

PUTTING DIPLOMACY FIRST IN THE MIDDLE EAST

CREATING INCENTIVES FOR DE-ESCALATION

Multi-author study, Brian Katulis lead analyst

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Putting Diplomacy First in the Middle East: Creating Incentives for De-Escalation

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METHODOLOGY

The MEI team conducted policy research from September 2022 to May 2023 that included the following activities:

- A comprehensive literature review of existing policy research on the topic conducted in September;
- In-depth interviews, workshops, roundtables, and discussions with U.S. and other government officials, policy experts, civil society leaders, and think tank counterparts in each of the targeted countries of focus;
- Several research trips to the region to meet with experts and government officials, participate in policy conferences, and explore confidence-building measures across the region that included visits to Bahrain, Egypt, Israel, Iraq, Morocco, Oman, the Palestinian territories, Qatar, Saudi Arabia, Turkey, and the UAE during the period between September 2022 and May 2023.

Cover photo: A general view shows participants attending the Baghdad conference in the Iraqi capital on August 28, 2021. [Photo by LUDOVIC MARIN/AFP via Getty Images.](#)

Contents photo: The first preparatory event of the 28th session of the Conference of the Parties to the UNFCCC (COP28 UAE), which will be hosted by the UAE in November, starts, on March 15, 2023 in Dubai. [Photo by Waleed Zein/Anadolu Agency via Getty Images.](#)

Key findings photo: Sultan of Oman Haitham bin Tariq meets with Iranian President Ebrahim Raisi in Tehran, Iran on May 28, 2023. [Photo by Iranian Presidency/Handout/Anadolu Agency via Getty Images.](#)

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Key Findings

A nine-month analytical survey of the Middle East's shifting conflict dynamics by this study's authors identified two escalation risks and two opportunities to promote de-escalation and foster greater regional integration at the current moment.

Escalation Risk 1: Iran's impact on the regional system. The March 2023 Saudi-Iranian deal on normalizing diplomatic ties, which Beijing helped broker, has already produced some signs of a further easing of tensions between Iran and the Gulf. But questions remain regarding the long-term sustainability of this de-escalatory trend, including Tehran's willingness or ability to stick to whatever specific agreements it had reached with Riyadh. Meanwhile, several factors continue to make Iran and its regional activities the likeliest escalation risk in the broader Middle East in 2023: protests inside of Iran producing greater uncertainty about the regime's approach; the lack of progress in nuclear talks as well as more aggressive steps toward enriching uranium; Tehran's continued actions to undermine regional security; and Iran's overt support for and cooperation with Russia in the context of the war in Ukraine.

Escalation Risk 2: Israel-Palestinian dynamics destabilizing the broader region. The Israeli government's make-up, structure, ideology, and initial political actions have highlighted numerous potential sources of tensions that have already led to escalation inside of Israel, between Israel and the Palestinians, and in Israel's relations with the wider region. At the same time, Palestinian politics and political institutions are in a state of paralysis and steady decline. In late 2022 and into early 2023, violent incidents (including terrorist attacks, military actions, and settler violence) were on the rise in the West Bank,¹ causing many Israeli and Palestinian casualties, and leading regional countries to call for international intervention.

Opportunity 1: Regional economic integration. Compared to other parts of the world, economic cooperation in the Middle East remains relatively nascent, with some recent diplomatic moves creating the potential for greater and more productive cooperation both within the region and between regional states and external powers like the United States. The prospects for regional economic integration now appear brighter than at any point since the mid-1990s due to a confluence of factors: the advent of new regional and international

1. Khaled Elgindy, "Surge in West Bank violence further undercuts Abbas's precarious leadership," *Middle East Institute*, March 15, 2023, <https://www.mei.edu/publications/surge-west-bank-violence-further-undercuts-abbass-precarious-leadership>.



mechanisms like the Negev Forum,² the India-Israel-U.S.-United Arab Emirates grouping (I2U2),³ and the Baghdad Summit;⁴ ongoing U.S. diplomacy to resolve bilateral disputes and facilitate multilateral agreements; and the commitment of a number of regional states — most notably energy-exporting Gulf Arab monarchies like Saudi Arabia but also other countries like Egypt — to long-term national development visions. Developing clean sources of energy and managing the transition away from fossil fuels appear to be particular priorities. External actors such as the U.S. can help play a supporting role in efforts like the Negev Forum working groups aimed at advancing economic cooperation, particularly on clean energy, education, food and water security, health, regional security, and tourism. In addition to these mechanisms, the United States, in conjunction with its allies and partners, should explore the creation of other regional diplomatic groupings that could coordinate efforts to manage, mitigate, and de-escalate conflict and tensions.

Opportunity 2: Regional climate resilience and energy transition cooperation. The climate crisis has posed multiple threats to water, food, and energy security worldwide, with the Middle East experiencing a profound number of climate impacts that could disrupt the reliability and sustainability of these essential resources. The 2023 United Nations Climate Change Conference (28th Conference of the Parties, COP28), the next international climate conference, will be held in Dubai, and this presents an important opportunity to encourage greater regional cooperation on a range of climate resilience and energy transition issues. As the United States considers its strategic options to support de-escalation trends, it should keep in mind two key fundamentals. First, any de-escalation that offers only limited benefits that don't impact the human security condition of millions of people across the region will likely only be temporary, particularly if the arrangements reinforce the power of actors that lack popular legitimacy and support. Second, the United States should avoid the risk of creating too many competing forums and uncoordinated initiatives for engaging the region, particularly at a time when the bandwidth and focus of overall U.S. national security policy are strained by Russia's war against Ukraine and the chronic challenges of competing with China.

2. Antony Blinken, "The Negev Forum Working Groups and Regional Cooperation Framework," *U.S. Department of State*, January 10, 2023, <https://www.state.gov/the-negev-forum-working-groups-and-regional-cooperation-framework/>.

3. "Joint Statement of the Leaders of India, Israel, United Arab Emirates, and the United States (I2U2)," *The White House*, July 14, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/14/joint-statement-of-the-leaders-of-india-israel-united-arab-emirates-and-the-united-states-i2u2/>.

4. "Iranian, Gulf Arab officials meet in Baghdad," *Reuters*, August 28, 2021, <https://www.reuters.com/world/middle-east/mideast-leaders-plus-france-meet-baghdad-talk-security-diplomacy-2021-08-28/>.

I. Background

The United States continues to adjust its overall strategic approach to the broader Middle East, an ongoing process stretching across several U.S. administrations over the past decade. The Biden administration's approach has reflected a trend toward promoting regional integration and cooperation among its partners so that the United States can shift its resources to other strategic priorities, such as China and Russia. As the United States continues to shift its approach to the broader Middle East, the region is undergoing a historic transformation with unprecedented opportunities to build new relationships, de-escalate tensions, and foster conditions for stronger integration. At the same time, the region remains on edge because of ongoing tensions in Yemen, Syria, Iraq, and other conflict zones, a civil war that broke out recently in Sudan, along with the overarching challenges presented by fraught relations between Iran, Israel, and several Arab Gulf countries — with the longer-term implications of the still-fragile Iranian-Saudi rapprochement yet to be fully assessed.

Discerning strategic clarity from these countervailing trends of de-escalation taking place alongside continued tensions at a time of geopolitical multipolarity is no simple task.

In the period from September 2022 through the current month, the Middle East has witnessed a series of events with the potential to impact the overall structural stability of the regional state system and how the region relates to the broader world:

- Public protests against Iran's regime erupted in September 2022,¹ leading to new questions about the inevitable leadership transition that will take place in Iran;
- The November 2022 election of the most right-wing government in Israel's history² added to the uncertainty and volatility of the region;
- The lack of progress in international talks on an Iran nuclear deal³ exacerbated regional tensions, but a China-

1. Tom Perry, "Protests flare across Iran in violent unrest over woman's death," *Reuters*, September 20, 2022, <https://www.reuters.com/world/middle-east/tehran-governor-accuses-protesters-attacks-least-22-arrested-2022-09-20/>.

2. Richard Allen Greene, "Netanyahu on course to lead Israel's most right-wing government ever, partial Israel results suggest," *CNN*, November 2, 2022, <https://www.cnn.com/2022/11/02/middleeast/netanyahu-israel-election-results-intl/index.html>.

3. "Is Restoring the Iran Nuclear Deal Still Possible?," *International*

brokered deal between Saudi Arabia and Iran⁴ raised new questions about possibilities for regional realignments;

- Renewed diplomatic efforts⁵ generated fresh hopes of achieving a negotiated resolution to Yemen's conflict;
- Civil war engulfed Sudan in April 2023,⁶ threatening to draw in regional and global actors; and
- The trend of normalizing relations with the Assad regime in Syria picked up pace with the Arab League inviting Bashar al-Assad to participate in a summit in Jeddah in May 2023.⁷

It is difficult to predict where these countervailing trends will take the broader region, and new dynamics will surely emerge, with questions looming like who will lead Turkey after the May 2023 elections, what will be the outcome of Israel's internal political turmoil, and how will the inevitable leadership transitions in Iran, Lebanon, and Palestine play out. This produces an overall environment of uncertainty that offers a complex mix of opportunities and risks. Heightened tensions and insecurity in the region have heretofore often led policymakers in the United States and Europe to adopt a tactical, crisis management mindset that prioritized a focus on threats, rather than opportunities. Yet such a reactive mode would inevitably risk missing the potential to seize emerging opportunities in the regional landscape, including some positive shifts underway that could meaningfully de-escalate conflicts. In this context, it is important for policy planners and policymakers to take on a more assertive approach: They must manage urgent crises while simultaneously finding pathways to proactive policies. The latter should reinforce the positive trends to build on emerging regional realignments and identify

Crisis Group, September 12, 2022, <https://www.crisisgroup.org/b87-middle-east-north-africa/gulf-and-arabian-peninsula/iran/restoring-iran-nuclear-deal-still>.

4. Peter Baker, "Chinese-Brokered Deal Upends Mideast Diplomacy and Challenges U.S.," *The New York Times*, March 11, 2023, <https://www.nytimes.com/2023/03/11/us/politics/saudi-arabia-iran-china-biden.html>.

5. Michelle Nichols, "UN sees renewed momentum toward Yemen peace spurred by Saudi, Iran deal," *Reuters*, March 15, 2023, <https://www.reuters.com/world/middle-east/un-says-renewed-momentum-toward-peace-yemen-spurred-by-saudi-iran-2023-03-15/>.

6. "Why is Sudan on the brink of civil war, again?," *The Economist*, April 18, 2023, <https://www.economist.com/the-economist-explains/2023/04/18/why-is-sudan-on-the-brink-of-civil-war-again>.

7. Aidan Lewis and Sarah El Safty, "Arab League readmits Syria as relations with Assad normalise," *Reuters*, May 7, 2023, <https://www.reuters.com/world/middle-east/arab-league-set-readmit-syria-relations-with-assad-normalise-2023-05-07/>.

areas that might incentivize a de-escalation in tensions across the region and disincentivize escalation or additional conflict.

It is important to keep in mind that overly accommodative efforts to produce de-escalation and normalized relations among regional actors may only provide a temporary or false sense of stability and peace. This is particularly true if, for example, the normalization of ties with the Assad regime in Syria or the China-brokered deal between Iran and Saudi Arabia fail to provide tangible results that improve the human security situation for the millions of people at risk of being caught in a crossfire of regional tensions that could unexpectedly erupt into wider conflicts.

II. Strategic Assessment and Overview of the Region: Rising Regional Cooperation Amid Persistent Risks

The Middle East region is going through a noteworthy period of transformation as dynamics of de-escalation and cooperation coexist with persistent risks of escalation and contestation. After decades where the latter patterns overshadowed the former, it is important that leaders in the region and around the globe understand and encourage the positive trends while managing and reducing the negative ones. This section provides an overview of both sets of trends and offers recommendations for strengthening the former over the latter to set the context for this report.

Conflict and Strategic Reorientation

The past two decades have been a period of acute conflict in the Middle East; the costs of those conflicts, their futility, and lessons learned from them have provided momentum for a more recent period of de-escalation and moving away from conflict as a useful or easy fix for problems. The military operations the U.S. launched in the first decade of the century fell short in achieving many of their stated goals, contributed to disillusionment, and convinced U.S. policymakers, as well as the American public, to favor diplomacy over pyrrhic “military solutions.”⁸

8. Various authors, “Special Briefing: The legacy, lessons, and future course of Iraq 20 years since the U.S. invasion,” *Middle East Institute*,

The escalation of Shi’a-Sunni sectarian tensions, particularly after the invasion of Iraq, led both Iran and a number of Sunni states to back rival sectarian militias throughout the region. While the Iranian regime still persists in this strategy, Saudi Arabia and other Gulf states have generally turned away from backing armed Sunni extremists, realizing that they create risks for their own security, are not effective counters to the threats posed by Iran, and contradict the moderating secularizing and pluralistic direction in which they are trying to move their own societies. Turkish President Recep Tayyip Erdoğan has continued to use Islamist groups when it suits him, such as in Syria and Libya,⁹ but also pursues diplomacy and moderation elsewhere as he sees fit. How Turkey might change its approach to the region if there’s a leadership transition there this year remains to be seen.

The reduced American footprint and strategic prioritization of the Middle East, and the so-called pivot to Asia and focus on China, started during the Obama administration and continue to this day. An added U.S. focus on Europe after the Russian invasion of Ukraine in February 2022 further downgrades Washington’s immediate attention to the Middle East, even as it underscores the region’s importance in the broader geopolitical competition for influence underway.

This trend convinced leaders in the region that the U.S. was not going to solve their problems for them and impelled them to undertake their own initiatives of their own. The impetus for the Abraham Accords came from the UAE and then was aided and facilitated by the Trump administration. The turn to negotiation between Saudi Arabia and Iran, as well as the resumption of diplomatic relations between some other Gulf Cooperation Council (GCC) countries and Iran, also stems from the realization that the U.S. was not going to provide a “solution” for the challenge of Iran, and that GCC states had to bolster their own military capacities while also engaging in diplomacy with Tehran to explore areas of conflict management and de-escalation.

The events of the Arab Spring that started in 2011 themselves ushered in a number of conflicts that the countries of the

March 20, 2023, <https://www.mei.edu/blog/special-briefing-legacy-lessons-and-future-course-iraq-20-years-us-invasion>.

9. Piotr Zalewski, “Turkey has given up promoting political Islam abroad,” *The Economist*, January 21, 2023, <https://www.economist.com/special-report/2023/01/16/turkey-has-given-up-promoting-political-islam-abroad>.

region have only recently begun looking for ways to de-escalate and pull away from.

- The uprising in Egypt triggered acute tensions between Turkey and Qatar backing the Muslim Brotherhood on one side and Saudi Arabia and the UAE backing the military on the other.
- The conflict in Libya similarly drew in regional powers on opposite sides.
- The uprising in Syria soon pitted Iran on the side of the regime, and Turkey, Qatar, and some other GCC countries on the side of the various opposition factions.
- The conflict in Yemen pitted Saudi Arabia and the UAE backing the Yemeni government against Iran backing the Houthi rebels.
- In Bahrain, Saudi Arabia and the UAE moved decisively to shore up the embattled government against an opposition that was seen as encouraged by Iran.
- The Gulf countries fairly quickly gave up on supporting the fight in Syria, the UAE backed out of Yemen, while Saudi Arabia has been looking for a negotiated end to the Yemeni conflict; in Egypt and Bahrain, the contests were settled decisively in favor of state forces.

A Shift Toward De-Escalation?

These two decades of conflict have driven home to leaders in the region the costs and meager benefits of intra-regional conflict as well as given them ample reason to give diplomacy, de-escalation, and attempts at cooperation a chance.

While Iran still sees waging proxy wars through its partner militias in Yemen, Iraq, Syria, and Lebanon as central to its regional strategy, the Gulf countries have generally soured on these proxy conflicts and militia approaches, finding that they are not nearly as good at this game as the Iranians. Even the recent civil war in Sudan has turned out to be illustrative of this fact: Although a number of neighboring and Middle Eastern powers had long cultivated ties with rival factions in Sudan, regional states have thus far instead opted for spearheading a multi-party mediation process¹⁰ rather than getting involved in another proxy struggle. For

10. Umer Karim, "Gulf States at Center Stage in the Conflict in Sudan," *The Arab Gulf States Institute in Washington*, May 8, 2023, <https://agsiw.org/gulf-states-at-center-stage-in-the-conflict-in-sudan/>.

the GCC states, these conflicts create deleterious lose-lose situations; their long-term economic and security interests favor negotiated ends to these conflicts and the re-establishment of state authorities that can restore order, which the Gulf states can then deal with to secure their own stability and pursue their interests.

