

The World's Navigation in the Changing Dynamics of the Middle East

Dr Asif Shuja

While Islam remains at its core, the Malay world has retained its own identity in a way that many consider as inspirational and a viable model for the Muslim world. The current geopolitics of the Middle East—the centre of Islam—has created a situation in which the three prominent Islamic powers, i.e., Saudi Arabia, Iran and Turkey are competing to claim the leadership of the Islamic world. This scenario, compounded with the Russia-Ukraine war bringing back the importance of oil and Malaysia's membership in the OPEC+, has created some new socio-political and economic challenges as well as opportunities for the Malay world.

While chronicling these opportunities and challenges, this paper delves into the bilateral relationships of the Malay world, with a particular focus on Malaysia, respectively with the major powers of the Middle East such as Saudi Arabia, Iran, and Turkey to analyse how the Malay world could navigate during the current times under the backdrop of the changing dynamics of the Islamic world in general and Middle East in particular.

Changing Dynamics of the Middle East

As the Middle East is at the heart of the Islamic world, for understanding the changing dynamics of this region as well as the Islamic world, it is important at the outset to underline four main features which is commonly associated with the Middle East regional system. First, the Middle East is seen predominantly as the combination of the Arab States. Second, there is a pre-eminence of the US Power in the region. Third, there is an effort, especially by the Western powers towards the securitization of the region, particularly by singling out Iran as the most important threat to the region. Fourth, there has been a receding relevance of the Palestinian issue.

Since Iran challenges all these commonly perceived premises of this regional system, it is generally considered as the spoiler of this system. For instance, Iran being an important non-Arab country of the region has a legitimate say in challenging the common perception of the Middle East being an Arab society. Such issues often pit it against the Arab states. This is most evident in the nomenclature of the Persian Gulf, which some Arab countries have been striving to have renamed as the Arab Gulf. Iran also emphatically opposes the presence of outside powers in the region, particularly that of the United States. Similarly, as the securitisation—that is, looking at all political issues under the prism of national security, causing the investment of extraordinary resources to resolve them, sometimes unnecessarily—of the region singles out Iran as a threat, Iran categorically denies that view and calls for a revaluation of the real threat to the region, which in Iran's view is the interference of the outside powers. Finally, Iran gives its support to the

Palestinian cause and opposes the Abraham Accords, which is premised on the normalisation of relationships with Israel.

It is the dialectics between the commonly perceived regional system of the Middle East and Iran's opposition to it that is the primary reason for the changing dynamics of the Middle East, since it simplistically pits Iran against the other countries. While in recent decades Iran has become a major military power, this situation creates a potentially explosive situation. There is, however, an exception to this general rule of Iran against all and that is Turkey. By virtue of being the only two non-Arab Muslim Middle Eastern countries, Iran and Turkey share some common interests at an ideological level, which brings them closer in other spheres of activities too. That said, it must never be overlooked that both these countries, along with Saudi Arabia, share the common ambition of being the leader of the Islamic world. This feature also makes Turkey and Iran competitors of sorts, and that competition is also witnessed in their statecraft and bilateral relations.

Thus, clubbing Iran and Turkey together in our analysis, we can observe that both have been old empires. For instance, Iran is associated with the Persian Empire which lasted for 220 years from 550 BC to 330 BC. Turkey is associated with the Ottoman Empire, which lasted for 602 years, from 1299 AD to 1922 AD. The current rulers of both Iran and Turkey also have been in power for a long time. For instance, Ayatollah Ali Khamenei has been ruling Iran since 1989 as its Supreme Leader, while Recep Tayyip Erdoğan has been in power in Turkey since 2003 alternatively under designations such as President or Prime Minister. While the realisation of ancient heritage motivates the two countries to push back against the external forces at an ideological level, the permanence of rulers in these countries has facilitated such ideologies to be enshrined in state policy.

Effectively, for understanding the changing dynamics of the Middle East, the existing regional system has been shaped by the post-Cold War outlook with the underlying truth that the end of Cold War gave way to the emergence of Western Liberal World Order¹ and the dominance of the United States. Some of the events that grew in prominence during this period, and which have had a lasting impact in shaping and reshaping this regional system, include the two Gulf Wars, the Arab Spring, and regional conflicts, most notably in Syria, Yemen, and Libya, and in many of these theatres the US played a prominent role.

