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## PANDEMIC IMPACT: THE CASE OF THE MIDDLE EAST



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The Covid-19 pandemic springs from globalisation and has global effects. Rightly, the perspective of much analysis is the over-arching competition between East Asian nations and Western ones. Which will emerge stronger from the crisis? What will have changed? Africa too receives attention, for its size and demography, as well as for being the place where much of this competition is already being played out. Those taking a global view can be forgiven for passing over what the effects might be in the Middle East, an area so divided and conflicted that it tends to present more confusion than clarity. Here I shall try nonetheless to tease out some observations of wider relevance.

Crises accelerate changes that were already beginning to happen, or were inherent in existing tensions and contradictions. There is no shortage of these in the Middle East. The public health crisis and its devastating economic impact have been augmented by the collapse of the oil price. Global demand has contracted not only for oil but for trade in general. Migrant remittances have fallen, and migrant jobs are disappearing, throwing a further burden on the poorer sending countries such as Pakistan and Egypt. Tourism and travel, including potentially for the Hajj to Mecca, have been suspended for the duration of the lockdown. In common with other Emerging Markets, the region has seen a rapid exodus of capital.

Changes of this scale cannot fail to impose changes of behaviour, starting with political strategies. The most visible example comes from Saudi Arabia, where the flagship policy of the Crown Prince based on Vision 2030 had already been exposed as misconceived. The key notion of the policy was to create non-oil sector jobs, to meet the needs of the growing young population. This was not happening, and has to be re-thought and applied more realistically. The formula of building mega-projects, supposedly to serve a knowledge economy that does not in fact exist, will have to be reviewed. Perhaps the most important consequence will come in the matter of trust: young Saudis have bought the promises of a better future, promises which cannot be delivered in the economic circumstances which lie ahead. Their willingness to put up with a strictly autocratic system of government, in which power has been tightly centralised and individual freedoms harshly repressed, will be tested. Meanwhile, on the upside, the pandemic has given Saudi Arabia

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the pretext to offer a unilateral cease-fire in its disastrous war in Yemen, an exit it had been searching for.

Political strategies will also have to change in relations between countries. Withdrawal of American protective cover for allies in the region was already in progress, and is likely now to speed up. Arab states that had been encouraged by the US and Israel to confront Iran will increasingly seek accommodation instead. The UAE, always a step ahead of the game diplomatically, has been pursuing that course since September. Let us hope it now reconsiders its military intervention in Libya, where it can instead play the crucial peace-making role. The UAE has also been improving relations with Damascus, in response to a growing sense of competition with Turkey, opposing the Islamist agenda long attributed to President Erdoğan's ambitions. Israel meanwhile remains paralysed politically, despite the recent agreement on the premiership, in a way which has nothing to do with the pandemic. Iran faces hard choices as it confronts further economic hardship, and is likely to see the Revolutionary Guard tightening its grip at home, and yielding none of the gains made over recent decades in Iraq, Syria and Lebanon. But Iran too should be open to regional détente.

Some of the region's countries will manage better than others, despite sharing in the economic pain. The Gulf States, scarred by the earlier MERS epidemic, have moved swiftly to impose lockdowns and quarantines. Egypt, the only regional country predicted by the IMF not to go into recession this year, will find effective measures more of a challenge. But its competent technocratic government, backed by the all-powerful military, will probably manage the crisis as well as can be expected. Jordan's government has earned wide public support for its highly effective handling of the pandemic: Jordan does best in a crisis. But others are highly vulnerable: Iraq's fragmented polity will come under acute further pressure as oil revenues fall far below the levels needed to employ the vast public sector, and factional conflict risks emerging more openly. In Iraq as in Algeria and Lebanon, the public health crisis has removed from the streets the mass movements demanding accountability and sweeping political change. For now. The pressures which created those movements will double, and one day will shatter the inadequate and corrupt political structures that currently hold sway. Hunger riots have already broken out in the north of Lebanon.

A few oil-exporting states have substantial reserves, in the form of the global investments of their Sovereign Wealth Funds. With that comes considerable borrowing power as well. They should be able to cushion the blow to their spending. That after all is the underlying purpose. Abu Dhabi stands out as having by far the largest resources of this kind. The funds are already hunting for bargains as the world's capitalist economy reels from the impact of the pandemic. And this may not feel like the moment to sell assets. It will be a test, though, for policy leaders in those countries to change from an acquisitive mindset abroad to one that invests more in social capital at home, with all that implies for structures of power and privilege.

To read commentary on the global impact of the crisis is to be struck by the big thinking it has inspired: on world trade, social equity, resilience, sustainability, the environment, a new Bretton Woods. The chance can be grasped to put so many things right, and set a better course. Thinkers in the Middle East are no less keen to seize the opportunity, and be part of a global project. Their governments though in recent times have torn up patterns of co-operation that once existed. They will have to start by relearning them, and acquiring a new mindset. That in turn calls for more inclusive politics at home, and the chance for new voices to be heard. Autocracies may

instinctively hang on all the harder to the present model of power, which most would agree would be to increase the social pressures on them. Meanwhile, in the short term, uncertainty prevails over the outcome of the US Presidential elections in November. A Democrat victory could see a return of US moral leadership, and a less sheltered environment for blinkered, reform-resistant autocracies. The other competing superpower, China, likewise has no time for leaders who make war and who wreak chaos on their societies. The Middle East will have to be a full-hearted participant in the global renewal, and not the self-indulgent exception.

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