Turkey is also moving in a similar direction. Though still engaged in limited proxy conflict in places such as northwest Syria¹¹ and western Libya,¹² Turkey is otherwise realizing that re-engaging with Saudi Arabia, the UAE, and Egypt, and finding diplomatic pathways to addressing its dire economic needs works better than betting on proxy conflicts that have been costly and offered few benefits.

What's happening in Iran today bears watching closely. Throughout his 34-year rule, Iranian Supreme Leader Ayatollah Ali Khamenei has pursued a hardline confrontational policy in the region, building on the "successful" model of Lebanese Hezbollah to develop similar client or partner militias in Iraq, Syria, Yemen, and to some degree Gaza, and pouring billions of dollars into sectarian proxy wars, as well as military buildups against Israel. The bulk of the Iranian population, however, has seen no benefits from this policy, and a new generation of Iranians is currently in widespread revolt not only against this strategy, but against the whole ideological Islamic regime that sustains it. What bears watching is where the Iranian regime will go in the months ahead, especially as prospects grow of a leadership transition away from the ailing, 84-year-old Khamenei.¹³ To ensure a smooth transfer of power, rebuild domestic support for the Islamic Republic regime, and crush opposing voices, the authorities might seek to double down on repression at home while stepping up belligerent activities abroad.

11. Orwa Ajjoub, "HTS, Turkey, and the future of Syria's north," *Middle East Institute*, October 26, 2022, <https://www.mei.edu/publications/hts-turkey-and-future-syrias-north>.

12. "Libya secures military agreement with Turkey," *Economist Intelligence Unit*, November 3, 2022, <https://country.eiu.com/article.aspx?articleid=632545246&>.

13. Saeid Golkar and Kasra Aarabi, "Why Khamenei is unlikely to pick his son to succeed him as Iran's supreme leader," *Middle East Institute*, September 21, 2022, <https://www.mei.edu/publications/why-khamenei-unlikely-pick-his-son-succeed-him-irans-supreme-leader>.



Photo above: Newspapers in Tehran feature on their front page news about the China-brokered deal between Iran and Saudi Arabia to restore ties, signed in Beijing the previous day, on March, 11 2023. Photo by ATTA KENARE/AFP via Getty Images.

These could be the lessons they have drawn from the survival of the Assad regime in Syria, which might be compounded by a fear that showing moderation now would be seen as a sign of weakness both by opponents at home and abroad. Or – perhaps buttressed by the de-escalatory agreement reached several months ago with Saudi Arabia – Iran may tack toward a more pragmatic direction, as it did when Akbar Hashemi Rafsanjani, Mohammad Khatami, and Hassan Rouhani were elected president.

It is too early to tell, but it is important to remain engaged with Tehran and to keep communicating the potential benefits that a more moderate and pragmatic foreign policy would bring to Iran, its economy, and its people. If it doesn't bear fruit in the near term, it is still an important message to send to the various members of the regime, and to the Iranian public at large, as the date of Khamenei's eventual death approaches.

Systemic and Socioeconomic Drivers Shift the Focus to Human Security

The COVID-19 pandemic has had its own political and geopolitical impacts. For the first time in living memory, the enemy of the state and society was not a foreign country, a rival sect, or a hostile group, but rather a viral pathogen.

The threats from climate change fall into a similar category of an existential threat that doesn't come from state or non-state adversaries but rather from systemic and natural forces. The massive response to these threats has required a whole-of-government approach and realigned the focus, resources, and values toward public health, climate resilience and adaptation, and energy transition.

All of these policy priorities have shifted attention at least partially away from an obsession with fighting regional foes

and toward improved government planning and coordination to face human security challenges, many posed by the natural world. Notably, these threats cannot be addressed individually or within each country's borders alone; they demand greater regional and global cooperation. The hosting of both COP27 and COP28 in the region indicates the degree to which Middle Eastern governments have moved to the forefront of climate policy planning and their recognition that multilateral cooperation is an urgent necessity.

At the socioeconomic level, the combination of political pressures such as the Arab uprisings, as well as the socioeconomic strains of oil-importing countries — exacerbated by COVID-19 and the double blows of high energy and food prices in 2022¹⁴ — have supercharged the concern of most regional governments to prioritize economic development. The Arab uprisings, and more recently the uprising in Iran, have made it clear that if they do not provide sustained economic development and opportunities for the large youth cohorts entering the job market, political consequences will follow.

The new “social contract” in most Arab countries after the Arab uprisings doubled down on restricting political voice and participation but sought to compensate for that by promising and/or providing economic opportunity. Wealthy GCC states like Saudi Arabia have moved rapidly along that path, but even countries like Egypt have sought to spur economic development to counterbalance the narrowing of political space; so far, however, the majority of the population has seen little socioeconomic benefit.

The Role of Regional Actors Amid Changing Dynamics

This focus on domestic socioeconomic development is part of the new ethos, as regional powers have given up on dreams of reshaping or dominating the Middle East and shifted their focus to their economies. Much of this domestic development requires a more peaceful region, and elements of cooperation among states, and certainly between Middle Eastern actors and global powers like the U.S., China, Russia, and the European Union. Only Iran still seems focused on grand regional

14. Various authors, “A turbulent year for MENA in 2023: Economic stresses, political instability, and the need for decisive leadership,” *Middle East Institute*, January 30, 2023, <https://www.mei.edu/publications/turbulent-year-mena-2023-economic-stresses-political-instability-and-need-decisive>.

ambitions, rather than domestic development, even while paying a heavy price for it at home.

Israel has played a role on both sides of the escalation/de-escalation spectrum. It remains in a state of occupation and conflict with the Palestinians, and in a state of conflict with Iran and its proxies in the Palestinian territories, Lebanon, Syria, and Iraq. The risk of a major war in the region along the Iran-Israel axis has not gone away.

On the other hand, the Arab-Israeli conflict is largely a thing of the past; Egypt and Jordan signed peace agreements decades ago; and the UAE, Bahrain (with Saudi blessing), Morocco, and Sudan recently normalized relations with Israel as part of the Abraham Accords.¹⁵ These accords present an opportunity to bolster cooperation in the region in many sectors, including technology, agriculture, communication, transportation, education, energy, climate adaptation, and investment.

But it is important that leaders in the region and internationally pursue initiatives in which these accords create conditions conducive to a political process that protects Palestinian rights, promotes conflict mitigation, and supports Palestinian political coherence while encouraging movement toward a two-state solution, rather than further isolating the Palestinians and giving Israeli leaders the impression that they can ignore the Palestinian issue since Arab states are normalizing relations with them anyway. The Palestinian issue remains a major flashpoint among populations across the region and could quickly unravel any openings in relations made at the governmental level without a more concerted effort to produce a just, equitable resolution to the conflict. The inclusion of extreme right-wing elements in the new Israeli government and its actions over the past several months demonstrate how attempting to normalize and stabilize the Middle East while the bulk of the Palestinian population is under occupation is not a sustainable pathway.

While Turkey and the majority of Arab countries have opened dialogues with Tehran and could imagine some form of coexistence with the Islamic Republic, Israel still considers it an existential threat. The Israeli position is understandable, as

15. Gerald M. Feierstein and Yoel Guzansky, “Two years on, what is the state of the Abraham Accords?,” *Middle East Institute*, September 14, 2022, <https://www.mei.edu/publications/two-years-what-state-abraham-accords>.

Tehran is openly committed to the destruction of the Israeli state and considers “death to Israel” an ideological pillar of the regime.

There remains a significant risk of an Israeli-Iranian conflict and a subsequent region-wide war, triggered by the unresolved trajectory of Iran’s nuclear program. So far, it has been the U.S. — and its P5 partners (the United Kingdom, France, China, and Russia) — that have tried to deal with the Iranian nuclear issue. The 2015 Joint Comprehensive Plan of Action (JCPOA) provided an answer to the problem, at least temporarily. President Donald Trump withdrew from the deal in 2018, but without having a viable alternative to manage the nuclear threat. The Biden administration’s attempts to revive the deal have not borne, and are unlikely to bear, fruit. Meanwhile, Iran has broken out of previous JCPOA provisions and is enriching closer and closer to weapons-grade fuel.¹⁶ The region is on a dangerous path.

With no imminent return to the JCPOA, unless Iran shows restraint and stops enrichment at a reassuring level, Israel may contemplate additional military actions beyond the steps it has already taken with covert action. Indeed, there have been growing signs the Netanyahu government may be preparing to preemptively strike Iran’s nuclear program.¹⁷ An Israeli attack will not destroy Iran’s nuclear effort, although it might set back Iranian capabilities by a few years; but it would likely draw in American military engagement of some sort and at least create a new set of conditions for Tehran.¹⁸

As discussed in the final section of this report, experience, diplomacy, and mediation can play an important role in helping these troubled societies find new modes of power sharing and post-conflict governance. While the U.S., Russia, and China are increasingly driven toward great power competition and may import those rivalries into the Middle East, there remain

16. Jonathan Tirone, “Iran’s Uranium Enrichment Hits a New High, Testing Diplomacy,” *Bloomberg*, February 19, 2023, <https://www.bloomberg.com/news/articles/2023-02-19/iran-nuclear-inspectors-detect-uranium-enriched-to-84-purity>.

17. “Leaked U.S. document: ‘Israel trained to carry out an attack on Iran last February,’” *i24 News*, April 15, 2023, <https://www.i24news.tv/en/news/israel/defense/1681540187-leaked-u-s-document-israel-trained-to-carry-out-an-attack-on-iran-last-february>.

18. Abdolrasool Divsallar, “A message to Tehran: What drone attacks on Iranian critical infrastructure tell us,” *Middle East Institute*, February 1, 2023, <https://www.mei.edu/publications/message-tehran-what-drone-attacks-iranian-critical-infrastructure-tell-us>.

opportunities to encourage regional diplomacy, de-escalation, and cooperation. In this pursuit, partners in countries such as Oman and Kuwait, as well as Egypt and Morocco, and even in some previously more confrontational states such as Saudi Arabia, the UAE, Qatar, and Turkey can be sought after to bring about meaningful de-escalation in the MENA region.

III. Escalation Risk 1: Iran’s Impact on the Regional System

Several factors make Iran the likeliest escalation risk in the broader Middle East in 2023:

- The protests that erupted in mid-September 2022, in reaction to the murder of a young Iranian woman in detention, underscore deep social discontent, especially among the young, with the Islamic Republic.¹⁹ This creates a heightened sense of uncertainty as an eventual leadership transition from Supreme Leader Ali Khamenei looms on the horizon.
- The lack of progress in international talks on Iran’s nuclear program, combined with increasingly assertive steps to enrich its stockpiles of uranium,²⁰ adds to the sense of insecurity about the situation in Iran and how it might affect the wider region.
- Iran’s continued support to actors across the Middle East that undercut stability, national sovereignty, and the overall state system adds to the risk of regional escalation.
- Iran’s overt support for and cooperation with Russia in its war against Ukraine²¹ produced a dynamic where the U.S. and Europe have become more aligned in seeking to isolate Iran for its actions in the international arena as well as its human rights abuses and repression at home.

This section will identify key factors for potential escalation involving Iran and point to concrete actions that international

19. Maysam Bizaer, “Iran’s rising Generation Z at the forefront of protests,” *Middle East Institute*, October 5, 2022, <https://www.mei.edu/publications/irans-rising-generation-z-forefront-protests>.

20. “Timeline: Iran’s Nuclear Program Since 2018,” *United States Institute of Peace*, May 3, 2023, <https://iranprimer.usip.org/blog/2023/may/03/timeline-iran’s-nuclear-program-2018>.

21. Alex Vatanka and Abdolrasool Divsallar, “Can the West Stop Russian-Iranian Convergence?,” *Middle East Institute*, April 3, 2023, <https://www.mei.edu/publications/can-west-stop-russian-iranian-convergence>.



Photo above: A picture taken on November 10, 2019 shows an Iranian flag in Iran’s Bushehr nuclear power plant, during an official ceremony to kick-start works on a second reactor at the facility. [Photo by ATTA KENARE/AFP via Getty Images.](#)

actors could take to prevent wider escalation. In addition to broader regional dynamics with Iran, this section will provide additional analysis and suggestions on two countries that are important arenas for regional competition and conflict, Iraq and Yemen.

Four Factors that Could Produce a Wider Regional and Global Escalation with Iran:

1. Internal protests create more uncertainty. Widespread protests against the ruling regime in Tehran began in mid-September 2022, after the death of a young woman, Mahsa Amini, held by police for violating the country’s mandatory religious dress code. These protests continued into early 2023. By early spring, the regime crackdown managed to mostly crush the mass street protests, but anger, especially among the younger generation, has persisted and continues to materialize

as individualized demonstrations or shows of defiance. In any case, the protests have served to highlight the regime’s poor human rights record and caused the United States and European Union to level additional sanctions against it.

The Iranian regime has blamed the protest movement on foreign powers and, in December 2022, began executing protesters.²² Since the opposition activism targets one of the regime’s core ideological pillars, and indeed the regime itself, its persistence likely heightens the chronic insecurity perceived by those in power in Tehran. This insecurity could in turn lead Iran to adopt a more aggressive posture in the region in hopes

22. Teele Rebane, Adam Pourahmadi, and Jomana Karadsheh, “Iran hangs protester in first known execution related to mass demonstrations,” *CNN*, December 8, 2022, <https://www.cnn.com/2022/12/08/middleeast/iran-executes-first-protester-intl-hnk/index.html>.

of creating a sense of security among regime leaders, or at least a sense that they are striking back against their foreign enemies. They may also intend to produce a “rally around the flag” effect among ordinary Iranians and mobilize regime supporters. Conversely, the protests could motivate Iran’s leaders to pull back from the region as they focus more on shoring up their position at home.

2. Possible escalation with Israel due to Iran’s nuclear program and wider regional tensions. Iran’s recent moves to step up its enrichment efforts and its deficient cooperation with the International Atomic Energy Agency (IAEA), combined with the lack of progress in nuclear talks, raise additional concerns about regional escalation. The Israeli government, as described in Section IV of the report below, may step up its rhetoric and actions in response to Iran’s moves on its nuclear program and the lack of progress in international diplomacy.

In addition, Iran continues to pose a potential threat to Israel due to its ongoing support for actors in Syria, Lebanon, and the Palestinian territories. Iran also threatens international navigation in the Persian Gulf, Gulf of Oman, and the Red Sea, as illustrated once again by the recent seizures of two oil tankers near the Strait of Hormuz, in retribution for earlier U.S. seizures of two Iranian oil carriers on suspicion of smuggling.²³ Similarly, Iranian-supplied groups in Yemen, acting independently, have already threatened freedom of navigation in the Bab el-Mandeb strait, with merchant vessels and U.S. Navy ships coming under attack while sailing in the Red Sea.²⁴

3. Escalation along Iran’s borders. Several times last year, Iran launched multiple ballistic missile and suicide drone attacks against Iranian Kurdish groups²⁵ and alleged Israeli intelligence operations based in Iraq’s Kurdistan region. The first of these strikes hit near the American consulate in Erbil, while Iranian refugees were killed in the September attacks.

23. Jon Gambrell, “Satellite images show tankers Iran seized off Bandar Abbas,” *AP News*, May 7, 2023, <https://apnews.com/article/iran-seized-tankers-persian-gulf-tensions-f9f7f2c267cc6b7b65a655edc8e6a7e8>.

24. “Bab al-Mandab, Yemen,” *International Crisis Group*, May 11, 2023, <https://www.crisisgroup.org/trigger-list/iran-us-trigger-list/flashpoints/bab-al-mandab-yemen>.

25. “Iran Attacks Kurdish Groups in Iraq,” *United States Institute of Peace*, November 21, 2022, <https://iranprimer.usip.org/blog/2022/sep/29/iran-attacks-kurdish-groups-iraq>.

