



West Asia Watch

Trends & Analysis



**West Asia
Centre**



INSTITUTE FOR DEFENCE
STUDIES & ANALYSES
रक्षा अध्ययन एवं विश्लेषण संस्थान

Editor:
Dr Meena Singh Roy

Editor Coordinator
Dr Md. Muddassir Quamar

Editorial Team:
Dr Adil Rasheed
Dr Prasanta Kumar Pradhan

Copy Editor:
Vivek Kaushik

- Editorial
- Kushner's 'Peace to Prosperity' Plan: An Exercise in Futility?
Lakshmi Priya
- S400: A Potential Game-Changer in US-Turkey Relations?
Nagapushpa Devendra
- Four Years of IMCTC: An Assessment
Prabhat Jawla
- Guest Column: The EU's Reaction to Tension between the US and Iran
Marianne Aringberg Laanatza
- West Asia News Survey
(Prepared by Centre Members)

West Asia Centre

**Institute for Defence Studies and
Analyses**

**No. 1, Development Enclave,
Rao Tula Ram Marg, Delhi Cantt,
New Delhi – 110 010**

Tel. (91-11)2671 7983,

Fax: (91-11)2615 4191

Website: <http://www.idsa.in>

EDITORIAL

Increasing US Tensions with Iran and Turkey

The centrality of Iran-US relations continued to influence the geopolitical developments in the region during May-June 2019. There were heightened tensions in the Persian Gulf following the downing of an unmanned US surveillance drone by the Iranian forces. Prior to that, four commercial ships belonging to Saudi Arabia, Norway and UAE were damaged significantly near the port of Fujairah on May 12 and sabotage was alleged. Iran was blamed for the alleged sabotage, by the Americans. As a response to, and in continuation of its maximum pressure policy on Iran, President Trump signed an order that targets Iran's Supreme Leader and his associates with additional financial sanctions. The US Department of the Treasury stated that the US would blacklist Iran's Foreign Minister Mohammad Javad Zarif and block "billions" more in Iranian assets with eight top commanders from Iran's Revolutionary Guards. In June, new sanctions against Iran were unveiled to include the Persian Gulf Petrochemical Industries (PGPIC). PGPIC accounts for about half of Iran's annual petrochemical exports. Simultaneously, the US administration, with an aim to safeguard the interests of its Gulf partners, approved US\$ 6 billion worth of weapon sales to UAE and Bahrain, in three packages.

The Trump administration's policy approach towards the West Asian region – mainly its aggressive and harsh policy on Iran, increasing tensions with Turkey and a soft approach towards Israel – is re-shaping regional geopolitics. One witnessed new alignments and realignments amongst the regional and extra-regional actors wanting either to retain or expand their influence and role in the new changing regional order, determined by many factors, but mainly by US' policy approach in the region.

The much awaited Middle East Peace Plan, branded as the 'Deal of the Century' was finally unveiled by Jared Kushner, senior advisor to President Donald Trump, in Manama on June 25-26, 2019. This is the first part of the economic plan titled 'Peace to Prosperity', with its political part being unveiled in November. An exhaustive forty-page document promising 'peace to prosperity' for the Palestinians is expected to contribute around US\$50 billion for Palestinian territories (US\$28 billion), Jordan (US\$7.5 billion), Egypt (US\$9 billion) and Lebanon (US\$6 billion) in a period of ten years. It also includes about 179 infrastructure and business projects including a US\$5 billion transport corridor to connect West Bank and Gaza. It remains to be seen how these declared promises would be turned into reality bringing peace and prosperity for the people of Palestine. The present issue carries a detailed analysis of this economic plan.

President Erdogan's decision to go ahead with the purchase of the S-400 air-defence system from Moscow despite repeated warnings from the Trump administration to cancel the deal, triggered tensions between Washington and Ankara. As a result, a bill was introduced in the US Senate to bar Ankara from buying the US F-35 combat aircraft and suspending the training programme for Turkish pilots.

The implications of the growing troubles in US-Turkey ties have also been examined in this issue. In addition, a critical analysis of the Islamic Military Counter-Terrorism Coalition (IMCTC) has been done to ascertain its scope, limitation and future prospects. The IMCTC is still struggling to achieve any substantial success as a force to combat terrorism – which was touted as its main goal –after four years of its formation in December 2015.

The European Union's reaction to tensions between the US and Iran has been discussed with some insight by Marianne Aringberg Laanatz in the guest column. It is argued that the EU wants to not only save the Iran nuclear deal but wants the focus to be only on JCPOA; second, it wants to distance itself on the issue of Iran's policy towards Israel, and its presence in the neighbouring Arab States, including Yemen. In future, the EU will continue to separate other political decisions and activities vis-à-vis Iran from those related to the nuclear deal. It does not want any renegotiations on the deal.

Kushner's 'Peace to Prosperity' Plan: An Exercise in Futility?

Lakshmi Priya

Jared Kushner, son-in-law and senior advisor of President Donald Trump, unveiled the economic peace plan titled 'Peace to Prosperity' in a two-day workshop in Manama on June 25-26, 2019. The plan is the first part of the Middle East peace plan also known as 'Deal of the Century' with its political part expected to be unveiled by November. The plan to have a 'Deal of the Century' was announced by President Trump in November 2017, a month before recognizing Jerusalem as the capital of Israel and planning to shift US embassy from Tel Aviv to Jerusalem, probably as a compensation to Palestine. The workshop was jointly hosted by the US Treasury Department, the White House, the Government of Bahrain, and the Bahraini Ministry of Finance.

Important Aspects of the Plan

Published three days before it was tabled in Manama, the economic peace plan is a forty-page exhaustive document that resembles a promotional brochure with promises of empowerment through various tools including education, workforce development, gender inclusivity, science and technology, healthcare, art, culture and sports. It assures unleashing of economic potential by building a foundation for growth and business investment; opening the West Bank and Gaza by connecting it through road and rail; constructing infrastructure for providing power, water and digital

services; promoting private sector in tourism, agriculture, housing and manufacture; and promoting regional development and integration. Lastly, it promises to enhance Palestinian governance by creating a better business environment, through institution-building and by improving government operations. The economic document themed 'peace to prosperity' aims to contribute around US\$50 billion for Palestinian territories (US\$28 billion), Jordan (US\$7.5 billion), Egypt (US\$9 billion) and Lebanon (US\$6 billion) in a period of ten years and mentions about 179 infrastructure and business projects including a US\$5 billion transport corridor to connect West Bank and Gaza.

The economic peace plan falls short of expectations owing to its generalized nature and a tendency to look at Palestine through a lens that negates its exclusive problems. It mentions economic investment plans without taking into consideration the blockades forced by Israel on Palestinians. For example, it mentions about the need to provide high-speed 4G-5G data services for Palestinians, however Israel lifted a ban on 3G wireless technology for Palestinian mobile services only in 2018. Similarly, the plan compares the Palestinian model to Germany, Sweden, Singapore, Taiwan, Japan, South Korea, Hong Kong, Rio de Janeiro and Dubai that do not have a political situation akin to Palestine.

