2023 MIDDLE EAST PROGRESS REPORT
THE AMERICA-EURASIA CENTER
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The America-Eurasia Center

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Located in Washington, DC, The America-Eurasia Center partners with numerous officials, organizations, and think tanks worldwide. Its educational programs are unique in that they produce future leaders and research teams that continue to promote positive relations. Building positive relations with other nations and institutions has been the hallmark of The America-Eurasia Center.


In addition, through its regional programs, The America-Eurasia Center builds positive relations with the Gulf States, Europe, Russia, Central Asia, South Asia, and East Asia. These regional programs serve as a bridge to promote nations' peace, understanding, and prosperity.

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Introduction

In partnership with its Middle East Program, The America-Eurasia Center is proud to present the Middle East Progress Report, which covers developments in the MENA region in early 2023. The America-Eurasia Center’s research on the Middle East highlighted four significant political developments to watch in 2023: rising tension between Israel and Palestine, the Iran Nuclear Agreement, Lebanon’s mounting economic crisis, and the United Arab Emirates’ strides toward religious inclusivity. The developments discussed in this report cover Israel, Palestine, Iran, Lebanon, and the United Arab Emirates. Still, political, social, and economic trends in other MENA countries can be found on our website under Country Reports.

Our findings are that religious tension, upholding democratic norms, nuclear proliferation, and economic recessions due to COVID-19 will be the most significant factors in regional cooperation and stability in the coming year. Ideally, nations can overcome these challenges by finding areas for collaboration and partnership in their shared struggles. With the upcoming 2030 U.N. Sustainable Development Goals (SDGs), the pressure to address these challenges in the Middle East is only mounting. Issues outlined in this report directly correlate with several SDGs, including "no poverty," "zero hunger," "good health and well-being," "clean water and sanitation," "decent work and economic growth," "reduced inequalities," and "peace, justice, and strong institutions."

At The America-Eurasia Center, we aim to aid the people of countries and form long-lasting relationships between nations. As a result, throughout this report, we will bring these political, social, and economic problems to light to outline feasible and achievable solutions for nations, global non-governmental organizations, and international institutions. All solutions outlined, if implemented, can bring the Middle East closer to fulfilling the SDGs and improve regional stability.
In 2023, Israel is facing a triad of crises: a wave of Palestinian terror attacks in response to military raids in the West Bank, increased expansion of settlements, and protests as Netanyahu's new government continues to restrict the courts. Each point of tension is contributing to rising international concern that a new Intifada may be in our midst. For those unfamiliar with the term, an intifada is a Palestinian uprising against Israeli occupation in the West Bank and Gaza Strip. Thus far in history, there have been two. The first occurred from 1987-1993, and the second from 2000-2005.

**Terrorism and Military Violence**

The first point of tension contributing to this fear within the international community is the rise in Palestinian terrorist attacks and Israeli military violence against Arab citizens. On January 27, 2023, terrorists attacked a synagogue in Jerusalem, killing seven people and making this one of the deadliest attacks on Israelis in years.¹ This followed an Israeli raid on a refugee camp in Jenin that killed nine Palestinians. After this attack, the Palestinian President accused Israel of a "massacre" and later announced it had ended coordination with Israel on all security matters.²

Unfortunately, this cycle of violence is not an outlier but rather part of a more significant trend. 2022 was the deadliest year in Israel and the West Bank since the second Intifada. Palestinian attacks killed 31 Israelis, and the IDF claims Palestinians fired on Israeli troops almost 300 times, compared to 61 times in 2021 and 31 times in 2020.³ In response, Israel began an "anti-terrorism offensive," killing 151 Palestinians in

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³ Byman, “The Third Intifada?”
the West Bank and Palestinian neighborhoods of East Jerusalem.\(^4\) In November 2022, the U.N. Middle East envoy told the U.N. Security Council that the conflict between the Israelis and Palestinians "is again reaching a boiling point, "emphasizing that violence will only escalate with a halted peace process.\(^5\)