In addition, the Taliban’s takeover of Afghanistan, especially at first, exacerbated Tehran’s perception of potential threats to its sovereignty from Afghan territory²⁶ as well as long-standing Iranian concerns about possible threats from Pakistan’s Baluchistan region.²⁷

The Iranian regime is also worried about possible threats from its north, including the South Caucasus. Israel and Azerbaijan have forged a close defense and diplomatic relationship over the years, with Israel serving as Azerbaijan’s largest arms supplier and Azerbaijan recently opening an embassy in Israel.²⁸ Tensions with Azerbaijan escalated sharply in early 2023²⁹ and rumors persist that Azerbaijan has granted the Israeli military access to its airspace and use of air bases in the event of a conflict with Iran. And to put further pressure on Tehran, this past April Israel opened a permanent embassy in Ashgabat, Turkmenistan.³⁰

Iran’s leaders have sought to link these possible external threats along its borders to the internal protests that began in September 2022 and have at times publicly framed these efforts as trying to foment civil war and challenge the legitimacy of the current Islamist regime in Tehran.

4. Broader geopolitical tensions due to Iran’s open support for Russia’s war against Ukraine. Iran’s coordination with Russia is producing a backlash in the form of more sanctions and greater isolation from the U.S. and EU states. Tehran’s move to more closely align with Moscow complicates the willingness or ability of Western governments to diplomatically support the limited openings that exist for promoting de-escalation and avoiding a wider conflict in the Middle East that would involve Iran.

26. Ali Fathollah-Nejad and Hamidreza Azizi, “Iran and the Taliban after the US fiasco in Afghanistan,” *Middle East Institute*, September 22, 2021, <https://www.mei.edu/publications/iran-and-taliban-after-us-fiasco-afghanistan>.

27. “Balochistan: Four Pakistan border guards killed by militants near Iran,” *BBC News*, April 1, 2023, <https://www.bbc.com/news/world-asia-65148387>.

28. “Iran lashes out as Azerbaijan opens embassy in Israel,” *Al-Monitor*, March 31, 2023, <https://www.al-monitor.com/originals/2023/03/iran-lashes-out-azerbaijan-opens-embassy-israel>.

29. Maziar Motamedi, “Analysis: Will Azerbaijan-Iran tensions lead to war?,” *Al Jazeera*, April 8, 2023, <https://www.aljazeera.com/news/2023/4/8/analysis-will-azerbaijan-iran-tensions-lead-to-war>.

30. “Israeli FM opens embassy in Turkmenistan, near Iran border,” *AP News*, April 20, 2023, <https://apnews.com/article/israel-cohen-turkmenistan-embassy-ashgabat-3970b49426e836a6c91d039d977e1ad4>.

Limited Openings to Support De-Escalation with Iran

1. Arab Gulf States show a stronger desire for de-escalating tensions. Chronic uncertainty in the region, waning U.S. interest to become involved, along with a series of attacks on Saudi Arabia and the UAE over the past three years by Iran and Iran-backed groups, incentivized new diplomatic openings and talks between Iran and several Gulf states. Those trends finally culminated, on March 10, with the signing in Beijing of an agreement by high-level Saudi and Iranian representatives to re-normalize bilateral relations between the two Middle Eastern countries.³¹

2023 is proving quite dissimilar to 2013 in terms of regional tensions. In 2013, many Gulf states expressed serious concerns about Iran's malign behavior in the region, including its nuclear program, but they also had strong reservations about the Iran nuclear talks and the 2015 agreement that resulted from them.

During the past year, on the other hand, the Gulf states repeatedly expressed their support for international diplomacy on Iran's nuclear program, and they looked for ways to de-escalate the regional situation on multiple fronts. Notable reaffirmations of the GCC's support for nuclear talks came in February 2023, in a U.S.-GCC Iran Working Group Statement that welcomed diplomatic efforts by the United States and other actors to address Iran's nuclear program.³²

This new posture by the Gulf states offered an opening for creative preventive diplomacy to help foster de-escalation. The initial alignment between Israel and the Gulf states took place under different conditions and was focused on the threat posed by Iran, but the two sides do not share the same threat assessment today as they did a decade ago. And efforts by key regional actors, including Iraq and Oman, laid the crucial groundwork for a final normalization deal brokered by China earlier this year.

31. Peter Baker, "Chinese-Brokered Deal Upends Mideast Diplomacy and Challenges U.S.," *The New York Times*, March 11, 2023, <https://www.nytimes.com/2023/03/11/us/politics/saudi-arabia-iran-china-biden.html>.

32. "Joint Statement by the United States and Gulf Cooperation Council Members on Iran," *U.S. Department of State*, February 16, 2023, <https://www.state.gov/joint-statement-by-the-united-states-and-gulf-cooperation-council-members-on-iran/>.

The main impetus that drove the UAE and Saudi Arabia to talk to Iran was the desire to avoid a conflict, and this is a key dynamic that should now continue to be encouraged by America and other international actors. Saudi Arabia and Iran want different things from the ongoing talks: Iran likely wants to re-establish economic ties with the Gulf Arab states and widen differences between these countries and the United States, while Saudi Arabia wants Iran to refrain from attacks against the kingdom. Moreover, Riyadh feels that Tehran still aims to export its revolution across the region, while the Iranian regime feels chronically insecure and under threat — a dynamic that was only exacerbated by the recent protests and is unlikely to change until the revolutionary generation in Iran passes from the scene.

As the March Saudi-Iranian rapprochement makes clear, there does appear to be a general interest in diplomacy and de-escalation from Riyadh and Abu Dhabi — though it remains to be seen the lengths to which the regime in Tehran will reciprocate and maintain the momentum for warmer relations with the Gulf. Moreover, the strong desire by some of the Gulf states — namely the UAE, Oman, and Qatar — to push for stronger economic ties with Iran is an area that Western powers can encourage. The Gulf states are looking to help the next generation of Iranian leaders accept the need for political modernization in Tehran, and improving the living standards of the Iranian people is part of any such renewal. The cash-rich Gulf states see investing in such an Iranian political modernization, through economic cooperation, as a win-win scenario.

2. Israel has an interest in maintaining the Abraham Accords and pursuing additional historical openings across the region. Despite the concerns about the Israeli government outlined in the next section, Israel has an interest in keeping ties open with Gulf states such as the UAE and Bahrain, and it seeks to open up relations with Saudi Arabia, Oman, and, eventually, Kuwait and Qatar. If Israel is seen as taking steps that are too aggressive on Iran and that prompt Tehran to target some of the Gulf states, then this could harm bilateral ties between Israel and the countries it has open relations with as well as those it seeks to build relations with in the future.

3. Iran may be looking inward and could adopt a more modest regional strategy. Particularly if the current Gulf-Iranian rapprochement holds, the regime may decide to pull back from its destabilizing regional activities to focus more

on domestic political problems. The regime's backing for the regional proxy model, including the transfer of funds and weaponry, has persistently resulted in greater political costs for the leadership in Tehran. This is true both in terms of the Iranian public's resentment toward such regional policies, as well as in terms of the foreign counter-responses (such as sanctions) that it has had to endure. Questions of political succession will loom large in Tehran's calculations going forward. A lengthy succession process involving major state security organs like the Islamic Revolutionary Guard Corps (IRGC) may give them little time and energy to dedicate to foreign activism, either leading to a general downturn in activity or giving commanders on the ground opportunities to take greater risks than they might otherwise.

However, another scenario involves the regime attempting to address its own insecurity by taking a more aggressive approach abroad. This activism would primarily be intended to strike back against the regime's perceived foreign enemies, which it holds responsible for the unrest at home. Greater Iranian regional activism could also serve as a rallying point for regime supporters demoralized by the ongoing protests and poor economic prospects, or as a way for those jockeying for power and influence in a post-Khamenei regime to assert their own claims.

Steps/Policy Recommendations

1. Incentivize restraint by the Iranian regime. Once there is an opening, engage in quiet diplomatic efforts with elements in Iran's government who argue for more restraint in Tehran's regional and global engagement and favor focusing on the country's domestic economic crisis. Certain figures in the regime might be better placed to act as negotiators and messengers, but they will only be empowered and willing to do so if Supreme Leader Khamenei himself decides to engage in such a dialogue with the West. This is not presently the case.

2. Encourage talks to de-escalate regional tensions. Encourage the Gulf states as they build their diplomatic ties with Iran, open and expand teams at embassies, and continue quiet conversations already underway aimed at building trust and confidence in the region. But closely monitor this process to ensure that the Gulf-Iranian diplomatic rapprochement does not free Iran to ramp up its proxy attacks on Israel and U.S. interests in the region or enable it to refocus on suppressing dissent at home.

3. Look for diplomatic pathways to address Iran's ongoing nuclear program while continuing to prepare deterrence options. The Biden administration has not developed a plan B to replace its initial plan to rejoin the Iran nuclear deal. It should continue to look for possible diplomatic pathways to prevent Iran from obtaining fully operational nuclear weapons while simultaneously staying engaged in regional security efforts to enhance deterrence against Iran on all fronts.

4. Support quiet efforts to reduce tensions between Israel and Iran. Work in coordination with the United States and European partners to encourage Israel's government to collaborate with other regional powers to support de-escalation and avoid unnecessary tensions. Effective diplomacy should be backed by regional security efforts to help partners like Israel defend themselves from continued threats.

Iraq: A Key Arena for Competition

Background

Following the October 2021 parliamentary elections, Iraq entered a year of political instability during which the country was held hostage to a test of wills between two opposing Shi'a political coalitions, the Sadrists led by the cleric and political leader Muqtada al-Sadr and the Iran-aligned Coordination Framework (CF) led by former Prime Minister Nouri al-Maliki. The Sadrists won 73 of the 329 seats in the elections, making them the largest party in parliament.³³ For eight months, Sadr tried to form a majority government in alliance with the winning Sunni and Kurdish political parties, thus sidelining the CF.

This effort ultimately failed and in June 2022 Sadr asked his party's MPs to submit their resignations,³⁴ saying he would go into opposition. In line with the election law, the Sadrist deputies were replaced by candidates who won the second-highest number of votes in the same districts, enabling the CF to claim it now had the largest bloc in parliament and could nominate a prime minister. After the CF nominated a candidate

33. Qassim Abdul-Zahra, "Iraqi leaders vow to move ahead after dozens quit parliament," *AP News*, June 13, 2022, <https://apnews.com/article/politics-religion-iran-elections-iraq-6a632bd2d3385178801c23f36598b21c>.

34. Ahmed Rasheed, "Iraqi Shi'ite Sadrist lawmakers resign from parliament," *Reuters*, June 12, 2022, <https://www.reuters.com/world/middle-east/iraqi-shiite-cleric-sadr-asks-his-partys-lawmakers-resign-parliament-statement-2022-06-12/>.

on June 25, Sadrists stormed Baghdad's Green Zone and took over the parliament building. By August, street fighting erupted between Sadrists and CF supporters.³⁵ The crisis was resolved by the intervention of Grand Ayatollah Ali al-Sistani's office, which called on Sadr and his followers to stop the violence. This crisis demonstrated the limits of outside parties in influencing dynamics on the ground. The U.S. was largely missing in action until the sectarian violence attracted the attention of senior policymakers.

In terms of foreign policy, the CF-led government of Mohammed al-Sudani has maintained policies of neutrality in regional and international conflicts; sought to deepen ties with Arab countries³⁶ including the GCC, Jordan, and Egypt (especially in the economic and energy fields); and promoted dialogue to de-escalate conflicts in the region. Sudani also maintains a warm relationship with Iran and Tehran views him and his political allies positively. Previously announced plans to connect the electricity grids of Iraq and Saudi Arabia have not yet been completed, and Iraq still relies on Iran for both electricity imports and natural gas to operate its power plants. Certain political parties within the CF and their armed wings continue to be wary of foreign investment, especially that coming from Arab Gulf countries.

The U.S. and Iran, long considered the two outside actors with the most political influence in Iraq, have had difficulties exercising that influence in Iraqi politics. American attention has been focused elsewhere, especially since the invasion of Ukraine, and Iraqi political actors' own cost-benefit calculations increasingly drive the country's political trajectory. While Tehran still has a large footprint in Iraq, the recent political crisis forced the Islamic Republic to come to terms with the limits of its influence. Iran's maximalist aim remains to ensure a united Shi'a front as a guarantee against the return of an Arab nationalist regime in Iraq. Since the 2019 protests, which demonstrated clear opposition in Shi'a-majority provinces to Iranian policies, and following the 2020 demise of Qassem Soleimani, the principal architect and enforcer of

Iran's regional policies, Tehran has not been able to insert itself in the management of Iraq's political affairs in the same way it once did. While the more decentralized approach that followed creates incentives for local actors to refuse to comply with Iran's directives, it also opens more space for members inside the Iran-aligned network to embed themselves in the economic and political life in their own countries as Hezbollah has done in Lebanon — a model the Hashd al-Shaabi is following in Iraq.

The March 2023 China-brokered Saudi Arabia-Iran agreement should help to ease regional tensions in the Gulf to Iraq's benefit, but it is unclear how long-lasting and wide-ranging the impact will be. Moreover, the deal does little to address long-standing concerns about Iran's nuclear and ballistic missile programs and regional proxy network. Attacks on U.S. forces in the region by Iran-backed proxies have continued since mid-March, underscoring the ongoing potential for escalation between Washington and Tehran, which would likely have serious ramifications for Baghdad.

Four potential flashpoints in Iraq

1. A confrontation between Sadr and the governing coalition:

Sadr is biding his time, waiting for the government to fail in delivering on its promises to fight corruption, create jobs, and improve service delivery. Already six months in power, the Sudani-led government has so far bought time and patience from the Iraqi people by embarking on a massive public hiring program, which in the long term does not bode well for the economy. The government has been helped by high oil prices.

2. The ongoing political crisis between the main Kurdish political parties turning violent:

Over the past year and a half, tensions between the two main Kurdish parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), have gone from bad to worse, exacerbated by differences over the distribution of oil income, electoral reforms, and security matters.³⁷ The tensions could potentially lead to a return to the violence of the early 1990s between the KDP and the PUK. The PUK has long insisted that most of the region's oil income remains in the KDP's hands and it is being denied its fair share.

37. Shaho Al-Qaradaghi, "Intra-Kurdish tensions in Iraq fade dreams of independence," *Amwaj.media*, January 26, 2023, <https://amwaj.media/article/intra-kurdish-tensions-in-iraq-fade-dreams-of-independence>.

35. Haley Bobseine, "Iraq: A crisis of elite, consensus-based politics turns deadly," *Middle East Institute*, September 15, 2022, <https://www.mei.edu/publications/iraq-crisis-elite-consensus-based-politics-turns-deadly>.

36. "Egyptian President and Visiting Iraqi PM Seek to Deepen Ties," *VOA News*, March 5, 2023, <https://www.voanews.com/a/egyptian-president-and-visiting-iraqi-pm-seek-to-deepen-ties/6991185.html>.



Photo above: A protester lifts a placard bearing the slogan “no solution but dissolution” during an anti-government demonstration calling for the dissolution of the Iraqi parliament in Baghdad on September 9, 2022. Photo by AHMAD AL-RUBAYE/AFP via Getty Images.

3. A crisis between the Kurdish region and Baghdad over oil revenues and budget shares: The more severe the intra-Kurdish crisis becomes, the weaker the position of the Kurdish leadership will be in negotiations with Baghdad over issues like a new oil and gas law. Baghdad has threatened to take oil companies operating in the Kurdistan Region of Iraq (KRI) to court. An agreement was reached on two major points of contention between the two sides – the resumption of oil exports to Turkey from the KRI following a late March ruling by the International Court of Arbitration that halted them³⁸ and the Kurdistan Regional Government’s share of the 2023 federal budget³⁹ – but oil exports to

38. “Iraq to resume Kurdish oil exports to Turkey Saturday: statement,” *France 24*, May 11, 2023, <https://www.france24.com/en/live-news/20230511-iraq-to-resume-kurdish-oil-exports-to-turkey-saturday-statement>.

39. Chenar Chalakh, “Iraqi government approves federal budget for 2023,” *Rudaw*, March 13, 2023, <https://www.rudaw.net/english/>

Turkey have not yet restarted and the draft budget, which was submitted to parliament for approval in mid-March, has not yet been approved.⁴⁰

4. Iraq’s worsening water crisis: Considered the fifth-most-vulnerable country to climate change,⁴¹ Iraq faces a severe and growing water crisis, driven by reduced rainfall, higher temperatures, and government mismanagement and waste. The problem has been exacerbated by damming in neighboring Iran

[middleeast/iraq/130320232](https://www.rudaw.net/english/middleeast/iraq/130320232).

40. “Sudani, Halbousi stress importance of expediting budget approval,” *Rudaw*, May 10, 2023, <https://www.rudaw.net/english/middleeast/iraq/10052023>.

