

# Competing Powers and Fragile States, Wars and the new Geopolitics of the Middle East

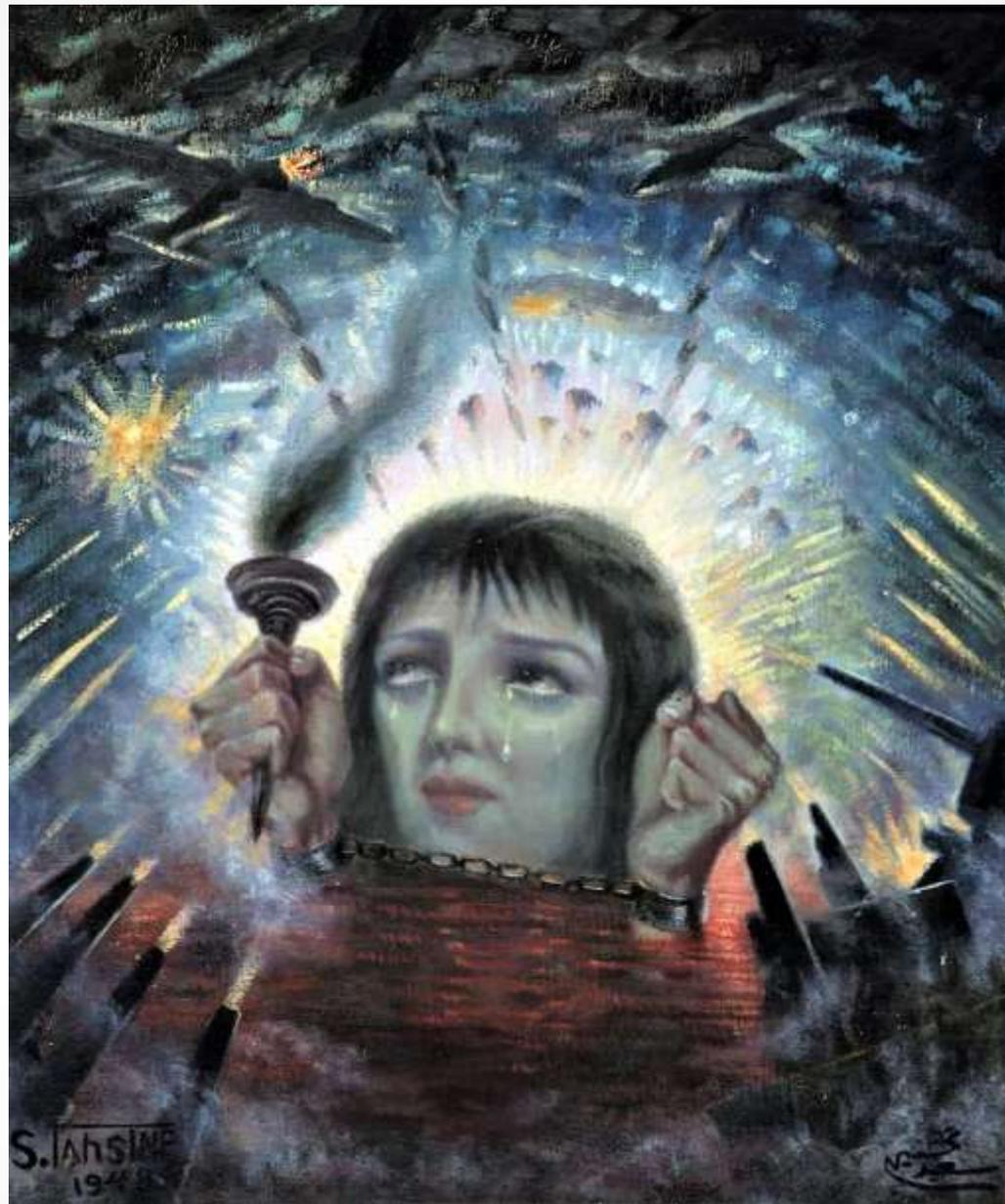
*University of Bologna, November 25, 2024*

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- **Why the present long wars in Gaza/West Bank (Palestine) and Lebanon?**
- **How to explain the positions of the major actors in the region?**
- **What the present wars are linked with the post “Arab Spring” civil wars?**
- **What is the issue about “Non-State” actors? Hamas, Hezbollah, Al Qaeda,...**
- **Is there a State problem in the region? What could lead to recomposition?**
- **How do the financial/economic aspects play a role?**
- **What perspectives?**



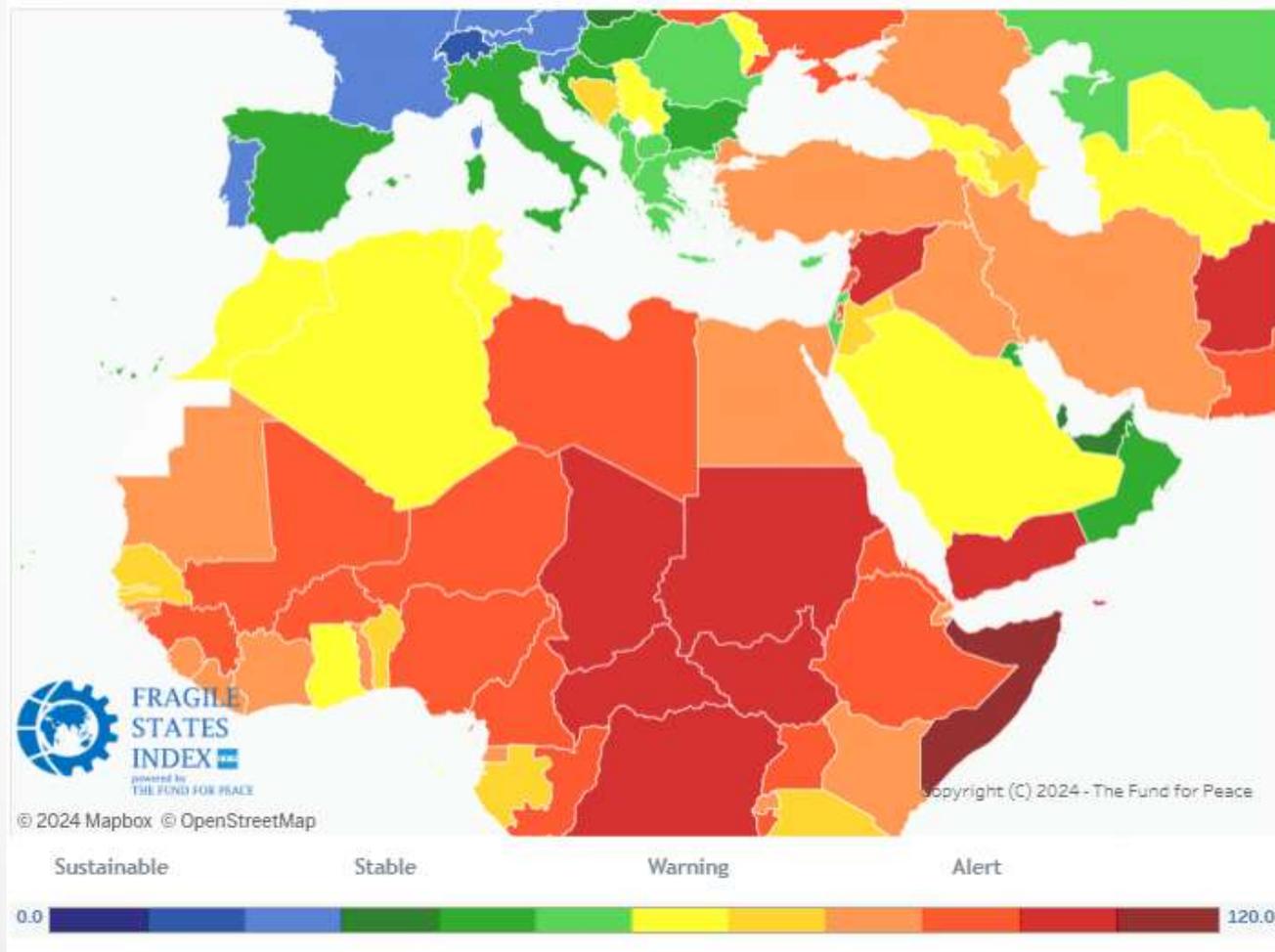
**Said TAHSIN: Humanity in a Sea of Blood; 1946**

# The new Geopolitics of the Middle East

- The conflicting regional powers and the Fragile States
  - The **Conflicting Regional Powers:**
    - Israel
    - Türkiye
    - Iran
    - Saudi Arabia
    - UAE
    - Qatar
    - Morocco
  - **Outsiders:**
    - Oman
    - Jordan
  - The **No Power States:**
    - Egypt
    - Algeria
  - The **Fragile States:**
    - Lebanon
    - Syria
    - Iraq
    - Yemen
    - Libya
    - Sudan
    - Tunisia
    - Palestine

# The Fragile States

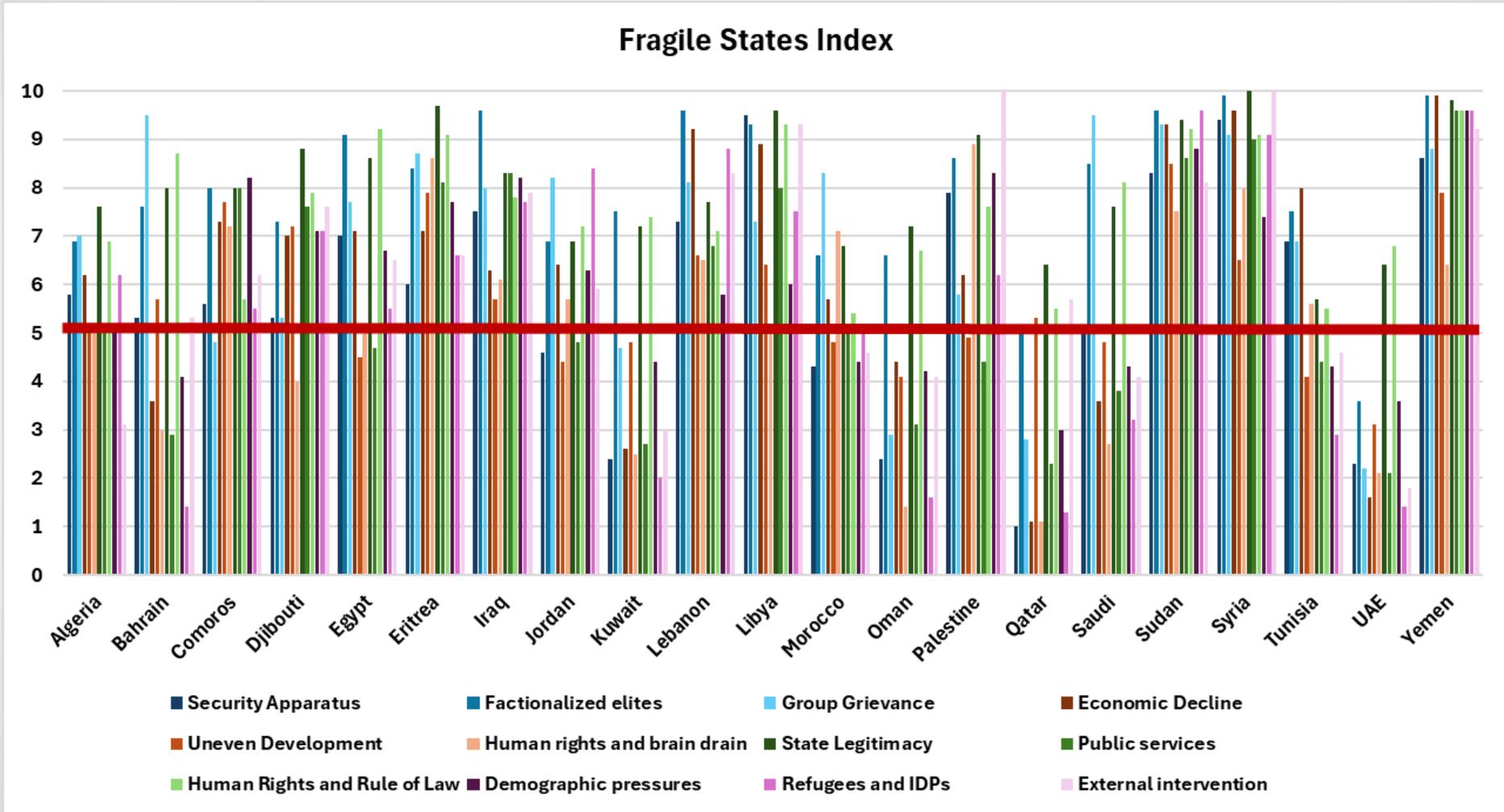
- The Fragile States Index



See: Samir AITA: [Fragile States in the Middle East and North Africa, AFD, March 2024](#)