**Expansion of Settlements**

The second crucial point of tension is Israel's increased expansion of settlements in the West Bank. On February 12, 2023. Israel granted retroactive authorization to nine Jewish settler outposts in the occupied West Bank and announced the mass construction of new homes within established settlements.\(^6\) Furthermore, on March 24, 2023, Israeli watchdogs reported that Prime Minister Benjamin Netanyahu authorized construction bids for a thousand new homes in Jewish settlements in the occupied West Bank and East Jerusalem.\(^7\) In response, the U.N. Security Council is working on a resolution condemning these settlements, and the U.S. is weighing action. The United Nations Security Council was considering a draft resolution demanding Israel "immediately and completely cease all settlement activities in the occupied Palestinian territory."\(^8\) In addition, the White House Press Secretary Karine Jean-Pierre voiced concern stating, "we are deeply dismayed by the Israelis' announcement" and "the United States strongly opposes these unilateral measures which exacerbate tensions, harm trust between the parties and undermine the geographic viability of the two-state solution."\(^9\) According to Axios Tel Aviv, the Biden administration warned Netanyahu against following through on any government coalition agreement that would give finance Minister Bezalel Smotrich ministerial control over the occupied West Bank.\(^10\)

**Judicial Reform**

The final point of tension contributing to this internal and interstate conflict is a law which would limit the Supreme Court's power to exercise judicial review by granting the Knesset the ability to override Supreme Court rulings by a simple majority and give the government power to select judges.\(^11\) If passed, the Israeli government will be given unmeasurable power over the country's Basic Laws. A recent poll found only a quarter of Israelis support the plan in its current state, and hundreds of thousands more have taken to the streets in protest.\(^12\)

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\(^4\) Byman.
A Path Forward

Seeing all three crises, Israeli President Isaac Herzog warns of a looming "societal collapse" like a "powder keg set to explode" as he voiced concern for the "democratic foundations of the country" when giving a landmark speech begging for negotiation and compromise over judicial reforms. So the question begs to be asked: is a new intifada in our midst? The answer is not necessarily. This looming conflict can be halted if Israeli and Palestinian parties meet and commit to peace agreements.

The February 26, 2023, meetings in Aqaba, Jordan, between Jordanian, Egyptian, American, Israeli, and Palestinian governments represent a step forward towards this goal. Together in the Aqaba Joint Communiqué, Palestine, and Israel "affirmed their commitment to all previous agreements between them, and to work towards a just and lasting peace" and "the necessity of committing to de-escalation on the ground and to prevent further violence." Tor Wennessland, the United Nations Special Coordinator for the Middle East Peace Process, reiterated, "if implemented, the steps outlined in Aqaba would be an important start to reversing negative trends on the ground."

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Iranian Nuclear Agreement

The Iran Nuclear Agreement, formally known as the Joint Comprehensive Plan of Action (JCPOA), was a landmark agreement reached between Iran and several world powers in 2015. Under its terms, Iran agreed to dismantle much of its nuclear program and open its facilities to international inspections. In 2018, U.S. President Donald Trump withdrew the United States from JCPOA and reinstated devastating banking and oil sanctions, jeopardizing the deal. Trump argued that the agreement failed to address Iran’s ballistic missile program and its proxy warfare in the region. From the Iranian perspective, Tehran hesitated to even engage in talks as the United States withdrew from the previous agreement and then increased sanctions.

Restarting Iran's Nuclear Program

Since the 2018 falling out of the JCPOA, Iran has resumed nuclear activities by beginning to enrich uranium in higher concentrations and develop new centrifuges to accelerate this process. As of January 2023, U.N. top nuclear officials began warning that Iran has enough enriched uranium to build several nuclear weapons, with estimates up to 84 percent. Furthermore, on March 24, 2023, the U.S. Joint Chief of Staff Chairman, Mark Milley, shared that Tehran is only two weeks away from producing enough fissile material for a nuclear weapon. After this stage, it would only take a few months to assemble this weapon.

