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Energy and Environment

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## RESOURCE INSECURITY AND PROXY COMPETITION IN THE MIDDLE EAST

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# Briefing Note

## Overview

This section begins by providing an overview of the current state of Middle Eastern geopolitics in relation to its key resource - oil. Through giving this account of how the region's oil-rich status has come to shape its influence, a strong understanding can be gained of the ways in which both regional and global trends stand to interfere with this influence and the global standing of the Middle East.

- The political and strategic import of oil has been fundamental in defining the region's political significance and its relations with other regions and countries
- The Middle East faces high levels of resource insecurity which are only expected to worsen in scope and severity as demand is projected to increase
- A global shift in focus away from fossil fuels towards renewable sources of energy stands to re-define, and potentially threaten, the long-standing geopolitical significance of the Middle East

**THE  
POLITICAL  
SIGNIFICANCE  
OF OIL**

## The Political Significance of Oil

**The large-scale oil production of the Middle East is directly responsible for much of the region's wealth and development.**

- By 2002 the 3 main Middle East producers of oil - Iran, Iraq, and Saudi Arabia – were jointly producing an average of 13m barrels of oil a day. This amounted to roughly 17% of global supply. <sup>1</sup>
- Today, a third of the world's oil is produced in the Middle East. <sup>2</sup>
- According to BP's 2012 Statistical Review of World Energy, ten Middle Eastern countries - including Iran, Iraq, Syria and Kuwait - hold an area of 3.4% of the Earth's land surface but possess 48% of the world's known oil reserves. <sup>3</sup>
- The oil and gas sector accounts for roughly 40% of its GDP and roughly 92% of its export revenues. <sup>4</sup>
- In 2020, Saudi Arabia's oil sector generated an estimated GDP of roughly 607.7 billion Saudi riyals. This amounted to roughly 23% of its GDP. <sup>5</sup>

**The strategic importance of oil-rich Middle Eastern countries leads to international conflict and competition over oil's geopolitical advantages.**

- Since the end of World War II, US policy toward the Middle East has been dedicated to protecting the supply and flow of hydrocarbons from the region. <sup>6</sup>
- In early 2020, US-Iranian tensions reached significant levels. A key point of contention in this conflict is control over the oil reserves of Iran and the remainder of the Persian Gulf.<sup>7</sup>
- Russia's 2015 intervention in Syria demonstrates its attempts to compete with the US for the position of key power-broker in the Middle East. For Russia, oil and gas are critical to its domestic political and economic stability, as well as its ability to finance ongoing foreign policy. <sup>8</sup>

**Oil routinely plays a crucial role in the internal conflicts and power dynamics of the Middle East.**

- There are great economic inequalities and discrepancies between overall wealth within the region between oil rich and non-oil rich nations: the 2016–2017 Global

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<sup>1</sup> Institution of Civil Engineers, 2018, <https://www.ice.org.uk/what-is-civil-engineering/what-do-civil-engineers-do/oil-development-in-the-middle-east#:~:text=Oil%20sales%20have%20created%20immense,a%20direct%20result%20of%20oil.>

<sup>2</sup> Statista, 2021, <https://www.statista.com/topics/6508/middle-east-oil-industry/#dossierKeyfigures>

<sup>3</sup> GEO ExPro, 2010, [geoexpro.com/articles/2010/07/why-so-much-oil-in-the-middle-east](http://geoexpro.com/articles/2010/07/why-so-much-oil-in-the-middle-east)

<sup>4</sup> OPEC, 2021, [https://www.opec.org/opec\\_web/en/about\\_us/165.htm](https://www.opec.org/opec_web/en/about_us/165.htm)

<sup>5</sup> Statista, 2022, <https://www.statista.com/statistics/626059/saudi-arabia-oil-sector-gdp/>

<sup>6</sup> Middle East Research and Information Project, 2020, <https://merip.org/2020/06/the-oil-for-security-myth-and-middle-east-insecurity/>

<sup>7</sup> CNN, 2020, <https://edition.cnn.com/interactive/2020/01/world/us-iran-conflict-timeline-trnd/>

<sup>8</sup> Carnegie Endowment for International Peace, 2019, <https://carnegieendowment.org/2019/10/24/brief-guide-to-russia-s-return-to-middle-east-pub-80134>

Competitiveness Report shows that the oil rich United Arab Emirates (UAE) and Qatar rank at 16 and 18 respectively, while non-oil rich Turkey ranked at 56.<sup>9</sup>

- In 2019, drone and cruise missile attacks were carried out on two key Saudi oil facilities. The attacks escalated tensions in the Persian Gulf, particularly those between Saudi Arabia and Iran.<sup>10</sup>
- In September 2021, a tanker carrying Iranian fuel was driven into Lebanon. This shipment was brokered by Iran-backed Hezbollah to help alleviate Lebanon's ongoing energy crisis. This signalled that Lebanon is viewed to be a component of the Iranian ecosystem and is indicative of current Middle Eastern power relations.<sup>11</sup>
- Oil prices are heavily responsive to changes in regional tensions within the Middle East. In January 2022, international benchmark Brent crude was trading at \$87.25 on Wall Street, its highest level since 2014 and a direct response to Houthi attacks on the UAE.<sup>12</sup>

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<sup>9</sup> E-International Relations, 2019, <https://www.e-ir.info/2019/05/24/geography-resources-and-the-geopolitics-of-middle-east-conflicts/>