# Fragile States index 2033

**Major issues:** State legitimacy, Factionalized elites, Human rights and Rule of Law, Group grievance,...



# The YOUTH TSUNAMI as a factor of fragilisation

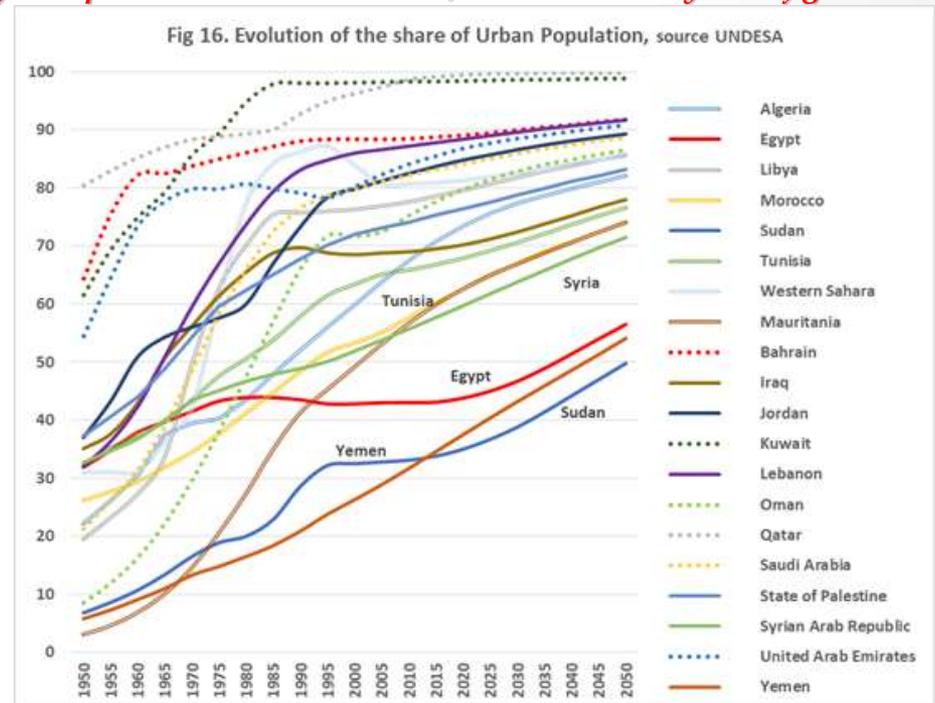
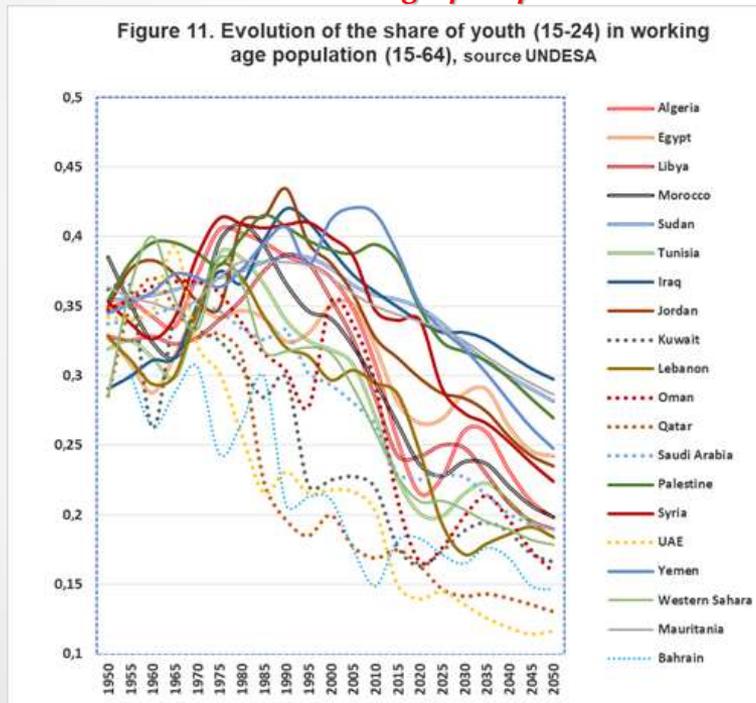
A *"baby boom"* because of the improvement of health

→ 20 years later: A *"Youth bulge"* in the early 2000s

+ In addition to an acceleration of the rural-urban migration

→ A *"youth Tsunami"* in urban areas (> +8% yearly)

*A similar demographic phenomena to that of Europe between 1945 and 1970, without the 30 years of growth*



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# Informal employment as a factor of fragilization

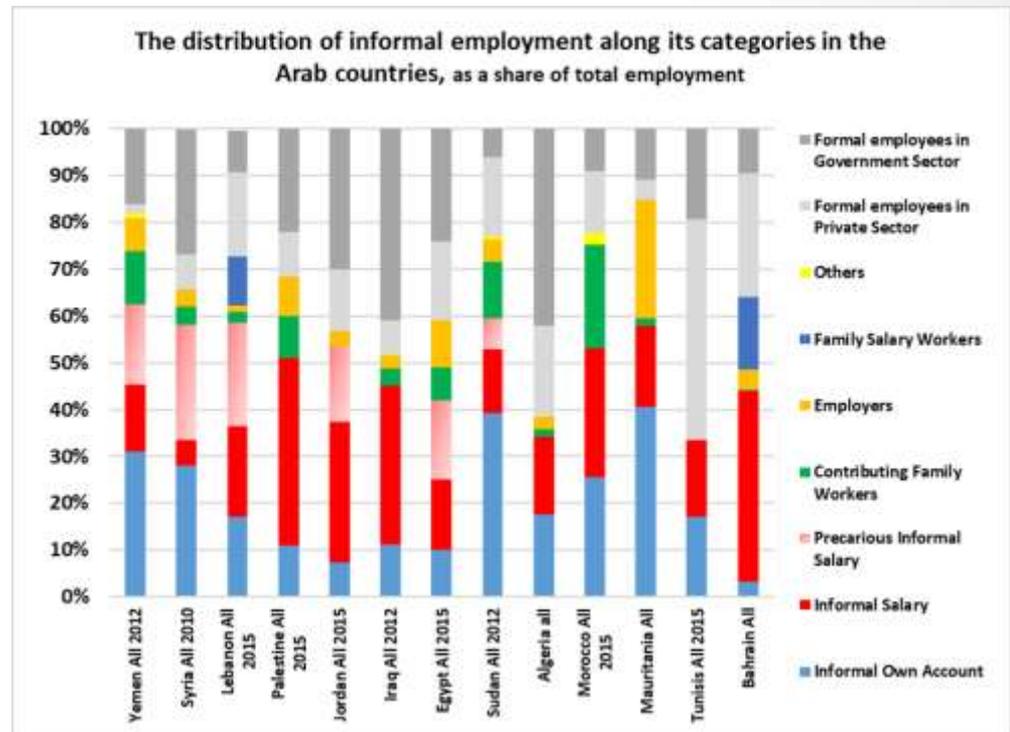
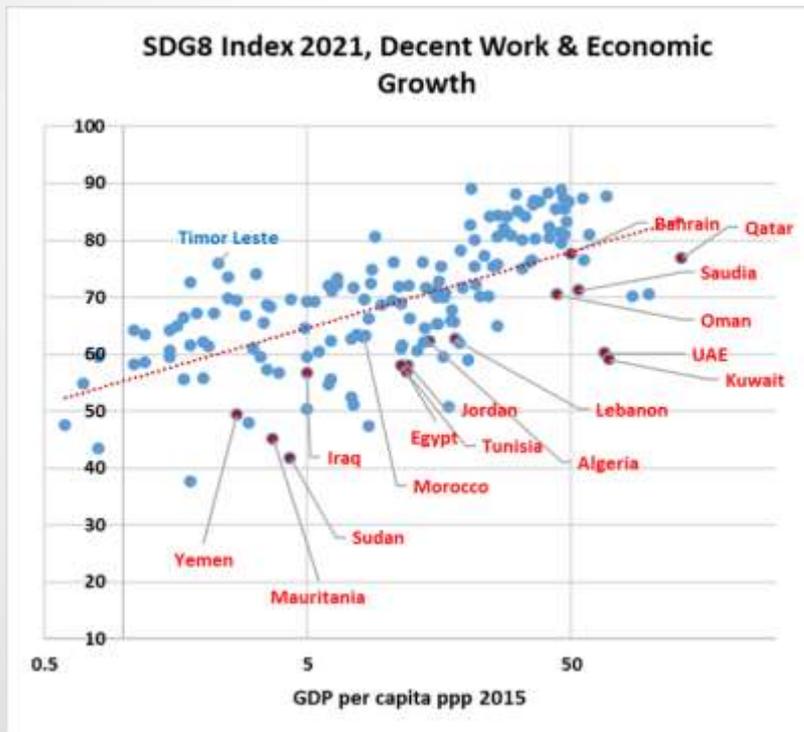
*The Palestinian refugees: Jordan, Syria, Lebanon, ... Kuwait, Kuwait*

*The Sudanese refugees: Egypt*

*The work migration to the Gulf: Arab States and Indian continent*

*The Syrian refugees: Lebanon, Jordan, Iraq... Egypt*

*The African refugees ... on the road to Europe*



# The fragilization as an urban phenomenon



# Migrations as a factor of fragilization

*The Palestinian refugees: Jordan, Syria, Lebanon, ... Kuwait, Kuwait*

*The Sudanese refugees: Egypt*

*The work migration to the Gulf: Arab States and Indian continent*

*The Syrian refugees: Lebanon, Jordan, Iraq... Egypt*

*The African refugees ... Tunisia, Libya, ... on the road to Europe*

*And now Lebanese refugees*

**And large internal displacement**

Fig 2. Average growth rate of population 1950-2015

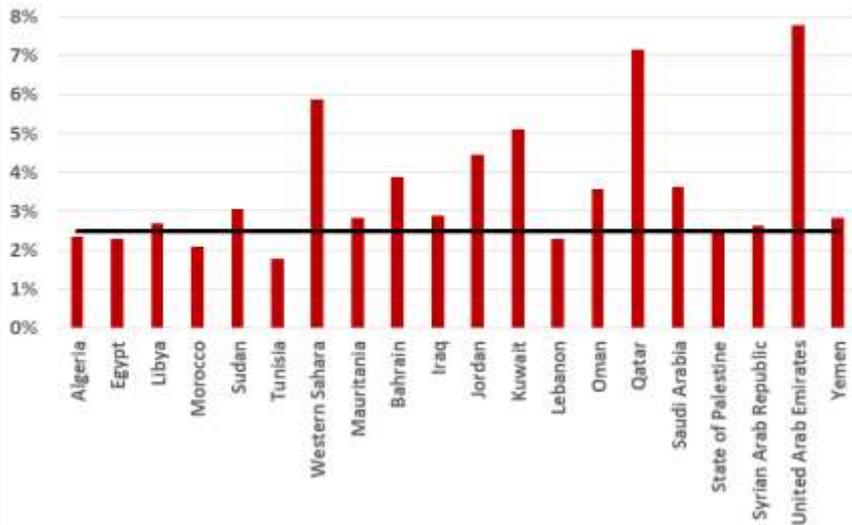
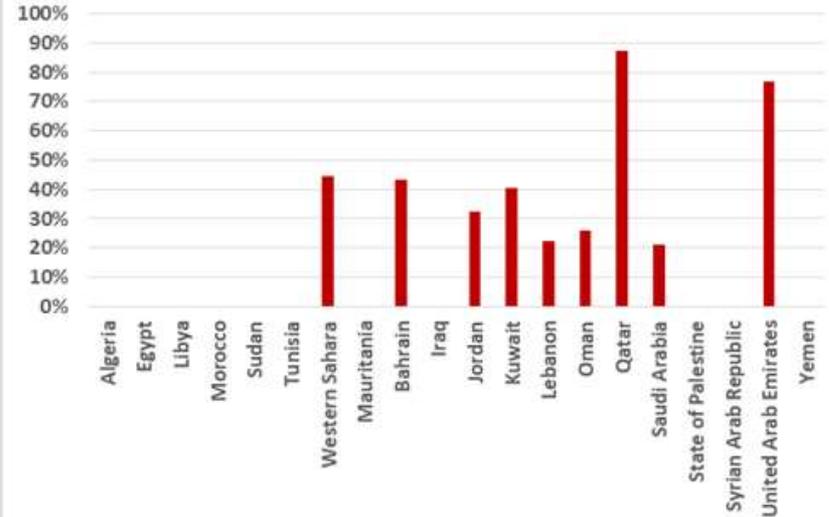


