrain and Egypt severed diplomatic relations with Qatar and imposed an economic embargo on Qatar as announced on June 5. In the second incident on June 7, simultaneous large-scale terror attacks hit the Iranian capital of Tehran, killing 12 people or more and injuring many others. The two incidents have not only exerted various complicated influences on relevant countries but also triggered grave effects that could affect the stability of the entire Middle East.

The four countries' breakup with and economic embargo on Qatar were announced suddenly, coming as surprise news throughout the world. The reason cited for the diplomatic severance is that Qatar retains relations with and provides support for various terrorist organizations and terrorism-supporting states, leading to the destabilization of the Middle East situation. Particularly, the four countries pointed out that Qatar is supporting various terrorist organizations including the Muslim Brotherhood that has been identified as a terrorist organization and subjected to clampdown in Saudi Arabia, the UAE and Egypt and that Qatar has failed to comply with the 2014 Riyadh Agreement to break up with the Muslim Brotherhood.

In the four countries that declared the diplomatic severance with Qatar, Qatari diplomatic missions were ordered to leave these countries within 48 hours and Qatari citizens were ordered to do so within two weeks and banned from entering or passing through these countries. Saudi Arabia and the UAE closed their respective borders with Qatar at the ground, maritime and air levels, prohibiting Qatari aircraft and ships from passing through their territories. These countries also barred not only Qatari aircraft and ships but also third-country aircraft and ships passing through Qatar from using their airports and sea ports. These bans represent an effective economic embargo that can be described as very unusual and tough. In Qatar that has depended on neighboring

countries for daily necessity and food supply, citizens' daily life and Qatar Airways operations have already been affected. Negative effects have thus been emerging on the Qatari economy and society.

Behind the unusual action by the four countries have been their conflicts and tensions with Qatar as well as the abovementioned direct reason. Qatar rapidly enhanced its economic power and presence by launching a giant liquefied natural gas project in the 1990s and conducted its independent diplomacy, discomforting its neighboring countries in some cases. Qatar-based Al Jazeera has broadcast reports criticizing the politics and regimes of the neighboring countries, while Qatar has differed with them over how to deal with the Muslim Brotherhood and Iran. As mentioned above, the Riyadh Agreement to break ties with the Muslim Brotherhood came after Saudi Arabia and other countries recalled their respective ambassadors to Qatar over the Muslim Brotherhood issue. On May 23 before the diplomatic severance, reports said Qatari Emir Tamim Al Thani reportedly pointed to the neighboring countries' support for terrorism and made a pro-Iran remark, stirring up controversy. The Qatari side claimed that the reports were fake news distributed through hacking. Just before the reports, U.S. President Donald Trump toured the Middle East and agreed with Saudi Arabia and other Middle Eastern countries to unite with them in dealing with terrorism and Iran. This development is seen by some observers as a background factor behind the diplomatic severance.

Since the announcement of the diplomatic severance and economic embargo, Kuwait and some others have tried to mediate between Qatar and the four countries, though with no specific progress seen. The number of countries that have severed diplomatic ties with Qatar has increased to eight. Including countries that have supported Saudi Arabia, a total of 14 countries in the Middle East and Africa are beleaguering Qatar. The Qatari side, though indicating its readiness for dialogue, has sent a message denying any easy compromise or resignation. Both sides have remained unable to find any solution to improve their relations. No serious effects have reportedly been seen on Qatar's pipeline gas and LNG supply to the UAE or its oil and LNG exports to the international market. However, we will have to keep close watch on tensions involving Qatar and relevant future developments.

Simultaneous terror attacks on Iran's parliament building and the Ayatollah Khomeini shrine in Tehran on June 7 came as a great shock. In the largest terror incident in Iran since the Iranian Revolution, an Iranian armed group killed 12 or more people and injured more than 40 others. Since terrorism had been contained under security control in Iran, the large-scale deadly attacks in the core of Iran gave Iran a great shock. Later, the Islamic State claimed its responsibility for the attacks, followed by Iranian authorities' announcement admitting the responsibility of the terrorist

organization. The incident also represented the IS's first ever terror attacks in Iran, causing a shock.

As the anti-IS coalition's military operations, including the siege of Mosul controlled by IS militants in Iraq, have made progress, the IS-controlled area has narrowed. Despite the narrowing, however, IS-related terror attacks have spread globally, covering Europe and Asia. The latest IS attacks came in Iran that neighbors Iraq but had blocked the IS's penetration. This is important for considering the future stability of the Middle Eastern situation. Iran will be forced to enhance domestic security and anti-terrorism measures including anti-IS operations.

However, hardline conservatives in Iran have openly suspected Saudi Arabia's presence behind the latest terror attacks, complicating the situation. In response to the attack, supreme Iranian leader Ayatollah Seyyed Ali Khamenei stated that the Iranian people's hatred against Saudi Arabia would increase. The Revolutionary Guard also criticized Saudi Arabia without directly naming the kingdom in its statement. These responses could be taken as representing Iranian leaders' growing reaction to or caution against Saudi Arabia that has taken a hardline attitude against Iran and vowed to enhance cooperation that could be taken as an anti-Iran alliance on the occasion of U.S. President Trump's visit to the Middle East. Saudi Arabia and Iran have continued to confront each other since their diplomatic severance in January 2016. The latest terror attacks in Iran could lead bilateral tensions to intensify further. While future developments are difficult to anticipate, the terror attacks and their repercussions are expected to shake the stability of the Middle East.

While confusion deepens with geopolitical risks growing in the Middle Eastern situation, the international oil market still remains plagued with oversupply and low crude oil prices. However, there is no guarantee that growing geopolitical risks' coexistence with oil oversupply and lower prices will be sustained over a long term. We will have to closely watch developments involving the stability of the Middle East that is vitally important for stable energy supply in Japan, Asia and the world.

Contact: report@tky.ieej.or.jp

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