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HIGHLIGHTS

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I Political Developments

1. Death of Indians workers trapped in Mosul confirmed:

On March 20, Minister of External Affairs Sushma Swaraj informed the Rajya Sabha that the 39 Indian workers who had been in the custody of the Islamic State of Iraq and Syria (ISIS) since June 2014 were dead. This announcement ended four years of hope in the hearts of family members that their loved ones still lived, a hope that had survived in spite of persistent reports of ISIS's intolerance and brutality and its dreadful record of killing those in its custody.

The alliance system that ISIS leader Abu Bakr al Baghdadi initially put together from 2010 may have decided the fate of the two sets of Indian hostages who had fallen into ISIS custody in June 2014—the 46 nurses in Tikrit and the 40 workers in Mosul. It would be useful to recall that the key role in the professionalism of Baghdadi's forces was played by officers and other personnel from Saddam Hussein's army and police, so much so that in the early years at least 30 per cent of ISIS's senior commanders came from Iraq's disbanded forces. They were professionals—and most of them were 'secular' Baathists who did not share the jihadi zeal of their leader.

While the full facts relating to the release of the Indian nurses in early July 2014 and their safe transport from Tikrit to Arbil, the capital of the Kurdish regional government, are not yet known, it can be surmised that at that time the Saddam-era former officers had considerable influence in the town and on ISIS. Not only were they 'secular' and professional, they would also have had an extraordinary goodwill and affection for India and Indians, which had been particularly strong during the Saddam regime.

But, the fall of Mosul in June 2014 marks an important change in ISIS: within a few weeks the collaboration between the former Baathists and the hardcore jihadis ended. A large number of former military officers were arrested, highlighting the doctrinal divide between the Baathists and the zealots who now came to dominate the ISIS leadership.

From this distance, we can speculate that this change in the ISIS leadership and approach perhaps signed the death warrant of the 39 Indians arrested by ISIS in Mosul; as non-Muslims, they would have been the first victims of this fanatical scourge and might have been killed soon after their arrest.

2. Saudi Crown Prince Mohammed bin Salman visits the US:

After quick visits to Egypt and the UK, on 20 March Crown Prince Mohammed bin Salman began a two-week visit to the US to promote political and economic ties and project an image of moderation and reform in his country under his leadership. He has had meetings with President Donald Trump at the White House, Defence Secretary James Mattis at the Pentagon and congressional leaders from both sides of the aisle, including House Speaker Paul Ryan and Senate Minority Leader Chuck Schumer.

After these meetings, the State Department approved a possible sale of \$670 million in TOW 2B (BGM-71F-Series) missiles to Saudi Arabia. Together, with a new \$300 million sale for spare vehicle parts for the Royal Saudi Land Forces Ordnance Corps, the new deals announced amount to nearly \$1 billion.

After leaving Washington, Crown Prince Mohammed visited some of America's best educational and research institutions, including Harvard University and the Massachusetts Institute of Technology. In Seattle, he met the head of Amazon, Jeff Bezos, and Bill Gates. In New York City, he met over 40 business leaders to promote the kingdom as an attractive investment destination.

In New York, the Crown Prince met Antonio Guterres, the Secretary-General of the United Nations, as well as representatives of the five permanent members of the UN Security Council. During his meeting with the UNSG, the crown prince and the United Arab Emirates gave \$930 million to UN humanitarian efforts in Yemen. The prince also interacted with Christian and Jewish religious leaders to promote interfaith dialogue and understanding.

3. Trump appoints a new security team:

On March 13, US President Donald Trump announced the removal of Secretary of State Rex Tillerson and his replacement by CIA Director Mike Pompeo, with CIA veteran Gina Haspel succeeding the latter as the agency's head. Nine days later, Trump sacked National Security Adviser (NSA) Lt Gen H.R. McMaster and appointed John Bolton in his place. All these appointments are controversial, and have made the Middle East even more unstable and insecure.

Tillerson had not covered himself with much glory in his short tenure. He was seen as low-key, non-communicative and ineffective. But Pompeo scarcely seems a better choice. A strict born-again Christian, he has an established record of Islamophobia, closeness to anti-Muslim extremists, and affiliation with pro-Israel right-wing groups in Washington. He prefers confrontation to dialogue, an observer has noted — hardly the best qualification for the chief US diplomat.

Pompeo is said to be obsessed with Russia. In his view, the US position vis-a-vis its Cold War rival is still a zero-sum scenario. His present concerns relate to Russia's and Iran's expanding roles in the Middle East.