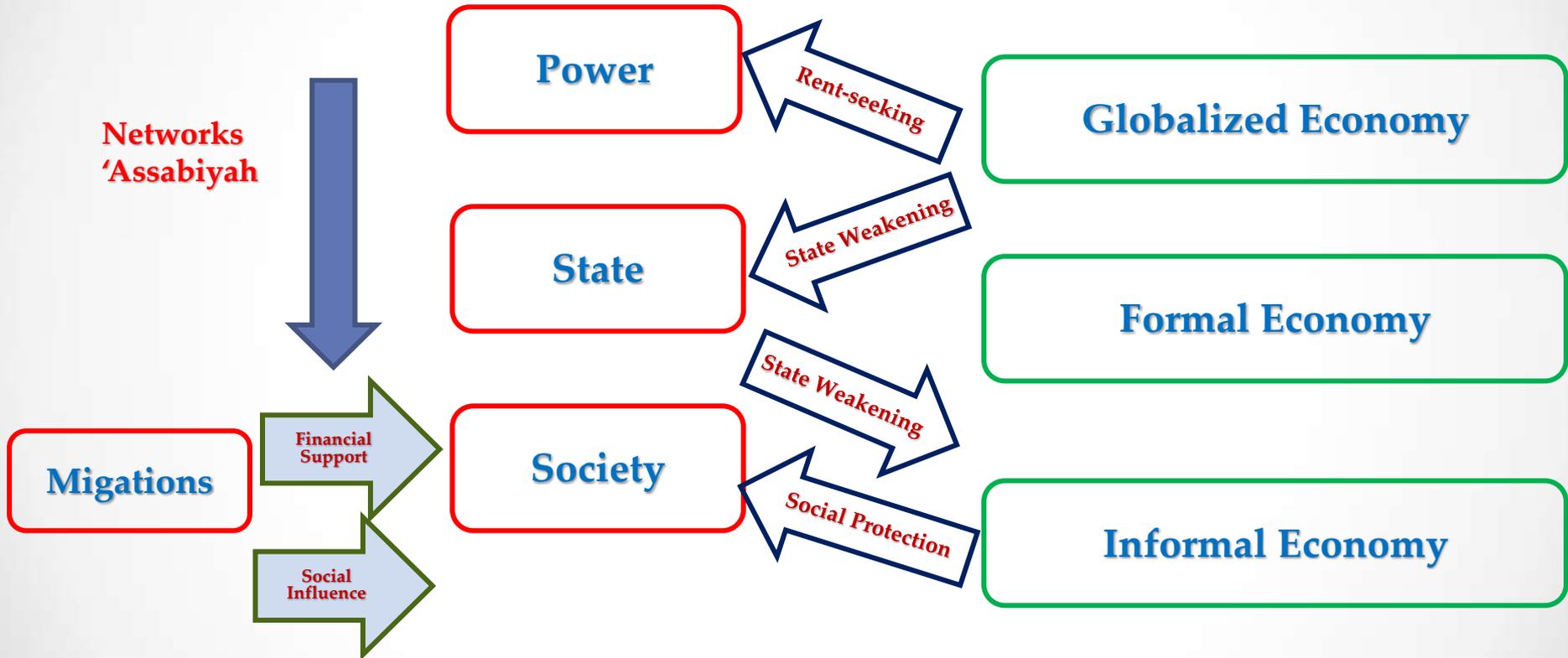
Fig. 1 Percentage of migrant population in the Arab countries 2015, source UN population division



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# State institutions and Fragilization

- **State-Power-Society-Globalization: A Political Economy Approach**

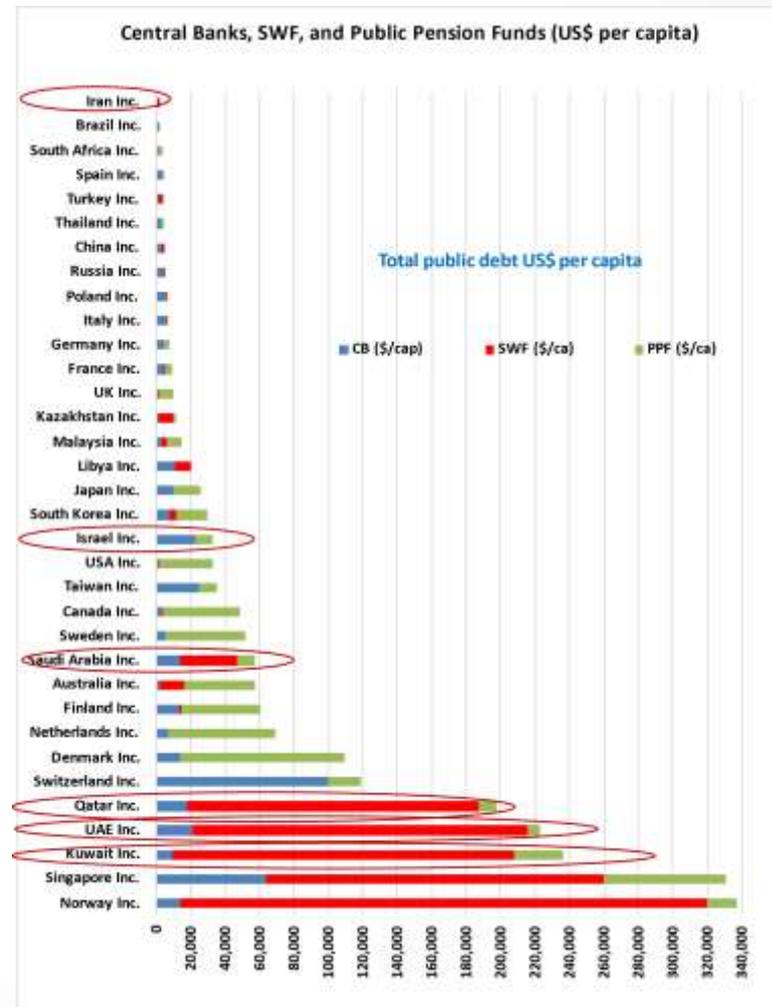
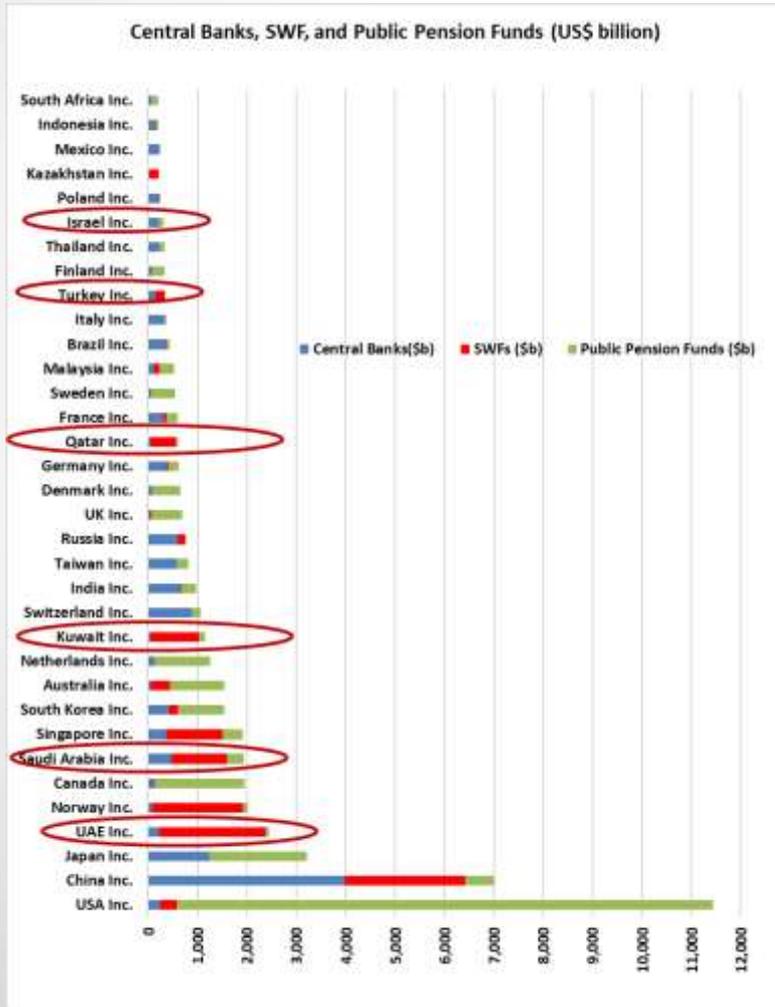


**Can that be development and Democracy without strong STATE institutions?**

# The Regional Competing Powers

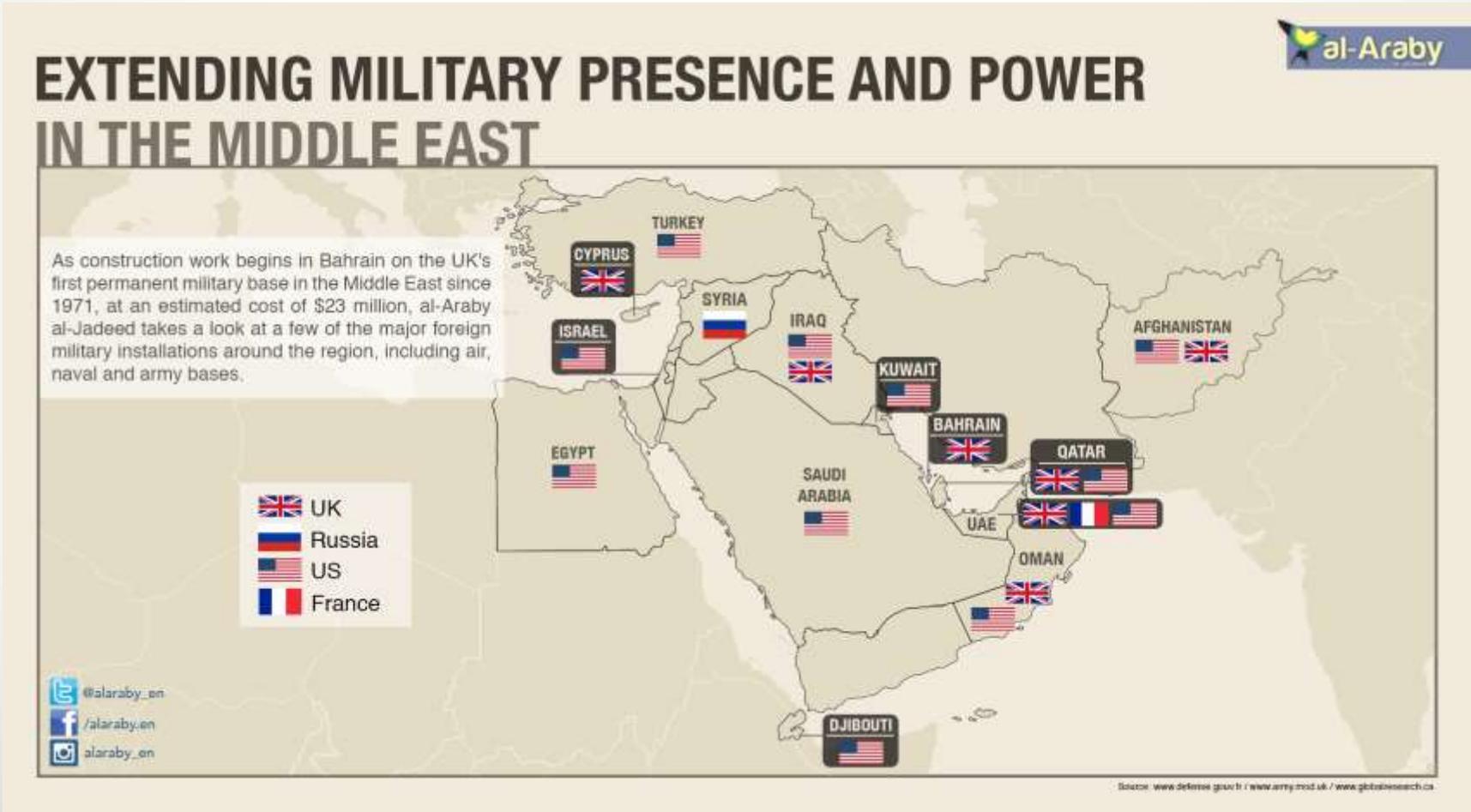
- Huge Financial Reserves

But there are also debts!!!



