

The Red Sea link. Geo-economic projections, shifting alliances, and the threats to maritime trade flows.

Luigi Narbone and Cyril Widdershoven

Research Project Report
Regional Security Initiative
Issue 2021/12 - 23 July 2021



© European University Institute 2021
Content and individual chapters © Luigi Narbone and Cyril Widdershoven, 2021

This work has been published by the European University Institute,
Robert Schuman Centre for Advanced Studies.

This text may be downloaded only for personal research purposes.

Additional reproduction for other purposes, whether in hard copies or electronically, requires the consent of the authors.

If cited or quoted, reference should be made to the full name of the author(s), editor(s), the title, the year and the publisher.

Requests should be addressed to med@eui.eu.

Views expressed in this publication reflect the opinion of individual authors and not those of the European University Institute.

Middle East Directions
Robert Schuman Centre for Advanced Studies

Research Project Report
RSCAS/Middle East Directions 2021/12
23 July 2021

European University Institute
Badia Fiesolana
I – 50014 San Domenico di Fiesole (FI)



Funded by
the European Union

The European Commission supports the EUI through the European Union budget.
This publication reflects the views only of the author(s), and the Commission cannot be held responsible for any use which may be made of the information contained therein.

The Red Sea link. Geo-economic projections, shifting alliances, and the threats to maritime trade flows.

Luigi Narbone* and Cyril Widdershoven**

* Luigi Narbone is Director of the Middle East Directions Programme at the Robert Schuman Centre for Advanced Studies as well as coordinator of the Peace and Security cluster at the School of Transnational Governance, European University Institute. Previously, he was Ambassador, Head of the EU Delegation to Saudi Arabia, and non-resident Ambassador to Qatar, Oman, Bahrain, the UAE and Kuwait and has held several positions in foreign affairs in the EU and the UN. His main research interests are MENA geopolitics, security and political economy, Gulf studies and peace-building.

** Cyril Widdershoven collaborates with the Regional Security Initiative at the Middle East Directions Programme of the Robert Schuman Centre for Advanced Studies. He is Founder and Sr. Advisor at Verocy, and Global Head Strategy & Risk Berry Commodities.

Table of Contents

Introduction	5
1. The changing landscape in the Red Sea region	6
Red Sea risk areas and economic transformation	6
Economic challenges and opportunities	8
2. Military competition	11
The ambitions of Egypt and the Arab countries	11
The external players	12
3. Stabilising the region	15
Promoting Cooperation in the Red Sea Region	16
Challenges for the Red Sea Council	16
The way forward	17
The role of the West	18
Appendix	19
Works Cited	22

Executive Summary

The Red Sea region is becoming increasingly important in global geopolitics. Given its importance for global trade and security, growing geo-economic projections, military rivalries and the risk of confrontation between key regional players and international actors are growing and could have far-reaching and disruptive repercussions. This paper explores the critical economic and security issues that link littoral, regional and international powers to the Red Sea region. It shows how efforts by countries in the broader Gulf region and external powers to extend their influence to the Red Sea and the Horn of Africa can produce a potential new conflict zone. It concludes by offering some reflections on how to promote regional security and economic development in the region, with a view to minimising the risk of conflict and increasing opportunities for cooperation.

Introduction

The Persian Gulf has for decades been a global chokepoint for international commodity trade, and consequently a primary focus for international security. This was witnessed once more in the recent series of crises that have brought the Strait of Hormuz to the fore. Since 2019, amid rising tensions with the U.S., Iran has repeatedly targeted merchant ships crossing the strait, threatening to disrupt global oil trade and increasing concern that oil prices would be pushed back to over \$100 a barrel.¹ A US return to the Joint Comprehensive Plan of Action after a successful conclusion of the ongoing Vienna talks could reduce the risk of standoffs in regional waters, but the security situation in the Persian Gulf remains very volatile and the potential for crises in the Strait of Hormuz will continue. Indeed most recently in January 2021, Iran seized a South Korean tanker sailing through the area, only to release it in April.²

In recent years, however, attention has been gradually shifting to the Red Sea. As it connects the Mediterranean to the Indian Ocean through the Suez Canal and the strait of Bab el Mandab, the Red Sea has acquired vital importance for global commodity and containerised trade. However, with growth in its centrality for global trade, threats to this key maritime trade route have also increased. The importance of the Red Sea for global trade and the associated risks were most acutely demonstrated by the recent six-day blockage of the Suez Canal by the giant container ship Ever Given. The incident led to more than 100 vessels being trapped on each side³ and to the interruption of an estimated \$9.6bn of trade flow each day. Given that about 12% of global trade passes through the Suez Canal, the traffic disruption impacted not just the global shipping industry but also countless businesses and value chains, from manufacturers to domestic transport providers to retailers and supermarkets.