But, it is John Bolton who has caused the most disquiet among commentators, who recall his hawkish positions during the presidency of George W. Bush and his close association with the neoconservatives. This cabal pushed the US to war against Iraq in 2003, seen widely as the country's greatest foreign policy disaster and the harbinger of the acute insecurity the region is experiencing today. Robert Hunter, former American ambassador to NATO, has described Bolton's appointment as NSA as "an insult to the entire US national security profession."

With this new team, Trump is expected to pursue a more aggressive posture in West Asia. This could include: US withdrawal from the nuclear agreement with Iran, opposition to the Russia-led peace process in Syria, attempts to get Turkey out of the Russia-Iran alliance in Syria by backing a "safe-zone" along the Turkey-Syria border, and backing Israeli attacks on Hezbollah and Iran targets in Syria and Yemen.

4. Tensions escalate in Palestine:

On Friday, March 30, about 30,000 Palestinians across Gaza marched to the barrier that separates their territory from Israel. Described as the "March of Return", the demonstrators were commemorating "Land Day", when the first marches had taken place in 1976 to protest the forcible acquisition of Palestinian

land by Israel; at that time, six demonstrators had been killed. These protests will go on till May 14, which will mark the 70th anniversary of the creation of Israel.

On the first day of the protests, Israeli armed forces, backed by tanks and snipers, fired on the demonstrators, killing 16 of them and injuring 1,400, with about 750 of them being hit by live bullets. While the UN secretary general and the EU head of foreign affairs called for an independent enquiry into the shootings, the Israeli prime minister, Benjamin Netanyahu, applauded his soldiers and asserted, "Israel acts vigorously and with determination to protect its sovereignty and the security of its citizens."

The Israeli military spokesman said what had taken place was "not a protest demonstration" but "organised terrorist activity" by Hamas. He warned, "If it continues, we shall have no choice but to respond inside the Gaza Strip against terrorist targets which we understand to be behind these events."

Israeli defence minister Avigdor Lieberman spoke contemptuously of the demand for an enquiry, saying, "I do not understand the chorus of hypocrites who want a commission of inquiry. They got confused and thought Hamas organised a Woodstock Festival yesterday and that we should give them flowers." On Saturday, the US rejected a draft UN resolution calling for an independent enquiry into the killings.

Given the ongoing conflicts across West Asia and the visceral animosities and strategic anxieties they have generated, there are widespread concerns that the situation in Gaza would ignite a region-wide conflagration. There are fears for instance that Hezbollah could be pulled into the Gaza conflict if Palestinian casualties continue to rise, particularly after the US embassy moves to Jerusalem.

Israeli leaders Netanyahu and Lieberman have for several weeks been talking of attacking Iranian and Hezbollah positions in Syria and taking on Hamas in Gaza. This might be more difficult than they anticipate. Hezbollah has reminded Israel that it has 130,000 missiles, its 50,000-strong fighters are battle-hardened, and it has the full backing of Iran; thus, it will be able to give a good account of itself in Gaza or Syria.

Again, the Qassam brigades, the military wing of Hamas, conducted exercises in Gaza on March 25, in which it deployed missiles, unmanned aerial vehicles, and live ammunition. Over 30,000 fighters took part in anticipation of an Israeli attack. This is the first occasion when the Qassam Brigades have displayed their battle-readiness by conducting such public exercises.

In another sign of escalating regional tensions, the Jerusalem Post reported on 29 March that two Israeli F-35 fighter jets have entered Iranian airspace over the past month. They flew over Syrian and Iraqi airspace to reach Iran, and even targeted locations in the Iranian cities Bandar Abbas, Esfahan and Shiraz. The two fighter jets, among the most advanced in the world, circled at high altitude above Persian Gulf sites suspected of being associated with the Iranian nuclear programme. They went undetected by radar, including by the Russian radar system located in Syria.

5. Saudi Arabia to enhance its role in Afghan peace process:

According to reports in the Wall Street Journal, Saudi Arabia has agreed to play a leading role in starting a new peace process in Afghanistan, as part of the latest U.S.-led strategy to find a political solution to America's longest war. U.S. and Afghan sources have indicated that Saudi Arabia could bring the Taliban to the negotiating table and act as guarantors for a possible peace deal, largely due to its religious clout as the birthplace of Islam and historical ties with the insurgent group.