In terms of the interference and role of the outside powers, the most important development to note is the US' shale Gas revolution which has now caused its interest in the Middle East to decrease, and we now hear about the rebalancing of the US power away from the Middle East and towards the Indo-Pacific region, an important driver of which is the US-China competition in the global economic realm. The

¹ As a repository of ideologies of liberalism, democracy and rule of law, the Liberal World Order essentially epitomises the US-led system, which became triumphant after the end of the Cold War, thus making the United States a central actor in the international system. Essentially, for countries pushing back against the US has frequently become synonymous with pushing back against this Western Liberal World Order, and all virtues enshrined in it.

pressure of the Iraq and Afghanistan wars on the US has also enabled the US' 'Pivot to Asia' policy². The US withdrawal from Afghanistan and the US' decreasing footprints in Iraq have also created avenues for Iran to increase its own footprints in these countries, making it more emboldened in the region. The security void created by the withdrawal of the United States has also brought China and Russia – termed by the US as the two 'revisionist powers'³ – into the picture and their involvement in the region is growing.

Some of the concerns of the outside world about Iran includes Iran's expansionist phase of 1979-1989, which saw its agenda of the Export of Revolution. This phase was followed by a period of restraint from 1989-2001, which was dominated by the rebuilding of the country after the ravages of the eight-year Iran-Iraq war and Ayatollah Khomeini's death and leadership succession. That was followed by the 11 September 2001 terrorist attacks of the US, popularly known as 9/11, which saw Iran's brief cooperation with the US, subsequently followed by Iran's nuclear revelations and Bush's 'Axis of Evil' doctrine. These dynamics created a fundamental change in Iran's approach to its own security and what ensued was the policy of asymmetric proxy warfare starting from 2001 and continuing up to the current times. Some of the actions of the US also inadvertently augmented Iran's power, such as the US attacks on Afghanistan and Iraq, and the removal of Saddam. Iran has also withstood the destabilising impact of the Arab Spring and has successfully fought the phenomenon of the Islamic State of Iraq and Syria (ISIS). Finally, the evolving Ukraine-Russia war has also created a situation where Iran is seen as playing an influential role to the extent that Iran does not see it prudent to compromise on the Joint Comprehensive Plan of Action (JCPOA).⁴

Since Iran and Turkey find themselves largely on common grounds in terms of their struggle to claim the leadership of the Islamic world, it is important to look at the convergences and divergences in their bilateral relationship. Amongst the convergences, the most important is their geographical proximity – Iran and Turkey share borders of 534 km. Although they may be considered as cautious partners, they do have deep trading and investment relations. Iran and Turkey's policies also converge on the Palestinian issue, and they show limited cooperation to counter Kurdish groups.

Amongst the divergences in Iran-Turkey relations, the most important is in the energy sector, wherein Turkey's ambition to become an energy corridor conflicts with Iran's interests. Iran and Turkey also have sharp differences on the Arab Spring, Syria, and Iraq. Furthermore, the regional Shia-Sunni tensions are perceived by Turkey as against its own interest and Turkey also has some concerns on the Iran-Syrian support to some political groups which it perceives as operating against its own interests.

² This policy was essentially the result of the US' realisation that Asia needs more attention than the Middle East. This approach began during the first term of Barack Obama and vigorously pursued by his Secretary of State, Hillary Clinton.

³ As mentioned in the 'Summary of the 2018 National Defense Strategy of the United States of America,' <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>

⁴ The JCPOA was agreed between Iran and the P5+1 (Five permanent members of United Nations Security Council and Germany) on July 14, 2015, during the presidency of Barack Obama. However, his successor, President Donald Trump withdrew from the agreement, and subsequently President Joe Biden has tried to resurrect it, but no compromise has yet been reached despite almost two years of negotiations between them.

Malaysia's Relations with Major Powers of the Middle East

While the prime attraction of Malaysia's relation with Saudi Arabia remains the latter's position as the host of the two Holy Mosques and their centrality in the Islamic world, the two countries have also developed their economic relations substantially, including in the oil sector, and hope to do more.

As a Muslim majority country, Malaysia's relation with the Islamic Republic of Iran is equally significant. The fact that Malaysia has condemned the US sanctions on Iran, it has generated a great amount of trust between the two countries. Similarly, Malaysia recognises Iran's position as an important and influential Middle Eastern country as well as the Islamic Republic's consistent support for the Islamic community, particularly in Palestine.