<sup>10</sup> The New York Times, 2019, <https://www.nytimes.com/2019/09/14/world/middleeast/saudi-arabia-refineries-drone-attack.html>

<sup>11</sup> Chatham House, 2021, <https://www.chathamhouse.org/2021/10/irans-fuel-shipment-lebanon-requires-regional-policy-shift>

<sup>12</sup> CNBC, 2022, <https://www.cnbc.com/2022/01/18/oil-hits-seven-year-high-as-houthi-attack-on-uae-rattles-regional-tensions.html>

**RESOURCE  
INSECURITY  
IN THE  
MIDDLE EAST  
AND  
N. AFRICAN  
REGION**

## Resource Insecurity in the Middle East and North African Region

**Despite the prevalence of natural resources in the region, the Middle East is prone to widespread energy, water, and food insecurity.**

- About 65 of 214.8 million people do not have any access to electricity and a further 60 million suffer from constant power outages and general energy poverty.<sup>13</sup>
- Almost 9 out of 10 children live in areas of high to extremely-high water-stress regions.<sup>14</sup>
- Nearly 66 million people in the MENA region are deprived of basic sanitation.<sup>14</sup>
- Owing to the lack of renewable freshwater, seventy percent of the world's desalination plants are located in the Persian Gulf region.<sup>15</sup> This water-sourcing method is highly polluting and energy-intensive.
- Twenty percent of the world's acutely food insecure people are in the MENA region, which is disproportionately high considering its six percent share of the population, with an estimated total of 55 million people being classified as undernourished.<sup>16</sup>

**The projected demands for energy, water, and food pose significant challenges to the already struggling region.**

- Electricity demand in the Middle East is set to double by 2050.<sup>17</sup>
- Per capita water availability is set to fall by 50% by 2050 due to population growth, not accounting for potential climate change effects.<sup>18</sup>
- 40% of the region's current agri-food needs are met through imports. This highlights the inability of the region to sustain itself agriculturally.<sup>19</sup>
- In 2015, the Middle East imported \$35 billion worth of food which is set to double by 2035 to \$70 billion annually due to decreasing crop yields.<sup>20</sup>

**With the onset of further environmental degradation due to climate change, the above dynamic will be further amplified.**

- With the imminent temperature rise, relatively water-rich nations such as Lebanon have diminishing freshwater reservoirs despite rainfall patterns remaining unchanged.<sup>21</sup>
- 12 million people in Syria and Iraq are likely to lose access to water, electricity, and food. Of those 12 million, 5 million Syrians who were dependent on river water are directly impacted due to the region's worst drought in 70 years.<sup>22</sup>

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<sup>13</sup> S. Olawuyi, 2020, [Energy Poverty in the MENA Region](#)

<sup>14</sup> UNICEF, 2021, ["Running Dry": unprecedented scale and impact of water scarcity in the MENA Region](#)

<sup>15</sup> The Water Project, 2021, [Water in Crisis - Middle East](#)

<sup>16</sup> The World Bank, 2021, [MENA Has a Food Security Problem, But There Are Ways to Address It](#)

<sup>17</sup> DNV, 2021, [Energy Transition Outlook 2021 : Regional Forecast for MENA](#)

<sup>18</sup> FutureWater, 2011, [MENA Regional Outlook](#)

<sup>19</sup> Le Mouël, Schmitt, 2018, [Food Dependency in the MENA Region: Retrospective Analysis and Projections to 2050](#)

<sup>20</sup> WEF, 2015, [How Can The Middle East Meet its Food Needs?](#)

<sup>21</sup> AUB, 2019, [Climate Change's Dire Consequences for the Middle East - NY-Beirut Briefings](#)

<sup>22</sup> AlJazeera, 2021, [Water Crisis and Drought Threaten 12 million in Syria, Iraq](#)

- By 2100, half of the MENA population (approximately 600 million) will face annual super- and ultra-extreme heat waves which entail temperatures up to 56 degrees centigrade and higher if no measures are taken to impede emissions.<sup>23</sup>

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<sup>23</sup> Nature, 2021, [Business-as-usual will lead to super and ultra-extreme heat waves in the Middle East and North Africa](#)



**RENEWABLES AND  
THE WANING  
INFLUENCE OF OIL**

## Renewables and the Waning Influence of Oil

**As global efforts to mitigate climate change gain momentum, investments are increasingly gearing away from the fossil-fuel industry.**

- Renewable energy drew over \$2.6 trillion in investment between 2010 to 2019.<sup>24</sup>
- The costs of solar and wind power have dropped 85% and 49% respectively from a decade ago, making these renewable energy sources more accessible.<sup>24</sup>
- Renewables currently dominate investment in new power generation and are estimated to have accounted for roughly 70% of 2021's total spend on all new generation capacity.<sup>25</sup>
- Europe's 5 largest energy companies are set to drop oil production by over 15% by 2030.<sup>26</sup>
- China plans to construct 150 nuclear reactors in the next 15 years.<sup>27</sup>

**There is a growing trend of the weakening dependence of other nations on the Middle East for oil supply**

- As a result of its increasing production of shale oil, the US is less reliant on the Middle East for oil imports than it previously was. By 2018, crude oil imports to the US had fallen to 9.9 million BPD, and the share from the Persian Gulf had fallen to less than 1.6 million BPD. These compare to 2008 figures of 12.9 million BPD and 2.4 million BPD respectively.<sup>28</sup>
- Minerals such as cobalt and lithium are vital for batteries and electronics, and are increasingly sought after as the world shifts focus to clean energy. Much of the world's minerals are found outside of the Middle East - according to the US Geological Survey, the Democratic Republic of the Congo continues to be "the world's leading source of mined cobalt, supplying more than one-half of world cobalt mine production."<sup>29</sup>