The plan intends to replace the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the background was being prepared since February 2019 when US stopped all aid to Palestinians in the West Bank and Gaza after the US Congress passed the Anti-Terrorism Clarification Act (ATCA). The US has been the largest individual donor to UNRWA, pledging about one-third of the agency's US\$1.1 billion annual budget. The economic plan seeks US\$50 billion investment from Gulf countries; however, no country has pledged any amount after the Manama workshop as the lack of complete control of Palestinians over territory and restrictions on movement makes investment risky. Sixty per cent of the West Bank is under Israeli control and is off limits for the Palestinians. The 'Breaking Down Barriers' Border Crossing Points Upgrade project in the West Bank and Gaza worth US\$900 million mentions investment in new infrastructure and capacity-building programmes, however, it conveniently skips Israeli control over border crossing with Jordan.

Mixed Regional Response

The economic document was released in the Bahrain Bay area of Manama in the presence of a group of Arab finance ministers and businessmen from the US, Europe and the Middle East. Despite some enthusiasm shown by countries such as Saudi Arabia, the UAE and Morocco, the announcement of the economic plan garnered a largely [negative response](#). Hanan Ashrawi, executive member of PLO dubbed the

plan as "just an economic workshop" while Palestinian Finance Minister Shukri Bishara said that "the sequence of the plan-economic revival followed by peace is unrealistic and an illusion." The Palestinian Authority boycotted the Bahrain meeting emphasizing a political solution as a precondition to peace. Liberals in Egypt designated the conference as an attempt to "consecrate and legitimize" occupation of Arab land. Nabih Berri, Parliament speaker of Lebanon stated that "billions of dollars cannot lure Lebanon into bartering its principles" while Hezbollah referred to the plan as "a historic crime" as Iraq and Lebanon did not attend the conference. [Ahmed AboulGheit](#), Head of the Arab League warned that there would be no peace deal without the Palestinian State. It is interesting to note that US Secretary of State Mike Pompeo referred to the plan as '[un-executable](#)'.

Bahrain hosted the conference being home to the US Navy's fifth fleet, a major non-NATO ally of US and a signatory to the Arab 2002 initiative which envisages engagement with Israel only after a comprehensive peace agreement that addresses complicated final status issues. Bahrain's positive inclination towards normalizing relations with Israel is evident from its recent support to Israel's military action against Shia strongholds in Syria. [Rabbi Marc Schneier](#), King Hamad's interfaith adviser, quoted the Bahraini king as saying in 2016, "Our only hope for a strong, moderate Arab voice in the Gulf is a strong Israel." Though Israel was not invited officially, Bahrain allowed numerous Israeli journalists to participate in the

conference, and [Sheikh Khalid bin Ahmed al-Khalifa](#), Bahrain's foreign minister said "Israel is a country in the Middle East. Israel is part of this heritage of this whole region historically. So the Jewish people have a place among us." He mentioned during the anti-Iran Warsaw Conference that confronting "the Iranian threat" was more important than dealing with the Israel-Palestine issue. In recent years, Arab-Israel issue has gone on back burner as Gulf Iran tensions have escalated.

Other Arab Gulf countries that responded positively were Saudi Arabia, the UAE and Qatar; and were represented by their finance or economy ministers. Riyadh supported Israel's offensive against Hamas during the 2014 Gaza war and Israel nodded to the sale of German tanks to the Saudis. Israel has a diplomatic presence at International Renewable Energy Agency in Abu Dhabi and both the countries participated in joint military exercises since 2016. Notably, the positive response could be a quest to pave the way for normalisation of relations with Israel and strengthening of the Gulf-Israel alliance vis-à-vis Iran. However, Kuwait and Oman kept a safe distance and did not participate in the deliberations and instead made pro-Palestine gestures. In the week of the conference, Kuwait reaffirmed its commitment to the Palestinian cause of statehood, and Oman made an announcement to open an embassy in Ramallah. Kuwaiti parliamentarian Osama al-Shaheen stated, "Deal of the century is a ... one-sided concession, the Arab side, while the occupier wins everything: land, peace and Gulf money."

In sum, the economic peace plan does not hold much ground in isolation and it comes with a political rider that is expected to be unveiled by November 2019. [Jared Kushner](#) said, "To be clear, economic growth and prosperity for the Palestinian people are not possible without an enduring and fair political solution to the conflict." Lastly, nothing substantial should be expected from the economic plan as the two primary parties did not attend the meet in Manama. Palestine boycotted the economic peace plan workshop in Bahrain whereas Israel was not invited to the meet so as to emphasize on the economic nature of the workshop. While there is a need to resume the Middle East peace process, it is important that the US and its regional allies understand that the Israeli-Palestinian conflict cannot be resolved without addressing the core issues including statelessness of the Palestinians and the Jerusalem question.

(Dr. Lakshmi Priya is a Research Analyst with the West Asia Centre at IDSA.)

S400: A Potential Game-Changer in US-Turkey Relations?

Nagapushpa Devendra

Tensions between the US and Turkey are running high over Ankara's decision to acquire S-400 air-defence systems worth US\$2 billion from Moscow. Erdogan's refusal to back down from buying S-400 has triggered the introduction of a bill in the US Senate to bar Ankara from buying the F-35 combat aircraft and suspend the training programme for Turkish pilots. The Pentagon is expected to impose punitive measures against Ankara to send a clear message to NATO members buying weapons from non-NATO countries.

Though US-Turkey strategic ties have faced troubles in the past, in recent times these have aggravated. US military support to the People's Protection Unit (YPG), which Turkey accuses of being the Syrian arm of Turkey's Kurdistan Workers Party (PKK), long designated as a terrorist group by the Pentagon, and US refusal to extradite Fethullah Gulen, whom Ankara blames for the failed July 2016 coup, have strained US-Turkey relations.

The S-400s Imbrolio

Turkey's military is dependent on US hardware for its operations, and the country's defence sector is closely tied to the American defence industry. Turkey's defence imports [increased](#) by US\$2.45 billion, or 59 per cent in 2018.

Washington is one of the [biggest](#) defence equipment exporters with US\$353 million worth of exports during the first five months of 2019. However, US refusal to sell its [patriot](#) anti-missile system and the delay in delivery of F-35 fighter jets led Turkey to look for alternatives.

Russia was a willing alternative with an offer to provide S-400s, considered one of the world's most advanced air-defence systems. In the past, Turkish authorities considered the Chinese [FD-2000 missile defence system](#), but its reluctance to make a technology transfer that could grant the Turkish industry the operational and technical know-how of the system, pushed Turkey towards Russia which offered a technology transfer clause. This prompted the Trump administration [to warn Turkey](#) that it "will result in a reassessment of Turkey's participation in the F-35 program and risk other potential future arms transfers to Ankara."