In the strategic realm, Malaysia's relationship with Turkey is relevant and accordingly the two countries have elevated their relationship to the level of Strategic Partnership. In the economic sphere too, their relationship receives impetus by virtue of having a Free Trade Agreement between them, which is Turkey's first such cooperation with a member of the Association of Southeast Asian Nations (ASEAN).

Such bilateral relationships of Malaysia in particular, and the Malay world in general, between these three important Middle Eastern powers representing the Islamic world have enabled them to forge a deep bonding. Similarly, the existence of numerous multilateral forums also provides them opportunities to reach their common goal.

By virtue of being members of the Organisation of Islamic Cooperation (OIC), Saudi Arabia, Iran, Turkey, and Malaysia enjoy a platform for continuous interactions on Islamic matters. The three of them, viz., Saudi Arabia, Iran and Malaysia are members of the OPEC+, which provides them the opportunity to influence the global economic environment particularly linked to the oil and energy sectors. Similarly, Malaysia, Iran and Turkey are the members of the Developing Eight (D-8) Organization for Economic Cooperation, which allows them to work on a joint strategy to further grow their respective economies.

These bilateral and multilateral settings involving important powers such as Saudi Arabia, Iran and Turkey serve as the proverbial water in which the Malay world needs to navigate its relationships in the Middle East. Since the political, social, and economic changes happening within the Middle East, particularly involving these three important players, will also have implications on their relationships with Malaysia and the broader Malay world, the latter needs to keep a close watch on these changing dynamics of the Middle East region.

How Should the Malay World Navigate?

In terms of the Malay world's navigation in the changing dynamics of the Middle East and the Islamic world, some of the pointers that are most helpful include the Gulf's turn towards the East; US-China competition; the geopolitics of oil; the role of Islam; and Malaysia's role in the Islamic finance.

Gulf's Turn towards East: In recent decades, a phenomenon has occurred in which the Gulf countries are increasingly turning towards the East, particularly in the economic domain. The primary reason of the Gulf's turn towards the East is that many economies of the Indo-Pacific region have been growing relatively faster than their Western counterparts. This includes the economic ascendance of the ASEAN countries as well as multifaceted developments in the position and power of other Asian countries such as China, Japan, South Korea, and India. While this shift in the balance of power has caused Western powers including the US increasingly to look towards the East, this has also resulted in the Middle East in general, and the Gulf countries in particular, to shift their focus towards the East, away from their traditional focus on the West. Malaysia as an important powerhouse of the eastern part of the globe, especially as an important member of the ASEAN, should be aware of this phenomenon to optimise its own interests.

US-China Competition: While the shift in the global balance of economic power from West to East has been the primary driver of the Gulf's turn towards the East, other drivers include China's accession to the World Trade Organisation (WTO) in 2001, the year in which the US got embroiled in its costly war in Afghanistan, and subsequently in Iraq; the US' 'Pivot to Asia' policy; the transition of the Gulf's oil-based economies; and the US' shale gas revolution. A careful look at all these drivers would reveal that they are intrinsically interrelated and have large scale repercussions on the current geopolitics of the world, including the Middle East, especially in the realm of US-China competition. For instance, the shale revolution in the US has made it the largest producer of oil in 2018, overtaking Saudi Arabia. While the independence in oil allowed the US to look away from the Middle East, the continuous rise of China since its accession to the WTO has unnerved the US, threatening its superpower position. Therefore, the US has now pivoted from Middle East to the Indo-Pacific. This has effectively generated large scale repercussions in the Middle East some of which could be witnessed in the Abraham Accords and the Gulf's increased dependence on China.

The Geopolitics of Oil: The US has now become the largest producer and a major exporter of oil. However, the US is still not a member of either the Oil Producing and Exporting Countries (OPEC) which is a consortium of 13 countries, or the OPEC+, which has additional 10 countries as its member. The fact that the US is out of the consortium of major oil producing and exporting countries, despite being the largest producer of oil, creates some absurdities, whose repercussions are not yet realised by the world. It is a fact of life that the OPEC+ serves as a platform wherein the member countries take decisions such as the control of oil production, which is directed towards controlling the price of oil. Since the US is out of this consortium, it has little leverage in such control. Consequently, the US has no other way but to depend on other methods to have a say in the control of oil price, the prime strategy of which is economic sanctions. Thus, the US has imposed sanctions on three out of 23 members of the OPEC+. These include Iran,

Venezuela, and Russia. Such helplessness has also caused the US to turn to other instruments of controlling oil price, such as the recently introduced price cap on Russian oil⁵. While there are some obvious geopolitical compulsions in terms of imposition of sanctions on these three countries, the underlying fact can't be missed that all these sanctions directly benefit the US oil companies, allowing us the deduction that the US' policy of sanctions is more driven by its own economic compulsions rather than the maintenance of global security. As an important player of the OPEC+, it would augur well for Malaysia to be aware of this complex geopolitical game being played out in the oil domain. For instance, if there is pressure from the US to comply its unilateral sanctions, Malaysia can formulate its own reasoning to deter such pressure in the light of such insights.