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<sup>24</sup> Bloomberg Green, 2022, <https://www.bloomberg.com/graphics/climate-change-data-green/investment.html>

<sup>25</sup> International Energy Agency, 2022, <https://www.iea.org/reports/world-energy-investment-2021/executive-summary>

<sup>26</sup> Bernstein Research, 2022, [Analysis: Shrink to fit: the year Big Oil starts to become Small Oil](#)

<sup>27</sup> Bloomberg Green, 2021, [China's Climate Goals Hinge on a \\$440 Billion Nuclear Buildout](#)

<sup>28</sup> Oil Price, 2020, <https://oilprice.com/Energy/Energy-General/How-The-US-Has-Reduced-Its-Dependence-On-Middle-East-Oil.html>

<sup>29</sup> Extractive Industries Transparency Initiative, 2022, [https://eiti.org/es/implementing\\_country/5](https://eiti.org/es/implementing_country/5)

**MENA governments and investors face great challenges in their transition away from oil dependency as the main source of economic productivity with many current plans being inadequate at best in light of the imminent effects of climate change.**

- Saudi Arabia has been focussing on a narrative of diversifying the nation's energy production to prepare for a post-oil age. However, plans for a giant solar plant in the Saudi desert were cancelled in October 2019 and almost all Saudi energy production still comes from fossil fuels.<sup>30</sup>
- Production output of desalinated water is set to grow fourteen-fold by 2040, requiring an increase of energy input into the desalination systems from 5% to 15% of total energy consumption in the Middle East, most of which by far comes from fossil fuels.<sup>31</sup>
- Even if immediate transitions were to take place in accordance with the Paris Agreement, temperatures will continue to rise by approximately 2-2.5 degrees centigrade, meaning that the region will be severely affected on all fronts.<sup>32</sup>

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<sup>30</sup> Cliffe, New Statesman, 2020, [How \\$20 Oil Will Change Geopolitics](#)

<sup>31</sup> Walton, IEA, 2019, [Desalinated Water Affects the Energy Equation in the Middle East](#)

<sup>32</sup> Gaub, Lienard, EU ISS, 2021, [Arab Climate Futures: Of Risk and Readiness](#)

## Conclusion

The Middle Eastern system has historically been pervaded by inefficiencies in most levels of governance. This poses an existential threat to communities in discontent as a result of orchestrated administrative failures which keep corrupt governments in power due to consistent manoeuvring through semi-democratic voting practices. This dynamic is amplified and exploited as a result of being absorbed by regional and global competition and power projection.

Attempting to offer a solution to this must begin with diplomatic initiatives to mend the divide between local power brokers - namely Iran and Saudi Arabia. Whether or not this overhaul of current diplomatic agendas succeeds, investments must be geared towards energy transition and economic diversification so as to ultimately provide access to essential needs and services and build this framework's resilience to the eventual manifestation of climate change.

# Insight

## Overview

Middle Eastern geopolitics owes its foundation and sensibilities to the all-encompassing concept of energy. This section aims to shed light on the various interdependencies of diplomacy and resource politics since the discovery of oil deposits and their exploitation to their implications in shaping current regional tensions and the looming threat of climate change. It is essential to appreciate the political and economic weight of oil wealth on the world stage and how it translates to power projection in the context of the Saudi-Iranian cold war.

The relationship of energy with other forms of subsistence such as food, water, and electricity is explored substantially in this section. Particular emphasis is placed upon these basic needs' provision in proportion to the socio-political stability of the nation in question with disparities being noted between wealthier governments who meet those needs and their lack of unrest compared to others. Stretching these modes of thought to a future fraught with climatic instability whose effects are already coming to fruition begs the question of how these realities will shape the geopolitical landscape of the Middle East.

## **The historic and current economic and political power of oil has allowed the energy resource to shape not only the internal and external power dynamics of the Middle East but also the landscape of the region itself**

The significant impact that oil has had on the Middle East's wealth and development can be traced to the infrastructure projects that the energy resource enabled. Large-scale oil production in the Middle East began after the end of World War 2 in 1945. At the time, the Middle East lacked much of the infrastructure required for development. For example, much of Abu Dhabi's housing was made out of palm leaves and other materials found in the earth. Oil production provided Middle Eastern countries with the revenue needed for the funding of infrastructure projects, most of which took place in the 1950s and 1960s. Much of these projects focussed on transport and water systems and served to promote both the development of cities and the health of their citizens.<sup>33</sup> Oil revolutionised the economic, social, and political landscapes of many Middle Eastern countries.

Yet, oil did not only fundamentally change the economies and societies of countries within the Middle East, but it also held profound significance for countries across the globe. Indeed, much of the Middle East's oil revenue was derived from oil exports.<sup>34</sup> Following the Industrial Revolution, the United States' main fuel source was oil; in the late 1800s, the US was responsible for 85% of the world's crude oil production. But, in the decades that followed this period, concerns began to rise about the diminishing US oil production capabilities and, by the 1950s, European oil demand was increasingly being met by the Middle East rather than the US.<sup>35</sup>

A number of key industries rely heavily on oil for their production. One example of this is the transportation industry. Oil is vital for the powering of motor vehicles, ships, planes. This has knock-on effects for other industries - the agricultural industry for example, is similarly oil-dependent as a result of its reliance on motorised transport. Likewise, the production of warfare relies on oil for the powering of its transportation vehicles.