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hearing on the Defense Department's annual budget request.

**Geopolitical Implications**

These recent developments have increased global pressures to reach a deal. However, these negotiations have remained at a standstill since this past August due to Washington's insistence on keeping sanctions placed on the Islamic Republic. Both the Trump and Biden administrations have established these sanctions, most recently in response to Iran's supply of drones to Russia and Mahsa Amini's death.\(^{18}\)

In 2021, upon taking office, President Joe Biden said the U.S. would return to the deal if Iran returned remained compliant with the terms in the initial agreement, but only more tension has ensued. This is further complicated by the U.S. Treasury Secretary Janet Yellin's announcement on March 24\(^{th}\) that the United States is considering strengthening its sanctions against Iran but acknowledged the current sanctions have not resulted in any behavioral changes from Tehran.\(^{19}\)

As the United States debates how to approach the restoration of the JCPOA, there is growing concern within the international community regarding nuclear Iran aggression towards Israel. The potential of nuclear warfare is of great concern, given that Iran has repeatedly stated that they wouldn't hesitate to wipe out Israel if they had nuclear weapons. In response, former U.S. admirals and generals have urged the U.S. to arm Israel to prevent a nuclear Iran.\(^{20}\)

The official policy for Israel is that Iran enriching uranium above 60% could prompt an Israeli strike.\(^{21}\) During the Munich Security Conference, Israel's Defense Minister Yoav Gallant responded to the report stating "all possible means" were on the table to prevent Tehran from proliferating advanced weapons.\(^{22}\) Responsive measures include the potential to attack Iranian nuclear facilities and preparation for military confrontations. A drone attack on such a facility has already begun on January 29\(^{th}\).\(^{23}\)

In this way, nonproliferation in the Middle East will be a crucial determinant of regional peace and security. Nevertheless, diplomatic efforts at limiting its atomic program seemed unlikely given rising global tensions due to Russia's invasion of Ukraine, Iran providing weaponry to Russia, China's use of spy balloons, and Iran's election of conservative cleric Ebrahim Raisi as President.

**A Revival of the JCPOA**

Behind closed doors, however, the 2015 JCPOA is being revived. Senior sources in Tehran have reported that the top Iranian nuclear


negotiator, Ali Baqueri Kani, met with political directors from Britain, France, Germany, and foreign ministries.\textsuperscript{24} Outside of the E3, it has been reported that China has also been pushing for the revival of talks on the JCPOA while demanding the withdrawal of all sanctions on Iran.\textsuperscript{25}

In many ways, the international community is split when approaching this dilemma, but there seems to be a consensus that something needs to be done.


Lebanon has been facing a devastating economic disaster for the past three years due to a triad of crises: the 2019 financial crisis, the 2020 Port of Beirut explosion, and the COVID-19 outbreak. In response, nominal GDP plummeted by 29 billion USD from 2019-2021, with the World Bank reclassifying the country as a lower-middle-income country in July 2022. Today, unemployment hovers around 30 percent, and inflation is so high citizens are living on less than $14 per day.

For months, banks have been imposing strict restrictions on withdrawals and calling off open-ended strikes blocking employees from retrieving salaries. On February 14, 2023 this tension reached a boiling point as several hundred Lebanese protestors, including army retirees and angry depositors, attacked banks and set them on fire in protest in Beirut.

Simply put, economic decline this severe often results in conflicts or even wars, making it essential that the international community aids and pays attention to its development. The current state of Lebanon is in desperate need of humanitarian relief, but before any assistance can be given, there needs to be structural reforms.

Political Turmoil

Much of this continued economic instability can be attributed to political turmoil within the country, as Lebanon failed to form a government. Much of this continued economic instability can be attributed to political turmoil within the country, as Lebanon failed to form a government.

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28 Hanna Davis.
government after the May 2022 parliamentary elections. The World Bank has called the crisis "a deliberate depression orchestrated by [an] elite that has long captured the state and lived off its economic rents," all while poor and middle-class people bear the burden of the crisis. As a result, the International Monetary Fund and others have demanded structural and financial reforms before providing any cash. Still, with the country lacking a president and a fully powered Cabinet, no progress can be made on reforms reviving the fractured economy.

