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## HIGHLIGHTS

- Political Developments
- Oil-Related Developments

## I Political Developments

1. **Yemen:** On 31 March, at a conference in Washington, UN Special Envoy Ismail Ould Cheikh Ahmed briefed UN members on the present situation in Yemen and the state of the peace process. He highlighted the deteriorating economic and humanitarian situation, and noted that food insecurity was now affecting 17 million people. He also discussed the plans being made by the pro-Hadi coalition to attack the country's main port of Hodeidah, which is the principal entry point for supply of food, fuel and humanitarian aid. He said this assault would have "disastrous consequences" for the population.

However, at a press briefing, Saudi Major General Ahmad Assiri, the spokesman for the coalition, stressed the importance of taking Hodeidah since he believed it was the main Iranian supply route for weapons and funding for the Houthis. However, a few days later, he downplayed the importance of taking Hodeidah and said it was more important to consolidate the coalition presence at Mokha and the south. Houthi sources have indicated that they are prepared for the attack on Hodeidah, saying that they have mobilised their tribal supporters.

The US has increased the frequency of its drone attacks on Al Qaeda targets in Yemen: a drone strike killed a suspected al-Qaeda militant in southern Yemen on 6 April. The missile hit al-Qaeda provincial official Ahmed Ali Saana as he was riding a motorbike late on Wednesday in the town of Khabar al-Muraqasha in Abyan province, a major target of recent drone strikes. The Pentagon has confirmed more than 70 airstrikes on al-Qaeda targets in Yemen since 28 February. Yemeni security officials have reported dozens of suspected Al Qaeda fighters killed in the strikes on Abyan and the neighbouring provinces of Shabwa and Baida.

Reports from the US indicate an American interest in playing a larger role in supporting the Saudi-led coalition in Yemen. CENTCOM commander General Joseph Votel has said that there are "vital US interests at stake" in Yemen, even as defence department officials see Yemen as one more theatre to confront Iranian influence in West Asia. Some US commentators are sceptical about such assessments, noting that Yemen has little strategic importance for Iran, except to ensure that the Saudi-led coalition gets bogged down in the conflict and its attention is diverted from Syria and Iraq, the areas that matter to Iran. Iranian influence in Yemen is said to be quite minor and there is little evidence of large-scale Iranian weapon supplies to the Houthis.

**2. Iraq:** With the reverses that ISIS has suffered in the Mosul campaign, it now controls just 7 percent of Iraqi territory as against 40 percent in 2014.

However, in an indication of problems likely to emerge after the fall of Mosul, the Iraqi parliament voted on 1 April to remove the Kurdish flag from the provincial council building in Kirkuk, after the council had voted in favour of it. The vote was backed by Arab and Turkoman members and led to a walkout by the Kurdish members. The latter, however, do not seem to have given up on their intention of merging Kirkuk with their regional government, insisting that it is their "rightful and constitutional right", primarily because of the role played by Kurdish forces in the fight against ISIS.

Following the US invasion in 2003, the Kurds had taken control of this city, a major oil centre, but later relinquished it. It is described as "disputed", with its status to be determined later. However, many Kurds have made Kirkuk their home.

On 3 April, President Trump's influential son-in-law, Jared Kushner, visited Iraq as part of a major military delegation. Observers has said this could be part of the effort of the Defence Department and the Pentagon to firm up ties with the White House.

**3. Raheel Sharif approved as head of "Islamic" military alliance:** The Pakistani government has formally approved the appointment of its former army chief, General Raheel Sharif, as the head of the Saudi-sponsored "Islamic" military alliance set up in December 2015. This alliance is made up of several Muslim countries with the professed aim of fighting terrorism. The alliance has no Shia member country and hence has been viewed as a Sunni alliance directed at Iran. Sharif's appointment has been controversial in Pakistan since it could aggravate sectarian tensions at home, besides harming Iran-Pakistan ties.