Today, the Middle East produces over a third of the world's supply of oil. Given the extent to which the functioning of modern economies across the globe depend upon this energy resource, it follows from this that it is a region of great strategic significance. One event that exemplifies this significance is the Arab oil embargo of 1973. Arab nations that rely on oil revenue for the stability of their economies were becoming increasingly frustrated with how oil prices were being manipulated by Western oil companies. The intergovernmental Organization of the Petroleum Exporting Countries (OPEC) was formed in response, representing a total of 13 oil-exporting countries. Its primary aim was to defend oil prices - something which many countries continue to

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<sup>33</sup> ICE, 2018, <https://www.ice.org.uk/what-is-civil-engineering/what-do-civil-engineers-do/oil-development-in-the-middle-east>

<sup>34</sup> Malachova, 2021, <https://www.e-ir.info/2012/10/29/the-middle-east-and-oil-economic-modernisation-and-political-stagnation/>

<sup>35</sup> Council on Foreign Relations, 2021, <https://www.cfr.org/timeline/oil-dependence-and-us-foreign-policy>

compete over. The oil embargo of 1973 was in response to the support nations were giving to Israel during the Yom Kippur War. Countries including the US and Japan were heavily affected by the decision of these Arab nations to suspend oil shipments. The embargo reduced global traded oil supplies by 14%<sup>35</sup>.

This demonstrates the political and strategic power that the Middle East has as a direct result of its oil production and exports. Changes in the global oil supply have great potential to wreak havoc on the world's largest economies. On account of this, much of US foreign policy in the region has been dedicated to military strategy and foreign intervention to secure the stability of the oil trade. US military presence is, in part, motivated by the desire to hold a decisive advantage over other countries, such as Japan and European nations, in trade with oil-rich Middle Eastern countries. American military strategy has been characterised as that which seeks to deny the control of oil sources to its powerful enemies. For example, the US has a deep interest in protecting Arab Oil reserves and their flow through strategic straits from encroachment by Iran.<sup>36 37</sup>

In this way, conflict and competition coalesced around oil for complex, multivariate reasons. Not only is the geopolitics of oil and the Middle East largely determined by the desire of powerful countries to protect their all-important oil supplies, but it is also shaped by attempts made by nations to retain their power - given that access to oil reserves is a great source of economic and political power, countries such as the US have a vested interest in ensuring that this power does not fall into the 'wrong' hands on their account. In a world heavily dependent on oil as a key energy resource, oil is able to shape power dynamics and underlie conflicts both within the Middle East, and those between this region and other countries.

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<sup>36</sup> Telhami, 2002, <https://www.brookings.edu/articles/the-persian-gulf-understanding-the-american-oil-strategy/>

<sup>37</sup> Kanaan, Lebanon Law Review, 2021, [Geopolitical Lessons from the Ever Given](#)

## **The dynamics of resource insecurity through the interdependency of energy, water, and food play a pivotal role in the power politics within the Middle East**

It goes without saying that energy is the primary currency of influence in the Middle East and the world as a whole. Though there is nothing that could have put the Middle East on the world stage as impressively as its vast oil and gas reserves, the exploitation of these resources for the benefit of the local populations comes very discriminately and consistently stresses the regional political landscape to breaking points.

As previously explored, the translation of said energy resources to concrete economic influence involved extensive diplomatic and military investment on the part of the world's power broker - the United States. Thus, it is apparent that those governments who tread the line along US interests in the region enjoy the greatest extent of domestic safety and security,<sup>38</sup> namely the Gulf Cooperation Council (GCC) which includes Saudi Arabia and the United Arab Emirates among others. Furthermore, the concept of security in this context extends to the quality of life enjoyed by the citizens, which is synonymous with resource access in terms of electricity, water, and food.

It is therefore pertinent to make the distinction between countries such as Saudi Arabia and the likes of Yemen and Syria, where one populace lives in a society with an unparalleled level of luxury and the other struggles for subsistence amid civil strife. This vein of thought resonates further when Saudi-Iranian proxy conflicts are brought to light which define the internal power politics of the region. The disparity between nations in the Middle East both in general and with respect to resource access does not solely owe itself to the prevalence or lack of natural resources within them but more so the relative strength of governing bodies in maintaining social cohesion.<sup>39</sup> Failures in this regard have the tendency to entrench those weaker states further into diplomatic chaos and as a result, reduce the capability of those governments to provide basic needs for those reliant on them. This cyclical behaviour is almost impossible to escape and has become the norm in the 'battleground' states of the proxy war.