Israel-Lebanon Maritime Deal

Hope, however, is not lost, and a potential lifeline for Lebanon is the new maritime deal with Israel, which the two countries signed on October 27th, 2022. The agreement, resulting from over twelve years of negotiations, established a permanent maritime boundary in the Mediterranean Sea between the two countries, which had been at war since 1948. Governments worldwide praised the agreement with U.S. President Biden noting that "Energy—particularly in the Eastern Mediterranean—should not be a cause for conflict but a tool for cooperation, stability, security, and prosperity," and French President Emmanuel Macron praising the deal as "an important step towards more peace for Israel, for Lebanon, and all the countries and peoples of the region" and said it would "also contribute to the prosperity of both countries."

These offshore oil and gas reserves could be a salvation for Lebanon, but Beirut must repair its politically fractured environment. If they can overcome these challenges, the government could easily unlock its wealth potential and truly aid its people.

Dollarization of the Economy

Another potential solution for Lebanon would be to adopt the U.S. dollar at a fixed exchange rate, known as full dollarization, or create a new currency covered by dollars, termed a currency board. Lebanon is uniquely positioned for dollarization given that the economy has been highly dollarized since the 1980s, meaning the dollar has made up most transactions. Lebanese diplomat Adnan Mansour has reiterated these ideas stating, "after over four decades, we have to admit the Lebanese pound is dead, and we have to replace it with another currency." Other countries, including Zimbabwe and Ecuador, have turned to full dollarization to aid in hyperinflation and economic recessions with mixed results.

Others voice concern about the dollarization of Lebanon's economy, arguing that although it could lessen overall financial woes, it may widen already significant economic inequalities. As Sami Zoughaib, a Beirut economist, explains, "we have a class that has

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31 Editorial, “The Guardian View on Lebanon’s Crisis.”
34 Trent.
35 Hanna Davis, “The Lebanese Pound Sinks to New Low as Economic Woes Worsen.”
36 Hanna Davis.
access to dollars … (and) you have another portion of the population that earns in Lebanese pounds that have now seen their income completely decimated.\textsuperscript{38} To spark this transition from Lebanese pounds, which 90\% of the country earns income in, businesses and employers would have to pay in dollars which are now more expensive given the economic fallout in the country.\textsuperscript{39}

Still, pairing both the implementation of the Israel-Lebanon Maritime Deal and the dollarization of the economy could lift the country out of the crisis. Alternatively, without any institutional action, this economic crisis in Lebanon does not have an end in sight.

\textsuperscript{38} Kareem Chehayeb.  
\textsuperscript{39} Kareem Chehayeb.
UAE Inauguration of Abrahamic Family House

On March 1st, 2023, the UAE’s Abrahamic Family House and the interfaith complex for Abrahamic religions in Saadiyat Island in Abu Dhabi opened to the public. The creation of the project was inspired by the Document on Fraternity signed by Pope Francis on behalf of the Catholic Church and Ahmed El-Tayyed on behalf of the al-Azhar Mosque. This new beacon of light houses the St. Francis Church, Imam Al-Tayeb Mosque, and Moses Ben Maimon Synagogue in separate structures.

Symbolic Structural Design

The design of the Abrahamic Family House is three cubic houses of worship placed upon a secular visitor pavilion. The Moses Ben Maimon Synagogue is oriented towards Jerusalem. It features a multilayered facade inspired by the Jewish Sukkot Festival, where palm trees are harvested, and communities build tents in their garden. Furthermore, it features a skylight to provide a view of the stars at night, made to reference the chuppah, a structure without a roof used at Jewish weddings.

The Eminence Ahmed El-Tayeb Mosque features seven arches on each side, reflecting the significance of the number 7 in Islam. Furthermore, the walls are covered with 470 panels of filigree latticework made to represent the mashrabiya, one of the most admired features of Islamic architecture. The His Holiness Francis Church faces east so it can rise towards the sun, as light is considered a symbol of divinity.