41. “Migration, Environment, and Climate Change in Iraq,” *IOM*, August 11, 2022, <https://iraq.un.org/en/194355-migration-environment-and-climate-change-iraq#:~:text=Iraq%20has%20been%20named%20the.and%20dust%20storms%2C%20and%20flooding>.

and Turkey, further reducing available surface and groundwater supplies and increasing desertification. The problem is only expected to get worse going forward: According to the World Bank, freshwater availability in Iraq is forecast to fall by a further 20% by 2050.⁴² This is likely to have a major impact on the agriculture sector, which accounts for 5% of GDP but 20% of employment,⁴³ as well as food security and the vital oil industry. Nearly one in five people in Iraq live in areas affected by water shortages, according to the U.N., and water shortages and the decline of agriculture are fueling rural-urban migration. Having long ignored the problem, the Iraqi government is finally starting to pay attention and take the issue seriously. The water crisis is increasingly becoming a threat multiplier and could potentially undermine peace and security in Iraq in the near term.

To de-escalate and avert these potential flashpoints, the U.S. and like-minded Western nations should encourage Arab Gulf countries — primarily Saudi Arabia and the UAE — to deepen their economic involvement in Iraq. The two countries are already taking steps in that direction. Last October, Saudi Crown Prince Mohammed bin Salman announced the Saudi Public Investment Fund will set up regional investment firms in five countries to include Iraq, capitalized at \$24 billion total and targeting multiple strategic sectors like infrastructure, real estate, healthcare, financial services, manufacturing, and technology.⁴⁴ In February 2023, Iraq awarded several contracts to develop oil and gas fields to the UAE-based firm Crescent Petroleum, and Saudi and Iraqi officials have held several meetings in recent months to discuss efforts to expand economic cooperation.⁴⁵ The deeper Iraq becomes integrated with its Arab Gulf neighbors' economies, the more successful these countries will become at contesting and eventually challenging Iranian influence in Iraq's domestic politics.

42. "Iraq Economic Monitor: The Slippery Road to Economic Recovery," *The World Bank*, Fall 2021, <https://documents1.worldbank.org/curated/en/981071637593726857/pdf/Iraq-Economic-Monitor-The-Slippery-Road-to-Economic-Recovery.pdf>.

43. Abbas Al-Maliki, "The recovery of Iraq's agricultural sector," *Amwaj.media*, February 16, 2022, <https://amwaj.media/article/karbala-invests-in-the-desert-and-achieves-self-sufficiency-in-several-agricultur>.

44. "PIF to launch 5 regional investment firms to draw \$24bn: Saudi Crown Prince," *Arab News*, October 28, 2022, <https://www.arabnews.com/node/2188261/business-economy>.

45. Yerevan Saeed, "Iraq Deepens Ties With GCC Neighbors," *The Arab Gulf States Institute in Washington*, April 12, 2023, <https://agsiiv.org/iraq-deepens-ties-with-gcc-neighbors/>.

The March Saudi Arabia-Iran deal, although brokered by China, built on Baghdad's efforts under the previous government to foster Saudi-Iranian dialogue. Western actors should support Iraqi efforts to continue such talks moving forward with the aim of further easing regional tensions, and recent reports indicate that Baghdad has convened a few rounds of official Egyptian-Iranian talks as well.

Addressing the growing water crisis in a serious way will require a sustained regional dialogue involving all riparian states in the Euphrates and Tigris river basins, including Turkey, Syria, Iraq and Iran. At present, these states tend to deal with water issues on a bilateral basis, but a multilateral framework needs to be established, potentially involving an outside mediator like the UN or an EU country, to help provide international expertise, address the multifaceted challenges involved, and navigate the four countries' varying agendas.

The U.S. and its European partners have limited options when it comes to Iran, especially as Tehran doubles down on its turn to the East. Open dialogue channels can provide ways to better understand what is taking place inside Iran — especially inside the regime's different power centers — and also help to avoid unnecessary military escalation.

Yemen: A Tenuous Calm

The civil war in Yemen is now well into its eighth year. While the country has experienced a tenuous calm since a ceasefire was agreed in April 2022, the Houthis have maintained pressure on the government, including by attacking oil facilities in government-controlled regions. Notably, the Houthis have not resumed cross-border attacks while the Saudis have also refrained from relaunching their air campaign.

Omani mediators have worked since late 2022 to promote direct Saudi-Houthi discussions. As part of that effort, Saudi and Omani delegations traveled to Sana'a in early April for direct talks with Houthi leaders. The talks concluded in mid-April and nearly 900 detainees held by the government and the Houthis were subsequently freed as part of a three-day prisoner exchange.⁴⁶ Houthi spokespersons have reported that

46. "Yemen rebels and government complete prisoner exchange," *Al Jazeera*, April 16, 2023, <https://www.aljazeera.com/news/2023/4/16/yemen-rebels-and-government-complete-prisoner-exchange/>.

the negotiations have made progress. Further discussions are expected to be held and top U.S. officials have traveled to the kingdom in recent weeks to advance Yemen peace efforts.⁴⁷ Diplomats also continue to pursue Yemeni-Yemeni negotiations for an extended ceasefire that would allow for talks on a framework for political dialogue to begin, but an agreement has not yet been reached.

While there have been some expressions of optimism that a renewed or expanded ceasefire could lead to a sustainable resolution of the conflict, there are still considerable grounds for skepticism. The Houthis have consistently failed to fulfill their commitments undertaken in previous negotiations stretching back at least to the Stockholm Agreement of 2019. They have also insisted on putting maximalist demands on the negotiating table, including a demand that the internationally recognized government pay not only civil service salaries in both the north and south but also that it pay Houthi militias — effectively requiring the Yemeni government to pay the salaries of those trying to overthrow it.⁴⁸ In short, the Houthis have not engaged in good faith negotiations in the past and, in all likelihood, will not fulfill any agreements they make in the absence of external pressure.

Riyadh has made its desire to extricate itself from the war clear, but even a long-sought Saudi military withdrawal would not resolve the conflict and ignores its underlying domestic drivers.⁴⁹ Yemen's civil war began in September 2014 with the Houthi takeover of Sana'a, well before the Saudi-led coalition's military intervention in March 2015. Even in the event of a Saudi withdrawal, the conflict could continue in an increasingly localized manner. The Houthis might opt to resume their military campaign at some point in the future⁵⁰

[exchange.](#)

47. "Top Biden Aide Discusses Yemen Peace Efforts With Saudi Crown Prince," *US News & World Report*, May 7, 2023, <https://www.usnews.com/news/top-news/articles/2023-05-07/top-biden-aide-discusses-yemen-peace-efforts-with-saudi-crown-prince>.

48. Fatima Abo Alasar, "The dilemma of public sector salary payments in Yemen," *Middle East Institute*, February 23, 2023, <https://www.mei.edu/publications/dilemma-public-sector-salary-payments-yemen>.

49. Nadwa Al-Dawsari, "A Saudi-Houthi deal won't bring last peace in Yemen," *Middle East Institute*, March 27, 2023, <https://www.mei.edu/publications/saudi-houthi-deal-wont-bring-lasting-peace-yemen>.

50. Nadwa Al-Dawsari, "A Saudi-Houthi deal won't bring last peace in Yemen," *Middle East Institute*, March 27, 2023, <https://www.mei.edu/publications/saudi-houthi-deal-wont-bring-lasting-peace-yemen>.

and other local actors involved in the conflict, like the Southern Transitional Council, have said they won't be party to any Saudi-Houthi agreement.⁵¹

As part of the March 2023 Saudi Arabia-Iran deal, Tehran reportedly agreed to stop arming the Houthis and discourage them from carrying out cross-border attacks into the kingdom.⁵² There are question marks over Iran's willingness and ability to maintain these commitments, especially given its track record of violating the arms embargo laid out in U.N. Security Council Resolution 2216. At the end of the day, Tehran has made significant strategic gains through its support for the Houthis and is unlikely to give them up just because of its agreement to normalize diplomatic relations with Riyadh. The Houthis have also sent a series of recent escalatory signals to emphasize their autonomy from Tehran and distance themselves from the Saudi-Iran deal.⁵³

Moving forward, the United States and international actors should continue to support the U.N. diplomatic effort — any lasting solution to the conflict will need to bring all parties together. They can also reassert their support for the unity and sovereignty of Yemen as well as regional security and stability; whatever de-centralization or federalism may ultimately arise from a negotiated settlement, right now unmanaged and conflict-driven fragmentation only harms the prospects for de-escalation.

Despite the U.S.-Russia confrontation over Russian aggression in Ukraine that has brought almost all scope for agreement in the U.N. Security Council to a halt, Yemen is one issue where Moscow and Washington can find common ground. Recent discussions on Yemen at the Security Council have underscored the need to resume the political process to take advantage of the space created by the lack of large-scale fighting.⁵⁴ International

51. Nadeen Ebrahim and Mostafa Salem, "A Saudi-Iran reconciliation may not end the war in Yemen just yet," *CNN*, March 22, 2023, <https://www.cnn.com/2023/03/22/middleeast/yemen-war-saudi-iran-mime-intl/index.html>.

52. Dion Nissenbaum, Summer Said, and Benoit Faucon, "Iran Agrees to Stop Arming Houthis in Yemen as Part of Pact With Saudi Arabia," *The Wall Street Journal*, March 16, 2023, <https://www.wsj.com/articles/iran-agrees-to-stop-arming-houthis-in-yemen-as-part-of-pact-with-saudi-arabia-6413dbc1>.

53. Ibrahim Jalal, "China and the Saudi-Iran rapprochement: Implications for Yemen," *Middle East Institute*, April 5, 2023, <https://www.mei.edu/publications/china-and-saudi-iran-rapprochement-implications-yemen>.

54. "Yemen at 'critical juncture' in bid to end eight-year war: UN



Photo above: Itamar Ben-Gvir, lawmaker and leader of the Otzma Yehudit party, left, speaks with Bezalel Smotrich, lawmaker and leader of the Religious Zionist party, during a swearing in ceremony at the Knesset on November 15, 2022. Photo by Kobi Wolf/Bloomberg via Getty Images.

support from donors like the U.S. for the humanitarian and protection assistance program on which two-thirds of the population relies also remains essential; the U.N. estimates the total cost of the program this year will be \$4.3 billion.⁵⁵

The United States and others can additionally support efforts to reduce the effects of Yemen’s conflict on the local level, such as supporting the negotiation of local ceasefires and peace initiatives — the Women’s Peace Initiative in Taiz represents one such case. The conflict does not rage across the entire country, and that opens opportunities to jumpstart economic and capacity-building activities where it does not.

Special Envoy,” *UN News*, April 17, 2023, <https://news.un.org/en/story/2023/04/1135727>.

55. “Two-thirds of Yemenis need humanitarian support and protection,” *UN News*, January 25, 2023, <https://news.un.org/en/story/2023/01/1132842>.

IV. Escalation Risk 2: Israeli-Palestinian Dynamics Destabilizing the Broader Region

Israel

Israel’s November 2022 election, the country’s fifth in three and a half years, produced a clear victory for Benjamin Netanyahu and his right-wing bloc, which secured 64 seats in the 120-seat Knesset.⁵⁶ The coalition Netanyahu has assembled, comprising Likud, Religious Zionism, Otzma Yehudit, Noam, and the ultra-Orthodox parties Shas and United Torah Judaism, is the most right-wing in Israel’s history. Even before the government was formed on Dec. 29, as coalition

56. “Netanyahu and far right allies win Israeli election,” *Al Jazeera*, November 3, 2022, <https://www.aljazeera.com/news/2022/11/3/netanyahu-and-far-right-declared-winners-in-israeli-elections>.

talks were still underway, concerns were already being raised in the U.S., EU, Jordan, the Palestinian Authority (PA), and within Israel itself about the new government's composition and policies, including potential risks to Israel's democracy and escalation between Israel and the Palestinians. The concern within Israel has led to an evolving movement of pushback against democratic erosion.⁵⁷

The inclusion of extremist elements like Itamar Ben-Gvir and Bezalel Smotrich, both of whom received key government portfolios with jurisdiction in the occupied Palestinian territories, added fuel to the fire. Ben-Gvir heads the newly expanded Ministry of National Security, which has far-reaching authority over police in both Israel and the occupied West Bank, while Smotrich is a minister within the Ministry of Defense (in addition to his role as finance minister) with authority over both Israeli settlements and Palestinian civilian matters in the occupied West Bank.

During the government's first months in office these two ministers already sparked tensions between Israel and its neighbors — Ben Gvir's visit to the al-Aqsa Mosque compound/Temple Mount in January was condemned by multiple Arab states,⁵⁸ and his insistence on speaking at the Europe Day event in Tel Aviv in May led the EU delegation there to cancel the planned diplomatic reception.⁵⁹ As for Smotrich, his remarks in March that there is no such thing as a Palestinian people⁶⁰ and his verbal support for settler violence⁶¹ also created difficulties for Israel with its Arab neighbors and allies in the West.

57. Nimrod Goren, "Israelis' evolving pushback to democratic erosion under Netanyahu," *Middle East Institute*, January 19, 2023, <https://www.mei.edu/publications/israelis-evolving-pushback-democratic-erosion-under-netanyahu>.

58. Dan Williams, "Israel's Ben-Gvir visits Al Aqsa mosque compound, Palestinians incensed," *Reuters*, January 3, 2023, <https://www.reuters.com/world/middle-east/israeli-far-right-minister-visits-contested-jerusalem-holy-site-media-reports-2023-01-03/>.

59. Amir Tal, Hadas Gold, Richard Allen Greene, "EU cancels Israel reception to avoid far-right minister Ben Gvir," *CNN*, May 8, 2023, <https://www.cnn.com/2023/05/08/middleeast/european-union-cancels-israel-reception-intl/index.html>.

60. Hadas Gold, Amir Tal, and Abeer Salman, "Israeli minister says there's 'no such thing as a Palestinian people,' inviting US rebuke," *CNN*, March 21, 2023, <https://www.cnn.com/2023/03/21/middleeast/israel-smotrich-palestinians-intl/index.html>.

61. "UN calls Smotrich's comments on Huwara 'irresponsible' and 'unacceptable,'" *The Times of Israel*, March 2, 2023, <https://www.timesofisrael.com/liveblog-march-2-2023/22>.

Palestine

Palestinian politics and political institutions are in a state of paralysis and steady decline. The Palestinian Legislative Council (PLC), which had ceased to operate since the Hamas-PA split of 2007, was officially dissolved by President Mahmoud Abbas in December 2018. Since then, Abbas, whose presidential term officially expired in 2010, has ruled by decree, with little or no institutional oversight. The absence of institutional politics and the growing authoritarianism of the PA, along with the ongoing political and territorial split with Hamas and the lack of a political horizon for ending Israel's 55-year-old military occupation, have severely eroded the legitimacy of both President Abbas and the PA.

The last-minute cancellation of planned legislative and presidential elections in April 2021 and the killing a few months later of Nizar Banat, a popular political activist and outspoken critic of Abbas, have further raised public skepticism and frustration with the leadership. Meanwhile, the embattled Palestinian leadership has been plagued by a widening economic crisis and chronic budget shortfalls spurred by a dramatic decline in international aid over the last decade and Israel's withholding of tax transfers collected on behalf of Palestinians.

The political and economic stagnation in Palestine comes against the backdrop of rising violence and deteriorating security conditions throughout the Occupied Territories. This includes three separate Gaza wars in the span of two years (May 2021, August 2022, and May 2023), regular clashes between Israeli security forces and Palestinian protesters in East Jerusalem, a dramatic spike in Israeli settler violence against Palestinians,⁶² as well as a series of terrorist attacks on Israelis by Palestinians since the spring of 2022. Moreover, the months-long crackdown by the Israeli army against Palestinian militants and other resistance elements in the West Bank and what appears to be a low-level armed rebellion concentrated in the northern West Bank towns of Nablus and Jenin poses serious security challenges for Israel's occupation as well as the political viability of the PA and its security coordination with Israel. More than 200 Palestinians, mostly civilians, were

62. Shira Rubin and William Booth, "Israeli settlers attack Palestinians across West Bank as escalation looms," *The Washington Post*, January 29, 2023, <https://www.washingtonpost.com/world/2023/01/29/israel-palestine-violence-west-bank/>.

killed by Israeli forces and settlers over the course of 2022, including 152 in the West Bank,⁶³ making it the deadliest year for Palestinians there since 2005.