# The Regional Competing Powers

- Western (mainly US) military bases in the Middle East



# Migrations as a factor of empowerment

*Managed high population growth rates*

*Flexible labor force, adjustable function of economic situation*

*Large informal (foreign) labour, reducing burden on State*

*Are UAE or Qatar Arab countries?*

Fig 2. Average growth rate of population 1950-2015

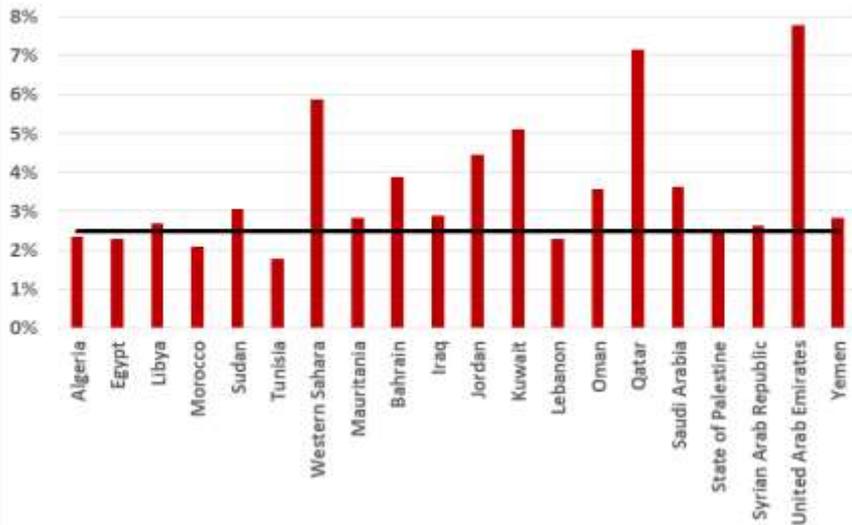
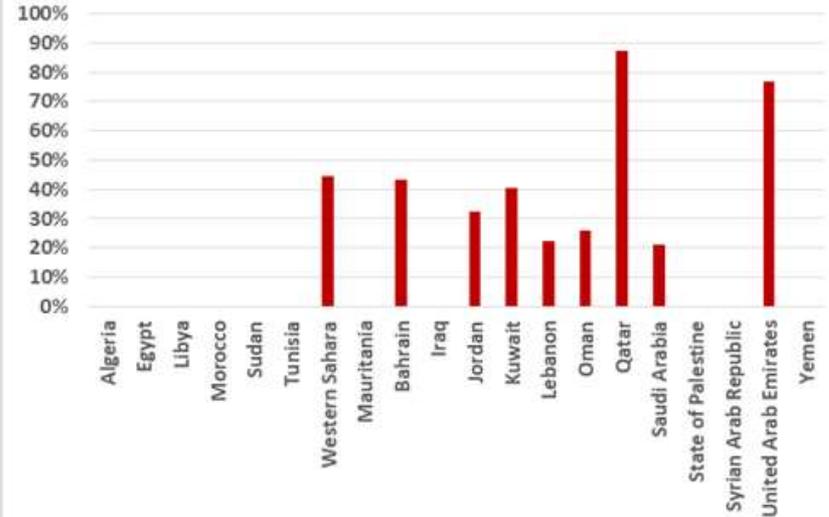


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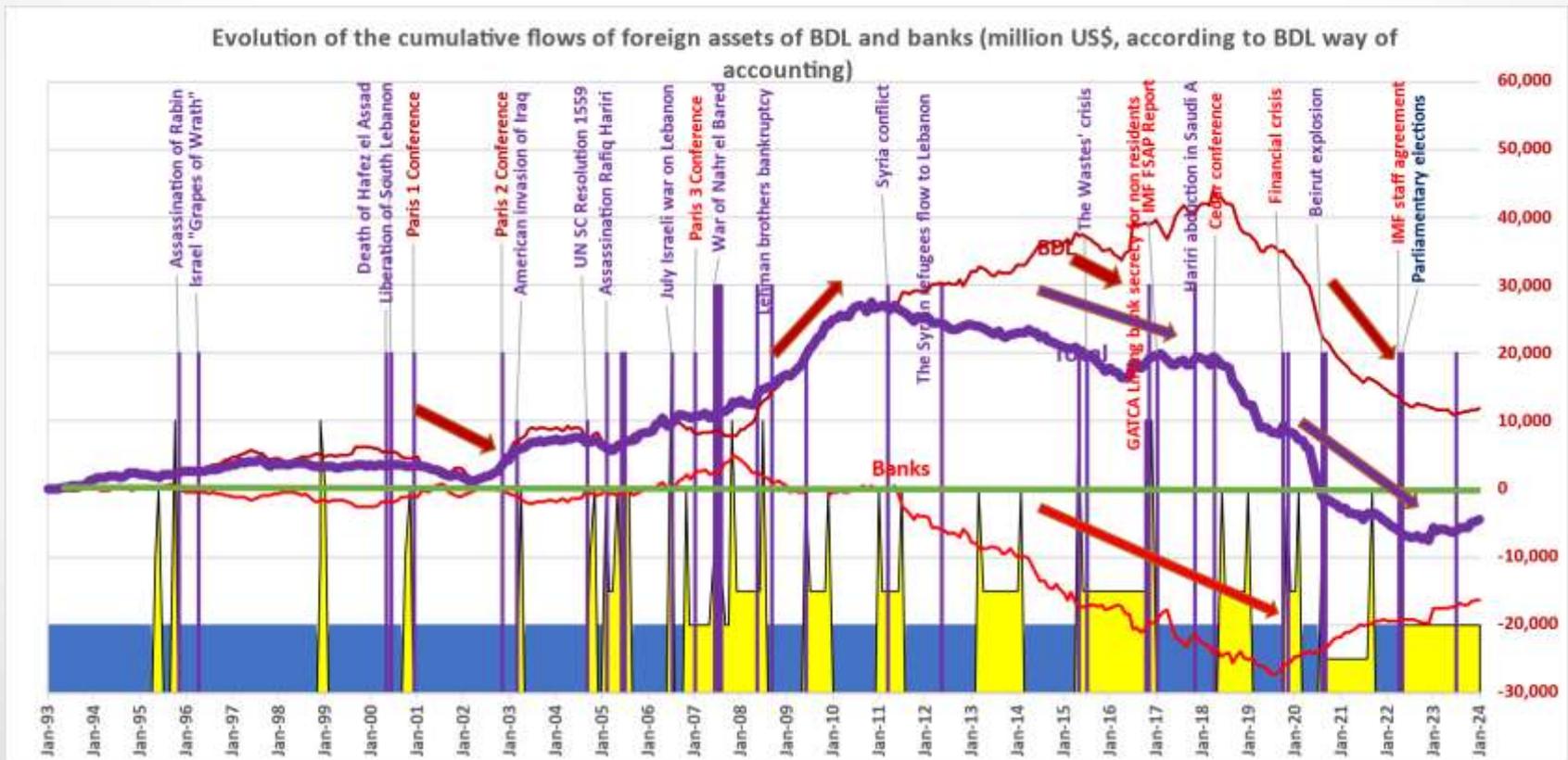
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# Lebanon as a Fragile State

- The Unstable post-civil-war political setting
- The communitarianism and regionalism
- Weak State institutions... No President and legal Government for 2 years
- The Financial Collapse of 2019
- The collapse of the financial system and the cash economy
- The port explosion of 2020
- The present Israeli war

# Lebanon as a Fragile State

- The Financial **Ponzi Scheme** has been installed since the 1990s, only saved by Paris 2 and the 2008 global crisis
- The decline in foreign assets started with the **Syrian conflict**
- In 2016, the **IMF was influenced not to declare the crisis, leading to further Ponzi financial engineering**
- More than **US\$ 80 billion evaporated** (October 2019 collapse), Lebanese (and Syrian, Iraqi, ...) deposits
- No financial reforms, no banks' restructuring, no economic reforms... **no governance**



See: [World Bank, Lebanon a Systematic Country Diagnostic, August 2024](#)

# THE FOUR COMPONENTS OF THE LEBANESE POWER SYSTEM



Openly active



More discrete

The warlords  
& political parties

The Financial power

The Trade Monopolies

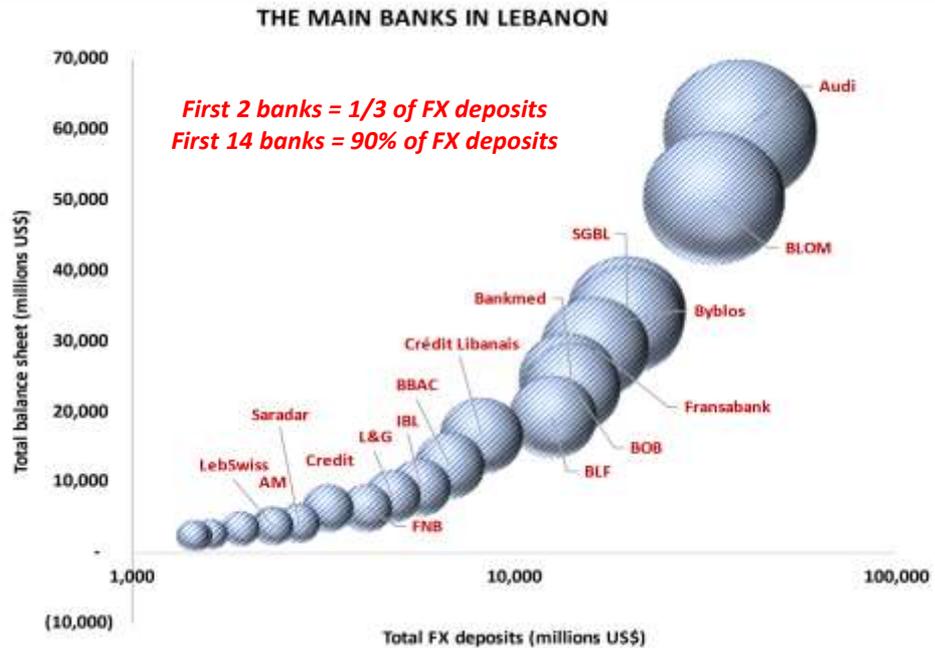
Organized through the Association of Lebanese Banks (ABL)

- **Audi:** Lebanese, Maronite, mixed, Gulf... formerly Saradar and Mikati.
- **BLOM:** Sunni, Syrian Origin, mixed.
- **SGBL:** Sehnaoui, Greek Catholic, Syrian Origin, France, I?.
- **Byblos:** Lebanese, Maronite, IFC, BLOM.
- **Fransabank:** Leb., Sunni, Kuwait, Germany.
- **BoB:** Lebanese, Maronite, Gulf, Lux.
- **Bankmed:** Lebanese, Sunni formerly Rafiq Hariri and Jordanian.
- **BLF:** Leb. + Syrian origin, Greek catholic, France.