The Red Sea has also become central in the geo-politics and geo-economics of Saudi Arabia, the UAE and other GCC countries. Since the Arab Uprising and the oil price crashes of the last decade, and linked to the need to speed up economic diversification, these countries have embarked on the implementation of ambitious visions that envisage a profound overhaul of their economies and a new

1 Meredith, Sam. "Oil prices will climb above \$100 a barrel if Iran blocks the Strait of Hormuz, analysts predict." *CNBC*. 2020. <https://www.cnbc.com/2020/01/08/oil-prices-to-jump-above-100-if-iran-blocks-the-strait-of-hormuz-analysts.html#:~:text=Situated%20between%20Iran%20and%20Oman,21%20million%20barrels%20per%20da>.

2 News Wires. "Iran releases South Korean tanker seized in January." *France 24*, 2021. <https://www.france24.com/en/middle-east/20210409-iran-releases-south-korean-tanker-seized-in-january>

3 Yee, Vivian and Peter S. Goodman. "Suez Canal Blocked After Giant Container Ship Gets Stuck." *New York Times*, 2021. <https://www.nytimes.com/2021/03/24/world/middleeast/suez-canal-blocked-ship.html#:~:text=The%20ship%2C%20stretching%20more%20than,each%20end%20of%20the%20canal.&text=Only%20the%20Panama%20Canal%20looms,the%20global%20passage%20of%20goods>.

role in global value chains.⁴ In this framework, Saudi Arabia is building a pivotal new logistics centre on the western coast of the Arabian Peninsula, while the UAE is aiming at international port development as a major economic driver of its post-oil economy. For the Arab Gulf states the area is also increasingly important for the security of their food supply and to secure a maritime route to a new economic hinterland in Africa.

Meanwhile, Egypt, the traditional power broker in the Red Sea, is trying to regain its central role in the area by stepping up maritime development and industrial zone projects in the Suez Canal area and on the Red Sea coast. Non-Persian Gulf countries, such as Jordan and Israel, are also greatly concerned about maintaining their unhindered 'right of passage' in this strategic sea. Strategic areas of the western shore and the Horn of Africa are being incorporated in the Red Sea geopolitical map and Sudan, Djibouti, Somalia and Eritrea have become playgrounds for a new scramble in the Horn of Africa. The UAE, Saudi Arabia, Turkey and Qatar – and also China, Russia and Iran – compete in building ports and projecting economic influence and military might there. Other international players will not stay idle. The Red Sea region is turning into a complex area of global security significance, where interconnected economic and security issues bind together littoral, regional and international powers. As a result of these developments, geopolitical volatility, rivalries and tensions are on the rise and could potentially turn the Red Sea into a breeding ground for future confrontations. Without stringent regional security and economic arrangements, the risk of new multi-layered conflicts may be high.

This paper first assesses the main trends and dynamics affecting the Red Sea region and the roles that different actors are playing in the area. It then moves to proposing approaches to regional security and economic development in the region with a view to minimising the risk of conflict and increasing opportunities for cooperation.