Saudi Arabia, which had announced Sharif's appointment in January this year, has been keen on Pakistani participation on its side after Pakistan refused to join the kingdom-led coalition in Yemen in 2015.

**4. Syria:** At the end of March, Turkey announced that it was ending its "successful" seven month-long "Euphrates Shield" military campaign in northern Syria, though Prime Minister Binali Yildirim did not say if the Turkish troops would be withdrawn from Syria. The campaign had the twin objectives of pushing ISIS forces out of a 100-km stretch of the Turkey-Syria border and at the same time prevents the Syrian Kurds from attaining a contiguous "Rojava", its western homeland, at the border. The Turkish army captured several Syrian towns from ISIS, including Jarablus, Dabiq and Al Bab.

Turkish sources had then announced that their forces would force the Kurds out of Manjib and then move on the ISIS "capital" Raqqa. The last two actions did not take place: commentators believe this could be because of heavy losses while taking Al Bab or not wanting to upset the Americans who continue to affirm their alliance with the Kurdish forces in Syria.

Separately, the US gave some details of a new strategy in Syria in which it would focus on militarily defeating ISIS, setting up "safe zones" for displaced refugees in territory vacated by ISIS, and not insisting on the ouster of President Bashar al Assad. Towards this end, the US would significantly increase its troop presence in the country. Some analysts believe this approach could leave the US controlling two-fifths of Syrian territory.

The new strategy was perhaps put into effect when on 4 April Syria experienced another chemical attack in the town of Khan Sheikhoun in the north of the country, when toxic gas dropped from aircraft killed over 80 people, including 20 children, and injured another 100. The US, UK and the EU promptly blamed the Syrian government for the attack. The latter issued a firm denial, while Russia said its planes were not in the area.

President Trump gave an emotional response to the attack, saying that the attack had changed his mind about his approach to Syria. He followed this up with an attack on 6 April on the Shayrat air field near

Homs with 59 Tomahawk cruise missiles, saying that this was “in the vital national interest” of the US. Syrian media said that nine persons had been killed, including four children, and there had been “extensive material damage”.

Russia condemned the attack as an “effective aggression”, and added that only 23 missiles had hit the air base. Moscow suspended the US/Russian agreement on flight safety in Syria and made an announcement to increase the effectiveness of its air defence capabilities in Syria, though no details were provided. The Black Sea Fleet frigate, Kalibr, headed to Tartu, entering the Mediterranean on 7 April. US sources said that 20 percent of Syria’s operational airforce had been destroyed in the attack.

Putin’s spokesman, Dmitry Peskov, claimed that the Syrian government had no chemical weapons and dismissed the Trump administration’s explanation as an excuse to enter the Syrian conflict. “President Putin considers the American strikes against Syria an aggression against a sovereign government in violations of the norms of international law, and under a far-fetched pretext,” Peskov told reporters. “This step by Washington is causing significant damage to Russian-American relations, which are already in a deplorable state.”

On 9 April, forces from the Russian, Iranian and military alliance supporting Syrian President Bashar Al-Assad issued a statement saying that the US air strikes on the Al-Saferat Airbase in Syria had crossed several “red lines” and that they would “respond with force” to any “new aggression”, while increasing their support for Al-Assad. However, Iran’s own response has been relatively muted: observers believe that with the presidential elections in late April, Rouhani is not keen to heighten tensions with the US.

However, the distinguished Iranian commentator, Seyyed Hossein Mousavian, has said that, following the US air strikes, “all signs point to more instability and less diplomacy in the months and years ahead, with the potential for an all-out Middle East war seeming increasingly likely.” Noting that Trump has been under pressure from Gulf Arab regimes for an aggressive anti-Iran posture, Mousavian said: “This idea of “U.S. wars with Arab money” promises not only to worsen regional conflicts, but to also put lives of American servicemen at unnecessary risk. Iran for its part will not sit silently in the face of aggression and will use its regional capabilities — including its battle-hardened allies on the ground in Syria and Iraq — to raise the cost of actions against it.”

