

Global Landscape Surrounding Peace in the Middle East: Past, Present, and Future

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1. History of the International Energy Market and Importance of Stability in the Middle East

When did the modern international energy market begin to develop? Opinions vary, but I believe it involves the development of the “oil market” which began in the late 19th century. Before the industrial revolution, humankind relied on natural sources of energy and power such as humans, animals, windmills, and waterwheels. The dawn of the industrial revolution made coal the number one source of energy. However, an international market had yet to develop because people mostly produced the energy they needed domestically.

However, the importance of oil as an energy source grew after the birth of the modern oil industry in the United States in the late 19th century, and its sources expanded to Russia, Venezuela, and then to Mexico. Finally, the discovery and development of massive oil fields in the Middle East began, started in Iran. As epitomized by the rapid spread of automobiles in the early 20th century, the use of oil as an energy source increased explosively, making the 20th century the “century of oil.” This was made possible by abundant supplies of cheap oil, making it essential to secure stable oil supplies through international trade.

Accordingly, stability in the Middle East, which possesses the world’s largest and least-cost reserves of oil, became an essential factor for the stability of the international energy market, and in turn the expansion of the world economy and international power politics. Furthermore, oil also became of great interest to major countries as a strategic product that determines the capability of the modern military to mobilize and deploy its forces. As the international energy market developed, who would keep the Middle East stable and how, became the top priority for global energy governance.

2. UK’s Hegemony in the Middle East to Ensure Global Energy Governance

The United Kingdom was the first superpower to play a central role in Middle East stability in the context of global energy governance. Oil development in the Middle East began in Iran largely at the initiative of the UK government. The UK was the first to switch the shipping fuel for its navy to oil (heavy oil) led by then First Lord of the Admiralty Sir Winston Churchill. For the UK, which had to rely on oil imports until the North Sea oil fields were developed in the 1970s, stability of the

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international market, particularly securing stability in the Middle East and its oil supplies, was of utmost importance for its national security.

Back then, the UK wielded power as the provider of governance in the Middle East (and in many other parts of the world) with its powerful imperialistic rule backed by the world's mightiest navy. Governance by the UK continued to function for the most part, despite numerous challenges including Russia's southward expansion and the advance of the newly emerging German Empire into the Middle East.

However, many of the complex problems in the Middle East today, including the Israeli-Palestinian conflict and the Arab-Israel issue, were emerging even during this period of UK-led governance. "Divide and rule," the guiding principle of imperial regional rule, also gave rise to various complex relationships among the region's major countries.

As it became clear that the Middle East's oil resources would generate enormous wealth, various outside forces stepped up their involvement in the region, attracted by oil as a source of wealth and power. This wealth and power also gradually strengthened the power and presence of Middle East oil producers, while at the same time further complicating the geopolitical environment in the region and fueling competition and disputes. The term "powder keg," which was later used to describe the Middle East, partly reflects the wealth and power of oil and the various historical developments and background of the era of British rule.

3. Maintenance of Global Energy Governance by the US as a Superpower

After the ravages of World War II, the UK relinquished its position as the hegemony and was replaced by the United States. From the early 20th century, the US rose to sudden eminence as an emerging country and eventually built up overwhelming military power backed by the world's greatest industrial and economic foundation. The US was the only Western country capable of leading the world after WWII.

Cheap and abundant Middle East oil played a major role in the post-war reconstruction, and large-scale development of the region's oil fields was essential. It was the power of the US that ensured Middle East stability from the standpoint of global energy governance. Governance by the US not only protected regional stability but also the supply chain that enabled Middle East oil to reach global markets without disruption. It was the overall power of the US, both political and military, that ensured an undisrupted supply of oil via the sea lane connecting Middle East oil producers with Asian markets, the focal point of today's global oil market, via the Persian Gulf, Strait of Hormuz, Indian Ocean, Strait of Malacca, and the South China Sea.

The US focus on Middle East stability and governance is reflected in various events. One symbolic example is the Carter Doctrine (1980), issued by the then President Carter when the former Soviet Union invaded Afghanistan in 1979, which declared that "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force." Furthermore, when Saddam Hussein invaded Kuwait in 1990, the US led

the multinational forces to fight the Gulf War, destroying Iraq's military forces. The US also waged the Iraq War in 2003 to overthrow Saddam Hussein's government.

As outlined above, the US has intervened in the Middle East, exercising military force when necessary. The US willingness to use its military muscle when necessary is a powerful protector of governance in the Middle East. Further, the country has been regarded by its allies as a trusted defender who protects them from outside (or even inside) enemies.

