

MEI Weekly



Saudi Arabia's Minister of Energy Prince Abdulaziz bin Salman al-Saud (L) and UAE's Minister of Energy and Industry Suhail al-Mazrouei attend the Future Sustainability Summit at Abu Dhabi National Exhibition Centre (ADNEC) in 2020. The United Arab Emirates and Saudi Arabia, who have clashed over oil output limits, struck a compromise this week. Photo: AFP.

WHAT'S HOT: MEI PUBLICATIONS, PODCASTS AND MORE

READ: Our latest MEI *Insights* piece turns the spotlight on the Chinese private security industry and highlights the wide range of services companies are providing, both within China and abroad, as well as their growing sophistication and competitiveness. What are the challenges and opportunities that lie ahead for this particular industry? Read the full article [here](#).

WHAT'S NEWS: THE BIG HEADLINES THIS WEEK

OPEC Reaches Compromise with UAE Over Oil Production

Members of the Organization of the Petroleum Exporting Countries (OPEC) reached a compromise with the United Arab Emirates (UAE), agreeing to lift the amount of oil that a country can eventually pump as part of a wider agreement with Russia-led producers to boost global supplies. The compromise, reached between Saudi Arabia, the de facto leader of OPEC, and the UAE is provisional and subject to approval at an as-yet unscheduled meeting of the cartel and a wider group, called OPEC+, that includes Russia-led producers. That means any new output from a broader production-increase deal reached earlier this month—but held up by the UAE's resistance—won't hit markets immediately. Other OPEC members could use concessions made to the UAE to argue for increases in their own output inside the group.

UAE Opens Embassy in Israel

The United Arab Emirates (UAE) opened an embassy in Israel on Wednesday (14 July), the latest move under the Abraham Accords. The location of the embassy in the heart of Tel Aviv's financial district highlighted the central role economic cooperation has played in normalisation efforts between both sides. At the opening ceremony, attended by new Israeli President Isaac Herzog, Emirati Ambassador Mohamed al-Khaja called the move “an important milestone in the growing relationship between our two countries”. Mr Herzog also called for the “historic agreement” with the UAE to be “extended to other nations seeking peace with Israel”. The ceremony came after Israeli Foreign Minister Yair Lapid made a landmark visit to the Emirates last month, during which he opened an embassy in Abu Dhabi and a consulate in Dubai.



Israeli President Isaac Herzog (C) and Emirati Ambassador to Israel Mohamed al-Khaja (C-R) open the Israeli stock market in Tel Aviv on 14 July. The new UAE embassy is located in the building. Photo: AFP.

Sultan Haitham and King Salman Hold Talks in Neom During Saudi Arabia Visit

Saudi Arabia's King Salman and Oman's Sultan Haitham held official talks during which they reviewed “the historical and well-established fraternal relations” between their countries and discussed prospects for joint cooperation in various fields. The leaders witnessed the signing of a Memorandum of Understanding on establishing the Saudi-Omani Coordination Council. The visit to Saudi Arabia was the first official one made by Sultan Haitham since he took over leadership of Oman last year.

CALENDAR: UPCOMING MEI EVENTS

Transitioning to Non-oil Economies in the Gulf: Successes, Failures, and the Path Forward

Are overlapping initiatives to develop non-oil industries in the region opportunities for cooperation or competition? With a steady rebound in oil prices since the oil price shocks of 2020, will oil- and gas-producing countries in the Gulf relax economic diversification efforts? Do protests in Oman signal a wider dissatisfaction with the fiscal adjustments implemented since 2020? What does this reveal about the rentier state theory and the nature of economic reform and development in the Gulf?

The Middle East Institute, in collaboration with the Arab Gulf States Institute in Washington (AGSIW), will host a panel to tackle these and other questions. This public talk will be conducted online via Zoom on **Tuesday, 27 July 2021**, from **8pm to 9.30pm** (SGT). For more details and to register, click [here](#).

Oil & Gas Market Scenarios: Prospects for the GCC Countries in a “Net Zero by 2050” World

This webinar seeks to explore the following questions facing the Gulf Cooperation Council (GCC): How credible is the International Energy Agency (IEA) pathway to net zero by 2050 and how will this affect the price and volume outlook for oil and gas exports from the GCC? By discouraging private sector investments in the oil and gas, are the policies promoted by the IEA favourable to the national oil and gas companies (NOCs) in the GCC and OPEC+ more generally, regarding their market shares in global oil and gas markets? Are there specific corporate strategies that GCC NOCs will tend to favour if the OECD countries adopt policies recommended by the IEA in the “net zero by 2050” scenario?

This public talk will be conducted online via Zoom on **Thursday, 29 July 2021**, from **7.30pm to 9pm** (SGT). For more details and to register, click [here](#).

Between Co-operation & Confrontation: Has the US Renounced the Carter Doctrine?

The Biden administration's decision to pull all troops out of Afghanistan has added to the chorus of discussion on the evolution of America's Middle East policy from a boots-on-the-ground orientation towards that of an offshore balancer. But with tens of thousands of troops still based in the Gulf, is the American role really shifting? Are Washington's mixed signals forcing GCC countries to review their strategic alliances, such as hedging with other big powers including China? Or is moving away from purely military partnerships towards more diplomatic, political and economic engagement the way forward not just to secure American interests but for a more stable and peaceful region?

This public talk will be conducted online via Zoom on **Tuesday, 3 August 2021**, from **8pm to 9.30pm** (SGT). For more details and to register, click [here](#).

LOOK AHEAD: WHAT TO KEEP WATCH ON

Iran Not Ready for Nuclear Talks Until Raisi Takes Over

Iran is not prepared to resume negotiations on coming back into compliance with the 2015 nuclear deal until Iranian President-elect Ebrahim Raisi's administration has begun. The diplomatic source, who spoke on condition of anonymity, said Iran had conveyed this to European officials acting as interlocutors in the indirect US-Iranian negotiations and that the current thinking is the Vienna talks will not resume before mid-August. “They are not prepared to come back before the new government,” said the source, saying it was not clear whether this meant until Raisi formally takes over on 5 August or until his government is in place.



IDF Seeks Major Budget Increase to Enable Potential Strike on Iran

The Israel Defense Forces is reportedly asking for a major budget increase worth billions of shekels so that it can properly prepare for a potential attack against Iran's nuclear program. The request was made during preliminary discussions on the budget that the new government will seek to pass in the coming months. Those discussions took place as Israel began preparing for the possibility that indirect negotiations between the US and Iran in Vienna, aimed at reviving their multilateral nuclear agreement, will fall apart. It said the Israeli security establishment has identified accelerated uranium enrichment activity by the regime, and that in recent discussions between Israeli and American leaders, Israel's “freedom of action” in the face of the Iranian nuclear threat has been stressed.

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