On the other hand, Turkey is attempting to ease tensions by [proposing to form](#) "a technical working group to make sure that this system (S-400) will not be a threat" to either NATO or the US interest. Turkish Foreign Minister Mevlut Cavusoglu, during NATO's 70th anniversary summit in Washington in April 2019, [tried to](#)

[convince](#) the US and the rest of NATO, that Ankara needs the S-400 system to thwart potential attacks, alleviate their fear of technological compromise with Russia. He also made it clear that Turkey is [not ready to rethink](#) the purchase of S-400.

Implications

US sanctions on Turkey can hurt the already fragile Turkish economy and this can push Erdogan to adopt a confrontational approach towards the US and its regional policies. For instance, Ankara can restrict access to its Incirlik airbase, a strategically vital launchpad for US operations in the region. Ankara has [done it before](#) (2003 Iraq war) and will not hesitate to do it again. Turkey also has the potential to prevent US naval access to the Eastern Mediterranean especially when the US is intending to strengthen its presence in these increasingly contested waters. Russia already has a [permanent presence](#) in the Eastern Mediterranean through the Syrian naval base in Tartus, while Iran too seeks to have a presence by [stationing IRGC naval forces](#) in Latakia Port, Syria.

From the defence perspective, the sanctions could also affect the US production of the F-35. Turkey produces nearly [937](#) parts for the F-35 programme and its removal will force the US defence

contractors to look for alternatives. Ankara has already been offered [Sukhoi fighter jets](#) (Su-35 or Su-57) by Russia to compensate for the loss of the F-35 planes. Russia is also keen to cooperate with Turkey on its indigenous stealth fighter, the [TAI TF-X](#) programme, which is likely to be ready by 2023.

Conclusion

Erdogan has been sceptical about Washington's approach towards the Ankara's security concerns. Turkey was forced to undertake the acquisition of Russia's S-400 after the US decision not to sell the Patriot missile batteries and the delay in supply of F-35 jets when Ankara needed them the most. Despite the fact that Erdogan seems to pursue a policy of dual dependency by cooperating more closely with the Russian defence sector, he is unlikely to abandon the strong defence and military cooperation with the US and compromise on Turkey's NATO membership. Given that Turkey's core security, economic and institutional interests are linked with the West it would be interesting to see how Erdogan manoeuvres this potential game-changer in US-Turkey relations.

(Nagapushpa Devendra is a Research Analyst with the West Asia Centre at IDSA.)

Four Years of IMCTC: An Assessment

Prabhat Jawa

In December 2015, Saudi Arabia, along with [34 Muslim countries](#), announced an “Islamic military alliance” to combat terrorism. Historically viewed, it was a unique move for Arab countries to stitch a military alliance. In December 2019, the coalition will be four years old; therefore, this article is an evaluation of the alliance. It attempts to look into the future opportunities for the alliance, particularly in the backdrop of attack on Saudi facilities in [Abqaiq and Khurais](#) last month.

The Coalition

The Islamic Military Counter-Terrorism Coalition (IMCTC) in its original announcement remained cryptic and vague in its agenda until the then Deputy Crown Prince and Defence Minister of the Kingdom, Mohammad Bin-Salman succinctly summarized it. In the follow-up press conference, he referred the terrorism as a disease and reaffirmed the commitment of the Islamic world to fight "Islamic extremism". He further added that it was targeted at “...[any terrorist organization that appears in front of us](#)”, expanding the possibility of operations beyond *Daesh*. There is no doubt that Saudi Arabia is calling the shots as is clear in the [statement](#) which read, "...a military alliance to fight against terrorism led by Kingdom of Saudi Arabia and a joint operations centre shall be established in the city of Riyadh."

The coalition has been outlined as a [pan-Islamic front](#) "...to rally countries and

present a pan-Islamic, unified front to counter the ever-evolving threats of violent extremist organizations within the Coalition and elsewhere". It has four primary domains of countering terrorism: Ideology, Communications, Counter-Terrorist Financing (CTF), and Military which [aimed](#) "...to establish strategic partnerships between member countries, supporting nations and international organizations to share counter-terrorism information and expertise." In an overt focus on countering radical ideology, the coalition emphasizes strategic communication campaigns that appear to be associated with Saudi Arabia's "[Ideological War Center](#)" also an initiative of Crown Prince Bin-Salman.

In 2016, the former Pakistani Army Chief [Raheel Sharif](#) was given charge as the commander-in-chief of the coalition. A few perceptible developments were seen in 2017. One was the inauguration of the operations centre in May which was officially called the "Global Centre for Combating Extremist Ideology", during [Donald Trump](#)'s visit to the Kingdom. The second was a forum in Riyadh on the "Nature of Extremism and the Future of Terrorism" hosted by IMCTC along with the King Faisal Center for Research and Islamic Studies (KFCRIS). Lastly, an inaugural meeting of the IMCTC Ministers of Defence Council took place in November. The theme of the meeting was "[Allied against Terrorism](#)".

Limitations

The coalition, on the one hand, possessed the potential for reducing the regional conflicts by dealing with them regionally; however, on the other hand, a Sunni-led military coalition had the potential to contribute to the rise in the sectarian divide in the region about which [Michael Bröning](#) cautioned in an article in *Foreign Affairs*. The coalition seemed to remain tilted towards the second potential scenario.

The IMCTC's limitations is manifested in the near absence of efforts towards fighting the Islamic State. As the [Pentagon](#) reaffirms that, the Saudis, and their allies remained hesitant and in the background during the air campaigns by the US-led alliance in Syria and Iraq. The case was difference in Yemen. The hundreds of sorties that the Saudi-led alliance flew in Yemen demonstrate that Riyadh's effort has remained more in the immediate neighbourhood than on the region as a whole. The ground battle against the Islamic State was largely carried out by the Iran-sponsored militias, the US and Russia led-coalitions.

Brian Michael Jenkins, a senior adviser at [RAND Corporation](#), writes that the stimulus for the initiative was Riyadh's concern against threats emanating from the north, which is reasonable given the control that Islamic State exercised at the time. The [US-led coalition](#) was also struggling to sustain its alliance with Syrian rebels after the Pentagon suspended the programme. It seemed that Saudi Arabia was anxious to stitch this alliance; however, the absence of

Iran and Iraq from this coalition (who would have been tactically and strategically essential for the coalition) suggests that it had hardly anything to do with a threat from *Daesh*. The more plausible argument of why it came into being was a public posture of Saudi commitment to fight terror and take a leadership role in the fight. Perhaps in the long term, the Saudis must have anticipated that the coalition would be a strong counter to the Iran-backed Shia militias in the region. However, the coalition has fallen short of providing defence against conventional as well as non-conventional threats.