41 Gulf News.
42 Gulf News.
43 Gulf News.
44 Gulf News.
Beyond the places of worship, the Center has the Wall of Intentions, covered by triangular plates with messages of peace and love in different languages. Visitors are invited to write down their wishes and intentions on the Wall.45

### Bridging the Abrahamic Religions

The designer of the Abrahamic House, David Adjaye highlighted that he wanted to "create a building that starts to dissolve the notion of hierarchical difference – it should represent universality and totality – something higher that enhances the richness of human life."46

Upon its inauguration on February 16th, President Sheikh Mohamed said the existence of the multi-faith place of worship was a celebration of diversity.47 Its opening follows the UAE's declaration of 2019 as "the Year of Tolerance." So far, this year has culminated in two events pivotal to establishing the Abrahamic Family House. First was the signing of the Document on Human Fraternity by Pope Francis and the Grand Imam Shaykh al-Tayyeb in 2019. Secondly was the signing of the Abraham Peace Agreement at the White House by the UAE and Israel in 2020. The House aims to serve as a bridge between different faiths, a mechanism for religious dialogue, and a physical manifestation of the Document on Human Fraternity crafted by the United Nations.48 The synagogue holds the potential to rise above its use as a place of prayer to "a global center for pluralism, culture, education, and engagement; a center for interfaith education, research, and engagement; a center that can create links between Jewish, Arab, and Christian communities within the UAE, across Arabia, and around the world."49

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Conclusion

Overall, religious tension, upholding democratic norms, nuclear proliferation, and economic recession due to COVID-19 will be the most significant factors in MENA regional cooperation and stability in the coming year. As outlined throughout this Report, there are a plethora of opportunities for nations to come together and collaborate to tackle these global issues. Israel’s internal conflict could be alleviated if Israeli and Palestinian parties meet, commit to peace agreements, and respect the steps laid out in Aqaba Communique. A global conversation around the JCPOA can reduce concerns about nuclear proliferation. Pairing the implementation of the Israel-Lebanon Maritime Deal and the dollarization of the economy could lift Lebanon out of the crisis. Protecting the Abrahamic Family House and continuing to facilitate inter-religious conversation can alleviate regional tensions. These steps are within reach if MENA nations prioritize peace, prosperity, and partnership over geographical and religious conflicts.

In addition, it is pivotal that the United States continue to improve relations with its partners in the Middle East. Conflict resolution and diplomacy need to be a priority of the United States while reducing military solutions within the region. Only by revising these policy measures will the U.S. and MENA region begin to repair their storied relationship and move towards collaboration on global challenges such as supply chain issues, emerging diseases, climate change, and food security. It remains crucial that the United States and MENA countries work together to address these problems through joint research, innovative solutions, and data-driven policy. Below are some key policy recommendations needed to improve US-MENA Relations.

### Key Policy Recommendations to Improve US-MENA Relations

| I. | Nominate and confirm ambassadors to each of the GCC member states: The U.S. has vacancies in Kuwait and the UAE. |
| II. | Create a framework for summit meetings between the President and Gulf counterparts: This can be modeled after the recent Jeddah Security and Development Summit. Such international conversations provide unique opportunities for unity and cooperation in the Middle East and hint at a more collaborative future. |
| III. | Maintain the stability of global trade routes, including those around the Arabian Peninsula: The MENA region represents a trade and technology bridge between hemispheres making it crucial for the global economy and a transit point for trade. |
| IV. | Share technology development and research surrounding clean energy: As water becomes scarce and the world needs to reduce dependency on oil, the Middle East’s progress in desalination and renewable energy technology will be of the essence to the United States. It is crucial both region’s build joint efforts to address and mitigate climate change. |
The America-Eurasia Center is a nonpartisan non-profit organization that is dedicated to improving American knowledge and understanding of Eurasia (Europe and Asia).

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