

Middle East Stability and the Role of Japan

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Breaking Away from an Oil-Dependent Economy

Fossil fuels such as oil and natural gas are facing harsher criticism as the main cause of global warming. Japan depends on fossil fuels, mostly imported, for roughly 80% of its primary energy. Oil accounts for about 40% of Japan's primary energy and comes almost entirely from the Middle East. So long as Japan continues to use oil, stability in the Middle East remains a critical issue for Japan. However, troubled by various conflicts, it is unclear whether the Middle East can remain a stable source of energy into the future.

Middle East stability is critical not only for Japan but also for other countries that depend on fossil fuel supplies from the region. If the Middle East were to destabilize, disrupting oil and natural gas supplies before the countries in the region can transition to carbon-free energies, the consequences for the global economy would be grave.

Dependency on oil is an issue not only for consumer countries but also for producer countries. Middle Eastern countries, particularly oil producers on the Persian Gulf, depend on oil for most of their revenues, and the current backlash against fossil fuels has exposed the vulnerability of their economic and fiscal systems. These oil-producing countries must break the dependence of their economic and fiscal systems on fossil fuel, even more so than consumers.

Currently, each member state of the Gulf Cooperation Council (GCC) is implementing its own policy to reduce its dependency on oil. One typical approach is Saudi Arabia's *Saudi Vision 2030*. Both the public and private sectors of Japan are supporting the Vision, but most oil producers in the Gulf have been suffering worsening fiscal conditions across the board since oil prices plummeted due to Covid-19, forcing them to cut budgets and downscale projects.

Other GCC countries are also taking similar initiatives to diversify their economies, but all such initiatives require the cooperation of developed Western countries and emerging countries. Today, East Asia, including Japan, is the main destination of Gulf oil exports, making the Gulf oil producers and East Asian countries mutually dependent. There is much that East Asian countries can do to help give the oil producers a soft landing from their oil dependency. For Japan, this may include its specialties such as using oil and natural gas to build a hydrogen energy society, and promoting CCS and CCUS initiatives jointly with Gulf oil producers.

Problems in the Middle East

The problems of the Middle East are diverse and complex. The region faces serious threats

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including territorial disputes and ethnic problems such as in Palestine and Western Sahara, Iran's suspected non-peaceful nuclear program, Iran's belligerence toward the US-Israel alliance and the Gulf Arab nations, the civil wars in Syria, Yemen, and Libya, and the Qatar crisis, which seems to be changing for the better recently.

These issues are causing serious problems not only within the region but also outside it. One example is the Qatar crisis, in which Saudi Arabia, the UAE, Bahrain, and Egypt severed diplomatic ties and imposed an economic blockade on Qatar for allegedly sponsoring terrorism. This is a critical issue for Japan's energy security, which imports about 60% of its oil from Saudi Arabia and the UAE and 20% of its natural gas from Qatar, the UAE, and Oman.

Japan's former Prime Minister Shinzo Abe took a particularly strong interest in the Middle East and the Gulf region for a Japanese prime minister, and visited the region multiple times, most notably Saudi Arabia, the UAE, Kuwait, Qatar, and Egypt from April to May 2007 during his first term.

While in office, Prime Minister Abe visited the UAE four times and Saudi Arabia and Turkey three times. Since the visit to Turkey in November 2015 was for the G20 Summit, it is clear that Saudi Arabia and the UAE were Japan's highest priorities. In particular, the renewal of its oil interests in the UAE was a concern for Japan, but this was resolved for the time being when Japan managed to renew its interests in Abu Dhabi oil fields in 2011 and 2018. Regarding the Qatar crisis, unfortunately there was nothing Japan could do even though it has good relations with all the countries concerned. Notwithstanding, the leader of Japan has a duty to convey its concern to the countries directly involved.

From 2015, Prime Minister Abe twice visited Jordan, Israel, and Palestine. This indicates that contributing to the Middle East peace process is the other pillar of Japan's Middle East diplomacy, alongside energy security. Japan supports the two-state solution, or the co-existence of Israel and Palestine, and since 2006, has launched the Corridor for Peace and Prosperity initiative, in which Japan works with the countries concerned to help Palestine achieve economic independence.

While the economic independence of Palestine is essential for stability in the Middle East, developing this region alone is not enough. In 2020, Arab nations of the UAE, Bahrain, Sudan, and Morocco agreed to normalize diplomatic relations with Israel. These agreements have raised the possibility that Japan's Corridor for Peace and Prosperity, which now consists of Israel, Jordan, and Palestine, may expand to include the affluent Gulf countries. The initiative could even link up with projects that involve Israel, Egypt, and Sudan, such as Saudi Arabia's Red Sea Project.

The Yemeni Civil War and Japan

Meanwhile, one of the key current disputes is the civil war in Yemen. Five years have passed since armed conflict began between the Houthis, who captured the capital Sanaa in a de facto coup, and the legitimate government, which has located its provisional capital in Aden, but there is no end in sight. The main obstacle to resolving the crisis is the large number of parties involved and the complex relationships among them. In summary, Iran supports the Houthis, while the Saudi-

and UAE-led coalition supports the legitimate government. The Saudi-UAE alliance may appear solid, but the UAE is providing military support to the southern separatists who are at odds with the legitimate government, and this could cause a split in Saudi-UAE relations. Further, Saudi Arabia has good relations with Islah, a Muslim Brotherhood-affiliated political party that the UAE detests.