The Way Forward

In the past four years, it is safe to say that the coalition failed to achieve anything of substantial value. Notwithstanding the efforts and initiatives of the coalition, it remains a project with limited scope. The fervour that followed the announcement of the coalition has almost disappeared. The overthrow of the Islamic State geographically from its last stronghold in the Syrian Desert town of [Baghuz](#) in March this year, poses an existential question for the future of the coalition, even though Crown Prince Bin Salman talked about terrorism spreading from across Africa's Sahel region to Levant and the Khorasan region of Afghanistan. He neither specified "what" the coalition would exactly do, "where" and "who" is going to operate this military with a command-in-chief which has no specific mandate. The pre-dawn attack on Saudi Aramco oil facilities in September puts the coalition at crossroads. The [Saudi Defence Ministry](#) has already claimed

that the attack had a clear Iranian footprint. Interestingly, the response by Saudi Arabia so far has been limited to diplomatic repartees; nonetheless, it remains to be seen whether Riyadh reaches out to the coalition targeting Tehran militarily. For Saudi Arabia perhaps it has provided what Riyadh wanted since 2005 – a coordination centre to share intelligence; the tangible outcomes of which are yet to be observed.

(Prabhat Jawla is Research Intern in the West Asia Centre, IDSA.)

GUEST COLUMN

The EU's Reaction to Tension between the US and Iran

Marianne Aringberg Laanatza

The European Union (EU's) policy on the tension between the US and Iran follows two lines: one is to keep to the agreement on the Iran nuclear deal – the Joint Comprehensive Plan of Action (JCPOA) – which was agreed upon July 14, 2015 in Vienna. The other is to maintain a distance on Iran's policy towards Israel, and its presence in neighbouring Arab States including Yemen. The JCPOA has been in force since October 18, 2015 and it was implemented on January 16, 2016. The signatories were China, France, Germany, the EU, Iran, Russia, United Kingdom and United States.

The JCPOA includes reductions both in the stockpile of Iranian medium-enriched uranium and of its stockpile of low-enriched uranium by 98 per cent. It also required Iran to reduce its gas centrifuges by around two-thirds within 13 years. The Iranian enrichment of uranium was limited to 3.67 per cent for 15 years, and the agreement forbid Iran to construct any new heavy-water facilities during the same period. The IAEA was tasked with monitoring and verifying that Iran acts in compliance with the agreement. Iran also had to accept that the UN arms embargo continues for another five years and the ban on import of ballistic missile technology for up to eight years. If Iran did fulfil all

conditions, in return it was given relief from the nuclear-related sanctions of the US, EU and the UN Security Council.

Even before the agreement became official, Donald Trump deemed the Iran deal as defunct. He stated in his tweets that he considered the agreement as completely unacceptable. On May 8, 2018 the US withdrew from the JCPOA. His criticism of the JCPOA in toto is mostly that the unfrozen accounts yielded about US\$100 billion for Iran, that the deal does not prevent Iran from testing ballistic missiles, that the inspectors have limited monitoring powers, and furthermore, that some parts of the agreement are not permanent, and finally, Iran has not "lived up to the spirit" of the agreement.

The reaction from the EU to the US withdrawal was a joint statement saying that the UN Security Council resolution endorsing the nuclear deal remained the binding international legal framework for the resolution of the dispute. The EU underlined that it deeply regrets the announcement by US President Trump to withdraw from the JCPOA. Since the agreement, unanimously endorsed by UN Security Council Resolution 2231, is a key element of the global nuclear non-proliferation architecture and is crucial

for the security of the region, and as long as Iran continues to implement its nuclear-related commitments, as it has been doing so far which is confirmed by the IAEA in ten consecutive reports, the EU will remain committed to the full and effective implementation of the nuclear deal. The EU has stated repeatedly that it disagrees with the US, and it calls on the US to come back and support the deal.

EU-Iran Economic Ties

For the EU, Iran is an important trading partner. The EU exported goods worth over €10.8 billion to Iran in 2017. The EU's exports to Iran are mainly machinery and transport equipment (€5.5 billion, 50.9 per cent), chemicals (€1.9 billion, 18.1 per cent), and manufactured goods (€0.9 billion, 8.9 per cent). The EU imported goods worth over €10.1 billion from Iran in 2017. Most [EU imports from Iran](#) are energy-related (mineral fuels account for €8.9 billion and 88.7 per cent), followed by manufactured goods (€0.6 billion, 6.4 per cent), and food (€0.3 billion, 3.3 per cent).

The EU had struggled to devise a workable legal framework to shield its companies from the effects of US sanctions, which came into effect in November 2018, and has tried to deter firms from pulling out of Iran. EU officials have expressed optimism that the new framework will allow firms to continue doing business with Iran. But businesses have already pulled out and the Iranian Rial has plummeted as the threat of US sanctions looms and the situation has become worse during 2019.

A special financial tool – the Special Purpose Vehicle (SPV) – had to be created to facilitate payments related to Iran's exports, including oil, as Britain, China, France, Germany, Russia and the EU announced in a joint statement. The members' stated intent is "to protect the freedom of their economic operators to pursue legitimate business with Iran." They stressed that the SPV could "breathe life into the 2015 JCPOA", the Iran nuclear deal, and was sought by Tehran in order to counter the [reimposition of sanctions](#) triggered by the US' exit from the deal. The results so far are limited, and all the important European companies, which still have much to export to the US, hesitate to be involved with the SPV-tool. It is clear that the Europeans have been trying, without much success, to come up with a way to compensate for the American sanctions and protect trade with Iran, seeking to calm Tehran and save the agreement on the Iranian nuclear programme within its limits. Trump's aggressive policy towards Iran has, until now, been met with united opposition from the three big European states –the UK, France, and Germany – as well as from within the EU. But even if the EU has strong combined economic weightage and presence, it has become obvious that it, including its three big players, is largely powerless in front of the US, which its use of the threat of new reinforced sanctions against Iran has illustrated. An important conclusion could be that the US so far controls the EU's security policy to a large extent through its decisions regarding the use of the US dollar in global trade.

Iranian Threats

The EU's position vis-a-vis Iran, however, became complicated when President Hassan Rouhani said in May 2019 that Iran would [scale back some of its commitments to the deal](#). In his speech, he announced that Iran would retain its enriched uranium and heavy water rather than selling them to other nations while remaining, for now, within the limits prescribed in the nuclear deal.

The reaction from the EU was clear. It rejected Iran's 60-day "ultimatum", at once, referring to Tehran's [decision](#) to quit parts of the 2015 nuclear agreement a year after the US withdrew from the landmark accord signed with major world powers. In a joint statement with the foreign ministries of France, the United Kingdom, and Germany, the EU urged [Iran](#) to respect the nuclear deal, and stressed again that it regretted new US sanctions imposed on Tehran.

It is important to note that sanctions imposed by the EU in view of the human rights situation in Iran, support for terrorism and other grounds, are not part of the JCPOA, and had remained in place. These sanctions include non-delivery of oil to Syria, and were recently tested, when Britain seized an Iranian tanker off the coast of Gibraltar on suspicion of violating sanctions against Syria. Iran has demanded that Britain release the ship and denies it was taking oil to Syria in violation of EU sanctions. It seems Iran, like the US, is mixing two issues, as if Britain was violating the EU-Iran relationship in conflict with the nuclear deal. This is definitely not the case.

