

Middle East/Africa Situation Grows More Unstable and Uncertain

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Since early this year, new uncertain factors have emerged in the Middle East and Africa situation, posing great challenges for its future stability. While the international oil market sees no supply and demand problems, with a sense of oversupply being dominant thanks to a crude oil price plunge since the middle of the last year, we cannot brush off any sign of future destabilization in the Middle East and Africa that accounts for 56% of proven recoverable oil reserves and 51% of such gas reserves and for 47% of global oil exports and 24% of global gas exports (BP Statistics for 2013).

Terrorist attacks in France in early January greatly shocked not only the country, where 17 were killed in the attacks, but also the rest of the world. France has declared a fight against terrorism, with vigilance against terrorism growing globally mainly among Western countries, and problems involving freedom of expression and religions and faith have emerged. In the Muslim world including the Middle East and Africa, opposition has grown to the insulting of the prophet and Islam. These problems could deepen frictions between Western countries and the Muslim world, contributing to the possibility of increased terrorism and the destabilization of the Middle East and Africa.

The Islamic State problem is also serious. In his State of the Union address on January 20, U.S. President Barack Obama vowed to ultimately destroy the Islamic State terrorist group, indicating that the United States would lead a coalition with European and Middle Eastern countries against the terrorist group. But this effort will take time, as noted by Obama. Various challenges and problems lie ahead in regard to the effort. Under such situation, what is suspected to be the Islamic State has seized Japanese citizens and taken them hostage, sending shockwaves through Japan, during the time when Prime Minister Shinzo Abe was on a Middle East visit. Amid the hostage crisis, the group demanded the release of a terrorist arrested and detained in Jordan. Furthermore, Jordan's demand for the release of a Jordanian pilot detained by the Islamic State was combined with the crisis, complicating the situation. The Islamic State problem has thus become significant for the Middle East including Jordan, and for entire world. As I write this report, the situation remains very uncertain. No easy prediction can be given. We will have to see the Islamic State problem as a

destabilizer of the world in regard to the fate and impact of the confrontation between the terrorist group and the US-led coalition and to regional and global terrorism.

On January 27, armed militants conducted a terror attack on the Corinthia Hotel known as the most luxurious hotel in the Libyan capital of Tripoli, killing nine people including Westerners. The attack, whose link to the Islamic State still remains uncertain, is worthy of attention and caution as a new indication of spreading terrorism. Since the Gadhafi regime collapsed due to the Arab Spring democratic movement, Libya has remained divided, with the stabilization of security being a major challenge. Nevertheless, Libyan oil production recovered and expanded faster than expected last year, contributing to lowering crude oil prices. In this sense, we will have to pay attention to the future Libyan situation from the viewpoint of international energy problems.

A key viewpoint for analyzing the various uncertain factors is that they are increasing while state governance functions are declining or insufficient in some of countries in the Middle East and Africa. Terrorist groups as non-state actors are now increasing their influences in such situation. Symbolizing these groups is the Islamic State. This is a key point for analyzing Iraqi and Syrian situations. The terrorist attack in Libya indicates that the country has state governance problems. The Middle East and Africa have many countries plagued with similar problems that can become bases or hotbeds for destabilizing forces including terrorist, militant and extremist groups. These forces have become major risk factors for the stability of relevant countries and regions and of the entire international situation.

These major risk factors coexist with the abovementioned possibility of growing friction between Western countries and the Muslim world, as well as economic deterioration accompanying the crude oil price plunge. There is a mountain of challenges for political, economic and social stability in the Middle East and Africa. As a separate problem, how Iran's nuclear talks with the P5-plus-1 countries (the five permanent members of the U.N. Security Council and Germany) would develop will be significant for the regional situation. Future developments regarding the talks cannot be predicted. How will Iran's negotiations with the United States toward the agreement deadline of June unfold? Depending on the negotiation results, the direction of changes in the Middle East situation and the energy situation will differ. The results will thus attract close attention. The Saudi Arabian situation will also attract attention anew. In Saudi Arabia, Salman bin Abdulaziz Al Saud has become the seventh Saudi King, succeeding Abdullah bin Abdulaziz who passed away on January 23. We will have to closely watch what policies or strategies Saudi Arabia will implement as leader of Persian Gulf and OPEC countries on various challenges or problems including the crude oil price plunge.

Amid the rapidly changing Middle East and Africa situation, crude oil prices have been dwindling with few expecting them to turn up and rise. Rather, these prices have growingly been

predicted to remain low for a certain period of time. Behind the slack crude oil prices and the easing supply-demand relationship are various destabilizing or uncertain factors and geopolitical risks under a chaotic situation, as mentioned above. Problems in the Middle East and Africa as the global energy supply center should be understood and recognized as potential risk factors for the future. We must not forget war even in times of peace.

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