The Role of Islam: Islam and oil are two most important words that come to mind when we talk about the Middle East. Incidentally, Malaysia is both an important Muslim majority country and an important member of the OPEC+. The fact that Islam is an important part of Malaysian society and while great turmoil is currently being witnessed in the Islamic world, especially in the Middle East, Malaysia should also be mindful of it. It is important to underline here that Islam was born in Saudi Arabia and travelled to the Indian subcontinent as a religion, where it was modelled into the idea of a state by Islamic scholars such as Jamal al-Din al-Afghani (1838-1897) and Maulana Abul A'la Maududi (1903-1979). This idea of political Islam was practically realised in Iran during the 1979 Islamic revolution, whose potential proliferation gave jitters to the Gulf monarchs and became the basis for much of the Iran-Gulf rivalry of today. While Islam is integral to the social life of the Malay world, it has largely protected itself from the complexities of political Islam. The Malay world has also been immune from the dichotomy of pan-Arabism vs pan-Islamism that was a product of the great power competition and interference in the Islamic world. For the Malay world to retain the virtues of Islam and prevent itself from vices being played out in the name of Islam, it is important to understand such transformations in the Islamic ideas as well as the interference of the great powers in the Islamic world such as the US, UK, France etc and the regional claimants for the leadership of Islam such as Saudi Arabia, Turkey and Iran.

Malaysia's Role in the Islamic Finance: Unfortunately, the negative tags such as intolerance and radicalisation are often inadvertently attached to discourses pertaining to Muslim societies. However, when it comes to the Malay world, the most prominent tags that immediately come to anybody's mind are virtues such as tolerance and value-based financial growth. While the tolerant and inclusive social norms of the Malay world are an ideal for most of the Islamic world, Malaysia has been consistently at the top in the Global Islamic Economy Indicator. Malaysian financial institutions such as the Bank Negara Malaysia and Securities Commission Malaysia are playing a pivotal role in the growth and acceptability of Islamic finance, further advancing Malaysia as an International Islamic Financial Centre. The Malaysian model is effectively underscoring to the world that it is indeed possible to achieve a beyond-profit financial model

⁵ See, 'The Price Cap on Russian Oil: A Progress Report,' <https://home.treasury.gov/news/featured-stories/the-price-cap-on-russian-oil-a-progress-report>

through which growth can happen in a more inclusive manner. Malaysia's role in 'Shariah' connectivity brings it to the heart of the financial sector of the Islamic world in which a lot of give and take can be done. For instance, there is a great demand from pious Muslims across the globe to put their money into Islamic banking systems, but often there is a lack of such platforms. Malaysia can be at the forefront of not just providing such platforms but also helping to proliferate such platforms in other parts of the world by sharing its best practices in that domain.

The Malay world should be mindful of the fact that the political, social, and economic exchanges that take place through its navigation in the Islamic world should be mutual. Through its virtues, the Malay world should endeavour to influence the Middle East and the Islamic world as much as it is influenced by them.

The Future Ahead

As a middle power, Malaysia has both opportunities and limitations in engaging with Middle Eastern countries. While Malaysia has generally reaped the economic benefits in terms of attracting investments from all spectrums of Middle Eastern countries, the regional hot spots such as Yemen, Syria and ISIS have also tested its limitations in manoeuvring in conflicting terrains. Among other challenges, since the normalisation of the relationship of Israel with some Arab states under the Abraham Accords, Malaysia's solidarity with the Palestinian cause could create difficult situations for Malaysia.

While the strategy to avoid getting embroiled into Middle Eastern conflicts have largely been successful for Malaysia and the Malay world, further intensification of such divisive conflicts in the region may make that strategy more unsustainable. A viable approach to avoid such eventualities could be to act proactively and pre-emptively. Given Malaysia's cordial relations with the conflicting parties of the Middle East, such as Saudi Arabia and Iran, it is well placed to play a positive role in diminishing some of their differences.