The banks constitute a political power. They service politicians, who serves them

Many banks' directors were former IMF staff  
Rare direct implications of politicians in banks' shareholding

Complex interactions with politicians and trade oligopolies  
Aim at preserving the "Lebanese banking model"

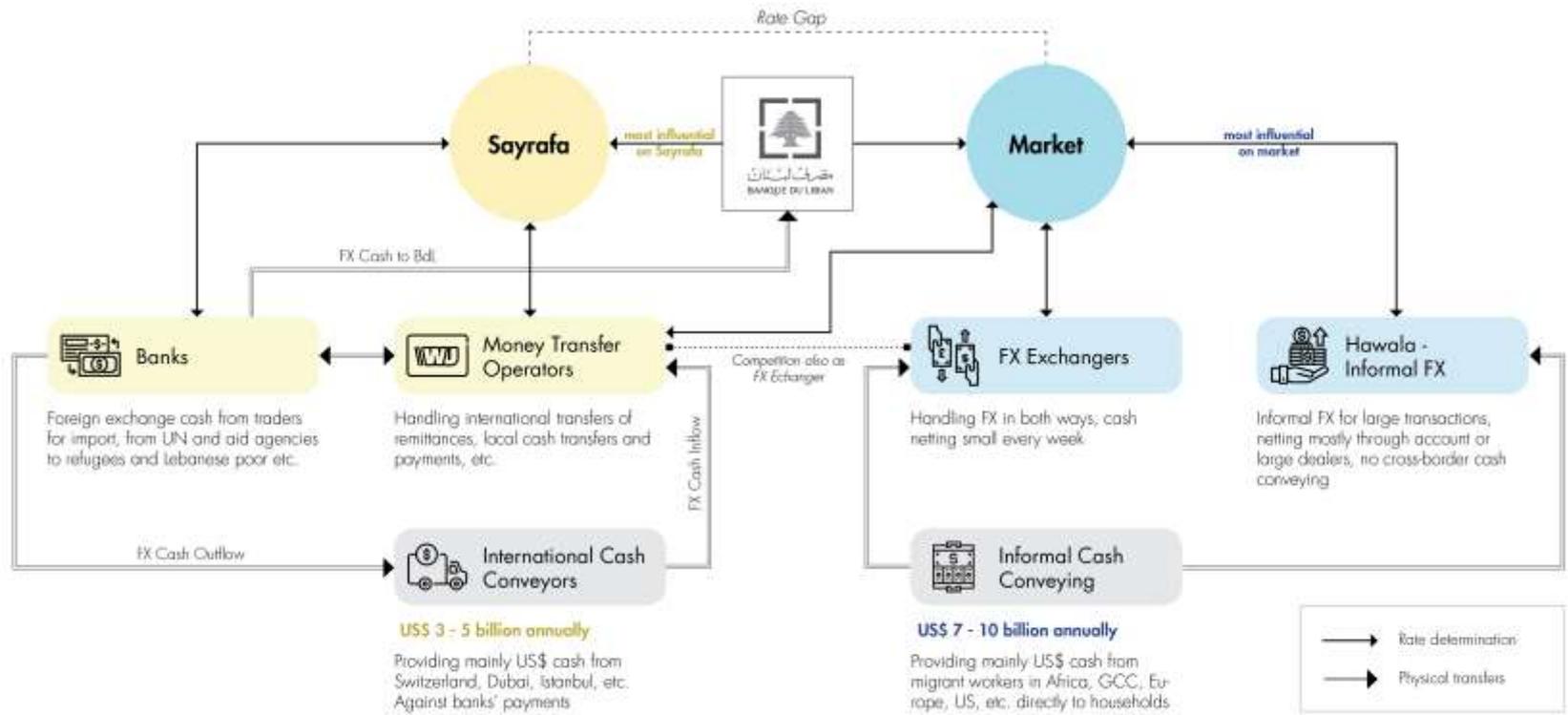




# Lebanon as a Fragile State



- Lebanon is now a **cash-based economy**
- **One company** controls > 80% of cash transactions: **OMT**
- **OMT: 50% Toufic Mouawad, 50% Abou Zeid family**
- **OMT: is the main licensee of Western Union**
- **OMT: 1,300 agents** around the country, **US\$ conveying**, international Visa cards

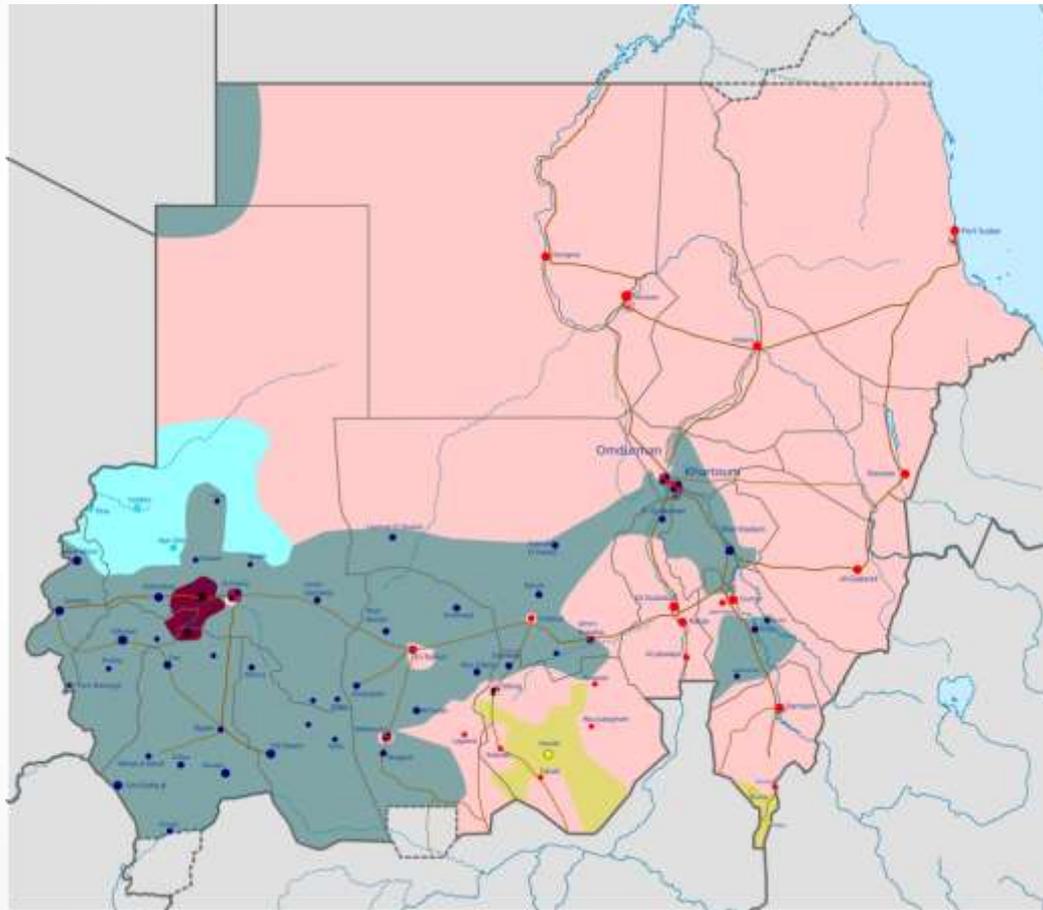


# Sudan as a Fragile State

- A very large and communitarian country
- The long wars in the South and in Darfur
- The long-standing sanctions
- The independence of South Sudan in 2011
- The Sudanese Intifada of 2013
- The coup of 2021
- The recognition of Israel to lift the sanctions
- The internal war since 2023

# Sudan as a Fragile State and at war

- Sudan is continuously at war since decades
- Strong involvement of foreign powers



Military situation as of 8 March 2024  Controlled by Sudanese Armed Forces and allies  Controlled by Rapid Support Forces  Controlled by SPLM-N (al-Hilu)  Controlled by SLM (al-Nur) (Detailed map) \*\*\*

# Sudan as a Fragile State and at war

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<https://bluenilstate.blogspot.com/2012/10/sudan-history.html>

<https://fiansinginstitute.org/2022/06/29/africa-loses-gold-deposit-sovereignty-and-turns-into-russian-colony/>

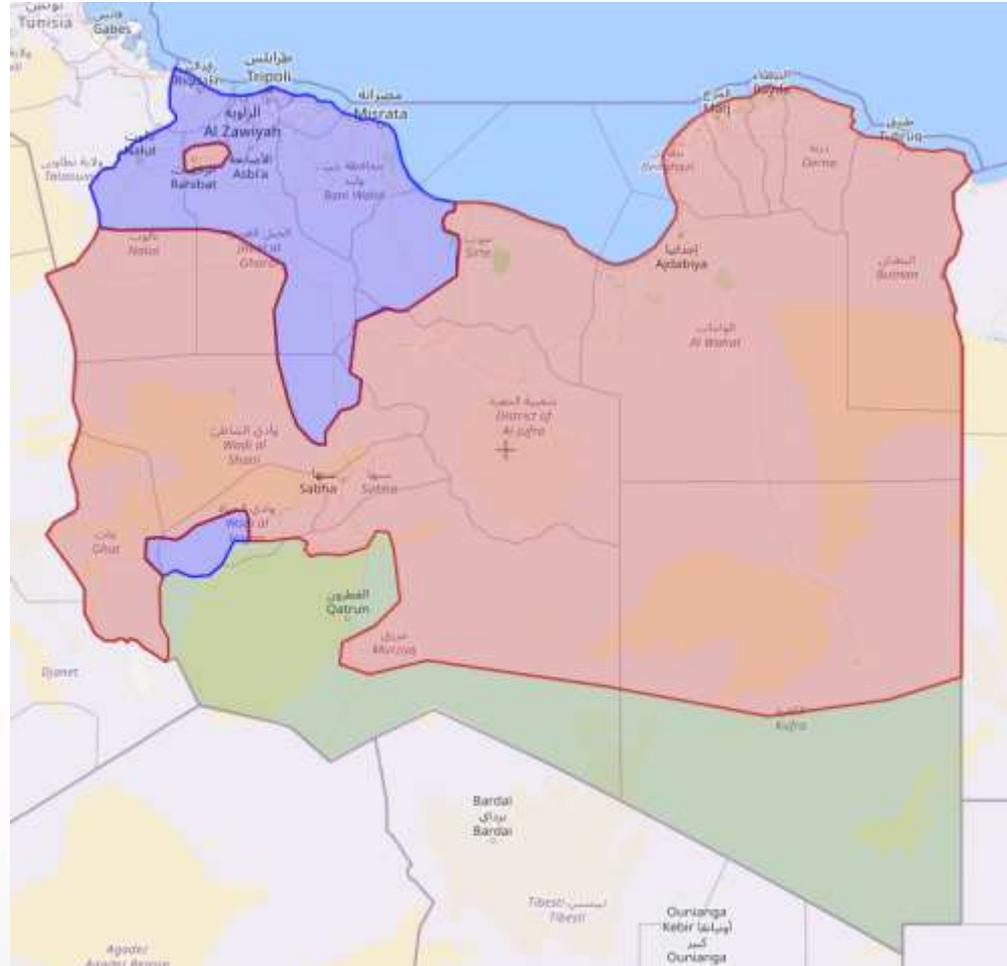
Confidential. Can not be used without authorization from the author

# Libya as a Fragile State

- Also, a very large and communitarian country
- Initially stable and influential in Africa
- The “revolution” (?!) of 2010
- No flight zone → Foreign intervention
- The allover civil war, Al Qaeda and ISIS
- The two + new power split

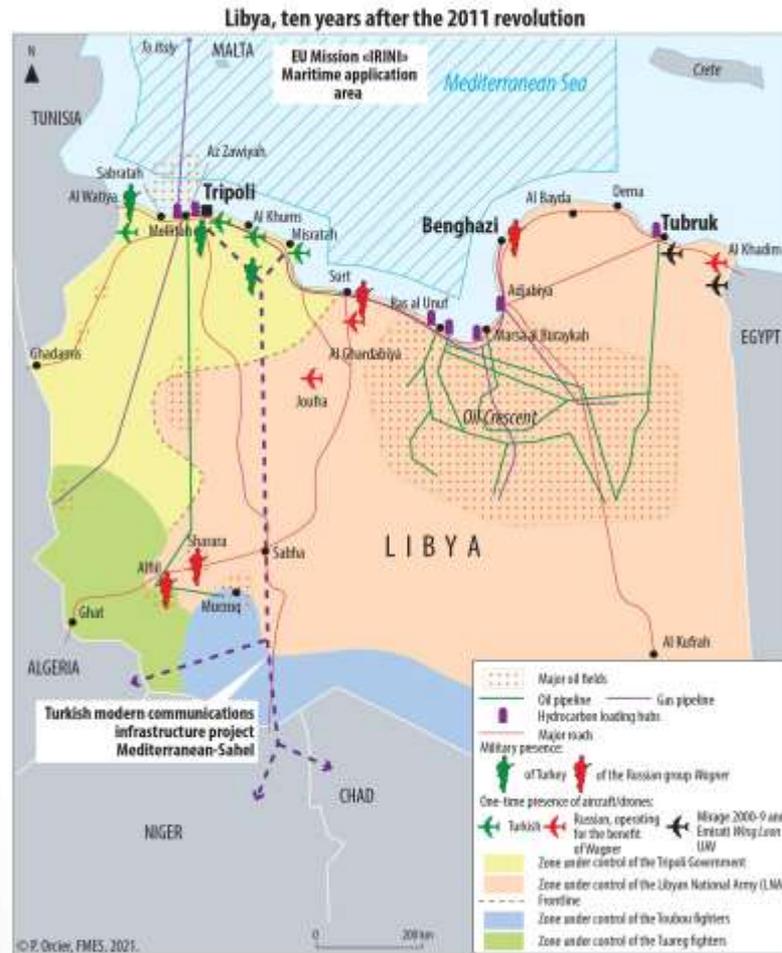
# Libya as a Fragile State

- Now divided between 3-4 controlling forces
- Reuniting the country is a major issue