Summarising the above relationship is the Arab Spring. Mass demonstrations across the Middle East and North Africa set in motion some of the most drawn-out conflicts in this century. A lack of trust was voiced in the corrupt states and monarchies that mismanaged economic and natural resources to the detriment of their constituents and subjects. Yet, it comes as no surprise that the tensions were catalysed fully by environmental pressures relating to access to energy, food, and water. A testament to this claim is the droughts in eastern Syria prior to 2011 that displaced 800,000 rural occupants, forcing mass urbanisation as they looked for employment, further aggravating the situation that culminated in the outbreak of the civil war.<sup>40</sup>

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<sup>38</sup> Judd, Al Arabiya, 2020, [Safest countries: UAE, Saudi Arabia rank in top 10 of Gallup Law and Order Index](#)

<sup>39</sup> Stivachtis, 2019, [Regional Security in the Middle East: Sectors, Variables and Issues](#)

<sup>40</sup> Waterbury, 2013, [The Political Economy of Climate Change in the Arab Region](#)



Inherent resource insecurity is not the sole contributor to demands for subsistence being unmet, rather, it is a combination of corruption and incompetence that outline this inadequacy. Governments who maintained the satisfaction of these needs saw the mildest consequences of the unrest that ensued and pacified them thoroughly.<sup>41</sup> This dynamic that is fueled by the growing tensions of the local cold war will only be amplified with the onset of climate change as the environment is drained of its resources that are naturally in short supply. Studies have already highlighted the connection between the occurrence of uprisings and “climatic” events as seen in Syria and many other countries.<sup>42</sup>

Ultimately, it returns to factors beyond and within the distribution of resources in the Middle East that either serve to exacerbate or solve the deficiencies of basic needs and state systems' ability to provide them. Diplomatic tensions coincide unambiguously with dissent among different populations for reasons that can be easily exploited for either fold of the Saudi-Iranian gulf.

Climate change and imminent temperature rise continue to stare down the world as a whole and even more gravely so, the Middle East. Thus, every misstep or natural calamity only offers more fuel to the fire that is the realpolitik game which Iran and the Arab states partake in. The handicapped nature of administrative efforts results in communities having to barter civil liberties for basic needs. This will only stretch to further extremes as demands for every resource are set to increase in a geographical region that will be rendered close to inhospitable if there is no course correction at every level of governance and diplomacy.

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<sup>41</sup> Tree, 2014, [Food Insecurity and Unrest in the Arab Spring](#)

<sup>42</sup> Rowling, Reuters, 2019, [Climate stress drove wave of Arab Spring refugees - researchers](#)

## **The global shift to renewable energy holds the potential to drastically revise the nature of current Middle Eastern geopolitics and inter-state relations**

One key factor at play in shaping the future influence and global standing of the Middle East is renewables - more precisely, the global shift away from fossil fuels towards cleaner, renewable energy. As the world becomes more acutely aware of climate change and the ecologically devastating consequences that would come of a global failure to take action, pressure is mounting on world leaders to take meaningful steps to mitigate global warming.

Critical to this is a move away from the over-reliance on oil which dominates the current global status quo. The cost of renewables has declined over 80% in the past decade, making the production of renewable energy more cost-competitive against fossil fuels.<sup>43</sup> This raises the serious prospect of dwindling oil revenues for many Middle Eastern countries. For Iraq, Kuwait, and Libya, oil rents comprised over 40% of their GDP in 2018.<sup>44</sup> If these proportions begin to fall, these countries in the Middle East would see great political and economic ramifications as their key source of revenue and political authority would be undermined.

As has been examined, the region's role as a major oil producer and exporter has shaped its geopolitical status. Its relations to the US and Russia's strategic ties to the Middle East can be traced to the global competition and power dynamics that have come of the world's oil dependency. Consequently, lower oil prices and volatile oil cycles risk eroding the geopolitical significance of the Middle East as it stands today.

Some features of contemporary geopolitical relations may be indicative of how different power dynamics may look in a post-oil world. The US's shale gas revolution of the past decade has made it more energy independent than it previously was.<sup>45</sup> In a world of clean energy, rare minerals such as cobalt and lithium will become crucial due to the role they play in the creation of batteries and electronics. Evidence already shows that countries outside of the Middle East, the Democratic Republic of Congo, in particular, are rich in these substances.<sup>46</sup> Global changes, the beginnings of which are being witnessed today, hold real potential to fundamentally change the geopolitics of the Middle East.

This is a most pressing matter for states in the Middle East as their source of economic influence on the world stage will lose its value in the long term. This, alongside the host of environmental implications of climate change, must be taken as a threat to domestic security according to the scientific consensus.

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<sup>43</sup> Mehdi, The Oxford Institute for Energy Studies, 2021, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2021/02/THE-MIDDLE-EAST-AND-THE-GEOPOLITICS-OF-THE-ENERGY-TRANSITION-MYTHS-AND-REALITIES-.pdf>

<sup>44</sup> Middle East Eye, 2020, <https://www.middleeasteye.net/news/renewable-energy-oil-middle-east>

<sup>45</sup> World Economic Forum, 2015, <https://www.weforum.org/agenda/2015/06/the-changing-geopolitics-of-oil-in-the-middle-east/>

<sup>46</sup> BBC, 2020, <https://www.bbc.co.uk/news/world-50974609>

The impoverished majority of the MENA region will be subject to further stress with the passage of time, and already fragile foundations of statecraft will sow instabilities that cannot be contained through financial means. Wealthier nations have remedied their energy-intensive lifestyles with further investments that lead to consumption levels that are utterly unsustainable. Saudi Arabia for example consumes 936 percent of its total renewable water sources in a year.<sup>47</sup> The maintenance of resource needs in more affluent MENA countries requires a level of investment that is simply unrealistic unless alternative solutions are devised. Taking into consideration weaker state frameworks it becomes clear how demands are unmet given the lack of oil wealth, rampant corruption, or both.