Risks for Escalation and Potential Flashpoints

The new Israeli government's make-up, structure, and ideology have highlighted numerous potential sources of tensions that might lead to escalation inside of Israel, between Israel and the Palestinians, and in Israel's relations with the wider region. Indeed, some sort of escalation on at least one of these fronts may be inevitable.

Tensions inside of Israel

Far-right ideology, populism, and religion are dominant factors in the Netanyahu government. Coalition bargaining in the weeks following the election gave the Israeli public a glimpse into the new government's policy and budgetary priorities, as well as an understanding of how ministerial responsibilities would be reshuffled and assigned. The risks of domestic escalation became clear around the same time too: verbal attacks by members of the incoming coalition on state institutions, including Supreme Court judges and Israeli army generals; backing by far-right politicians for statements and actions against Arabs; protests by dozens of municipalities against letting a far-right and anti-LGBTQ member of the Knesset (MK) control external school programming; threats against opposition activists; plans for legislation that will weaken the judicial system and limit civil society; and promises to ultra-Orthodox parties to legitimize gender segregation.⁶⁴

Once in power, Netanyahu's cabinet proceeded to implement their divisive electoral promises and act on some of their most extremist coalition members' charged rhetoric. Among the most notorious actions and initiatives have been Ben-Gvir's visits to the Temple Mount/al-Aqsa Mosque site in Jerusalem in January and May, a spike in often deadly crackdowns and raids in the West Bank and East Jerusalem, as well as attempts

to advance a judicial reform package through the Knesset that would, inter alia, allow the government to appoint Supreme Court judges.⁶⁵

Many in Israel have a sense that they are witnessing a game-changing moment in the country's history — one that is decidedly for the worse — while also feeling disenfranchised by the almost non-existent parliamentary representation of the Israeli left and disillusioned by the splits and personal animosity within the anti-Netanyahu bloc. Those committed to liberal democracy in Israel are seeking ways to react, resist, and protest. Since December 2022, this has served as a catalyst for a variety of uncoordinated grassroots opposition actions, culminating in weekly protests that have gradually grown in size and have continued for more than four months now. With increasing polarization and calls for civil disobedience on the rise, Netanyahu felt compelled to announce a "time out" in the legislative process, and sought to divert attention elsewhere. But with the Knesset now back in session, the government will again seek to push its legislative agenda forward.

The danger of an outbreak of violence between Jews and Arabs in Israel remains high. It could happen as a result of an individual act of hatred provoking a response and spiraling out of control, new government policing policies creating pushback, or potential violent incidents in the West Bank, Gaza, or Jerusalem prompting a wider reaction.

Tensions between Israel and the Palestinians

Israeli-Palestinian escalation in the West Bank was already apparent and underway during the previous Israeli government. But since the new government took office in late 2022, violent incidents (including terror attacks, military actions, and settler violence) have intensified, causing many casualties, especially on the Palestinian side, and leading regional countries to call for international intervention. The current trends are quite negative in terms of violence, settlement expansion, evictions, demolitions, or land confiscations. Nevertheless, preventive diplomacy assisted by the U.S., Egypt, and Jordan, managed to contain escalation and

63. Miriam Berger, "2022 was deadliest year for West Bank Palestinians in nearly two decades," *The Washington Post*, December 29, 2022, <https://www.washingtonpost.com/world/2022/12/29/palestinians-killed-west-bank-israel/>.

64. Nimrod Goren, "Israelis' evolving pushback to democratic erosion under Netanyahu," *Middle East Institute*, January 19, 2023, <https://www.mei.edu/publications/israelis-evolving-pushback-democratic-erosion-under-netanyahu>.

65. Shira Rubin, Miriam Berger, and Adam Taylor, "What to know about Israel's protests and judicial overhaul," *The Washington Post*, March 27, 2023, <https://www.washingtonpost.com/world/2023/03/27/israel-protests-judicial-reform/>.

avoid a flare-up during the sensitive overlap between Ramadan and Passover, in April.

The coalition agreements increase the risk of Israeli-Palestinian escalation. Some key authorities related to the occupation were stripped from the Ministry of Defense and transferred to ministries led by the far-right. Smotrich has authority over the Coordinator of Government Activities in the Territories (COGAT) and the Civil Administration,⁶⁶ and Ben-Gvir wields authority over the border police in the Palestinian territories.⁶⁷ Moreover, he is pushing to create a separate security force, the National Guard, which would answer directly to him as security minister. These changes, coupled with an expected tacit green light for settler violence, settlement expansion, creeping (and increasingly de jure) annexation, and intensification of demolitions and evictions against Palestinians, all constitute risks for a flare-up. Netanyahu, however, does not seem to be interested in a flare-up that goes beyond the scope of his immediate goals; and for the sake of this, he has agreed to engage with the PA through the regional security summits convened in February⁶⁸ and March 2023.⁶⁹ These U.S.-led summits were a unique occurrence in which such a right-wing coalition officially met and negotiated with the PA, in an effort to promote stability. Nevertheless, escalation in the Palestinian territories is also occurring as a reaction to Jewish-Arab incidents within Israel, intra-Palestinian power struggles over a transition in leadership, visits by far-right politicians to the al-Aqsa Mosque compound/Temple Mount, and the rise of new Palestinian armed groups (e.g. Lions' Den).⁷⁰

66. Michael Hauser Tov and Yaniv Kubovich, "Granting West Bank Authority to Smotrich Is De Facto Annexation, Legal Experts Say," *Haaretz*, January 26, 2023, <https://www.haaretz.com/israel-news/2023-01-26/ty-article/.premium/granting-west-bank-authority-to-smotrich-is-de-facto-annexation-legal-experts-say/00000185-ed38-d532-abdd-edbc1b220000>.

67. Eliyahu Freedman, "Analysis: Why does Israel's Ben-Gvir want a 'national guard'?" *Al Jazeera*, April 3, 2023, <https://www.aljazeera.com/news/2023/4/3/analysis-why-does-israels-ben-gvir-want-a-national-guard>.

68. "Aqaba Joint Communique," *U.S. Department of State*, February 26, 2023, <https://www.state.gov/aqaba-joint-communique/>.

69. "Israeli, Palestinian Authority officials meet for talks in Egypt," *Al Jazeera*, March 19, 2023, <https://www.aljazeera.com/news/2023/3/19/israel-palestinian-authority-officials-meet-in-egypt>.

70. Patrick Kingsley and Hiba Yazbek, "In West Bank, New Armed Groups Emerge, and Dormant Ones Stir," *The New York Times*, March

Within his new coalition, Netanyahu maintains control over key security decisions and tries to limit his coalition partners from taking too many destabilizing steps (while publicly making problematic promises — not likely to be fulfilled — such as enabling Ben-Gvir to control a "National Guard"). But he clearly lacks sufficient leverage over far-right MKs determined to continue their provocative actions, as exemplified by the intensified crackdown in the West Bank, the provocations at the al-Aqsa mosque (including beatings of worshippers during Ramadan, although this was reversed in the final 10 days of the month, during which Netanyahu prevented visits by non-Muslims and limited police actions), settler terrorism like the rampage in Huwara this past March,⁷¹ the unprecedented death in a hunger strike of imprisoned activist and former spokesperson for the Palestinian Islamic Jihad Khader Adnan.⁷² Netanyahu used the May 9-13 round of warfare with Palestinian Islamic Jihad in Gaza to showcase that he is responsible for making key decisions, appeasing Ben-Gvir while carrying out a military operation that did not yield much regional condemnation and succeeded in keeping Hamas out of the cycle of violence.

Some potential flashpoints to watch in 2023 include:

- **Accelerated settlement expansion:** Given the current government's composition, we are likely to see a significant increase in settlement expansion activity, including possible moves to advance the so-called "doomsday" settlements such as E1/E2, east of Jerusalem, and Givat HaMatos, located between Bethlehem and East Jerusalem, both of which would sever north-south contiguity in the West Bank, thus making a future, viable Palestinian state impossible. At a minimum, we are likely to see an acceleration in plans for the encirclement of Jerusalem's Old City as well as the retroactive legalization of dozens of settlement outposts, which are illegal even under Israeli law.

4, 2023, <https://www.nytimes.com/2023/03/04/world/middleeast/west-bank-lions-den.html>.

71. Bethan McKernan, "'Never like this before': settler violence in West Bank escalates," *The Guardian*, February 27, 2023, <https://www.theguardian.com/world/2023/feb/27/israeli-settler-violence-in-west-bank-escalates-huwara>.

72. "Who was Khader Adnan, the Palestinian who died on hunger strike?" *Al Jazeera*, May 2, 2023, <https://www.aljazeera.com/news/2023/5/2/who-was-khader-adnan-the-palestinian-who-died-on-hunger-strike>.

- **Forced evictions and demolitions:** Israeli authorities may also seek to move ahead with planned forced evictions of Palestinian communities, most notably in East Jerusalem, where dozens of Palestinian families in the neighborhoods of Sheikh Jarrah and Silwan are facing court-ordered eviction, and in the southern West Bank community of Masafer Yatta. In parallel, we are likely to see an increase in targeted demolitions of Palestinian structures across the 60% of the West Bank classified as Area C, a long-standing demand of the settlers.
- **Loosening rules of engagement:** National Security Minister Ben-Gvir has called for harsher measures against Palestinians, including a further loosening of the guidelines permitting the use of deadly force, or rules of engagement, by Israeli forces against Palestinians. In addition to producing even more deaths and injuries among Palestinians, including civilians, this would almost certainly lead to intensified friction, instability, and violence on all sides in the West Bank, East Jerusalem, Gaza, and even with Palestinian citizens of Israel.
- **Dismantling the Status Quo in Jerusalem:** While Israeli extremists with help from the state have steadily eroded the Status Quo arrangement that has governed the holy sites since 1967, particularly in relation to the al-Aqsa Mosque compound, extremist cabinet ministers like Ben-Gvir could move to accelerate that process or do away with the status quo altogether, for example by allowing an expansion of Jewish prayer on the site. In particular, the growing size and frequency of visits by Jewish extremists to the site, such as the ones that took place during the Ramadan/Passover period in April, are seen as a major provocation and are likely to remain a potent source of violence and instability.
- **Possible de jure annexation:** As de facto annexation through Israel's settlement enterprise and policies of demographic reengineering continues apace in the West Bank and East Jerusalem, the threat of de jure annexation is increasing. Even in the absence of a formal declaration of annexation of some or all of the Occupied Territories, which would trigger immediate and overwhelming international opprobrium, more subtle forms of de jure annexation remain a distinct possibility. For example, the

unprecedented decision by the Netanyahu government in late February to transfer certain authorities over the West Bank from the Israeli Ministry of Defense to Israeli civilian authorities is viewed by many legal scholars as a step toward de jure annexation.

- **Renewed/intensified violence in Gaza:** Gaza, which has already seen four major wars in the last decade, remains on a knife's edge and could erupt in violence once again at any moment, particularly if triggered by events in East Jerusalem or the West Bank. Israeli airstrikes on Gaza like those carried out in mid-May that killed several Islamic Jihad leaders as well as scores of civilians, including at least 10 children,⁷³ is the type of escalatory spiral that is becoming all too common.

Any one of these developments alone could be enough to trigger an outbreak of sustained violence. Moreover, despite attempts by Israel to fragment Palestinians geographically, physically, and politically, events in one part of the Occupied Territories can and often do spill over to other areas. This was most evident in May 2021, during which violence in Jerusalem quickly spread to Gaza. That escalation in turn saw an unprecedented mobilization by Palestinians not just in the West Bank and other parts of the Occupied Territories, but also among Palestinian citizens of Israel — a moment that came to be known by Palestinians on both sides of the Green Line as the Unity Intifada.⁷⁴

Tensions between Israel and the wider region

Israeli-Palestinian escalation is not likely to begin from the outside in. Netanyahu cherishes his past regional achievements, especially the Abraham Accords. His regional track record also includes maintaining strong bonds with the Egyptian president, reconciling with Turkey (albeit short-lived), negotiating indirectly (and unsuccessfully) with Lebanon, publicly visiting Oman, and secretly meeting with the Saudi

73. "Israeli strikes in Gaza kill 15, including 3 senior commanders of the Islamic Jihad," *NPR*, May 9, 2023, <https://www.npr.org/2023/05/09/1174946099/islamic-jihad-commanders-dead-israeli-strikes-in-gaza>.

74. Yara Hawari, "Defying Fragmentation and the Significance of Unity: A New Palestinian Uprising," *Al-Shabaka: The Palestinian Policy Network*, June 29, 2021, <https://al-shabaka.org/commentaries/defying-fragmentation-and-the-significance-of-unity-a-new-palestinian-uprising/>.



Photo above: A demonstrator raises a Palestinian flag during a demonstration by Palestinian, Israeli, and foreign activists against Israeli occupation and settlement activity in Jerusalem’s Sheikh Jarrah neighborhood on July 30, 2021. Photo by AHMAD GHARABLI/AFP via Getty Images.

Arabian crown prince, Mohammed bin Salman. He seeks to continue and build on these developments and has already stated his interest in pursuing normalization with additional countries, chief among them Saudi Arabia.

Regional leaders congratulated Netanyahu on his victory, including Jordan’s King Abdullah, with whom Netanyahu had met in Amman in January, despite their previous disconnect, and Turkey’s President Erdoğan, with whom he has had problematic relations in the past. The UAE and Bahrain embraced Netanyahu in a warmer manner, and the UAE’s ambassador to Israel even met publicly with MKs Ben-Gvir and Smotrich.⁷⁵ The UAE also hosted in January — as planned — the

meeting of the Negev Forum working groups,⁷⁶ but following Minister Ben-Gvir’s visit to the al-Aqsa Mosque compound/ Temple Mount in early January, it postponed Netanyahu’s visit to the UAE.

Israel-Arab relations did slow down afterward, with ministerial meetings between Israel and its neighbors becoming rare (and often taking place at multilateral events, rather than bilaterally), with a rising number of Arab condemnations of Israeli actions and the postponement of the Negev Forum’s ministerial summit. Practical cooperation between Israel and its neighbors, however, did continue, along with the implementation of previous understandings.

75. “UAE embassy in Tel Aviv hosts far-right MP Itamar Ben-Gvir,” *Middle East Eye*, December 2, 2022, <https://www.middleeasteye.net/news/israel-uae-embassy-hosts-ben-gvir-far-right>.

76. Salim A. Essaid, “Negev Forum highlights Arab military, economic cooperation with Israel,” *Al-Monitor*, January 10, 2023, <https://www.al-monitor.com/originals/2023/01/negev-forum-highlights-arab-military-economic-cooperation-israel>.

Moving forward, there are a number of potential points of friction, the first of which may be Jordan. Previously, King Abdullah had refused to communicate directly with Netanyahu since 2017 and did not trust him. The Lapid-Bennett government managed to mend ties with Amman, but a change in the status quo in Jerusalem, right-wing provocations around the al-Aqsa Mosque, or increased Jewish hostilities toward Palestinians will spark a negative reaction from Jordan that may be difficult to fix. The same might happen with Turkey, especially if there is an escalation in Jerusalem, even despite Erdoğan's strategic decision to reconcile with Israel. The UAE and Bahrain are likely to be slower to respond to an escalation — in past instances, they issued statements of concern — and Egypt will assume its traditional mediator role, in coordination with international actors.

A significant Israeli-Palestinian escalation, if in the West Bank and not with radical Islamic factions in Gaza, is likely to lead to a harsh regional response. This will be manifested in official state reactions but also in likely expressions of negative public attitudes toward Israeli tourists in the region. Terror groups might also respond, attempting to target Israelis visiting or based in Arab or Muslim countries. Escalation might also negatively impact Israel's ability to effectively participate in regional organizations, and will likely increase international criticism of Israel and attempts to pursue legal actions against its policies. The Israeli government, though, believes it can contain these developments and balance between its policies toward the Palestinians and its attempts to foster greater regional cooperation.

Possible Steps Toward De-escalation

While some sort of escalation, on at least one of the above fronts, may be unavoidable, the scope, as well as its negative consequences, can be managed and contained through preventive and proactive diplomacy. Conflict mitigation efforts can also play a key role here by helping to support pathways to de-escalation.

Preventive diplomacy

The risks of escalation are numerous and well known. This could be an advantage. In the past, rounds of terror or warfare often began suddenly, following an unanticipated event that

brought negative underground currents to the forefront. The ability to anticipate escalation enables international actors to take preventive action.