Conclusion

The tensions between the US and Iran have increased since a series of incidents have damaged oil tankers in the Persian Gulf. Although Iran has denied involvement, many suspect, that Tehran was the instigator of these attacks – especially the US and Israel believe so. The EU's policy on this issue is clear; it will continue to separate other political decisions and activities regarding Iran from those related to the nuclear deal. The EU does not want any renegotiations on the deal, as is consistently being demanded by President Trump.

Europe and the US have clashed on their respective Iran policies since the revolution. This time however, the whole Euro-American frame is different, since President Trump has highlighted the US' financial role in the NATO, the Trans-Atlantic alliance. It is not only through the dollar policy that the US can influence the EU's policy decisions, but also by changing the rules within the NATO. May be President Trump will require a more compliant and cooperative approach from the EU not only towards Iran, but also towards certain Arab countries, especially Israel's long-term security, which is the most important to President Trump.

So far, the EU has distanced itself from the issue most important to President Trump in the region, namely the so-called *Deal of the Century* to "solve" the Palestinian question in favour of Israel.

(Marianne Aringberg Laanatzais a Senior Lecturer and Researcher on the Middle East and North Africa associated with

Lund University, Stockholm and Uppsala
University, and is Executive advisor at
[MENA.SE](#))

WEST ASIA NEWS SURVEY

POLITICS

1. Qatar Disowns Official's Comment on Visas for 'Enemies'

DOHA (7 May): While promoting a Qatar summer tourism campaign, the Secretary General of the National Tourism Council, [Akbar al-Baker](#) announced that Qatar would not grant visas to 'enemies' referring to Egyptian nationals. He stated, "The visa will not be open for our enemies - it will be open for our friends...When you open your arms to Qatar, Qatar will open its arms even bigger for you. But if you become an adversary of Qatar, then we will also treat you as an adversary." In 2017, Egypt had announced a partial end to the visa-on-arrival for Qatari nationals, after the quartet of Egypt, Saudi Arabia, UAE and Bahrain isolated Qatar. Later, the [Qatari government's communications office](#) issued a statement disowning the official's comment on visas for 'enemies' and mentioned that Baker's comments did not reflect the state's official policy for issuing visas, and the Gulf state welcomes all people of the world. The office stated, "Qatar's position has always been clear that people should not be involved in disputes that arise between nations." – *Reuters, Arab News, Egyptian Street, Asharq Al-Awsat, Daily Sabah*

2. Qatar Fails to Make a Coherent Case of Racial Discrimination at ICJ

DUBAI (11 May): The [UAE Minister of State for Foreign Affairs, Anwar Gargash](#)

said that Qatar failed to make a coherent case at the International Court of Justice (ICJ) and added that it deliberately restricts the free movement of Qataris. The statement was made after Qatar failed to prove the racial discrimination of Qatari citizens by UAE. Qatar had filed a complaint at the UN's Committee for the Elimination of Racial Discrimination and alleged that [UAE had discriminated against its citizens with travel and residency restrictions](#). However, it was revealed during the proceedings that Qatar had blocked a website that allows Qatari citizens to apply for entry permits to travel to the Emirates for security reasons. The UAE ambassador to the Netherlands Hessa al-Otaiba said that "Qatar was continuously escalating the conflict and making resolution of the crisis even harder." UAE also alleged that Qatar has been using vast media networks to spread lies and falsehoods against the UAE. – *Gulf News, Arab News*

3. US to Mediate Lebanon-Israeli Border Dispute

BEIRUT (13 May): The US State Department's Acting Assistant Secretary for Near Eastern Affairs David Satterfield [landed in Beirut](#) on an unannounced trip. Heightened tensions between Washington and Tehran did not prevent the US official from rushing to seize a breakthrough as the Iran-backed Hezbollah finally endorsed the Lebanese government's stance to enter direct negotiations to settle the border dispute with Israel. – *Aljadeed, Haaretz*

4. Rouhani Says Talks Possible, If US Shows “Respect”

TEHRAN (01 June): According to Iranian President Hassan Rouhani, Tehran would be [willing](#) to talk with the United States provided Trump’s administration starts showing some “respect.” Secretary of State Mike Pompeo [responded](#) to Rouhani’s comments by saying that the US is prepared to sit down with Iran “with no pre-conditions,” and then proceeded to add the pre-condition that Iran starts behaving like a “normal nation.” The Iranians dismissed Pompeo’s offer as “word-play.” – *The Iran Project, Kayhanlife*

5. Assad Demolishes Refugee Home to Tighten Grip over the Rebels

DAMASCUS (08 June): Under the guise of clearing war debris or destroying facilities used by rebels, the Syrian government appears to be [blowing up](#) the homes of people who have been displaced by the war. The programme threatens to prevent the return of the 12 million or so Syrians who have fled the fighting and have become internally displaced, or at least of the 5.6 million or so who took refuge in neighbouring countries. In addition, it is speculated that the Syrian government has not treated returning IDPs—most of whom fled because they support the rebels—particularly well. It arrested many of them, conscripted others, and has used new housing laws to seize their homes. –*The Guardian*

6. Japanese Premier’s Visit to Iran

TEHRAN (12 June): Japanese Prime

Minister [Shinzo Abe’s](#) two day visit to Tehran marks the first visit of a sitting Japanese premier in the 40 years since the Islamic Revolution. Abe met Iranian President Hassan Rouhani and Supreme Leader Ali Khamenei. They exchanged views on scope of improving Japan-Iran bilateral relationship. The main purpose of Abe’s visit was to de-escalate tensions between the US and Iran as the country appears poised to break out of the 2015 nuclear deal that America earlier abandoned. However, it remains unclear if it helped ease US-Iran tension. While Trump appreciated Abe’s effort, he [suggested](#) that it is too soon to talk to Iran amid tensions. – *Press TV, Anadolu Agency*

7. Iran to Scale Back Nuclear Deal Commitment

TEHRAN (16 June): The Iranian government announced another set of steps to reduce its compliance with the 2015 nuclear accord. The Iranian [officials](#) stated that it was no longer going to abide by the deal’s limits on its stockpiles of heavy-water and low-enriched uranium. The Iranians also announced the beginning of enriching uranium to 20 per cent if the other signatories to the nuclear deal did not take steps to protect its commercial activities from US sanctions. – *Rudaw*

8. Israel to Name Golan Settlement as “Trump Heights”

TEL AVIV (16 June): Israeli Prime Minister Benjamin Netanyahu on Sunday [announced](#) plans for Israel’s newest Golan settlement, to be named “Trump Heights” in honour of the US president who recognized Israel’s

annexation of the Golan Heights in March. Most of the international community considers the annexation, the recognition, and this new settlement as illegal under international law. Prior to the Israeli election, Trump signed an executive order recognizing the strategic mountainous plateau as Israeli territory. The decision, the latest in a series of diplomatic moves benefiting Israel, was widely applauded in Israel. – *Daily Sabah*