The greatest difficulty of nations who struggle to maintain an acceptable quality of life is the amalgamation of immediate and long-term initiatives to the point where no step forward can be made. Looking at this through the scope of MENA governments highlights the continuous dilemma that has yet to be averted. The provision of basic needs is an unattainable goal in the current state of things and achievements are few and far in between, especially so when achievements in this context are taken as inherent rights in other parts of the world. Constituents in many poorer MENA countries would sell their souls to election candidates at the mere promise of a few more hours of electricity.

The simultaneity of preparing mitigation efforts for the worst of climate change and erecting infrastructure to cater to a growing population that will expect a greater quality of life will tread a Malthusian line so thin that any socio-economic friction could reverse decades of progress. With the waning influence of the region as a whole, there is no greater concern than how the shape of political discourse will be moulded in light of a post-oil-dependent world.

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<sup>47</sup> Sowers, Middle East Research and Information Project, 2014, [Water, Energy and Human Insecurity in the Middle East](#)

## **Conclusion**

- The strategic significance of oil has played a pivotal role in shaping the nature of Middle Eastern geopolitics - including both its relations to other countries and its own global standing
- While the oil-rich countries in the region have benefitted from this significance of oil, many countries within the region hold populations suffering from extensive levels of resource insecurity which are often exacerbated by the region's inter-state power dynamics
- The global shift to renewables holds great potential to interfere with the current state of Middle Eastern geopolitics in a way that would have significant implications for both oil-rich states, and those states facing resource insecurity

# Policy Recommendations

## Overview

The following recommendations offer a double-pronged approach in tackling the resource and social insecurity in the Middle East. The primary focus begins with addressing the underlying cause of instability that has permeated through every scope of discourse in the region, that being the antagonistic nature of diplomacy as a result of constant foreign interference. Following this is the promotion of sustainable energy and water practices given their coinciding and synonymous nature in the local environment. Though these actions work independently, the achievement of sustainable resource use is best supplemented and fortified through strides in diplomacy. Engineering success through these efforts will ultimately serve to strengthen communal safety nets in the face of climate change and extreme weather events.

The recommendations are as follows:

- Action 1: Western countries must cease antagonistic military and economic interventions in Middle Eastern conflict zones and repair diplomatic divides through citizen-focused infrastructural investments to improve social stability
- Action 2: Governing bodies ought to cooperate effectively in the allocation of resources across economic sectors by encouraging renewable energy investments and smart water initiatives so as to soften the blow of climate change.

***Action 1 - Western countries must cease antagonistic military and economic interventions in Middle Eastern conflict zones and repair diplomatic divides through citizen-focused infrastructural investments to improve social stability***

Western political ventures in Middle Eastern affairs and their consequences have been catastrophic to say the least. The past decades have witnessed the exploitation of local political rivalries in an attempt to neutralise opposition to US encroachment across the region in an attempt to safeguard the world energy supply.

As has been explored, the inertia of oil markets is a global interest in a world economy heavily reliant on fossil fuels.<sup>48</sup> Thus, in the final analysis, the maintenance of socio-political stability in the Middle East is a strategic necessity for the foreseeable future until low-carbon energy transition is attained. In pursuit of this, the West has vilified its efforts altogether through getting embroiled in complex regional power dynamics to no end. Goals to quickly neutralise dissidents to the American world order had to be downgraded to containment, and goals to contain now also appear futile.<sup>49 50</sup> Diplomatic rifts carved open by decades of antagonism ought to be bridged if any tangible and measurable progress is to be made. The priority in this respect is mending Saudi-Iranian proxy competition.

Strategic engagement must be thoroughly revised at every level of operation from a Western perspective. One cannot ignore the scale of atrocities committed whose only bottleneck is the provision of military technology, be it from the US and its allies or Russia. Given these military ventures and the current state of sanction frameworks aiming to deter the Iranian axis, it comes as no surprise that Iran foments opposition to US and Saudi influence at every stage of conflict.<sup>51</sup> ~~The idea of deterrence in this sense being a stabilising factor is an extreme and costly miscalculation on the part of those whose vested interest is a stable Middle East.~~

Despite incessant sabre-rattling and opportunistic support for religious fundamentalists, the Islamic Republic of Iran's forced exclusion by the US and GCC from the Middle Eastern system through a barrage of sanctions has only served to polarise all state and non-state actors involved. From the humanitarian disaster that is the Yemeni crisis to the outright vassalisation of Syria, Iraq, and potentially Lebanon, this patchwork of governments cannot endure further breaches of sovereignty at the behest of Riyadh and Tehran's strategic interest in securing regional hegemony. It is imperative that efforts are centred around the de-escalation of tensions between each faction.

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<sup>48</sup> The Middle East Institute, 2021, [The Biden Administration and the Middle East: Policy Recommendations for a Sustainable Way Forward](#)

<sup>49</sup> Quincy Institute for Responsible Statecraft, 2020, [The US Can Only Lose in War With Iran](#)

<sup>50</sup> Council on Foreign Relations, 2022, [Confrontation Between the United States and Iran](#)

<sup>51</sup> Center for Strategic and International Studies, 2019, [War by Proxy: Iran's Growing Footprint in the Middle East](#)

Sanction relief is the first step in the peacemaking process which will defuse the Saudi-Iranian relationship and as a result culminate in the liberation of their proxy networks. Central to this issue is the Joint Comprehensive Plan of Action (JCPOA) which is the final stage of the Iranian nuclear deal. US withdrawal from the deal in 2018 during the Trump administration resulted in Iran punitively surpassing the initially agreed upon uranium enrichment limit which was in place to maintain non-proliferation. The adversarial stances taken by the US-influenced negotiations through the EU alongside other significant actors only motivates Iran further towards nuclear weaponization.<sup>52</sup>