For example, Jordan successfully carried out preventive measures in 2022, in the lead-up to Ramadan. Concern over possible friction in Jerusalem led King Abdullah to embark on a series of diplomatic missions⁷⁷ that helped the month pass with relatively few incidents. Jordan can do that again, and it played an important role in holding the first of two regional security summits, in February, in Aqaba.

The impact of these recent security summits is mixed at best. Some analysts maintain that they helped reduce the chances for a wider escalation during the sensitive period of the month of Ramadan. But others see the summits as doing little more than helping Israel score a public relations victory and undercutting the credibility and legitimacy of the PA and President Abbas in the eyes of its people.

Turkey can also play a preventive role, especially regarding Gaza, given its normalization with Israel and relations with Hamas. These roles could be planned in advance, in coordination with the U.S., Egypt, and the U.N., which usually are the ones to contain escalations after they happen. An Israeli-Palestinian confrontation will endanger the national and regional interests of both Jordan and Turkey, so they may see benefit in playing a preventive role.

International actors can help set up mechanisms to contain regional spillover from an Israeli-Palestinian escalation. If such an escalation happens, Netanyahu will likely still be able to engage directly with the leaders of Egypt, the UAE, and Bahrain. That might be more difficult with Jordan and Turkey, which are highly sensitive to the Palestinian issue and whose leaders are no fans of Netanyahu. Bilateral mechanisms for strategic dialogue should be reinforced between Israel and both Jordan and Turkey now, before any potential escalation or its consequences spill over into those countries or the broader neighborhood. Such mechanisms should include government officials, not politicians, including the head of

77. Ghaith al-Omari, "Making the Most of Jordans Peace Diplomacy," *The Washington Institute for Near East Policy*, March 29, 2022, <https://www.washingtoninstitute.org/policy-analysis/making-most-jordans-peace-diplomacy>.

the National Security Council and the directors general of the Ministries of Foreign Affairs and Defense. In times of crisis and disconnect between leaders, this mechanism will be a safeguard and may make the difference between containment and further escalation.

Again, the limited impact of these conflict-management measures in emergency security summits and the poor record of improving the security situation in a sustainable way must be kept in mind when considering the best pathways to a lasting de-escalation. The fact that recent summits did not produce lasting results or eliminate key tensions in relations is a sign of how limited de-escalation efforts will likely be without deeper efforts to address the roots of the conflict, including the power disparities between Israel's government and the Palestinians.

In parallel, the U.S. and Europe can reassess progress made in their ties with Israel under the Lapid-Bennett government, draw red lines for the new government, and spell out the consequences of crossing them. The U.S. has delivered such messages, helped to convene the regional security summits, and indicated that President Biden does not intend to invite Netanyahu to the White House anytime soon. The recent EU decision to put on hold the draft agreement for intelligence cooperation between the Israel Police and Europol is another poignant example.⁷⁸ It reflects an international tendency to be less forgiving with Israel under Netanyahu's new government, although the EU has also indicated its intention to continue convening the Israel-EU Association Council, which met in 2022 for the first time in a decade, and has refrained from criticizing Netanyahu on democratic erosion. The U.S. and EU member states could help coordinate strategies and actions to send a clear message on key issues of importance, like the need to de-escalate tensions following the recent spike in violence in early 2023.

International actors should also highlight the importance they attach to the Israeli-Palestinian issue and the preservation of Israel's democracy as well as be willing to make commitments that indicate support for a two-state solution (e.g. the reopening of the American consulate in Jerusalem). The EU has been trying to take a new initiative in this regard in early

78. Rina Bassist, "EU halts talks with Israel on police intelligence-sharing agreement," *Al-Monitor*, December 8, 2022, <https://www.al-monitor.com/originals/2022/12/eu-halts-talks-israel-police-intelligence-sharing-agreement>.

2023, coordinating with the League of Arab States and with Saudi Arabia on a possible international package of incentives for peace,⁷⁹ which includes an updated Arab Peace Initiative and a relaunch of the EU's Special Privileged Partnership offer to Israel and the Palestinians. This will counter increasingly popular convictions among both the Israeli public and leadership that Israel can take whatever actions it wants and face little international pushback or that Israeli-Palestinian peacemaking is not a priority for the international community at the moment.

Israel's allies should not adopt a business-as-usual approach toward the countries' far-right ruling coalition members and should limit their engagements with them (as Israel also did regarding far-right parties in some European countries). In parallel, pro-peace and pro-democracy actors in Israel should be supported and backed, also as a means to deter attempts to limit their freedoms, funding, and legitimacy. This could be done by holding regular meetings between U.S. and European officials and civil society activists, providing additional funding to non-governmental organizations (NGOs), sharing best practices and lessons learned, and fostering partnerships between like-minded organizations in Israel and abroad.

All of this should be done while maintaining good working relations and open communication with Israel's top political leadership, foreign service, and security establishment, most of which understand the need to refrain from escalation and to act responsibly. Private messages conveyed to the Israeli prime minister by heads of state of friendly countries (especially the U.S. and Germany) have also proven to be an effective way to stop legislation attempts or policy steps that could lead to escalation or undermine democracy.

Proactive diplomacy

Diplomacy is not just about avoiding and preventing risks, it is mostly about proactively creating new channels for dialogue, spheres of cooperation, and opportunities for win-win outcomes. While seeking to address the multiple risks of escalation in the Middle East and avoid other negative

79. "Joint Press Statement on Trilateral European Union -Kingdom of Saudi Arabia -League of Arab States Meeting," *Delegation of the European Union to Egypt*, February 14, 2023, https://www.eeas.europa.eu/delegations/egypt/joint-press-statement-trilateral-european-union-kingdom-saudi-arabia-league-arab_en?s=95.



Photo above: Red Crescent ambulances transport two Palestinians who were shot dead by the Israeli army in Balata refugee camp during a raid on the camp, east of Nablus, in the occupied West Bank on May 13, 2023. [Photo by Nasser Ishtayeh/SOPA Images/LightRocket via Getty Images.](#)

outcomes, international actors should not lose sight of the positive part of the diplomatic spectrum. Sometimes, the best safeguard against political crises is crafting a de facto reality that provides tangible benefits to multiple actors, serves their interests, and meets central needs. Regional developments over the past few years enable just that. Cooperation between Israel and the normalization states should be fostered, ensuring it is diverse in nature, has a strong civilian component, and is not limited to security affairs. And, new “minilateral” settings should be set up to maximize the benefits of improved inter-state relations in the Middle East and Mediterranean. These settings could include various configurations between Israel, Egypt, Turkey, Jordan, and the UAE.

Palestinian participation in such regional endeavors is vital for stabilization. This is already taking place in the Eastern Mediterranean Gas Forum (EMGF) but not in Israel-Jordan-UAE cooperation regarding water and electricity. The U.S.

administration should prioritize leveraging the Abraham Accords to advance Israeli-Palestinian peacemaking, and can appoint a special envoy assigned with this task (as was considered in the early days of the Biden administration, and has recently resurfaced). The U.S. should also seek to establish a new international mechanism that will deal with the Middle East peace process, instead of the Quartet (U.S., EU, Russia, and the U.N.), which has become largely irrelevant over its 20 years of existence. A track-two channel between Israeli and Palestinian government officials should also be set up, as the emerging professional elites on both sides have rarely met each other (unlike in the previous generation), in parallel to efforts to step up Israeli-Palestinian pro-peace civil society initiatives, via the Middle East Partnership for Peace Act (MEPPA) and beyond.

Finally, opportunities for proactive diplomacy also exist in the Mediterranean, where Israelis and Palestinians already

participate together (and on equal footing) in regional mechanisms, such as the Union for the Mediterranean, Parliamentary Assembly of the Mediterranean, and EMGF. Cooperation within these institutions can be expanded based on shared interests, and new modalities of cooperation can be established: for example, setting an inclusive regional mechanism to tackle climate change (as proposed by President Isaac Herzog), leveraging the recent Israel-Lebanon maritime deal to develop the Gaza Marine natural gas field, utilizing the soon-to-be-renovated al-Arish port in Sinai to deliver goods in and out of Gaza (under the same security procedures at Kerem Shalom crossing), or setting up a regional emergency response unit in light of increased forest fires and food shortages. Modalities of cooperation that prove to be successful in the Mediterranean can be transferred to the Red Sea basin, which is emerging as a new space for multilateral cooperation, relevant to both Israelis and Palestinians.

Conflict mitigation

Although there is no chance of restarting an Israeli-Palestinian diplomatic process at this time, much can be done in the way of conflict mitigation in the short and medium term, such as increasing engagement between non-political government officials. Given the massive power imbalance between Israelis and Palestinians, the focus of the United States and the broader international community should be on constraining Israeli actions on one hand and mitigating the growing sense of despair among Palestinians on the other. There are several specific steps that the U.S. and other governments can take to help promote de-escalation on this front.

First and foremost, they should focus their efforts on preventing the worst excesses of the Israeli occupation — e.g., evictions, demolitions, advancing “doomsday” settlements, the use of disproportionate and lethal force against Palestinians, etc. This will require some form of international pressure on Israel, as the stronger party, including the use of negative incentives, including measures that impose costs on Israel for not abiding by international law and frameworks, as well as a unified diplomatic front by Jordan, Egypt, and GCC states expressing clear red lines about possible Israeli actions that highlight the limits of further cooperation, normalization, and regional integration.

Second, they can articulate a political horizon that focuses not only on a hypothetical Palestinian state on one hand or marginal economic inducements on the other but that also addresses — and pushes back on — the day-to-day inequities of the occupation, for example by pushing policies that allow Palestinians to remain on their land or that preserve the Palestinian demographic, civic, and even political presence in East Jerusalem and other vulnerable Palestinian communities.

Third, the U.S., and other governments can promote the creation of meaningful mechanisms of conflict mitigation and accountability for all sides — perhaps building upon those outlined in the Quartet Roadmap of 2003, as the last serious international attempt at peacemaking. The Quartet’s track record since then has been one of mostly ineffectiveness. And more recently, the Kremlin’s aggressive war against Ukraine has made it exceedingly unlikely that the U.S. and EU would be willing to continue to work with Russia under a common diplomatic format. Together, these two factors likely necessitate the creation of a new international mechanism for the Palestinian-Israeli peace process moving forward.

Fourth, Washington and other allied or regional capitals can encourage internal Palestinian political reforms, beginning with but not limited to PA-Hamas reconciliation and the holding of legislative and presidential elections. While Palestinian elections are unlikely to be held in the near term, the international community can lay out basic principles for them, including getting assurances from Israel that elections could be held in East Jerusalem, in line with previous arrangements.

Fifth, non-American actors can promote greater internationalization and multilateralism based on a more effective division of labor among various international stakeholders (e.g., whereas the U.S. cannot talk to Hamas, other Western countries can make use of their ongoing dialogue with Hamas).

Sixth and finally, as part of a holistic approach to peacemaking, the U.S. and its partners should look seriously at models of transitional or restorative justice — for example, through the creation of a truth and reconciliation commission — as a way to address past grievances and promote genuine reconciliation in a conflict that is more than a century old. In the absence of reconciliation efforts, people-to-people and other

peacebuilding programs between Palestinians and Israelis are unlikely to produce major breakthroughs without a true political horizon toward a just, lasting resolution to the conflict. Some analysts argue that — much like with the recently held emergency regional security summits — people-to-people initiatives are unlikely to fundamentally alter the landscape if they do not take into account local political, economic, social, and cultural realities or fail to address the power inequities between the two conflicting sides, which may have diverging views of what peacebuilding means.⁸⁰ Other analysts, however, believe that pro-peace civil society activism has much potential provided it is appropriately funded through initiatives like the U.S. MEPPA, from enabling constructive interaction between societies and fostering practical cooperation between professionals in various fields to devising joint policy proposals through track II bilateral and multilateral dialogue.

V. Opportunity 1: Regional Economic Integration

The pressing human security needs outlined in Section II of this report have fostered a trend toward regional normalization and integration, and this trend can incentivize de-escalation across the region. The section examines the current state of economic cooperation and explores opportunities for increased cross-border trade and investment that would help create jobs and promote inclusive economic growth.

Compared to other parts of the world, economic cooperation in the Middle East remains relatively nascent, with some recent diplomatic moves creating the potential for greater and more productive cooperation both within the region and between regional states and external powers like the United States. Previously, economic cooperation had focused primarily on two mechanisms:

- Qualifying Industrial Zones in Egypt and Jordan to support Arab-Israeli peace generally and Israeli-Palestinian talks in particular.⁸¹

80. Carol Daniel Kasbari, “The Trilemma of Power, Aid, and Peacebuilding in the Israeli-Palestinian Context,” *Middle East Institute*, June 21, 2021, <https://www.mei.edu/publications/trilemma-power-aid-and-peacebuilding-israeli-palestinian-context>.

81. “Qualifying Industrial Zones,” *International Trade Administration*, Accessed May 19, 2023, https://otexa.trade.gov/PDFs/Qualifying_Industrial_Zones.pdf.

- Free trade agreements, usually bilateral between a regional state and an external state or multilateral organization. The United States has such agreements with four regional governments.⁸²

Over the past several years, regional economic cooperation initiatives have shifted in focus away from trade agreements and toward joint projects and investments — often across national borders. Recent examples include:

- A memorandum of understanding signed in November 2022 by Israel, Jordan, and the UAE that would see an Emirati private firm build solar power farms in Jordan to provide electricity to Israel in exchange for Israel providing desalinated water to Jordan.⁸³
- An October 2022 U.S.-brokered maritime demarcation agreement between Israel and Lebanon that allocates rights to contested undersea natural gas fields.⁸⁴
- A July 2022 deal between Saudi Arabia and Iraq that would connect the Saudi and Iraqi electricity grids.⁸⁵
- Bilateral U.S. Partnerships for Accelerating Clean Energy (PACE) with Saudi Arabia and the UAE signed in July and November 2022, respectively.⁸⁶
- The Israel-Egypt-EU MoU on energy signed in June 2022.⁸⁷

82. “Free Trade Agreements,” *Office of the United States Trade Representative*, Accessed May 19, 2023, <https://ustr.gov/trade-agreements/free-trade-agreements>; not including North Africa outside Egypt, where the United States has an FTA with Morocco.

83. Sue Surkes, “Israel, Jordan, UAE sign new MOU on deal to swap solar energy for desalinated water,” *The Times of Israel*, November 8, 2022, <https://www.timesofisrael.com/israel-jordan-uae-sign-new-mou-on-deal-to-swap-solar-energy-for-desalinated-water/>.

84. Isabel Kershner, “Israeli-Lebanese Maritime Deal Marks a Milestone, With Limitations,” *The New York Times*, October 27, 2022, <https://www.nytimes.com/2022/10/27/world/middleeast/israel-lebanon-gas-deal.html>.

85. Adam Lucente, “Iraq connects electrical grid with Saudi Arabia,” *Al-Monitor*, June 16, 2022, <https://www.al-monitor.com/originals/2022/06/iraq-connects-electrical-grid-saudi-arabia>.

86. “The Jeddah Communique: A Joint Statement Between the United States of America and the Kingdom of Saudi Arabia,” *The White House*, July 15, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/15/the-jeddah-communique-a-joint-statement-between-the-united-states-of-america-and-the-kingdom-of-saudi-arabia/>.

87. “EU Egypt Israel Memorandum of Understanding,” *EU Directorate-General for Energy*, June 17, 2022, https://energy.ec.europa.eu/egypt-israel-memorandum-understanding_en.

In addition, the recently formed Negev Forum — a regional grouping consisting of Bahrain, Egypt, Israel, Morocco, and the UAE, as well as the United States — established working groups in June 2022 on clean energy, education, food and water security, health, regional security, and tourism.⁸⁸ The working groups met in January 2023 in the UAE, and the Forum was set to hold its next ministerial meeting in Morocco in March until a flare-up of violence between Israel and the Palestinians in Gaza and the Occupied West Bank in February saw the meeting postponed. Efforts to reconvene the forum, perhaps under a different name, have been resumed,⁸⁹ and recent reporting suggests that foreign ministers from Israel, the UAE, Egypt, Bahrain, Morocco, and the U.S. are set to meet in Morocco for the second Negev Forum summit at the end of June.⁹⁰

In general, the prospects for regional economic integration appear brighter than at any point since the mid-1990s. This optimistic outlook results from a confluence of factors: the advent of new regional and international mechanisms like the I2U2, Negev Forum, and Baghdad Summit; ongoing U.S. diplomacy to resolve bilateral disputes and facilitate multilateral agreements in the region; and the commitment of a number of regional states — most notably energy-exporting Gulf Arab monarchies like Saudi Arabia, but also other countries like Egypt — to long-term national development visions. In addition, the de-escalation trends and new diplomatic openings between a range of countries that were recently in adversarial relationships, including Turkey, Qatar, Egypt and Saudi Arabia among others, have opened the doors to new initiatives aimed at addressing the pressing economic and social needs of the people. Developing clean sources of energy and managing the global economy's transition away from fossil fuels appears to be a particular priority for both the United States and its Gulf Arab partners, albeit for different reasons.