9. Muslim Brotherhood Mourns Mohamed Morsi's Death

CAIRO (17 June): Former Egyptian President Mohamed Morsi passed away due to a heart attack during a court proceeding against him on espionage charges in Cairo . The 67-year old leader was the first democratically elected president in Egypt's modern history and was in prison since 2013 when he was toppled by the military. Muslim Brotherhood termed [Morsi's death as a murder](#) and Amnesty International called for impartial, thorough and transparent investigation into his death. Turkey's President Recep Tayyip Erdogan, a fellow Islamist, was the first world leader to react as he mourned Morsi's martyrdom. Condolences poured in from Qatar's Emir Sheikh Tamim bin Hamad al-Thani, Tunisia's Ennahda Party, Joran's Muslim Brotherhood, UN spokesman Stephane Dujarric, HAMAS and Pakistan's *Jamaat-e-Islami*. Malaysia's Foreign Minister [Saifuddin Abdullah](#) said, "During his tenure as president, Mr Morsi showed courage and moral fortitude in his attempt to lead Egypt away from decades of authoritarian rule and establish true democracy there." – *Reuters, Al Jazeera*

10. Syria's Foreign Minister Visits China

BEIJING (18 June): Syrian Foreign Minister Walid al-Moualem visited [Beijing](#) on from June 16 to 21. Though China has long been making efforts to promote talks between the conflicting parties in Syria, it apparently is the first time that Beijing has announced in advance a visit by a Syrian delegation. The visit is aimed at enhancing the Syria-China bilateral relationship and discuss other Syrian issues where China can play a constructive role. On the issue of the Syria-Turkey crisis, the Foreign Minister, Walid al-Moualem [stated](#) that the Syrian government has no desire for conflict with Turkey but argued that it is Turkey that needs to decide what it's doing inside Syrian territory. – *Urdupoint, Ahvalnews*

11. AKP Loses Istanbul Mayor's Re-run

ANKARA (24 June): In fresh elections for the post of Istanbul's mayor, the Republican People's Party (CHP) candidate Ekrem İmamoğlu [emerged victorious](#) defeating the ruling Justice and Development Party's (AKP) candidate and former Prime Minister Binali Yıldırım by roughly 775,000 votes. İmamoğlu had won the original mayor's race on March 31 by a narrow margin of a few thousand votes but the election was annulled by the Supreme Electoral Council due to a series of complaints filed by the AKP. The fresh election took place on June 23. That İmamoğlu won is not surprising. He has already won once and polling consistently showed that his support was growing ahead of the revote. It is a major political blow to AKP, which has controlled Istanbul for its

entire existence as a party. Losing the Istanbul mayoralty will deprive AKP of lucrative revenue streams as well as an extremely high profile office. – *Arab Weekly*

12. US Imposes Sanctions on Iran Supreme Leader

TEHRAN (25 June): US President [Donald Trump](#) signed an order that targets Iran's supreme leader and associates with additional financial sanctions. Trump said the action follows a series of aggressions by Iran, including downing of an unmanned US surveillance drone. Iranian President Rouhani [called](#) the sanctions as “idiotic” and “outrageous” and the US Treasury Department stated that the US would blacklist Iran's Foreign Minister Mohammad Javad Zarif and block "billions" more in Iranian assets with eight top commanders from Iran's Revolutionary Guards. Iran is already crippled by the unilateral US sanctions; further sanctions are likely to worsen its economic prospects. – *Al Jazeera*

13. Protest over Austerity Measures in Lebanon

BEIRUT (27 June): Hundreds of Lebanese military veterans [protested](#) across the country over austerity measures in the 2019 budget. They blocked highways around several major cities and burnt tires. Lebanon's budget is in deep red and its debt stands at around 150 per cent of the GDP, so the government has decided to cut social spending including military pensions. – *Daily Star*

SECURITY

14. US Approves US\$ 6 Billion in Weapons Sale to UAE and Bahrain

WASHINGTON (3 May): The [US State Department](#) approved US\$ 6 billion worth of weapon sales to its Gulf allies, UAE and Bahrain, in three packages. The first notification mentioned that Bahrain could potentially buy various Patriot missile systems and related equipment for an estimated cost of US\$ 2.48 billion. The potential Bahraini deal includes 36 Patriot MIM-104E Guidance Enhanced Missiles that can shoot down aircraft and cruise missiles. As per second notification, Bahrain was given the go ahead for weapons to support its F-16 Block 70/F-16V aircraft fleet for an estimated cost of US\$ 750 million. The package included 32 AIM-9X missiles, 20 AGM-84 Block II Harpoon missiles and 100 GBU-39s. As per the third notification, the UAE was given potential approval for US\$ 2.73 billion worth of Patriot missiles and related equipment including 452 Patriot Advanced Capability 3 (PAC-3) Missiles Segment Enhanced (MSE) and associated items. – *Daily Sabah, Arab News, Reuters*

15. UAE Frees Qatari Military Boat

DUBAI (6 May): The [Ministry of Foreign Affairs and International Cooperation](#) said that UAE released the Qatari military boat that had entered its waters a week ago. The boat had a Qatari flag on it and carried four military personnel. The people on the boat included First Lieutenant Mohammed Hassem al-Heil and Lance Corporal Saeed Nasser al-Marri from Qatar, Lance Corporal Mohammed Riyad al-Beltaji from

Palestine and a private sailor named Fayeze Talkoum, an Indian national. Ties between UAE and Qatar are strained since 2017 when the quartet of Saudi Arabia, Egypt, UAE and Bahrain announced economic, political and diplomatic boycott of Qatar accusing it of supporting terrorism. - *Gulf Business, Arab News, Gulf Insider*

16. UN Notified of Ships Sabotaged in UAE Waters

WASHINGTON (16 May): Saudi Arabia, Norway and the UAE notified the United Nations by sending a joint letter to the Security Council about targeting of commercial ships in the territorial waters of the UAE. The sabotage took place near the port of [Fujairah](#) on May 12 and four commercial ships belonging to Saudi Arabia, Norway and UAE were damaged significantly. The three countries jointly stated that the attack "[posed a threat to the safety and security](#)" of international shipping and maritime navigation. The attacks point to the raised risk for shippers in the area which is vital for global energy trade. - *Arab News, The National*

17. About 100 Fighters Killed in Clashes in Syria

DAMASCUS (08 June): More than [100 fighters](#) were killed as fierce clashes raged between the pro-government forces and hard-line militant groups in north-western Syria. According to the Syrian Observatory for Human Rights, at least 53 government loyalists along with 48 opposition and Islamist fighters died in the clash within 48 hours. It is unclear whether the Syrian army was able to make any territorial progress, but it is clear that whatever ceasefire the Russian and Turkish

governments thought they had negotiated for the region, has not taken hold. - *The National*

18. Turkish Pilot No Longer Flying at US Air Base over S-400 Row

ANKARA (11 June): The US took the next step towards excising Turkey from the F-35 programme by [suspending](#) current and future training programmes for Turkish pilots. However, the Turks [continue to defy](#) the US with hope that Donald Trump will ultimately step in to prevent any penalty for Turkey's purchase of the Russian S-400 air defence system. - *Daily Sabah, Al-Monitor*