With the recent Russian invasion of Ukraine and the consequent shock on the oil market, the need to come to an agreement has reached a new level of urgency<sup>53</sup>. Allowing Iranian oil to flow back into global trade unhindered would extend a new branch of cooperation and remove undue stress on MENA populations reliant on oil whose current supply of wheat is also threatened as a result of the war.<sup>54</sup>

The longer these negotiations are stalled the more insecure the region becomes. A prime example of this is Lebanon. A combination of financial mismanagement and corruption led to one of the worst economic crises in modern history.<sup>55</sup> The local political deadlock grows more polarised by the day due to hyperinflation and deteriorating living conditions that reflect the diplomatic situation between Iran and the GCC. Sanctions imposed on the Iranian ecosystem only encourage the feudalistic tendencies that allowed groups such as Hezbollah and its allies to hold considerable sway over government policy and alienate it from foreign investment. Dismantling the sanction apparatus is key to allowing more moderate voices to be emboldened in states like Lebanon where Saudi-Iranian elements are at odds. This allows for their independent development and thereby stabilises the region as a whole.

Whether or not cooler heads prevail with regards to the Iranian question, the world as a whole and the West in particular must invest in the academic and intellectual dimensions of the Middle East. This will bypass the notion of lending aid to corrupt governments who have yet to regain the trust of their Western counterparts after decades of embezzling those funds. More importantly, this will empower the younger population to engage with and resuscitate their respective market economies, inevitably improving living standards and reducing the persistent brain drain which paralyses the poorer parts of the region and keeps it in a permanent state of stagnation. It is worth noting that many of those skilled individuals who emigrate eventually settle in GCC countries, further amplifying the economic disparity between neighbouring states<sup>56</sup>. Investing in the education sector and stimulating the intellectual capacity of the generations to come will offer far more stability than any armed force could provide.

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<sup>52</sup> Reuters, 2021, [Iran Has Enriched Uranium to Up to 63% Purity, IAEA Says](#)

<sup>53</sup> Reuters, 2022, [Iran Suggests New Obstacles Hinder Nuclear Deal After Russian Interruption](#)

<sup>54</sup> AlJazeera, 2022, [MENA Faces a Crisis as the World's Key Wheat Producers Are at War](#)

<sup>55</sup> The World Bank, 2022, [Lebanon's Crisis: Great Denial in the Deliberate Depression](#)

<sup>56</sup> Arab News, 2018, [Gulf States Can Teach the Arab World About Brain Gain](#)

Beyond this, cooperation between local governments through the reallocation of sanction-freed resources will erode the unipolar model headed by the GCC. This will unlock the potential of a more competitive, oligopolistic dynamic that will boost the economic productivity of the region as a whole, making it a far more attractive locale outside of its oil wealth.

The reduction of overarching geopolitical competition entails more democratic behaviour and participation on the part of constituents across the Middle East. Voters will come to elect those whose main priority is economic development rather than foreign entanglements under the guise of sectarianism. This will open an avenue of engagement with less corrupt forms of government that will bolster economic incentives through the erection of reliable electric grids and water networks.

Investing in infrastructure schemes from abroad will require accountability mechanisms so as to meet expectations in laying the foundations of social safety nets. These mechanisms must ensure that there is ample technological cooperation aimed towards improving the quality of life in these communities, leaving less room for resource insecurity as a pretext for power-projection and the grooming of dangerous sentiments.

Ultimately, the Middle East must be able to act as a counterbalance to other foreign influences and function independently on the world stage. This along with creative pragmatism and transnational intellectual cooperation will fortify efforts to promote reform and improve the welfare capacities of weaker states not only to meet basic needs but also to entrench them further against the onslaught of climate change.



***Action 2 - Governing bodies ought to cooperate effectively in the allocation of resources across economic sectors by encouraging renewable energy investments and smart water initiatives so as to soften the blow of climate change***

On account of not only the global shift away from fossil fuels but also the looming ecological threat posed by climate change to the region itself, the Middle East has a great interest in encouraging investments in renewable energy. Yet, renewable investment has been disincentivised in the region due to a number of factors, such as the abundance of hydrocarbon fuels itself - and the uncertainties that come with this energy source - weak institutions and inadequate infrastructure.<sup>57</sup>

A key way in which the Middle East can respond to the pressures outlined by this report is by focusing investment in solar power in particular. This is an energy source well-suited to the region - the region enjoys abundant sunshine and has available to it large amounts of cheap desert land.<sup>58</sup> But, there are fears that an uncertain economic outlook will hold back investment. As has been discussed, many countries in the region have made ambitious plans which don't appear to be firmly on the course of realisation.

This report proposes that Middle Eastern countries have a strong interest to ensure that solar energy is at the core of its COVID-19 economic recovery efforts. This can be done by incentivising relevant investment into the region.

Crucially, incentivising this requires that the entering of renewables into the region's market has access to political support, as well as a source of finance. The potential economic gains of this investment can be utilised as a means of presenting investment as a sensible and ideal national strategic pursuit. As is highlighted by The Oxford Institute for Energy Studies, reforms of the domestic energy pricing frameworks can serve as a key way for renewables into the region's market by making the economic value of renewables apparent. The cost advantage of renewables themselves can be used to draw in investment<sup>55</sup>.

