

I'm really delighted to take part in this conference.

I would like to thank the German Orient Institute and my friend Dr Andreas Reinke for his kind invitation.

The shockwaves of Russia's military invasion of Ukraine and the ensuing sanctions imposed on Moscow are being felt around the globe, including in the MENA region.

The rapid evolution of the war and the horrendous humanitarian consequences caught the world and many of the countries of the region by surprise. In the Middle East and North Africa, the conflict is exacerbating an already volatile and complicated situation. Though the endgame of the current war is not yet clear and no precise exit strategy has been articulated by Russia, the impact of the hostilities is already deeply felt not just in Ukraine's immediate European neighborhood, through the plight of millions of refugees, but also in the Middle East and North Africa. Many of the MENA countries had been already struggling to curtail the fallouts of the pandemic, when they found themselves suddenly facing an unprecedented economic crisis and the prospect of a sharp increase in energy and wheat prices as well as the possible disruption of food supply. If not properly addressed this situation could lead to a new wave of social unrest in an already unstable region with memories of rising food prices triggering violent uprisings in many Arab countries are still fresh from the last decade.

Even though the devastating effects of fighting in many parts of the region are not making the headlines as often as they used to in the past, the humanitarian consequences of years of military hostilities have been worsening in any places. Most notably in Yemen, Libya and Syria. Tensions remain also in Israel and occupied territories. And even in Iraq the effects of conflict still reverberate. Negotiations with Iran to restore the joint comprehensive Plan of Action on (JCPOA) on Iran's nuclear programme seem for now stalled following Russian demand for guarantees that western sanctions do not prevent it from trading with Iran once a new deal is concluded.

Three immediate issues deserve our attention in addressing the impact of the current war in Ukraine on the MENA region and measuring the magnitude of the consequences of that war on the populations of the region and the geopolitical dynamics

1. Euro-Med Partnership under test of the war in Ukraine

Beyond the immediate perils in and around Ukraine, the Russian invasion of that country and the European response are likely to affect power and politics in the Euro-Med region and the Euro-Med Process as a whole. The shift of attention towards security and at a later stage economic reconstruction in Eastern Europe risks to relegate the Euro-Med Partnership to a second row among the priorities of the EU. Less resources

will be allocated to regional development projects and vertical integration. The focus could be rather limited to combatting illegal immigration, trans-border trafficking and terrorism .Reforms will be put on the backburner and political and democratic transitions will lose momentum .With Europe depending at around 40 per cent level from Russian gas and with newly imposed economic financial and trade oriented sanctions by Europe and allies against Russia leaders, oil and gas exporting Middle Eastern and north African countries will be able to increase their political leverage among European leaders by proposing to fill the gap left by the vacuum in Russian gas supplies. That would give many some governments in the region respite from European pressures for reform.

Although it seems premature to assess the real impact of the current war on the Euro-Med cooperation, the current situation could be an opportunity for leaders from the two shores of the Mediterranean to reflect together on the shortcomings of the process and on the best ways to revive it in order to achieve its initial goals of creating a common area of peace, stability and 2shared prosperity .This crisis offers an opportune moment to explore new ways of cooperation namely in renewable energy ,green economy and near sourcing.

2- The economic impact of the War :

Middle Eastern and North African countries rely heavily on wheat imports from Russia and Ukraine. The current war could lead to severe food crises in a region already under heavy economic and social pressures. The Food and Agriculture Organization (FAO) says that hunger could affect 55 million people across the region. The conflict has also increased pressure on energy resources, driving up the prices of oil and gas and other commodities particularly in non-energy producing countries: Lebanon, Tunisia, Morocco, Jordan, Yemen. Food security in the region is also at risk. Egypt is the world largest wheat importer with 80% of its imports coming from Russia and Ukraine. Lebanon imports 60% of its wheat from Ukraine. Tunisia was already witnessing food price rises and supply disruption even before the start of war. Households driven by panic buying are now rushing to stock up on flour, semolina and other staples. The country is also facing an acute public finance crisis and is looking forward to negotiating with the IMF an agreement, which will allow it to have access to 12.6 billion dinars (4.2 US dollars) loans. Tunisia needs to borrow around 20 billion dinars (7 billion USD) to finance its 2022 budget.

In order to meet the conditions set by the IMF, the country could commit itself to freezing public sector

wages, as well as to the lifting of subsidies particularly on food and oil products.

The economic impact of the war in Ukraine will come on a top of the already-rising food prices and fuel prices, mostly caused by post Covid 19 supply chains disruptions, making the situation unsustainable for many Tunisians. The country imports 50% of its wheat from Russia and Ukraine and the trade balance with Russia is largely in favor of that country mainly due to food grain import. The dramatic cost rise of Brent crude oil reaching unprecedented level of 130 USD for the barrel on March 9, even if it has decreased since then, signals a worsening budget deficit and added pressure on the government to identify additional sources of revenue at home and abroad. The country budget for 2022 had forecast that a barrel of oil would cost around 75 USD. The Government started a monthly 3% price increase of fuel prices with the aim of reducing by the end of the year subsidies and meeting conditions set by the IMF.

Other MENA fragile countries, like Syria, Lebanon and Yemen, are also exposed to the negative impact of food staff and grain price hikes and shortages. Syria imports roughly two thirds of its needs in wheat and oil from Russia. Lebanon imports from Ukraine and Russia more than 90% of its grain and only has according to the recent Lebanese Central Bank figures a month of grain reserves.