19. US Blames Iran for Helping Houthis Shoot down Drone

SANA'A (16 June): The US Central Command says that the Houthis [shot down](#) a US Reaper drone earlier this month and that Iranian sailors tried to shoot down another drone before allegedly attacking two tankers in the Gulf of Oman with magnetic mines. The US is assuming that the Houthis must have had Iranian help to shoot the drone down. - *ArabNews*

20. Iraqi PM Orders Arm Groups to Cease Operation

BAGHDAD (19 June): A rocket [exploded](#) in an area of Basra comprising offices of several major foreign oil companies on June 19, wounding at least three Iraqi workers. It is not clear who was responsible. The strike may be connected with escalating US-Iranian tensions in the region, in which case it may also be related to two similar attacks earlier in the week on Iraqi military bases housing US personnel. The Iraqi Prime Minister Adel Abdul-

Mahdi [issued an order](#) for Iraqi paramilitary groups to cease operations except under orders from the Iraqi government. Most of those groups still operate autonomously and may not abide by Abdul-Mahdi's directives. – *Al Jazeera, Rudaw*

21. Hamas Chief Details Terms of Ceasefire with Israel

TEL AVIV (20 June): Hamas leader Ismail Haniyeh [briefed reporters](#) on the terms of a ceasefire agreement he claims his organization negotiated with the Israeli government, with Egyptian assistance. His intent was to show that Israel hasn't lived up to its promises, which include expanding Gaza's offshore fishing zone and permitting the construction (perhaps with Qatari funds) of two industrial zones, a hospital, and new power lines. Haniyeh said that Hamas is committed to stopping the launch of incendiary balloons over the Gaza fence and to controlling protests in order to prevent an Israeli military response. The Israeli government has never acknowledged signing a deal with Hamas. – *Times of Israel*

22. Iran Shoots Down US Surveillance Drone

TEHRAN (21 June): The Iranian Revolutionary Guard Corps [shot down](#) a US surveillance drone that had allegedly crossed into Iranian air space over the Persian Gulf in Hormozgan province. This was an RQ-4A Global Hawk drone (some reports have identified it as the closely related MQ-4C Triton), which is only a surveillance craft and cannot be equipped with ordinance like the more famous Reaper drone. The US military [called](#) the

shooting down an “unprovoked attack”. The US claimed that Iran shot the drone in international waters while Iran claimed that it shot the drone after it entered Iranian airspace. The incident aggravated fears of a direct military confrontation, however, President Trump later announced that it [annulled](#) the plan of retaliation to avoid killing Iranian soldiers and civilians. – *Daily Sabha, Jerusalem Post, KayhanLife*

23. Houthi Attacks in Saudi Arabia

RIYADH (22 June): Yemen's Houthi rebels launched a cruise missile targeting Abha airport in Saudi Arabia in which 26 people got wounded. Previously, the Houthis had launched a drone attack on a major oil pipeline of Saudi Arabia on May 14. A Houthi spokesman, [Mohammed Abdul Salam](#), claimed responsibility for the drone strikes on *Twitter*, saying that they were a response to Saudi “aggression” and “genocide” in Yemen. In response, the Saudi Arabia-led coalition struck targets including booby trapped boats around the port city of Hodeidah and also shot down a drone targeting Jizan province of Saudi Arabia. The Alliance's spokesman [Turki al-Maliki](#) said that “We confirm our legitimate right to take and implement the proper deterrence measures to tackle these hostile acts in conformity to the humanitarian international laws and its rules.” Keeping the turbulent Gulf situation in mind India began [Operation Sankalp](#) and sent guided-missile destroyer *INS Chennai* and the patrol vessel *INS Sunayna* to undertake maritime security operations. – *The New York Times, Gulf News, CNN*

ECONOMY

24. Saudi Economic Reforms Paying Off: Bank of America

LONDON (13 May): A report by the Bank of America and Merrill Lynch mentioned that Saudi Arabia's non-oil sector is set for a further boost as the Kingdom's economic reforms pay dividends and work begins on a raft of mega-projects. The bank's regional economist [Jean-Michel Saliba](#) said that the ongoing fiscal reforms are keeping the non-oil revenues on track and there is a possibility that the US\$ 69 billion deal in which oil giant Saudi ARAMCO plans to acquire petrochemicals firm SABIC from the Public Investment Fund (PIF), would further boost the non-oil sector. Saudi Arabia aims to diversify its economy under the ambitious *Vision 2030* plan and Saudi Arabia's non-oil GDP saw an increase of 0.8 per cent in 2018 as compared to 1.3 in 2017. – *Arab News*, IMF

25. Saudi Green Card to Benefit Expats

JEDDAH (22 May): The Saudi cabinet approved the [Privileged Iqama Residency Permit](#), also known as 'Green Card' which will allow the foreign nationals to work, reside permanently, own property, invest in Saudi Arabia without a sponsor. To be eligible for this *iqama*, one should possess scientific or professional skills that are not available in the Kingdom in plenty, or they should be company owners capable of investing in Saudi Arabia. The applicant must be above 21 years of age, have a valid passport, must not have a criminal record, and must provide a health report dated within six months of the application presenting proof that the applicant is free

of infectious diseases. The Green Card does not entitle the holder for Saudi citizenship and the card can be cancelled if the holder did not comply with the obligations mentioned in Article 7 of the law. – *Arab News*, *Khaleej Times*, *Gulf Business*

26. Iran-Iraq to Collaborate on Water Project

TEHRAN (31 May): The governments of Iraq and Iran are reportedly collaborating on a new water project in [Basra province](#). Both the countries intend to [revive the Shatt al-Arab](#) as a source of drinking water and improve its functioning as a trade route. Representatives from Iraq and Iran met on May 19 in Khorramshahr, Iran, situated on the waterway, to discuss a clean-up of the river based on the Algiers Agreement (1975), establishing joint control and designating the [Taluk line](#), marking the deepest part of the river, as the countries' riparian border. The Shatt al-Arab's water has been rendered undrinkable and unusable for irrigation because of waste dumping upstream in Iran, and it has become so shallow from silt build-up that it is difficult for large vessels to sail on the Iraqi side of the river. On top of its practical benefits, this joint clean-up effort indicates yet again that Iraq is not doing much to divest itself of Iran in line with US demands. – *Al-Monitor*, *Niqash.org*

27. Iraq's Oil Minister Talks with Lukoil

BAGHDAD (07 June): Iraqi Oil Minister Thamir Ghadhban met Russian multinational oil company [Lukoil's](#) President Vagit Alekperov to discuss several issues regarding the firm's

expanding presence in Iraq's oil and gas sector. Lukoil not only operates the 400,000b/d West Qurna -2 field but also Block 10 where the firm is pushing to develop the 2.5 billion barrel Eridu field in partnership with Impex. Lukoil says both the parties discussed "the possibility of early commissioning," of the field. The company expects its production increasing up to 100,000b/d by 2021. Lukoil also discussed gas processing and petrochemical projects - an interesting development given Iraq's ambitious plan to possibly develop a petrochemical plant at Ar-Rawat. – *Lukoil*