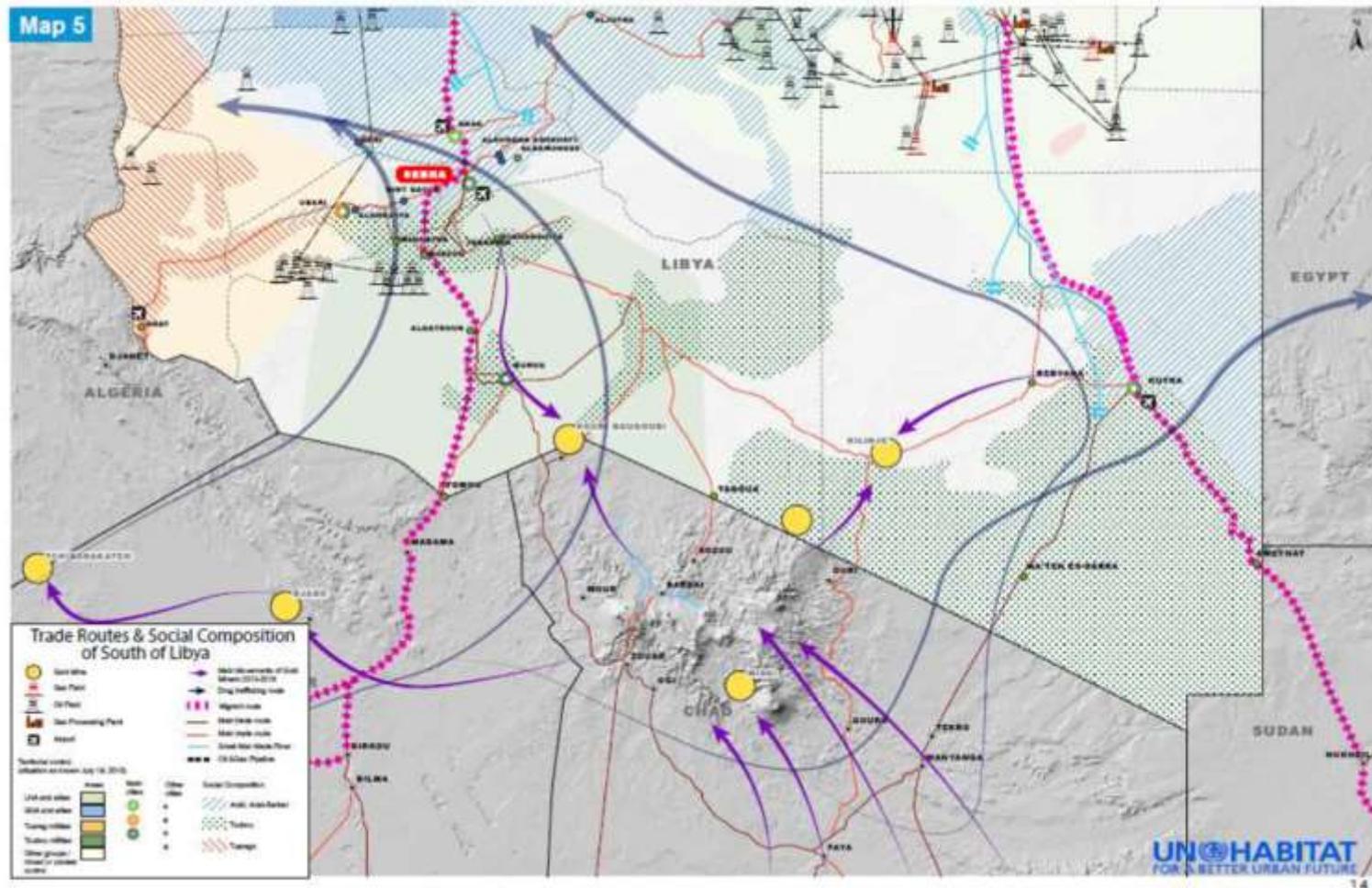
# Libya as a Fragile State

- Here Turkey and Russia are at odds
- **Egypt and UAE allied with Russia / Qatar allied with Turkey**
- French, Italians and the US still present



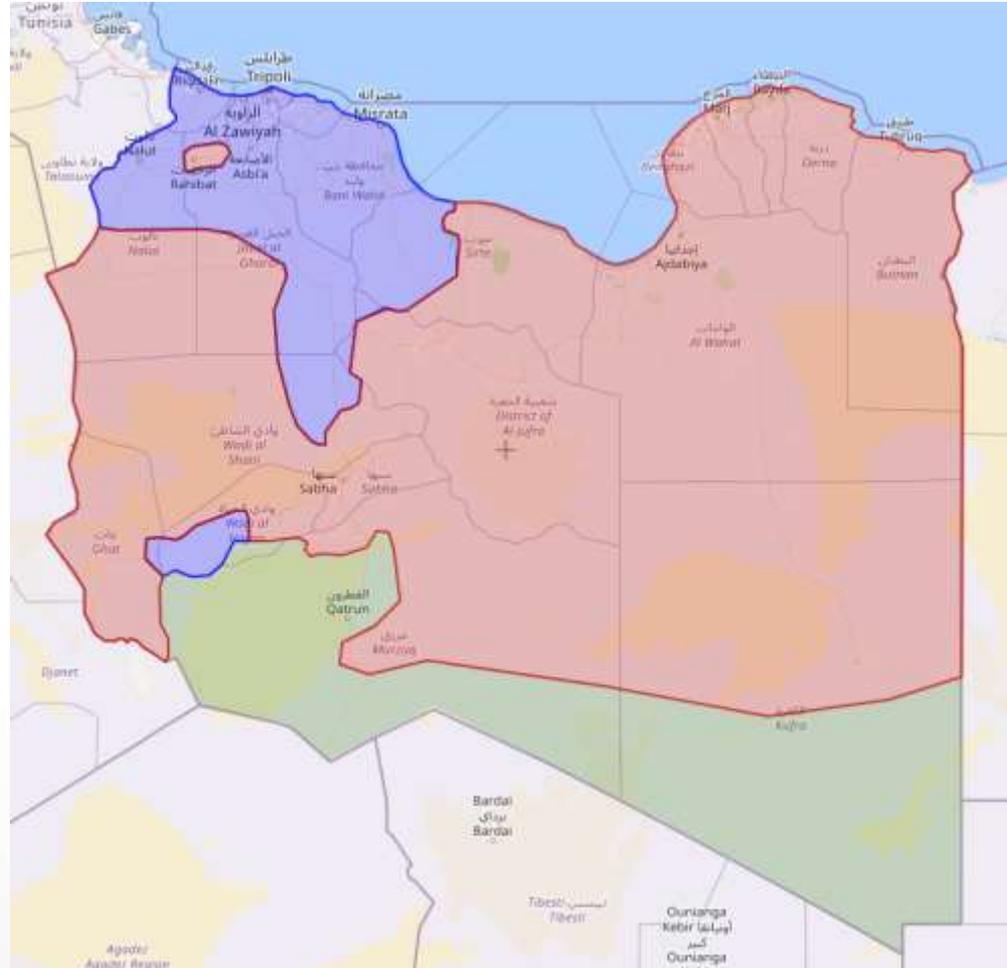
# Libya as a Fragile State

- Oil is not the only economic driver
- Libya is a major smuggling route for (Moroccan) drugs and for Gold
- It is also a major smuggling route for African refugees



# Yemen as a Fragile State and at war

- Lebanon is now a **cash-based economy**
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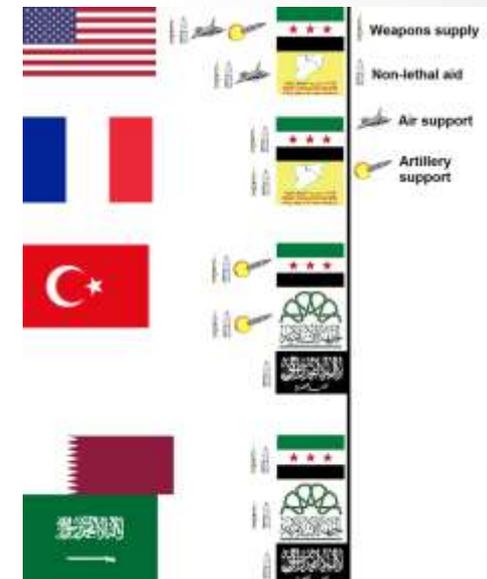
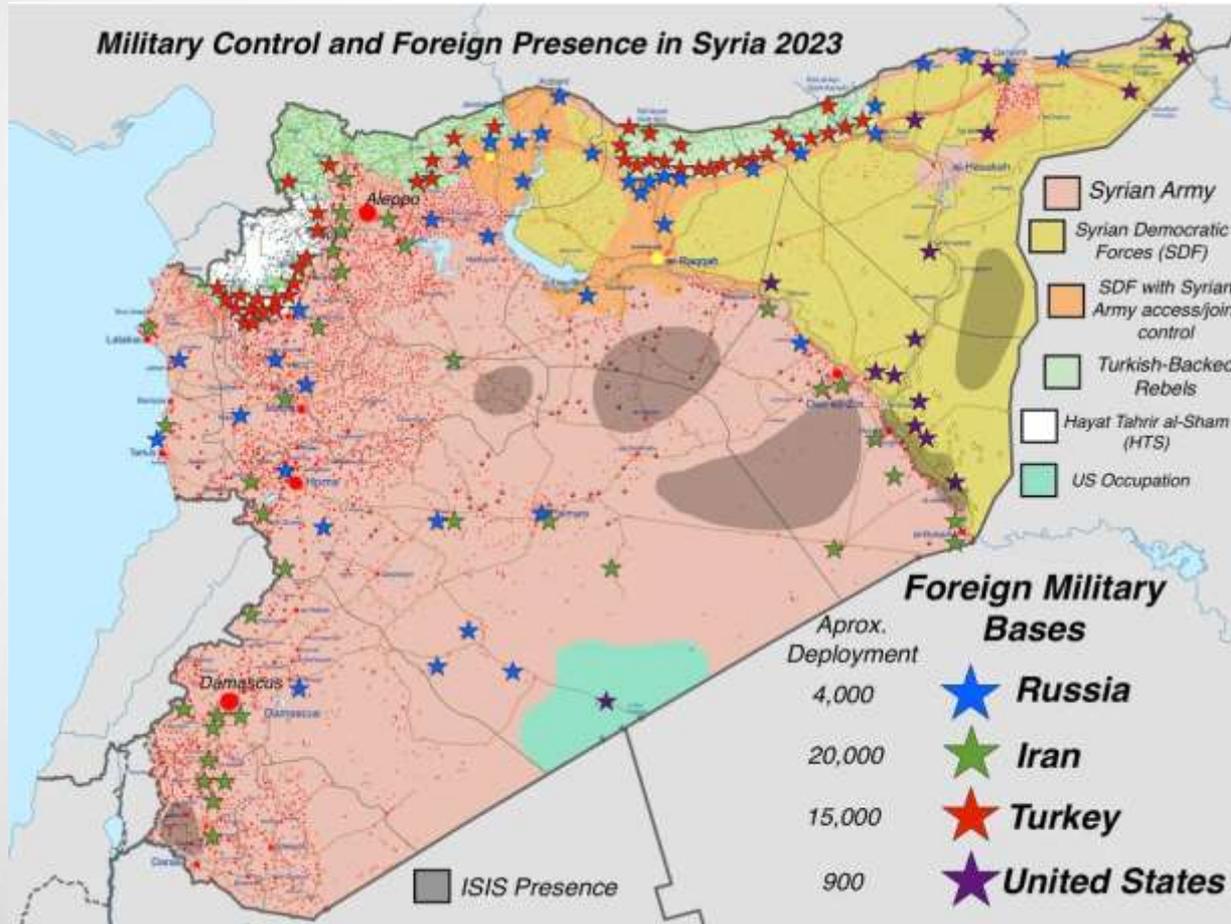