Another important aspect of creating this market that incentivises investment in renewables is ensuring that it is open to private sector participation. This can, for example, be effectively achieved through legislative changes that encourage private-public sector partnerships. Given the diverse nature of the utility sectors across the region, the questions of how and which parts of the existing market can be opened up to private participants are something that ought to be given country-specific answers. Though - as renewable projects have particular needs, require new and developing technologies, and call on expert knowledge - a model for investment that involves the private sector is likely to benefit the region as a whole to a large extent<sup>55</sup>.

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<sup>57</sup> The Oxford Institute for Energy Studies, 2018, <https://www.oxfordenergy.org/publications/policies-to-promote-renewables-in-the-middle-east-and-north-africas-resource-rich-economies/>

<sup>58</sup> PV Magazine, 2021, <https://www.pv-magazine.com/2021/06/25/strong-growth-predicted-for-middle-eastern-solar-pv/>

Thus, the implementation of this policy has the potential to be of regional-scale and is a desirable goal that all countries in the region can work towards in order to both mitigate against the negative effects of climate change, as well as to respond to the emerging pressures attached to fostering an economy for which oil-production is overwhelmingly the primary source of revenue. While this policy may manifest as a target that Middle Eastern countries aim to reach within the next 10-30 years, the investment incentivisation that acts as the groundwork to reaching this aim to be efforts that are begun now; COVID-19 economic recovery presents a key opportunity through which these measures can be integrated into the national economic systems and strategies of countries within the region.

In addition to allowing the Middle East to respond to the threat of climate change and guaranteeing it retains its position of strategic importance on the global stage, a focus on solar power will have the significant outcome of supporting environmentally-clean desalination efforts. As has been discussed, the Middle East faces vast levels of water scarcity. With insufficient freshwater resources and growing demand, urgent action is required to address what has developed into a water crisis.<sup>59</sup> In this vein, agricultural practices in this environment are inefficient and unproductive in most cases, offering room for improvement and the ultimate ambition of self-sufficiency.

One of the key problematic factors of this crisis is the extent to which desalination as a solution has, to date, been highly energy-intensive. It follows from this that a crucial way in which the crisis can be better addressed is to work on new desalination processes that are able to rely on cleaner energy.<sup>60</sup> Here, solar power comes into play. Given how the region's weather and agricultural landscape lends itself to the development of large solar power plants, solar energy provides a key opportunity for clean water purification processes. This is an ambition already held by Saudi Arabia,<sup>61</sup> and the following of such efforts by other regions in the Middle East through investments in solar power can play an important role in addressing threats of both the climate and water crisis.

Another point of contention is the political projection of water as a resource and the potential tensions that could arise as a result of large-scale damming projects.<sup>62</sup> Many communities and nations as a whole rely on rivers such as the Nile for Egypt and the rivers Tigris and Euphrates for Syria and Iraq.<sup>63</sup> Unilateral investment in these respects have vast societal implications as damming up rivers for development upstream chokes those who depend on it downstream -

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<sup>59</sup> CNN, 2019, <https://edition.cnn.com/2018/07/11/middleeast/middle-east-water/index.html>

<sup>60</sup> Circle of Blue, 2010, <https://www.circleofblue.org/2010/world/experts-name-the-top-19-solutions-to-the-global-freshwater-crisis/#:~:text=To%20date%2C%20desalination%20has%20been,to%20use%20solar%2Dpowered%20plants>.

<sup>61</sup> World Politics Review, 2021, <https://www.worldpoliticsreview.com/articles/29571/facing-dwindling-water-middle-east-looks-to-new-technologies>

<sup>62</sup> Amro Selim, Fikra Forum, Washington Institute of Near East Policy, 2020, [The MENA Region's Water Crisis: Avoiding Potential Water Wars](#)

<sup>63</sup> Brookings, 2012, [Water Challenges and the Cooperative Response in the MENA](#)

upwards of 100 million people beyond the Nile delta. This has already caused mass urban migration in the case of Syria whose consequences have already been addressed. Turkey, Ethiopia, and Iran have the capacity to paralyse their subordinate governments with this volatile water diplomacy. Hence it is necessary to conceive a basis for mutually beneficial agreements if such projects are to continue proliferating across the MENA region. The construction of dams must be mediated by outside bodies such as the Arab League. Given that Egypt, Syria, and Iraq will suffer the most in these scenarios, the soft economic power of the Arab governments must be wielded to ensure that no river-dependent community will be cut-off from water supply. This can be guaranteed by multilateral engagement in these developments.

The decentralisation of energy and water networks is the fundamental solution to pervasive inefficiencies. It is small-scale, pragmatic initiatives that will fuel innovation and progress, rather than megaprojects that are riddled with the same bureaucratic incompetence and corruption as the state institutions who promote them.

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**CRUCIALLY, INCENTIVISING THIS  
REQUIRES THAT THE ENTERING OF  
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A SOURCE OF FINANCE.**

## **Conclusion**

While these policy recommendations may require significant shifts in the tone and nature of engagements between countries - both within and outside of the Middle East - they work to lay out a desirable and appropriate foundation upon which a number of key challenges facing the region can be addressed.

Given the pressing nature of these issues of resource insecurity and climate change, and the impact they will have on the citizens of these nations if unchallenged, action of some form is undeniably required. A strategy for de-escalation of the tensions that characterise the current geopolitical status of the Middle East, as well as a focus on investments that prioritise renewable energy, clean desalination, and non-antagonistic water diplomacy have great potential to play valuable roles in achieving this aim.