28. US Sanctions Iran Petrochemical Industries

TEHRAN (08 June): The US Treasury Department unveiled [new sanctions](#) against Iran to include the Persian Gulf Petrochemical Industries (PGPIC). PGPIC accounts for about half of Iran's annual petrochemical exports. However, PGPIC has links with the Islamic Revolutionary Guard Corps (IRGC), which was recently designated as a terrorist organization by the Trump administration, hence the sanctions. Iran responded by underlining that the new sanctions prove that the administration's offers to negotiate are "hollow". – *Press TV*

29. Yemen: UAE Pledges US\$100MN Power Funds

SANA'A (14 June): Khalifa bin Zayed al-Nahyan Foundation for Humanitarian Works signed a US\$ [100 million](#) deal with Yemen's Ministry of Electricity to build 120 MW power plant in Aden. Authorities are playing up the project's humanitarian auspices, saying the project will supply 2.5

million Yemeni families electricity. Yemen's on-going crisis is showing little signs of abating, but nonetheless, the country oil sector is seeing slow recovery. – *MEES*

30. Spain Imports Record Oil from Libya

TRIPOLI (14 June): Spain imported [280,000b/d oil from Libya](#) in April, the highest monthly volume since at least 2005. This made Libya Spain's top supplier for April, though for the first four months of 2019 Nigeria was number one with 202,000b/d as it was for 2018 as a whole (209,000b/d). Mexico was number two with 189,000b/d and Saudi Arabia (167,000b/d) number three. As per Spain's gas import, whilst Algeria remains the dominant supplier with 38 per cent of Spain's total 11.2 bcm import from January-April, this market share has been squeezed by a flood of cut-price US LNG arrivals. Approximately 280,000 tons of US LNG sailed to Spain in April, smashing the previous record of 205,000 tons set just a month earlier. *MEES*

31. Jordan: Bumper World Bank Loan

AMMAN (14 June): Jordan's finance will receive a major boost with the World Bank's approval on June 4 of a [US\\$ 1.4 billion financial package](#) to pump money into the cash-strapped country. The loan will be disbursed in two tranches, and contain guarantees of [US\\$ 250 million and US\\$ 200 million](#) from US and Saudi Arabia respectively. While the loan will help fund Jordan's bloated public sector spending, it also sees the kingdom take on yet more debt, hardly ideal for a low-growth country

approaching a 100 per cent debt-to-GDP ratio. – *World Bank, MEES*

32. US to Grant another 90-Day Waiver for Iraq to Import Iranian Energy

BAGHDAD (16 June): The US has agreed to extend the waiver for another 90 days to Iraq for buying Iranian electricity and gas. This will be the fourth such waiver the US has given Iraq since imposing sanctions against Iran last year. This is because Iraq has no other energy suppliers and its domestic energy production is yet to pace up. – *Rudaw*

33. Egypt Declines IMF-Sponsored Economic Reform Programme

CAIRO (21 June): The Central Bank of Egypt (CBE) has stated that under the it does not plan to join another IMF-sponsored economic reform programme after completion of the current programme. The IMF had lent Cairo US\$12 billion over three years with the aim of restricting the economy after Egypt agreed to devalue the Pound in 2016. However, the CBE chief said Cairo will continue to work closely with IMF. He also stated that IMF considers Egypt's reforms programme as "the world's most successful". Egypt's banking sector has snagged US\$200 billion in capital inflows since 2016. This is reflected in the recent appreciation in the value of the local currency and improvement in the balance of payment and manageable levels of external debts. According to the CBE, International reserves have leapt to stand at US\$44.275 billion at the end of May, almost three

times their level of US\$15.1 billion in 2012. – *MEES*

34. Saudi Arabia Participates in Osaka G20 Summit

OSAKA (30 June): A large Saudi delegation led by Saudi Crown Prince Mohammad Bin Salman al-Saud participated in the G20 summit held at Osaka, the third largest city of Japan, on June 28-29. The summit took place at Osaka's International Exhibition Center, or Intex, on the city's waterfront, while world leaders were hosted in the city's northern Umeda area. Since G20 has a tradition of working in troika where the present Chair is assisted by the previous and next Chair, Japan was assisted by the previous Chair Argentina and the Kingdom of Saudi Arabia which is hosting the G20 next year. Riyadh is to include financial and social issues as agenda for the 2020 summit. The G20 will bring the two countries closer, as the Japanese Ambassador to Saudi Arabia [Tsukasa Uemura](#) stressed the determination of his country to build relations with the Kingdom, describing the visit of the Crown Prince to Japan as encouragement to bilateral cooperation between the two countries. The Saudi Ambassador to Japan [Naif bin Marzouq al-Fahadi](#) said: "The recent reforms in the Kingdom, especially economic ones, have contributed to strengthening the image of the Kingdom globally and raising its level of influence in international forums." – *Arab News*

INDIA AND THE REGION

35. India Reacts Strongly to OIC's Reference to Kashmir

NEW DELHI (3 June): The [Ministry of External Affairs](#) slammed the Organization of Islamic Cooperation (OIC) for unwarranted reference to Kashmir in the final communiqué issued after the Islamic Summit 2019 held in Makkah. In response to media queries on the issue, the MEA spokesperson said, “We categorically reject yet another unacceptable reference to matters internal to India in the Final Communiqué adopted at the conclusion of the 14th Islamic Summit of the Organisation of Islamic Cooperation (OIC) Member States held at Makkah, Saudi Arabia on 31 May 2019. The OIC has no locus standi in matters relating to the state of Jammu and Kashmir, which is an integral part of India. It is reiterated that OIC should refrain from making such unwarranted references.” The OIC final communiqué had reiterated its support for the legitimate rights of the people of Jammu and Kashmir. It also decided to employ a special envoy for Jammu and Kashmir which was duly rejected by India. In March 2019, India was invited as a “guest of honour” to address the 46th OIC Conference of the Foreign Ministers’ meeting in Abu Dhabi, and the then Foreign Minister Sushma Swaraj attended and addressed the inaugural plenary session of the meeting. – *Livemint, Hindustan Times, The Hindu*

36. Oil Imports from Iran at Six-Year Low

NEW DELHI (21 June): India imported 132,000b/d of crude from Iran in May, the [lowest figure](#) since March 2013. The sharp fall from 343,000b/d for April and the 2018 average of 513,000 b/d is in line with the end on May 2 of the 180-day waiver on

importing Iranian oil for India along with seven other countries. Iraq retained top spot among Indian suppliers in May, with 1.21 mbd, the second highest figure on record after 1.42 mbd in January 2018. Saudi Arabia was second with 837,000b/d, well behind Iraq but up on the average 2018 volume of 790,000b/d. But overall, the Gulf supplier market share in India has shown a drop to 60 per cent for January-May 2019 compared to 69 per cent for the same period in 2018. – *MEES*

(Prepared by Dr. Lakshmi Priya and Nagapushpa Devendra)