# Syria as a Fragile State

- Also, a very large and communitarian country
- Initially stable and influential in Africa
- The “revolution” (?!) of 2010
- No flight zone → Foreign intervention
- The allover civil war, Al Qaeda and ISIS
- The two + new power split

# Syria as a Fragile State and at war

- 597 points of foreign presence
- **Turkey: 122, US: 28, Russia: 114, Iran: 333**
- **OMT: 50% Toufic Mouawad, 50% Abou Zeid family**

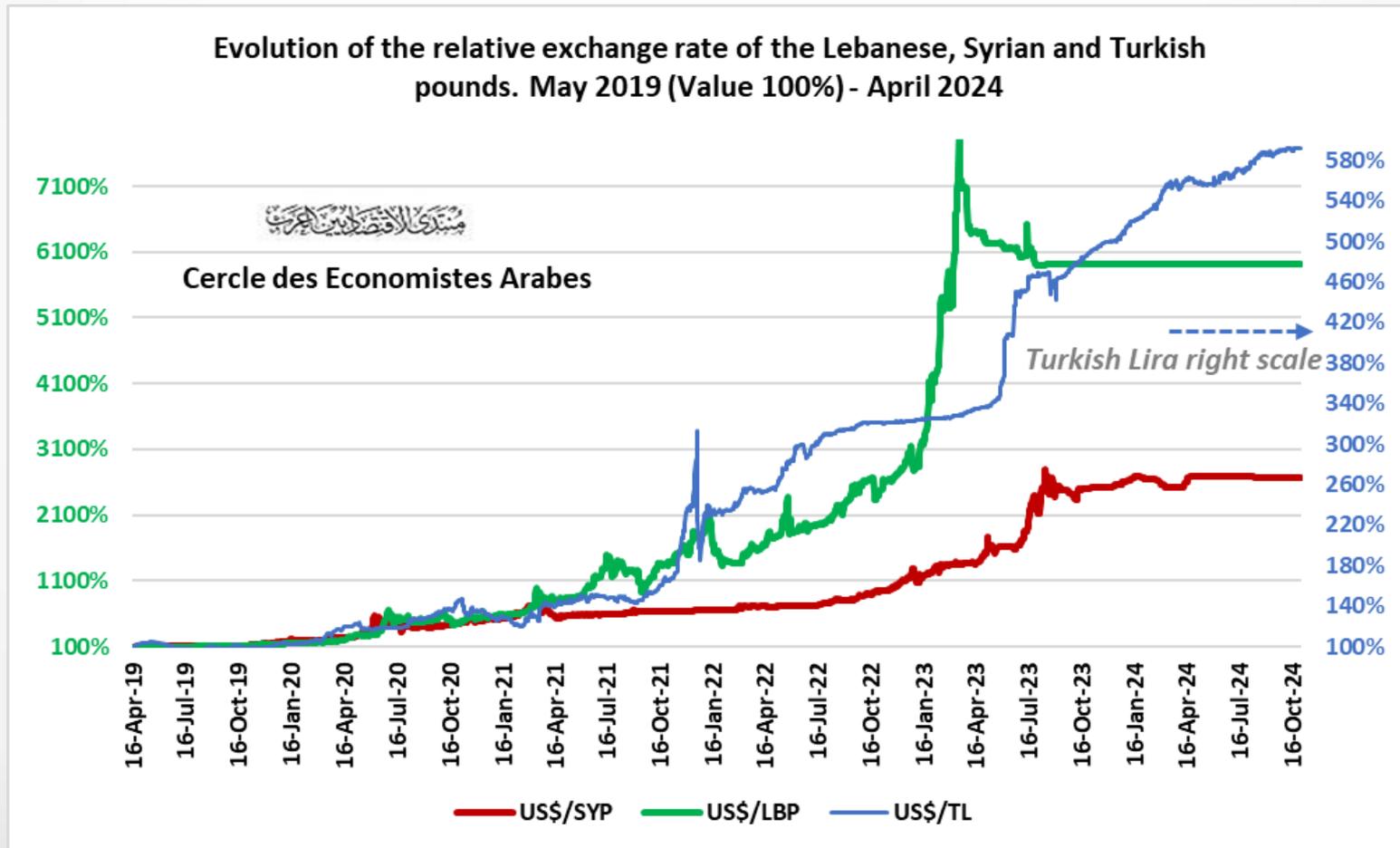


<https://jusoor.co/en/details/foreign-forces-points-in-syria-end-of-2021-and-beginning-of-2022>

● [https://www.reddit.com/r/MapPorn/comments/10wvrwx/syria\\_foreign\\_bases\\_and\\_military\\_control/](https://www.reddit.com/r/MapPorn/comments/10wvrwx/syria_foreign_bases_and_military_control/)

# Syria as a Fragile State and at war

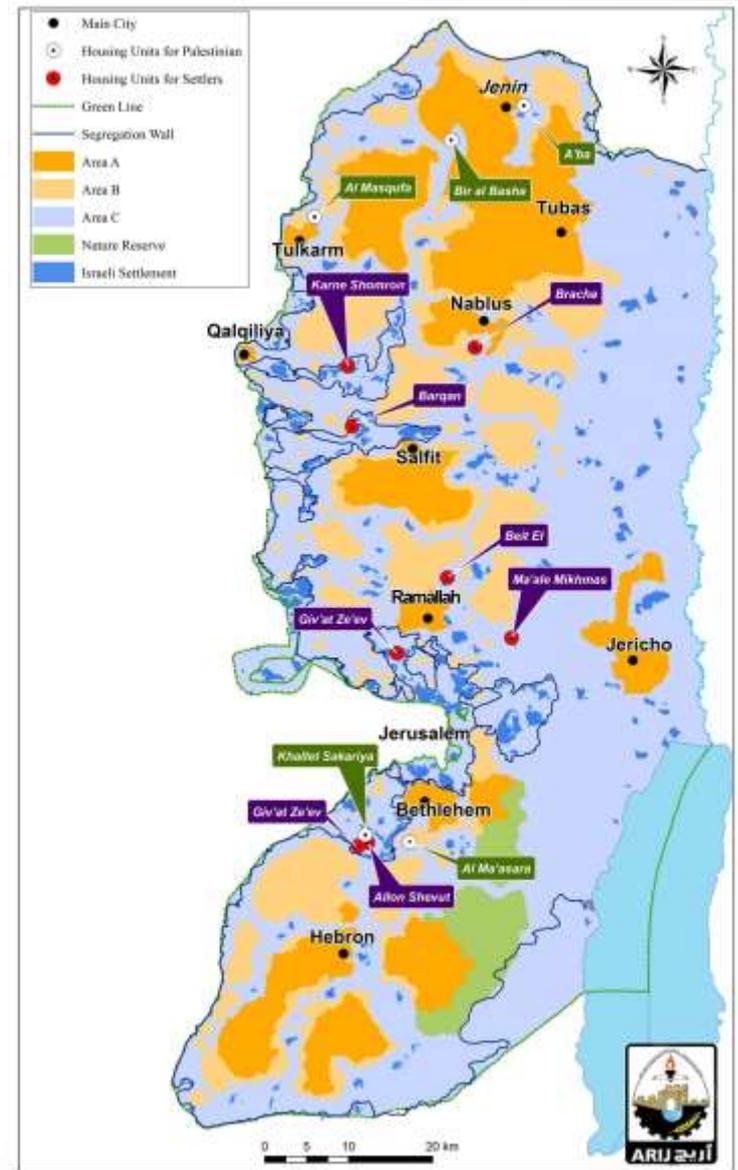
- Under US sanctions since 1977!... ++ Ceasar Act
- The sanctions → economic and financial dependency on Lebanon and Turkey
- Extreme sensitivity to neighboring shocks: Lebanese financial crisis...



# Is a Palestinian State still possible? Even fragile

- 144 Israeli settlements in the West Bank, including 12 in East Jerusalem, + 196 Israeli illegal outposts
- 500,000 Israeli settlers in the West Bank + 240,000 in East Jerusalem
- Comparatively to 3 million Palestinians in WB and 370 in East Jerusalem, and 2.2 million in Gaza... now totally destroyed
- In Green Line areas (State of Israel): 6.4 Israelis and 1.7 Palestinians
- In Golan Heights: 26,000 Syrians and 27,000 settlers
  
- Palestinian authorities under full Israeli control, + UAE and Saudi
- No attributes of sovereignty locally
- Abraham Accord, Donald Trump and the “Two States Solution” (!)

# What PEACE possible?



# No Palestine = No Arab World !!!



- In 1943, Syria and Egypt negotiated Unity
- The negotiations failed (UK action)
- → Arab League in 1944... much larger
- Initial Alexandria agreement include economic and military unity/cooperation
- Saudi Arabia signed later but economic and military unity had to be withdrawn

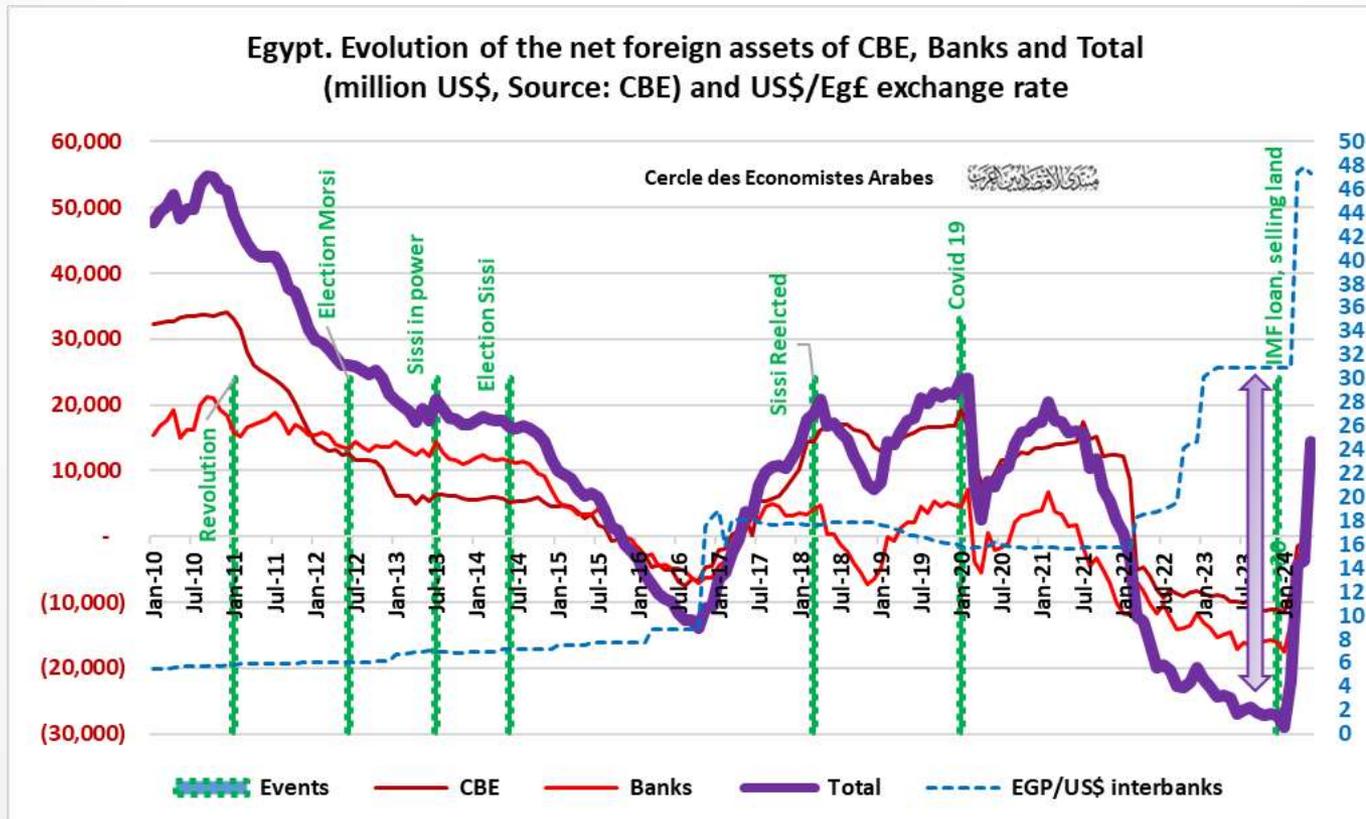


# Egypt as a no Power

- Also, a very large and communitarian country
- Initially stable and influential in Africa
- The “revolution” (?!) of 2010
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- The allover civil war, Al Qaeda and ISIS
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# Egypt financial fragility