The WSJ reports say that the US National Security Council is spearheading the new four-nation effort, which includes the United Arab Emirates. The four nations have agreed to create a working group that will meet regularly to decide on a road map to peace in Afghanistan. The new initiative could at a later stage be widened to include other countries, with the UAE or Saudi Arabia hosting future talks.

The main obstacle before the peace process is the fact that the Taliban have split into several groups, some of which are close to Iran and Qatar. While the kingdom is keen to dilute Iranian influence in Afghanistan, it will need to gain the support of the various Taliban groups. Some of them believe that the Saudis are trying to sow divisions within the Taliban, after its officials met splinter groups that refuse to recognize the group's new leader Mullah Haibatullah Akhundzada, who has cultivated ties with Iran.

6. Missile attacks on Saudi Arabia:

On March 25, Houthi forces in Yemen fired seven missiles at Riyadh. Saudi Arabia confirmed the launches and asserted that it successfully intercepted all seven. However, Jeffery Lewis, writing in *Foreign Policy*, has said that the interception did not happen; he says: "There's no evidence that Saudi Arabia intercepted any missiles at all. And that raises uncomfortable questions not just about the Saudis, but about the United States, which seems to have sold them — and its own public — a lemon of a missile defence system." He has reached this conclusion on the basis on detailed studies by him and the Middlebury Institute of International Studies of two different missile attacks on Saudi Arabia from November and December 2017.

Lewis has concluded: "In both cases, we found that it is very unlikely the missiles were shot down, despite officials' statements to the contrary. Our approach was simple: We mapped where the debris, including the missile airframe and warhead, fell and where the interceptors were located... In both cases, it was clear to us that, despite official Saudi claims, neither missile was shot down. I am not even sure that Saudi Arabia even tried to intercept the first missile in November...And that raises a disquieting thought: Is there any reason to think the Patriot system even works?"

7. Yemen peace process:

In March, the war in Yemen entered its fourth year. The campaign by the Saudi-led coalition against the Houthi rebels has seen more than 16,633 air raids launched across the country since March 26, 2015. The attacks have devastated Yemen, one of the poorest countries in West Asia. A third of the air raids have targeted non-military sites, with at least 1,491 air raids targeting residential areas.

More than 10,000 people have been killed, with about 76 percent of the population in need of humanitarian assistance. With at least 1,600 schools damaged or destroyed in the attacks, more than four million Yemeni children have been unable to attend school. The *Financial Times*, citing a Saudi official, has reported that over the past three years the war has cost Saudi Arabia \$120 billion; some observers believe this could be an under-estimate.

Secret talks:

The well-known Arab commentator, Abdel Bari Atwan, has written in the London-based news portal, *Rai al Youm* that Saudi Arabia has begun to seek a political solution that can extricate it from the Yemen conflict, amidst widespread concerns about the humanitarian situation in the country.

Quoting reports from the Omani capital, Muscat, he says there have been secret negotiations between a delegation from the Houthi Ansarallah movement led by Muhammad Abdessalam and a Saudi team hand-picked by Crown Prince Muhammad bin Salman, reflecting both sides' desire to reach a truce followed by talks leading to a peace settlement. These secret talks have been held without the participation or even knowledge of Yemeni president, Abd Rabbo Mansour Hadi.

Saudi Arabia is said to be seeking as a first step an end to Houthi missile strikes and incursions across its southern border. What the Ansarallah movement wants is recognition as a leading and legitimate force in Yemen and as the main gateway to peace in the country. Atwan says that the secret talks in Muscat could be a big step towards achieving those goals, especially after the assassination of former president Ali Abdallah Saleh and the disintegration of his General People's Congress (GPC) party which had rivalled the Houthis for power.

UN special envoy:

The newly appointed UN Special Envoy for Yemen, British diplomat Martin Griffiths, has said that future UN-brokered peace talks between warring factions in Yemen to end three years of conflict have to be built on the GCC Initiative, the outcomes of National Dialogue Conference and UN Security Council resolution 2216. Announcing the beginning of his mission to broker a deal in Yemen, Griffiths said he thinks military operations would not put an end to the Yemeni crisis and he would engage with Yemeni players to convince them to resume talks.

The three references of peace talks recognise Abd Rabbo Mansour Hadi as a legitimate president of Yemen, while the UN resolution condemns Al Houthis' takeover of Sana'a and demands they exit cities and hand over arms to the government.