Observers have noted that the Shayrat airbase was carefully chosen as a target for the US attack due to its strategic importance as a military base used jointly by Russia, Iran and the Syrian regime. Moreover, it was the base which houses 25 per cent of the regime's air capability and the regime’s largest air formations in Syria’s heartland: two squadrons of the regime's Su-22 ground attack aircraft, MIG-23 warplanes, two 3km-long (2 mile) runways, as well as 40 hangars and surface-to-air missile SA-6 SAM missile systems, all of which were destroyed, according to the United States.

However, first statements by US officials suggest that this attack does not imply any significant change in the US policy of not getting more deeply involved in Syria and working towards effecting regime change. After the attack, Secretary of State Tillerson had said: “I would not in any way attempt to extrapolate that [the attack] to a change in our policy or posture relative to our military activities in Syria today. There has been no change in that status.” Later, however, Washington’s UN ambassador said that Syria’s President Bashar Al Assad cannot stay in power after a suspected chemical attack that prompted the first direct US military action against his government. This suggests some confusion in US policy towards Syria.

Commentators believe that Tillerson’s comment might offer some reassurance to Assad that the air strikes were a mild reprimand and do not portend a blow to the regime itself. Thus, with the war in Syria slowly turning in Assad’s favour with two key allies, Russia and Iran, continuing to stand by him, Assad looks more likely to stay in power, a reality that Syria’s neighbours and the international community reluctantly have to accept.

Observers have also noted that the recent attack is divorced from any strategic political vision and that the Trump administration has not yet developed any concrete ideas for a political solution.

## II Oil-Related Developments

Oil prices remained around \$ 52-53 for Brent and \$ 49 for WTI during the first days of April. WTI prices were above \$ 49 on reports of increased refinery purchases and declining gasoline inventories. Prices were also kept at these levels following reports that OPEC would very likely extend production cuts beyond end-June.

Following the US missile strike in Syria, Brent crude futures jumped to \$56.08 per barrel, in what traders called a knee-jerk reaction, before easing to \$55.62 per barrel at 0704 GMT, still up 1.3 percent from their last close. US West Texas Intermediate (WTI) crude futures also climbed by more than 2 percent, to a high of \$52.94 a barrel, before receding to \$52.46, up 1.45 percent.

On 13 April, the IEA provided some good news for producers when it said that the oil market is “slowly but surely” reaching a balance as a result of the success of the OPEC production deal. “We’re seeing demand growing fairly steadily in the oil market and we think that the balance is coming together slowly but surely and the numbers are there to support it,” the IEA spokesman said shortly after the IEA published its monthly oil report. Oil producers were said to have scored “fairly well” since OPEC and non-OPEC countries implemented a landmark deal to curb global oversupply at the start of the year.

According to the IEA’s monthly report, global demand growth is poised to fall for a second consecutive year as a result of subdued gains, most notably in Russia and India. The IEA forecast global demand growth of 1.3 million b/d (barrels per day) after a weaker-than-expected thirst for oil from investors in the first three months of the year. Brent crude traded at around \$55.83 a barrel on 13 April, while WTI was around \$53.05 a barrel.

The IEA assessment is shared by the Arab Monetary Fund. World oil market is expected to see a partial recovery in 2017 and 2018 in light of the OPEC and non-OPEC output cuts of 1.8 million barrels per day. While the production cuts will help bring an oil market balance in 2017, oil demand is expected to increase by 1.2 million barrel per day this year, its report said. The report added: “These developments will support oil price increases in 2017 and 2018, compared to levels recorded in 2016 which reached \$40.8 per barrel for the OPEC price basket. However, the expected increase in shale oil production due to the price gains will limit the upward trend of oil prices during 2017 and 2018.”

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*(The views expressed are personal)*

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