- From 2010 to 2016, Egypt **net foreign assets** (banks + Central bank) **dropped by US\$ 60 billion**
- Successive **devaluations** of currency since... but sudden and late responses
- Economic and financial policies + Covid led to a drop of US\$ 50 billion from 2021 to 2024 (**hot money out**)
- Again, brutal devaluation and **non-declared foreign exchange control**
- Egypt saved by international loans and land selling in 2024... but still has **huge increasing debt to serve**

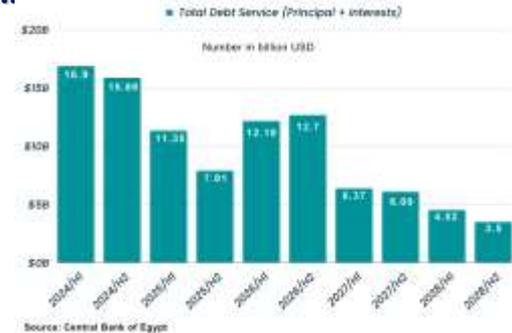


Source: Central Bank of Egypt

# Egypt financial fragility

- In 2024, 62% of budget for debt servicing, 51% budget resources from borrowing !!!
- The real amount of the external debt is not clear

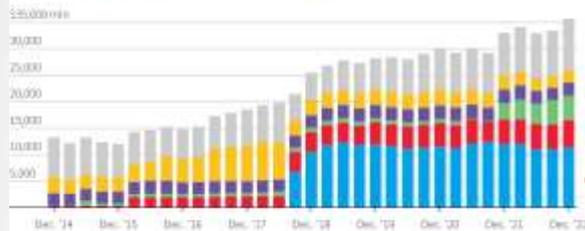
Egypt's debt service payment (2024-2028)



## Egypt's top external debt creditors

Egypt's medium and long-term public & publicly guaranteed debt by selected creditors at the end of every quarter since the quarter ended December 2014.

Group of Banks China United Arab Emirates Japan Germany Others

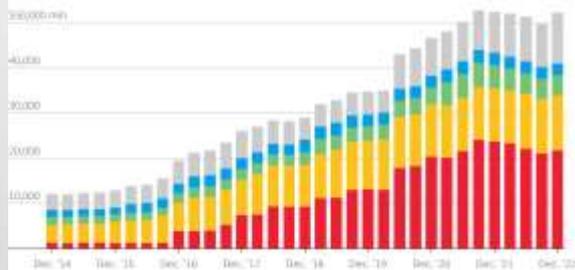


Note: Group of Banks, which was introduced in the quarter-ended September 2018, includes loans from Germany, France, UAE, Italy, UK, Belgium, Bahrain and Qatar. Since its introduction different amounts of loans from these countries were reclassified as credit back Group of Banks and the data was included from the relevant country data.  
Source: Central Bank of Egypt (Reuters), May 11, 2023 (By Saravanta Sen and Patrick Weir)

## Egypt's ballooning debt

Egypt's public & publicly guaranteed debt by multilateral institutions and amount lent at the end of every quarter since December 2014.

International Monetary Fund International Bank for Reconstruction and Development European Investment Bank African Development Bank Others



Source: Central Bank of Egypt (Reuters), June 1, 2023 (By Saravanta Sen and Neelaj Jaganathan)

Table 14. Egypt: Decomposition of Public Debt and Debt Service by Creditor 1/

	Debt Stock (end of period)			Debt Service 2/					
	FY22/23			FY23/24	FY24/25	FY25/26	FY23/24	FY24/25	FY25/26
	(US\$ billion)	(Percent total debt)	(Percent GDP)	(US\$ billion)			(Percent GDP)		
<b>Total budget sector debt</b>	323.1	100.0	98.3	143.4	44.3	33.4	37.5	12.4	8.3
<b>External budget sector debt</b>	82.6	25.6	25.1	14.2	19.4	14.6	3.7	5.4	3.6
Multilateral creditors 3/	42.8	13.2	13.0	8.4	11.0	7.7	2.2	3.1	1.9
IMF	17.4	5.4	5.3						
World Bank	12.3	3.8	3.7						
AfDB	2.9	0.9	0.9						
Other Multilaterals	10.2	3.2	3.1						
Official bilateral creditors	6.3	1.9	1.9	0.4	0.4	0.4	0.1	0.1	0.1
External market financing	32.5	10.1	9.9	5.1	7.8	6.2	1.3	2.2	1.5
Rescheduled debt	1.0	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1
<b>Domestic budget sector debt</b>	240.5	74.4	73.2	129.2	24.9	18.8	33.8	7.0	4.7
T-Bills and MOF notes	103.2	31.9	31.4	90.7	0.0	0.0	23.7	0.0	0.0
T-bonds, and Eurobonds held by residents	98.2	30.4	29.9	32.1	18.3	16.7	8.4	5.1	4.1
Nontradable domestic debt	39.1	12.1	11.9	6.5	6.5	2.1	1.7	1.8	0.5
<b>Memo items:</b>									
Collateralized debt 4/	n.a.	n.a.	n.a.						
Contingent liabilities	n.a.	n.a.	n.a.						
<b>Nominal GDP</b>	393.8	...	...	...	...	...	...	...	...

Source: Reuters and IMF: 3<sup>rd</sup> Review under the Extended Arrangement Under the Extended Fund Facility

# Egypt financial fragility

- In 2023, **US\$ 35 billion (?)** from Ras Al Hikma selling to UAE to reimburse debts

## Egypt announces \$35bn deal with UAE to buy premium Mediterranean area

Abu Dhabi will pay Cairo for Ras el-Hekma within two months, with the funds earmarked to alleviate Egypt's economic crisis



Ras el-Hekma plan as shown on a government's projects website (Screengrab)

By Sondos Shalaby

Published date: 23 February 2024 15:17 GMT

Last update: 10 hours 57 mins ago



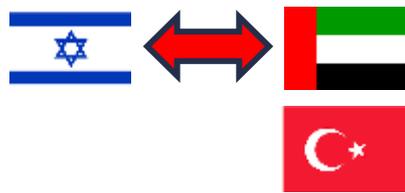
# Emerging Powers: Cooperations

On the controversial powers: **Israel** and **Iran**

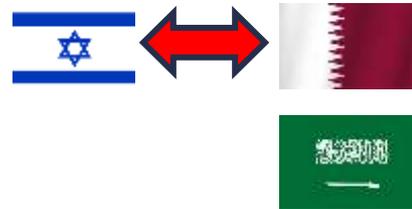
## Military and security cooperation



## Diplomatic relations



## Unofficial relations



## Trade relations



None



All, except Israel



All, except Israel

# Emerging Powers: Competitions

On the controversial powers: Israel and Iran

## SUDAN



## YEMEN



## LEBANON SYRIA IRAQ



## LIBYA



## TUNISIA



# Is power competition about economy?

- Not really for Israel and the UAE

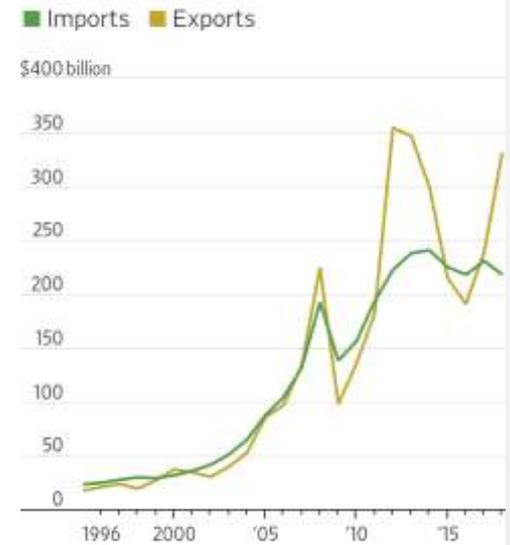


Israel trade, 1995-2018



Source: Atlas of Economic Complexity

U.A.E. trade, 1995-2018

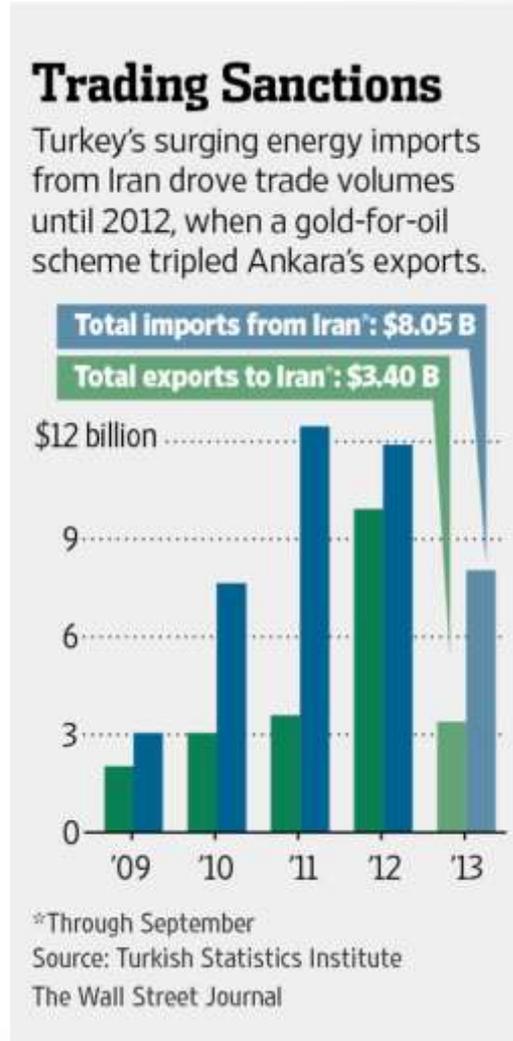


Source: Atlas of Economic Complexity

The Economist

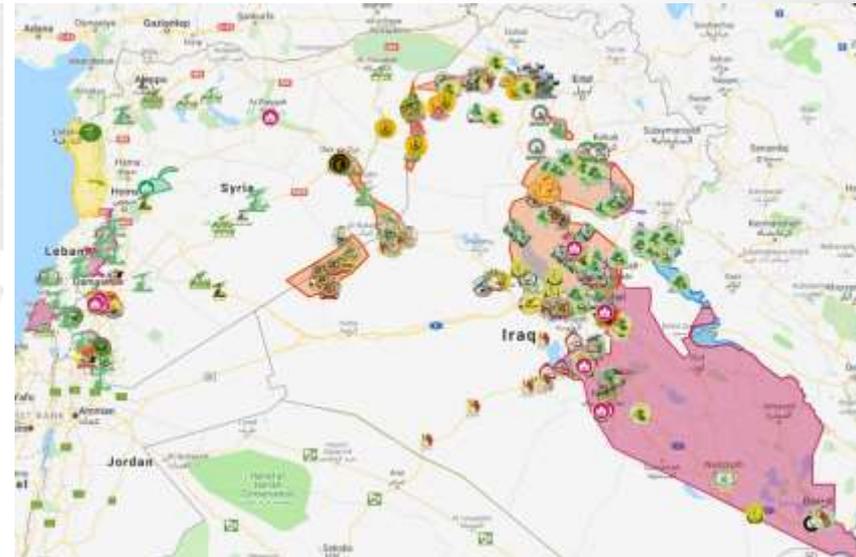
# Is power competition about economy?

- Turkey trades significantly with both Israel and Iran



# Is it the end of political-Islam non-State Actors?

- Al Qaeda, ISIS, Hamas, Hezbollah?



# Is “Constructive Chaos” about democracy?

- French bombing of the Syrian Parliament 1945



**It is more about projection in  
the future**