However, US intervention has also caused complications and new problems. For instance, the Iraq War overthrew Saddam Hussein's government. However, looking at the subsequent turmoil and deterioration of public safety in Iraq and the division of the nation, the initial goal of building a democratic Iraq and ensuring stability has not been achieved. The turmoil and power vacuum have also caused problems such as the emergence of radical terrorist groups, spreading terrorism around the world and causing a mass exodus of refugees, many to Europe, by intensifying the civil war. Further, the turmoil in Iraq has allowed Iran to gain influence in the region, forcing the US to focus its Middle East policy on Iran.

4. Future of US Involvement in the Middle East

The US is now the world's only superpower with unparalleled strength. As such, its intervention in the Middle East continues to play a major role in Middle East stability and international energy markets from the standpoint of global energy governance. However, there is concern about its future role.

The first concern is that while the US is still undoubtedly the most powerful, its lead over others is no longer so great and eventually its power may weaken. In fact, US leaders have recently commented that "the US is no longer the policeman of the world." Further, the US is coming under increasing pressure as China races to catch up. The rise of China may also shift the center of US diplomatic and military strategies toward Asia and China.

More importantly, there is concern that the US is gradually becoming more inward-looking. If the country's interest and involvement in the costly issue of maintaining global stability and order declines under the America First policy, stability and order in the region will inevitably be undermined. Some say the US will wind down its involvement in the Middle East because it is now less dependent on oil imports thanks to the shale revolution. However, I believe the US will not abandon the Middle East merely because it depends less on its oil; rather, I think the US fully understands that its allies in the Middle East and the stable supply of oil from the region are a source of stability for the world economy, and in turn the US economy.

However, there are now more questions and uncertainties regarding the future of US involvement in the Middle East. The Middle East has grown more unstable and volatile under the Trump administration. The administration's unilateral exit from the Iran nuclear deal and hardening of its stance against Iran have caused Iran further economic damage on top of the catastrophe of the coronavirus, making life extremely difficult for the nation. Tensions surrounding Iran have mounted, with a major military clash now just a step away after the US assassinated the

commander of the Islamic Revolutionary Guard Corps (IRGC) in January 2020. Although new factors affecting regional stability have emerged, such as the UAE and Bahrain normalizing diplomatic ties with Israel, overall it is not clear whether the Middle East can preserve and strengthen its stability.

There is speculation that the US may return to the Iran nuclear deal when the Biden administration takes office. This should help improve US-Iran ties, but it may not be so simple. The return of the US to the nuclear deal would mean Iran returning to the international community with increased presence. This would cause difficulties for the region's countries such as Saudi Arabia and Israel which oppose Iran. Unlike with the Trump administration, these countries may struggle to coordinate and build relations with the next US administration. As such, peace in the Middle East will remain under threat regardless of the next US administration's policy as new challenges and issues arise.

5. New Challenges for Middle East Stability and the Importance of Soft Power

First the UK, then the US, have played key roles in Middle East stability from the standpoint of global energy governance. Today, no country can take over the present role of the US for the foreseeable future. Having increased its presence in the international community, China may play a major role in global energy governance in the future, but there is no clear path for this to happen yet.

Governance by a superpower has helped maintain regional stability. Challenges to peace in the Middle East have sometimes caused the superpower to exercise its military power. Such hard power has helped overcome outside forces and overthrow unstable forces, but also created new challenges and problems in the region. It is difficult to achieve Middle East stability and resolve problems with hard power alone.

In particular, many of the challenges surrounding Middle East oil producers today have to do with tackling structural economic and social problems. Middle East oil producers are highly dependent on oil revenue, as it is this energy that has made them wealthy and powerful. The greater their wealth and power, the more difficult it is for them to break their dependency on oil and reform their economic and social structures.

As shown by the fact that the coronavirus pandemic caused the demand and price of oil to collapse, leading to economic hardships, the world's future oil demand will significantly affect the future of oil-producing countries. The current decarbonization efforts by major countries are also a major uncertainty for the future of oil-producing countries, while the coronavirus-induced transformation of society may further drive down oil demand. Considering that oil demand may peak, Middle East oil producers must implement urgent reforms to make their economic structures more diverse and sophisticated. To do this, they will need to fully utilize their soft power, including their economic and technological capabilities. To decarbonize fossil fuels and achieve a circular carbon economy, oil-producing countries must boost their soft power while seeking international

cooperation in the area of soft power. For long-term stability in the Middle East, it is vital to attach more importance to soft power.

Writer's Profile

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Dr. Koyama joined IEEJ in 1986. He got his PhD in 2001 from University of Dundee, Scotland. He has held many senior positions in IEEJ, including Head of the World Oil & Energy Group, Senior Research Fellow, Energy Strategy Unit. He has served as a committee member of energy policy related councils and advisory committees of Japanese government in many occasion. His specialized field of research is: energy security issues and geopolitics of energy; and analysis for global energy market and policy development with emphasis on the Asia-Pacific region. He has authored numerous publications in the area of energy economics.