88. "Negev Forum Steering Committee Joint Statement," U.S. Department of State, June 27, 2022, <https://www.state.gov/negev-forum-steering-committee-joint-statement/>.

89. Lazar Berman, "With Negev Summit planning on hold, Hanegbi said to be headed to UAE," *The Times of Israel*, February 23, 2023, <https://www.timesofisrael.com/with-negev-summit-planning-on-hold-hanegbi-said-to-be-headed-to-uae/>.

90. Amir Tibon and Jonathan Lis, "Israel, U.S. Aim to Expand Negev Forum Before June Meeting in Morocco," *Haaretz*, May 21, 2023, <https://www.haaretz.com/israel-news/2023-05-21/ty-article/.premium/israel-u-s-aim-to-expand-negev-forum-before-june-meeting-in-morocco/00000188-3f79-d805-a7c9-fff998a90000>.

Right now, the Negev Forum provides one potential avenue toward greater regional integration — though it has yet to produce any diplomatic or policy proposals via its recently established working groups, and as yet it still excludes Jordan and Palestine.⁹¹ Efforts should be made to ensure the interests of Jordan and the Palestinians are considered during the next Negev Summit, even in their absence. Additionally, paths should be sought to link Jordan and the Palestinians as much as possible to regional projects enabled by the Abraham Accords, which could bring tangible benefits to their people.

The Israel-Jordan-UAE energy-water deal and the Saudi-Iraq electricity grid agreement offer another path toward greater regional integration: both show the potential for integration outside its framework. Moreover, the Israel-Jordan-UAE agreement, the resolution of the Israel-Lebanon maritime boundary dispute, and initiatives being undertaken within the I2U2 format all point toward the critical role played by the United States in fostering greater regional integration.

In other words, a number of political and diplomatic openings for greater regional integration exist, none of them necessarily mutually exclusive or in some sense "better" than another. The Negev Forum, if political circumstances allow it to continue convening, may be the widest ranging of these openings, but other opportunities focused on specific countries and interests will likely present themselves as well. Both Iraq and Saudi Arabia, for instance, shared an interest in reducing Baghdad's reliance on Iran for electricity and found an acceptable arrangement to connect their national grids.

The Baghdad Summit is another potential mechanism for fostering regional cooperation. First held in August 2021 in the Iraqi capital with French backing, the summit brought together Arab and Iranian leaders at a particularly difficult time for Iraq with the aim of supporting the country and positioning it as a regional mediator and convener rather than a theater for contestation and proxy conflict.⁹² No concrete measures were

91. Jacob Magid, "As Israeli-Arab Negev Forum prepares to reconvene, members try to bring in Jordan," *The Times of Israel*, October 20, 2022, <https://www.timesofisrael.com/as-israeli-arab-negev-forum-preps-to-reconvene-members-hope-jordan-might-join/>

92. Ali Mamouri, "Baghdad conference to establish cooperation, partnership in region," *Al-Monitor*, August 30, 2021, <https://www.al-monitor.com/originals/2021/08/baghdad-conference-establish->

announced after the summit except a commitment to meet again, which they did in December 2022, when King Abdullah II hosted a follow-up conference in Amman. The second Baghdad Summit convened leaders and officials from across the region — Iraq, Turkey, Jordan, Egypt, Kuwait, Saudi Arabia, the UAE, Qatar, Oman, Bahrain, and Iran — as well as French President Emmanuel Macron and representatives of the EU, U.N., Arab League, GCC, and the Organization of Islamic Cooperation (OIC).⁹³

The U.S. has been supportive of the summit and the goals laid out in Amman by Iraqi Prime Minister Mohammed al-Sudani, including combating corruption and extremism, promoting foreign investment, reducing gas flaring, and conserving water. More broadly, Washington backs efforts to tie Iraq into the region more closely through infrastructure projects and strategic investments with the aim of further stabilizing the country, encouraging engagement with neighboring Arab states, and distancing the government from Iranian influence. Arab Gulf states have been warier of the new Iraqi government, viewing Prime Minister Sudani as more beholden to Iran than his predecessor, although Baghdad's outreach to the GCC, and Saudi Arabia and the UAE in particular, as well as Jordan and Egypt, and the recent China-brokered Saudi Arabia-Iran deal may help to ease such concerns. The U.S. could try to convene a similar mechanism focusing on Israel-Palestine, potentially including the UAE as a regional co-convenor, and involving the participation of Egypt, Jordan, Israel, the Palestinians (both the PA and civil society representatives), Qatar, and the OIC.

As discussed in the next and final section, COP28 could provide another possible opening as well. The UAE is set to host the U.N. Climate Change Conference in late 2023, and this could give Western partners an ideal opportunity to advance regional economic cooperation around issues related to climate resiliency and transitional energy in the lead-up to the event. The U.S. and potentially other partners could establish a clean/transition energy business forum in the region dedicated to addressing pressing shared environmental challenges, like water scarcity. One successful example in this field is the Middle East Desalination Research Center (MEDRC), established in 1996 as part of the Middle East Peace

[cooperation-partnership-region.](#)

93. "Jordan hosts Baghdad Conference for Cooperation and Partnership," *The Jordan Times*, December 19, 2022, <https://jordantimes.com/news/local/jordan-hosts-baghdad-conference-cooperation-and-partnership>.

Process and dedicated to fostering regional research and collaboration on issues of water scarcity. States in the Middle East are expected to see economic losses from climate-related water scarcity of around 6-14% of GDP by 2050,⁹⁴ and there is considerable scope for investment and collaboration in areas like innovation, water management, and agri-tech.

Concrete Steps to Pursue

Some steps international actors could take to promote greater regional economic cooperation and integration include:

- **Examine openings for positive regional spillovers from the Negev Forum working groups.** Several of the Negev Forum's working groups — particularly those on clean energy and food and water security — have the potential for positive regional spillovers. Projects, investments, and agreements worked out in the Negev Forum do not need to remain confined to the group itself. As a Forum member, the United States can encourage these working groups to take potential positive spillovers into account and create ways for non-members to participate in various proposed projects. Those outside both the Forum and the region can monitor the deliberations of its working groups and look for ways to connect policy proposals to regional states and societies beyond it — particularly to Jordan and in ways that can benefit the Palestinians. In addition, the United States should look beyond the limited scope of the Negev Forum and examine other multilateral and mini-lateral mechanisms that can encourage regional economic cooperation that benefits the Palestinian people.
- **Expand the field of vision for economic integration.** While diplomatic relations with Israel appear to be a tacit requirement for Negev Forum membership, it is important to note that a number of recent moves toward greater economic cooperation have taken place outside of this framework as well. With U.S. diplomatic help, for instance, Israel and Lebanon settled their maritime boundary dispute despite the absence of formal

94. Ranj Alaaldin, "Climate change may devastate the Middle East. Here's how governments should tackle it," *The Brookings Institution*, March 14, 2022, <https://www.brookings.edu/blog/planetpolicy/2022/03/14/climate-change-may-devastate-the-middle-east-heres-how-governments-should-tackle-it/>.



Photo above: Government officials from the UAE, the U.S., Israel, Bahrain, Morocco, and Egypt hold a joint press conference for the Negev Forum first Steering Committee meeting in Zallaq, south of Bahrain's capital of Manama, on June 27, 2022. [Photo by MAZEN MAHDI/AFP via Getty Images.](#)

diplomatic relations. The United States should remain on the lookout for other similar opportunities moving forward, though it's likely that only the United States has the diplomatic heft to successfully mediate between Israel and neighbors that do not have diplomatic relations with it.

- **Explore alternative regional initiatives that promote cooperation and integration.** Viable potential alternatives like the Baghdad Summit and I2U2 should be explored as well. While the Baghdad Summit has limitations, it could provide an example for other, future U.S. regional efforts. There may also be more functional opportunities that arise out of shared interests between two or more regional states in a specific sector or area, as the example of cooperation between Iraq and Saudi Arabia on electrical grid connectivity highlights.

- **Attend to the interests of regional partners and propose creative ways to address them.** Regional integration is more likely when it serves the political or economic interests of regional states in specific, concrete ways. The potential for cooperation on clean energy between the United States and Gulf Arab partners like Saudi Arabia and the UAE provides one such example. Here, the United States and other interested parties should consult the various national development plans put forward by regional governments (like Saudi Arabia's and Egypt's respective Vision 2030 plans) and look for creative ways to engage them – particularly in a regional rather than a solely domestic context. Energy and electricity cooperation appears to be a potentially fruitful area for regional integration, with major economic players like Saudi Arabia and the UAE interested in clean energy, significant initiatives like the Israel-Jordan-UAE solar-

water project in train, and the GCC already sharing a unified electrical grid.

- **Identify shared regional challenges and work to advance cooperative efforts to find solutions.** With the UAE set to host COP28 in late 2023, America and other actors have an opportunity to advance regional economic cooperation around issues related to climate resiliency and the energy transition. Countries across the region have a common interest in addressing shared challenges like water scarcity, building on previous successful examples like MEDRC, and efforts to work toward business solutions tailored to local needs could provide a potential means of doing so. Establishing a clean/transition energy business forum in the region in conjunction with the U.S. and other partners could help to further this aim.
- **Mobilize regional capital for productive cross-border investment.** Gulf Arab monarchies remain some of the wealthiest nations on the planet but have yet to find a way to channel their financial resources into productive investments in less well-off neighboring economies like Egypt, Jordan, and Lebanon. Too often, their financial aid amounts to handouts that help these governments cover their balance sheets rather than investments that would create jobs, catalyze business formation, or leave behind socially and economically useful infrastructure rather than mega-project boondoggles.

America can work with its own private sector as well as Gulf Arab governments and private sectors to find better ways to invest their considerable financial resources into other regional economies that facilitate employment and sustainable growth. Regional governments have proven that they can raise public and private capital, but they have yet to show that they can spend it wisely — and though the U.S. government’s track record leaves something to be desired, it should work through these issues with regional partners and other interested international parties. Saudi Arabia has already agreed to participate in and help finance the G7’s Partnership for Global Infrastructure and Investment;⁹⁵

a similar regional partnership could help foster greater regional integration.

- **I2U2 opportunities.** The I2U2 framework is a regional mechanism that envisions a convergence between the Middle East and South Asia, creating a more integrated West Asian regional economic system where India is gradually becoming a major player. Unlike the hard security-centric U.S.-led Quad and AUKUS, the I2U2 represents a collective regional effort to prioritize integration by pursuing economic and security pragmatism, but it also crucially includes the U.S. because of its significant military and economic footprint. This arrangement is an example of the new openings that could help address human security needs and create an avenue for decreasing tensions and supporting de-escalation by encouraging collaborative, win-win efforts across the region.

By showcasing the I2U2’s value as a leading transregional mini-lateral framework for economic and security integration, the group will be situated to create a strategic incentive for Saudi Arabia to join upon Riyadh’s expected and eventual normalization with Israel. Efforts already seem to be underway to increase Saudi involvement in the group, with U.S., Emirati, and Indian officials meeting with their counterparts in the kingdom in early May to discuss regional infrastructure projects, including the potential establishment of a railway network that would link the Levant to the Gulf and then connect to India via seaports.⁹⁶

Other major regional powers — mainly Egypt, which has had diplomatic relations with Israel since 1980 — should be encouraged to join the group as well. This will ultimately position the I2U2 as a major vehicle for integrating Israel into the regional system and ensure the durability, resiliency, and multilateralism of the Abraham Accords.

On the security level, the I2U2 does not focus on a specific rival such as Iran or China; however, it does have a growing

95. “FACT SHEET: Results of Bilateral Meeting Between the United States and the Kingdom of Saudi Arabia,” The White House, July 15, 2022, [https://www.whitehouse.gov/briefing-room/statements-](https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/15/fact-sheet-results-of-bilateral-meeting-between-the-united-states-and-the-kingdom-of-saudi-arabia/)

[releases/2022/07/15/fact-sheet-results-of-bilateral-meeting-between-the-united-states-and-the-kingdom-of-saudi-arabia/](https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/15/fact-sheet-results-of-bilateral-meeting-between-the-united-states-and-the-kingdom-of-saudi-arabia/).
96. Barak Ravid, “Scoop: U.S., Saudi Arabia, others to discuss railway project connecting Middle East,” *Axios*, May 6, 2023, <https://www.axios.com/2023/05/06/saudi-arabia-india-railway-middle-east-biden>.

defense security component, as was evident in reports about the deployment of an Israeli-Indian co-produced air-defense system to the UAE to support the Emirates amid the turbulent geopolitical tensions following the de facto failure to revive the Iran nuclear deal.

On the economic and technological level, the I2U2 represents a 21st-century platform, and technology is emerging as a key pillar of the group, as Israel and the United States maintain an advantage in deep tech, such as AI, cybersecurity, quantum computing, and semiconductors. While the UAE has a robust tech ecosystem and a niche in scaling tech commercially, India is benefiting from the tensions with China to become a preferred tech hub for multinationals because of its market size, tech talent, growing tech landscape, and centrality to Asian markets.

With its focus on defensive security and prioritization of technological cooperation, the gradually growing I2U2 intends on pursuing a regional strategy that “aims to keep sight of the bigger picture and set country-specific priorities.” The I2U2 is positioned to become an effective potential mechanism for Western engagement with the Middle East.

VI. Opportunity 2: Regional Climate Resilience and Energy Transition Cooperation

The climate crisis has posed multiple threats to water, food, and energy security worldwide, with the Middle East experiencing a profound number of climate impacts that could disrupt the reliability and sustainability of these three essential resources. Following the summer of 2021, when multiple areas in the region hit record-breaking temperatures (including the cities of Doha, Khartoum, and Aqaba), the 2022 summer season saw excessive heatwaves that affected Europe, the Middle East,⁹⁷ and the rest of Asia.

In addition to extreme heat, the region has also been on the receiving end of different forms of extreme weather: cyclones and intense thunderstorms that produce extensive flooding, and

97. Mary Gilbert, “Scorching Middle East heat produces 126-degree temperature in Iran,” *AccuWeather*, June 21, 2022, <https://www.accuweather.com/en/weather-news/scorching-middle-east-heat-produces-126-degree-temperature-in-iran/1205633>.

persistent dust storms that negatively affect air quality. Severe tropical cyclones making landfall in the Arabian Peninsula tend to cause widespread death and destruction, such as what occurred most recently when Cyclone Shaheen descended on Oman in the fall of 2021.⁹⁸ Similarly, the monsoon season of 2022 generated torrential rains and devastating floods that inundated Pakistan, killing a large number of people, destroying homes and infrastructure, and leaving many homeless;⁹⁹ one-third of the country was submerged underwater and more than 30 million people were affected.¹⁰⁰ Summer 2022 also brought with it an abnormally high number of dust storm events in Iran, the Arabian Peninsula, Iraq, and Syria.¹⁰¹ A consequence of prolonged drought and aridity, which have also caused declines in the region’s freshwater supplies, these dust storms contributed to a significant uptick in respiratory illnesses and hospitalizations in the countries where they occurred.

Sustained drought conditions, due to climate change, have only exacerbated the propensity for water scarcity in the region, where the average annual rainfall is already well below the global average.¹⁰² Given the Middle East’s warming climate, the demand for water to support human consumption is set to expand — to satisfy drinking water needs, industrial/manufacturing uses, and agricultural production. Food security is also fundamentally linked to water security, as 70% of freshwater, on average globally, is used to support agricultural production.¹⁰³

Future climate projections for the region indicate worsening conditions if current trends continue. Increased global warming

98. “Death toll in Cyclone Shaheen rises to 14 after body found,” *AP News*, October 7, 2021, <https://apnews.com/article/oman-middle-east-storms-typhoons-floods-1b4e8152dfe20a7dbbc413b00d0ee353>.