8. Syria:

On March 13, Arab media announced that Syrian government forces had successfully taken 60% of the Eastern Ghouta area that abuts Damascus. Eastern Ghouta had been subjected to massive air assault by Russian and Syrian forces and ground attacks from different directions. Nearly 1,000 civilians have been killed and several hundred injured, with many children among the casualties.

Turkey's allies take Afrin:

Turkish-backed Syrian rebels seized control on 18 March of the city of Afrin, the target of a two-month military operation against Kurdish militias in this enclave in Syria. The takeover has dealt a blow to Kurdish aspirations for self-administration there and added to Turkey's growing footprint in the country.

The Syrian rebel forces, which have served as advance troops for the Turkish operation, seemed to have entered the city without a fight, after the Kurdish People's Protection Units, or YPG, withdrew to the surrounding hills. But residents described chaos as fleeing civilians were trapped by artillery and by Turkish airstrikes.

The fall of Afrin has caused a rift between Turkey and its NATO allies in Europe. French President Macron met an SDF delegation on Thursday and gave assurances of French support to stabilise northern Syria. A presidential source later said France could increase its military contribution to the US-led coalition which — alongside the SDF — is fighting ISIS in Syria. Responding to Macron's pledge to "stabilise" northern Syria, Turkish President Erdogan said this amounted to support for terrorism and could make France a "target of Turkey".

US presence in Syria in doubt:

On 29 March, President Trump told a public meeting that the US would "We're knocking the hell out of ISIS. We'll be coming out of Syria like very soon. Let the other people take care of it now." He then added: "We are going to have 100% of the caliphate, as they call it ... But we are going to be coming out of there real soon. We are going to get back to our country, where we belong, where we want to be."

These remarks run counter to the views of the Pentagon that has been advocating a long term US military presence in Syria. Immediate issues to be addressed are: figuring out what to do with about 400 foreign ISIS fighters currently being held by the US-backed Syrian Democratic Forces and decide on policies relating to future of Syrian President Bashar al Assad, and Russia's continued military presence in the county.

II Oil-related Developments

1. Oil prices: Oil prices rose on 23 March, pushed up by Saudi statements that OPEC and Russian led production curbs that were introduced in 2017 will need to be extended into 2019 in order to tighten the market. U.S. West Texas Intermediate (WTI) crude futures were at \$65.09 a barrel, up 79 cents, or 1.2 percent, from their previous close. Brent crude futures were at \$69.64 per barrel, up 73 cents, or 1.1 percent.

2. ARAMCO IPO delayed: Crown Prince Mohammed bin Salman has said the initial public offering (IPO) of state oil company Aramco could be delayed until early 2019, pushing back a central plank of his plan to reform the country's economy. The sale of a 5 percent stake in the company could take place at the end of 2018 or early 2019, depending on market conditions, Prince Mohammed told Reuters in an interview. Until recently, Saudi officials had insisted the IPO was "on track, on time" for 2018, but three months into the year that deadline is looking harder to meet.

The prince also said that the Organization of Petroleum Exporting Countries (OPEC) was seeking a longer-term alliance with Russia to help manage oil supplies, following a more than yearlong pact to eliminate a surplus. The exporter group is seeking an accord that could last 10 or 20 years, bin Salman said.

III Economic Developments

1. Saudi Arabia opts for solar power: On 29 March, Softbank and Saudi Arabia reached an agreement to launch a massive solar power project, a 200 gigawatt solar initiative. This is four times the solar capacity in the United States and four times China's annual pace of solar power expansion. As of the end of 2016, the world as a whole had only installed 303 gigawatts of total solar photovoltaic capacity.

The kingdom will create an electricity company that will build solar panels and invest in battery technology. Initially, there would be two large Saudi solar electricity generation projects, one with a capacity of 3 gigawatts and one at 4.2 gigawatts. According to Saudi sources, these projects will help create up to 100,000 direct and indirect jobs in the Kingdom. Additionally, they will increase the GDP by \$12 billion dollars and save up to \$40 billion annually.

2. Air India overflies Saudi Arabia to reach Israel: Air India's inaugural flight to Israel took off from New Delhi on 22 March with the 256-seater Boeing 787 Dreamliner flying over Saudi Arabia and Gulf states, countries with which Israel has no diplomatic relations. Overflying Saudi Arabia considerably shortened flight times between Israel and India. Earlier this month the company said it planned to fly the Delhi-Tel Aviv route three times a week.

(The views expressed are personal)