Further, Al-Qaeda in the Arabian Peninsula, which is Al-Qaeda's Yemeni arm, the Yemeni branch of Islamic State, and the Ḥaḍramawt tribal forces are also clashing with each other. The relationships are so complexly intertwined that no one knows even where to start resolving the conflicts. As the world looks on with folded arms, hundreds of thousands of Yemeni people are dying of hunger, disease, and the fighting.

The first essential action is to treat the Yemeni people suffering from famine and epidemics or those injured by military attacks, and to provide food and medical supplies. However, rescue activities within Yemen require close cooperation not only with the legitimate government and Houthis, but also with the Saudi- and UAE-led coalition, the Red Cross, and the WHO. In some cases, patients in critical condition need to be transported across the border for more effective treatment, for which Yemen's neighbor, Oman, is the preferred destination. The coalition has indeed been transporting injured people to Oman. If Japan is to step in, this is where it could play a role.

Oman is participating in the mediation process for resolving the Yemeni crisis alongside Kuwait and the United Nations. By supporting Oman, Japan can not only treat Yemeni people but also indirectly back Oman's mediation efforts. Oman's economy is more vulnerable than those of other Gulf oil producers, and the country takes a neutral stance in various Middle East issues. It could play a substantial role as a mediator and broker. However, Sultan Qaboos, who had led the mediation efforts, died in early 2020, and the new regime's diplomatic stance is not yet clear. Furthermore, Japan's assistance to Oman could counterbalance China's excessive presence, which has grown significantly in Oman under the Belt and Road Initiative.

Kuwait, which is also engaged in the mediation efforts, lost its ruler Amir Shaikh Sabah, who had been leading the diplomacy of the Arab world, in 2020. His successors Amir Shaikh Nawwaf and Crown Prince Mishal have hardly been seen in the diplomatic arena and their skills are unknown. In order to not waste the achievements of Oman and Kuwait thus far, Japan and others need to support the two countries so they can continue to act as mediators.

Confrontation of the US and Gulf Countries against Iran

Japan has traditionally maintained friendly relations with Iran but began to distance itself from the country during the Koizumi administration. While Iran's suspected development of nuclear weapons was the main reason, Iran's ties with North Korea also made Japan cautious toward Iran. Japan had acquired an interest in the Azadegan oil field in west Iran but had to curtail it significantly under US pressure after allegations of nuclear weapons development were raised. The situation changed in 2014 when the middle-of-the-road Hassan Rouhani became Iran's president and signed the Joint Comprehensive Plan of Action (JCPOA) in 2015. The JCPOA

enabled Japan to approach Iran once again. However, Japan-Iran relations took a step back after the Trump administration led the US out of the JCPOA and began to tighten sanctions against Iran.

However, the traditional friendship between Japan and Iran is a major diplomatic asset for the US as well as for Japan. When tensions in the Persian Gulf rose in 2019, Prime Minister Abe visited Iran, reportedly made at President Trump's request to Japan to act as a mediator. Of course, Iran was never likely to mend relations with the US based on Japan's mediation efforts. However, from Iran's standpoint, the close relationship between Prime Minister Abe and President Trump may have been a valuable channel for communicating with the US. Moreover, it was useful for Japan to be able to convey to Iran the importance of easing tensions in the Gulf for Japan's energy security, and that Iran has a decisive role to play.

Regrettably, in terms of the economy, if Japan steps back, China will move in to fill the void. Even if Japanese companies cannot do business in Iran, Japan should at least strengthen its political and cultural presence to prevent the weakening of Japan-Iran ties.

Meanwhile, at the time of Prime Minister Abe's visit to Iran in 2019, tankers, including the Kokuka Courageous, flagged in Panama and operated by a Japanese company were attacked near the Strait of Hormuz. In response, the US and the Gulf Arab countries formed a coalition to unite against Iran and began surveillance activities in the Gulf. Japan did not join the coalition and instead dispatched ships of its self-defense forces to the Arabian Sea to secure the safety of the seas. This was an extremely delicate operation for Japan, which had to protect its oil tankers and commercial ships, monitor the reaction of its ally the US, not provoke Iran, and avoid any trouble with Gulf Arab countries.

With Democrat Joe Biden winning the US presidential election, the US' Middle East policy could change drastically. Particularly, regarding Iran, there is speculation that the US may return to the JCPOA. While the hurdle for this is not low, if tensions ease in the Gulf, there will be more opportunities for leveraging the Japan-Iran friendship.

However, economic activity in the Middle East is extremely slow due to the Covid-19 pandemic raging in the region, making it difficult for Japan to enhance its political and economic presence. And yet even in times like these, China is ramping up its presence through "mask diplomacy" And "vaccine diplomacy." Japan cannot do the same but needs to explore more effective means of supporting Middle Eastern countries by analyzing the future of the region after the Covid-19 crisis is resolved.

Writer's Profile

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His specialized field of research is: Modern History of the Gulf, Jihadist movements and History of Science and Technology in the Middle East. After receiving an MA (Oriental History) from Keio University, HOSAKA became a Special Assistant of the Japanese Embassies in Kuwait and Saudi Arabia. Since then, he has held various posts in the field of the Middle Eastern studies, including Researcher of the Middle East Institute of Japan, Director of the JSPS Research Station, Cairo, and Professor of Kindai University. He joined JIME Center, IEEJ in 2005. He is currently Visiting Professor of Waseda University.