99. Michelle Velez, Teele Rebane, “Hundreds of children among 1,000 people killed by Pakistan monsoon rains and floods,” *CNN*, August 28, 2022, <https://www.cnn.com/2022/08/28/asia/pakistan-flooding-intl/index.html>.

100. Gibran Peshimam, “Pakistan floods have affected over 30 million people: climate change minister,” *Reuters*, August 27, 2022, <https://www.reuters.com/world/asia-pacific/pakistan-floods-have-affected-over-30-million-people-climate-change-minister-2022-08-25/>.

101. “Thousands sickened, one dead as latest severe sandstorm hits Iraq,” *Al Jazeera*, May 5, 2022, <https://www.aljazeera.com/news/2022/5/5/thousands-sick-as-latest-severe-sandstorm-sweeps-across-iraq>.

102. Average precipitation in depth (mm per year), World Bank Data Bank, <https://data.worldbank.org/>.

103. “Water in Agriculture,” *The World Bank*, Last Updated October 5, 2022, <https://www.worldbank.org/en/topic/water-in-agriculture>.



Photo above: An electricity transmission tower beyond photovoltaic panels at the al-Dhafra solar project, constructed by Electricite de France and Jinko Power Technology Co., in Abu Dhabi on January 31, 2023. Photo by Christopher Pike/Bloomberg via Getty Images.

may make temperature extremes of 56°C the norm in the future, with countries like Algeria, Iraq, and Saudi Arabia experiencing summer temperatures 8°C warmer than the present. Weather events are also anticipated to become more extreme, both wetter and drier. For example, North African countries bordering the Mediterranean Sea may see up to a 20% decrease in rainfall, while the Arabian Peninsula could receive up to 50% more rain.¹⁰⁴

Security and Stability Risks from the Climate Crisis

The first-order impacts of climate change discussed above have secondary impacts that threaten the already fragile security and stability of the region:

- **Climate migration and climate refugees.** Future migration from the Middle East will likely no longer be constrained to refugees escaping war and conflict or those seeking better economic opportunities. The extreme effects of climate change, such as the flooding in Pakistan or the dust storms in the Arabian Peninsula, may increase the already seen displacement of people forced to flee their homes to escape worsening natural disasters. The U.N.'s 72-year-old legal definition of "refugee," however, does not encompass those displaced due to the climate crisis, leaving such individuals to be formally classified as "migrants" and, thus, bereft of many crucial protections as they try to cross borders.¹⁰⁵

104. "Middle East & North Africa Climate Roadmap (2021-2025)," *The World Bank*, January 25, 2022, <https://www.worldbank.org/en/region/mena/publication/middle-east-north-africa-climate-roadmap>.

105. Heba Gowayed, "Climate Change and Migration in the Middle East and North Africa," *Arab Center Washington DC*, September 29, 2022, <https://arabcenterdc.org/resource/climate-change-and-migration-in-the-middle-east-and-north-africa/>.

- **Climate resilience funding stretched thin.** With the advent of more intense and frequent climate impacts comes a greater need for implementing climate resilience projects that enable nations to adapt to the evolving implications of climate change. However, doing so requires access to climate financing resources to support these types of climate adaptation initiatives, especially for developing countries. Unfortunately, funding for climate change adaptation in developing nations is 5-10 times below the estimated needs, with the gap in funding expected to grow going forward. Annual adaptation needs are likely to reach as much as \$340 billion by 2030.¹⁰⁶
- **Competition over shared resources.** In times of extreme drought, when there is insufficient water supply to satisfy the development needs of riparian countries, transboundary water relations tend to deteriorate into a competitive zero-sum game between upstream and downstream water users. In the Nile River Basin, the construction of the Grand Ethiopian Renaissance Dam (GERD) has caused tensions between Egypt and Ethiopia,¹⁰⁷ both in the short term, as the scale of the dam's storage jeopardizes the availability of Egypt's water supply from the river during the filling stage, and in the long run, given concerns that the reservoir could become a tempting target for extractionary use by Ethiopia and is expected to lead to an increase in Sudan's use of water for agriculture once Nile flows are regularized by the dam. Climate change has also negatively impacted the Tigris-Euphrates River System as severe drought has raised the level of disagreements among riparians, with Turkey storing more river water in its reservoirs than it should, much to the consternation of Iraq and Syria.

Pathways for Regional Cooperation

Addressing the current scale of the climate crisis requires targeted progress on two fronts: climate mitigation and climate adaptation (with sufficient climate financing to support the implementation of respective strategies). Efforts associated

106. "Adaptation Gap Report 2022," UNEP, November 1, 2022, <https://www.unep.org/resources/adaptation-gap-report-2022>.

107. Sherif Mohyeldeen, "The Dam That Broke Open an Ethiopia-Egypt Dispute," *Carnegie Middle East Center*, February 12, 2021, <https://carnegie-mec.org/2021/02/12/dam-that-broke-open-ethiopia-egypt-dispute-pub-83867>.

with climate mitigation deal directly with the anthropogenic causes of climate change by reducing global carbon emissions. Climate adaptation, on the other hand, deals with the ramifications of climate change by implementing projects and strategies that minimize the implications of climate impacts.

The region is already invested in these goals from a policy perspective. Egypt recently hosted COP27, where climate financing and adaptation were conference priorities. It is anticipated that COP28, set to be hosted by the UAE in late 2023, will elevate issues of climate mitigation and the energy transition, especially as COP28 will see the conclusion of the current global stocktake — a process that assesses the global progress toward achieving the goals of the Paris Agreement.¹⁰⁸

Given the security and stability risks posed by the climate crisis, there are several opportunities for regional cooperation between the nations of the Middle East and countries like the United States in areas that improve the region's climate resilience:

- **Construction of modern climate-proof infrastructure.** International NGOs and governments can assist in the construction of modern climate-proof infrastructure. Working directly with Middle Eastern partners to build more durable homes, streets, and piping will help to fortify local infrastructure against climate-induced disasters. Moreover, trans-border projects of this type can serve to improve bilateral relations among MENA states as well as incentivize de-escalation. Initiatives to guarantee access to clean water and food in conflict zones such as Syria, Yemen, and Sudan can also lessen further displacement and escalation of an already ongoing migrant crisis.
- **Facilitation of energy transition and resource exchange initiatives.** External partners can help facilitate mutually beneficial cooperation agreements on the exchange of resource services and benefits between nations in the Middle East to supplement their most urgent and respective resource needs. Such a resource exchange — energy for water — was at the core of the recent agreement between Jordan and Israel that was facilitated by the UAE's renewable energy company

108. "What is the Global Stocktake?," UNFCCC, May 16, 2022, <https://climatechampions.unfccc.int/what-is-the-global-stocktake/>.

Masdar.¹⁰⁹ Namely, Jordan will build a new solar energy farm and transmit the generated power (up to 600 MW) to Israel in exchange for water produced from a new coastal desalination facility (up to 200 million cubic meters per year). The electricity generated in Jordan will be sold to Israel, with both Jordan and Masdar sharing in that revenue. This resource exchange agreement can serve as a good template for other nations in the region to apply, with the United States fulfilling a similar role as Masdar did. With the inclusion of clean, green, and renewable energy sources in potential resource exchange agreements, the region also moves the energy transition process forward as a means of climate mitigation.

For example, the hydropower generated from the GERD (with a generation capacity of up to 6,000 MW) has the potential to benefit other Nile River riparians besides Ethiopia, with Sudan being one such primary beneficiary. Sudan has suffered from power blackouts for decades due to energy generation deficits and is one of the top 20 countries in the world in terms of the size of the population that lacks access to electricity, at an estimated 20 million people.¹¹⁰ The GERD's energy generation capacity can provide a potential solution to Sudan's energy deficit problems. This will likely require investments to upgrade Sudan's energy grid and its connectivity to Ethiopia to handle the transmission of this new energy source. This resource exchange between the two nations can be facilitated through a direct energy purchase by Sudan, with Khartoum using the revenue from the expected increase in agricultural production once the GERD regularizes Nile flows to pay for it.

With a free trade zone and a shared electrical grid, the GCC represents perhaps the most integrated sub-region of the wider Middle East. It can therefore serve as a central node for greater regional integration, particularly when it comes to energy and electricity. Recent announcements like the Saudi-Iraqi electricity deal and the Israel-Jordan-UAE

solar-water project offer a glimpse of the potential role the GCC and its member states might play in integrating the region. Extending the GCC integrated electricity grid to Jordan as well as Iraq could be a productive initial step, and the chief executive of the GCC Interconnection Authority has spoken of including Egypt in a pan-Arab electricity grid.¹¹¹ Iraq has subsequently signed a deal with Jordan too,¹¹² and there are discussions about linking together the GCC, Jordan, Iraq, and Egypt.

Joint energy projects would also fit well into this framework, particularly with a modern grid able to send power where it's needed — even across regional borders. It also lines up with the ambitions of GCC members like Saudi Arabia and the UAE to develop clean energy sources, as well as those of the United States to reduce global reliance on fossil fuels.

- **Resolution of transboundary water disputes.** Partners from North America and Europe can serve a role in helping to resolve some of the transboundary water disputes in the region. Better intra-basin water management requires building stronger collaborative relationships between upstream and downstream riparian nations. One such strategy toward achieving that objective involves incentivizing riparian nations in both the Nile River Basin and the Tigris-Euphrates System to develop new cooperation and water-sharing agreements that acknowledge the effects of the GERD in the Nile River Basin and how drought has diminished river flow in the Tigris and Euphrates, while also seeking fair and equitable water rights for each riparian nation.

Another pathway to enhance regional water security is to expand investments in water resources projects that increase the reliability of existing water supplies, particularly in consideration of climate change. Mobilizing funding for water resources development projects in the region is an area where developed

109. Mohammed Mahmoud, "Exploring the feasibility of the Jordan-Israel energy and water deal," *Middle East Institute*, December 16, 2021, <https://www.mei.edu/publications/exploring-feasibility-jordan-israel-energy-and-water-deal>.

110. "Tracking SDG 7: The Energy Progress Report," IRENA, June 2021, <https://www.irena.org/publications/2021/Jun/Tracking-SDG-7-2021>.

111. Robert Tollast, "A power grid for the Middle East: what is the GCCIA and can it benefit Iraq?," *The National News*, July 15, 2022, <https://www.thenationalnews.com/mena/iraq/2022/07/16/a-power-grid-for-the-middle-east-what-is-the-gccia-and-can-it-benefit-iraq/>.

112. Sinan Mahmoud, "Iraq and Jordan launch power grid connection project," *The National News*, October 6, 2022, <https://www.thenationalnews.com/mena/iraq/2022/10/06/iraq-and-jordan-launch-power-grid-connection-project/>.

nations can provide support, and since water augmentation and conservation projects (such as desalination plants and water reuse infrastructure) are a form of climate adaptation, doing so achieves a double objective of providing both water and climate security to the region.

- **Expanded environmental cooperation in the Gulf.** The Gulf is a critical water resource that provides multiple benefits to the surrounding nations of the GCC, Iraq, and Iran. These economic, social, and ecological benefits are contingent on the Gulf preserving its environmental value in the face of adverse consequences due to climate change and/or anthropogenic influences. Maintaining the environmental value of the Gulf will require regional climate cooperation at the diplomatic and policy level for the countries of the GCC, Iraq, and Iran that rely on its waters. The participation of an external diplomatic partner with existing ties and relations to the nations of the Gulf can help bring the GCC, Iraq, and Iran together to formulate strategies that will address environmental issues, identify best practices of environmental preservation suitable for the region, and map out a sustainable process that maintains cooperative initiatives among the nations sharing the Gulf.
- **Improved early warning systems for extreme weather events.** To help the region prepare for the potential of extreme weather events (such as cyclones, flooding, and dust storms), the incorporation and mainstreaming of improved forecasting and early warning systems can be pursued to yield better meteorological forecast information. This type of enhanced information is beneficial from a real-time perspective because it allows access to up-to-date information that can improve the reliability of weather forecasts and enhance the accuracy and usability of forecasts for disaster preparedness due to extreme weather events. These technological improvements will require significant investments to upgrade existing tools and infrastructure in terms of both hardware/software and training of personnel to allow adequate mainstreaming. Inclusion of this type of upgraded technology can also encourage cooperation within the region when dealing with extreme weather events that may affect multiple

countries, especially when it comes to the deployment of resources and personnel to begin the recovery process after such events.

VII. Toward a New Strategic Orientation for the United States in the Middle East

During the past few years the debate over U.S. policy in the Middle East has been framed all too often as a false choice: stay or leave. This often ignores the reality that the United States continues to have a major stake in the trajectory of events in the region. But the debate about the United States withdrawing or pivoting to other regions of the world, combined with a series of very mixed signals sent by at least the last three U.S. administrations, has produced a reaction from different actors in the broader Middle East, several of whom have adopted more assertive postures in the new and evolving geopolitical context.

This report examined the opportunities for de-escalating tensions across key parts of the Middle East as a means to produce a more sustainable security environment. One essential ingredient to achieving progress toward greater stability is putting diplomacy first, a posture that requires greater U.S. engagement in the region, rather than restraint and withdrawal. In working to create more incentives for de-escalation across the broader Middle East, the United States should not ignore the reality that measures to normalize relations between parties in the region that do not address the pressing human security concerns of millions of people across the region will not likely produce lasting peace and stability. Creating a new strategic orientation for the United States that puts diplomacy first at this complicated juncture in the region requires a multifaceted approach with five key measures:

1. **Remain engaged in the region with a full spectrum of policy tools, including defense and security cooperation with partners and steadier and more consistent diplomatic and economic engagement.** The United States remains the unrivaled partner of choice for the vast majority of countries across the region — the depth and breadth of America’s networks of partnerships are not matched by any other outside

power, including China, Russia, or European countries. As the United States continues to “right size” its military presence in the region, it should seek to boost existing security partnerships and encourage regional partners to work more closely with each other. But it should not simply fixate on military and security cooperation, as important as it is — it needs to expand and diversify its engagement across the region.

2. **Create more diplomatic openings to produce incentives for de-escalation moves that lead to lasting and just resolutions to conflicts.** The March 2023 Iran-Saudi deal announced by China has not yet fundamentally changed the landscape to manage the full range of tensions impacting the state system in the broader Middle East, and it seems unlikely it will produce a new era of stability. The United States can play an important role in de-escalating tensions on both the Iran and Israeli-Palestinian fronts given its unique position with the key actors in the region, and it should seek to play a more active role, rather than adopting a reactive, crisis management mode.
3. **Support efforts to advance inclusive regional economic integration efforts.** One big trend across the region is that wealthier, more stable countries in the Gulf are seeking to diversify their economies and create stronger regional interlinkages between countries. The U.S. government and private sector actors can play an important role in advancing these efforts and helping regional economic integration steps produce greater benefits for the millions of people left behind and left out of these initiatives.
4. **Seize the opportunities in the global energy transition and climate mitigation and adaptation efforts to support greater regional integration.** The upcoming international climate conference, COP28, scheduled to be held in Dubai at the end of 2023, offers the latest moment to focus attention on efforts aimed at producing value and addressing pressing human security concerns across the region.
5. **Create a new strategic framework and narrative for U.S. engagement in the Middle East.** The Biden administration has ignored calls to withdraw from the Middle East, but it also has not seized the full range of opportunities to

de-escalate tensions on key fronts and support efforts to promote lasting conflict resolution and greater regional economic integration efforts. The current U.S. posture operates with a long list of different diplomatic and military groupings that aren’t fully coordinated with one another and sometimes fail to include key actors in the region: CENTCOM, the anti-ISIS coalition, GCC+3, I2U2, and the Negev Forum Working Group are just a short list of the different groupings that the United States has engaged with during the past few years, but what’s missing is an overarching framework for strategically organizing U.S. engagement across the region. The Biden administration should work toward building a new framework for regional cooperation across the region that seizes the unique opportunities to foster greater integration while addressing urgent problems as they emerge.

Contributor Biographies

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Brian Katulis is a senior fellow and vice president of policy at the Middle East Institute. He was formerly a senior fellow at the Center for American Progress (CAP), where he built the Center's Middle East program and also worked on broader issues related to U.S. national security. He has produced influential studies that have shaped important discussions around regional policy, often providing expert testimony to key congressional committees on his findings. Katulis has also conducted extensive research in countries such as Egypt, Israel, Jordan, and the Palestinian territories. His past experience includes work at the National Security Council and the U.S. Departments of State and Defense.

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