Yemen imports about 40% of its wheat from Russia and Ukraine. There are acute food shortages in that country and the ongoing war in Ukraine will make life more difficult for a population where millions more will face the specter of famine and starvation.

According to the World Bank, the MENA region, which accounts for only 6% of the world total population, is the most exposed region for food insecurity.

The other obvious economic implication of the war for the MENA region is its impact on energy market. Oil and gas producing countries such as Algeria, Libya and the Gulf countries are likely to benefit from the surge of energy prices as they will most probably be called to fill the gap to be left by Russia after UE and US sanctions. Technically, countries like Saudi Arabia or the UAE, or even Libya do have the capacity to pump more oil. But these countries are eager not to upset Moscow and they will calibrate their decisions according to market needs and their own political and economic calculations, including the status of their relations with the US and European nations. Other countries like Tunisia, Lebanon or Morocco, net energy importers, will need to find ways to meet the burdens of financing unexpected heavy oil bills in the future.

3-Geopolitics and Regional conflicts:

The current war in Ukraine will undoubtedly have its own impact on the geopolitics of the MENA region. The

UN General Assembly vote on March 2nd illustrated somehow the individual reaction of Arab League members state to the Russian invasion. In the Maghreb, Tunisia, Libya and Mauritania voted in favor of the Resolution that “deplores in strongest terms Russia aggression against Ukraine”. Algeria abstained and Morocco chose not to take part in the vote. With exception of Iraq and Iran who abstained, other regional countries supported the resolution while choosing carefully their words to explain their votes, refraining from explicitly condemning Russia and specifically President Putin’s move. Syria supported Russia and even recognized the breakaway region of Lugansk and Donetsk.

In fact Russia has been quite active in the Middle East regional politics over the past decade. It helped Syrian regime recover most of the national territory from insurgents. It widened its political and military footprint in the region by seeking security alliances with unstable regimes looking for new partnerships to strengthen their precarious security. In Sudan, the leader of the military junta had developed new economic alliance with the Kremlin, reviving the Russia aspiration to secure a naval base on the Red Sea. Mali on its side signed contracts with Russian militants “Wagner” to fill the vacuum left by the withdrawal of French and European military troops, consolidating the Russian presence in the Sahel.

On the military front, Russia has just concluded last month the largest military drills in the Mediterranean since the Cold War, which involved 15 warships and more than 30 aircrafts. Hmeimeem naval base on Syria's Mediterranean coast is now integral part of Russia defense contracts and help increase dramatically the Russian presence in the region.

4-Regional conflicts

The Ukrainian war, at the heart of Europe, risks seriously putting regional conflicts of the MENA region on the backburner. Multilateral institutions specially the Security Council, already deeply divided on how to solve regional conflicts, particularly in Libya, Syria and Yemen could find itself unable to contribute to conflict settlement. Libya which missed, late December, the opportunity to elect a new legitimate leadership is again on their brink of new violent showdown between two competing governments claiming legitimacy: one based in Tripoli and contested by large segments of the population, and a second one endorsed lately by Parliament and unable to extend its authority on the National territory. A proxy confrontation of regional and international powers on the Libyan soil driven by conflicting economic and geopolitical interests could grow further due the current conflict between Russia and the West. As emphasized recently by the secretary general's special advisor Stephanie Williams, the UN

has steered away from taking sides in the rivalry and insists instead on preparing for next elections. But if the experience of the aborted election of last December is any indication, her focus is no guarantee for the key protagonists and their backers agreeing on a basis for elections in the near future.

In Syria: the war in Ukraine not only impacts the situation in that country but the two conflicts are intertwined. Syria provided since 2015 an operational ground for Russia for weapon testing in addition to serving as a military base for both their airpower and navy in a strategic location on the Mediterranean. The staunch support provided by Syria to the Russian invasion of Ukraine and the importance of military and strategic cooperation between the two countries will make it more difficult for the UN Security Council to adopt any further resolution on the Syrian issue. Russia will veto any resolution against the Syrian regime in Damascus.

In Iran, Moscow is holding up negotiations to revive the nuclear deal, just when agreement seemed to be imminent. Russia is asking for specific guarantees that western sanctions do not prevent it from trading with Iran once a new deal is concluded. Joseph Borell, the European Union Foreign Policy Chief declared on March 11th that “a pause“ is needed in ongoing talks over Iran’s nuclear deal, blaming “external factors” for that decision. This statement came as Russia tied the

ongoing negotiations with Iran, to sanctions imposed on it over its war on Ukraine.

In general, from Moscow's perspective, instability in the Middle East is a bigger problem for Europe than it is for Russia. With the exception of Syria and Iran where Moscow holds vested strategic interests, Russia could play the role of spoiler than an active peace builder, unless obviously its gets its way. It is quite difficult to imagine a scenario in which the war in Ukraine will not adversely affect international efforts to resolve conflicts in the region.

The war in Ukraine is surely going to increase instability of the MENA Region rather than advance the agenda for peace. The rapidly deteriorating relations between Russia and the West will have its own impact on various ongoing conflicts across the region. It will certainly widen the chasm within the UN Security Council making it difficult if not impossible to reach any consensus among the P5 on eventual settlement of the different crisis in the Region.