1. The changing landscape in the Red Sea region

Red Sea risk areas and economic transformation

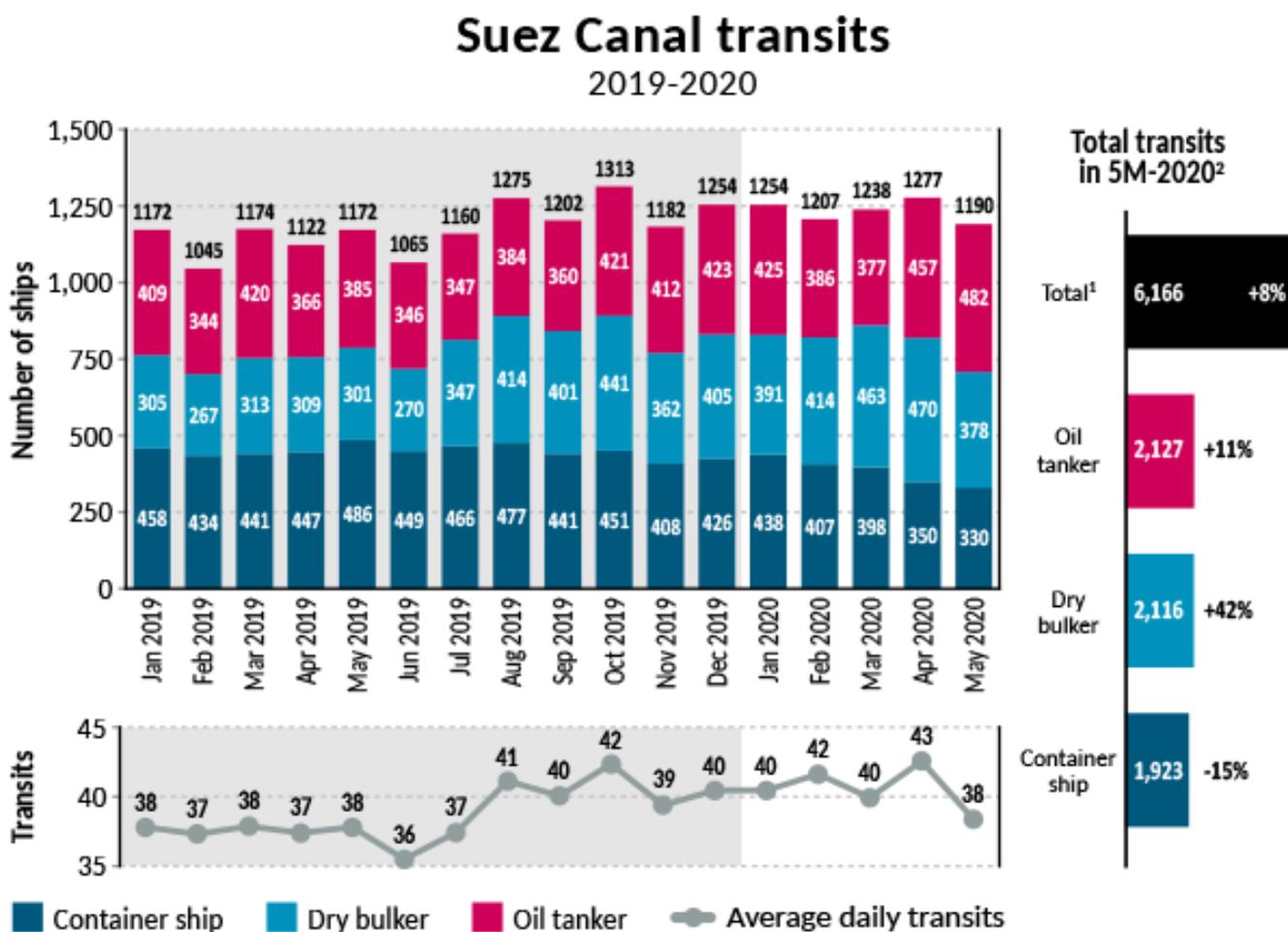
The Red Sea is both a major thoroughfare and a potential chokepoint.⁵ At present, around 80% of all global trade is transported along maritime routes and more than 12% of global seaborne cargo and 40% of Asia's trade with Europe transits through the Red Sea.⁶ The high degree of chokepoint exposure is compounded by the proximity of three maritime chokepoints – the Suez Canal, the Strait of Hormuz and the Strait of Bab al-Mandab – which determine access to this vital trade route by many countries in the region. Maintaining freedom of navigation for the large trade flow and for the navies that transit through these chokepoints is an overriding concern for many international actors. The economic futures of southeast Asia, China, Japan, South Korea, India and the European Union partly depend on free and unimpeded access and freedom of navigation.

4 Saudi Vision 2030. "Thriving Economy." Accessed 14 July 2021. <https://www.vision2030.gov.sa/v2030/overview/thriving-economy/> ; The Official Portal of the UAE Government. "Abu Dhabi Economic Vision 2030." <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/local-governments-strategies-and-plans/abu-dhabi-economic-vision-2030>

5 United Nations Conference on Trade and Development. "Review of Maritime Transport 2018," 2018. <https://unctad.org/webflyer/review-maritime-transport-2018>.; U.S. Energy Information Administration. "World Oil Transit Chokepoints," 2017. https://www.eia.gov/international/content/analysis/special_topics/World_Oil_Transit_Chokepoints/wotc.pdf

6 DW. "Suez Canal blockage: 4 of the biggest trade chokepoints," 2021. <https://www.dw.com/en/suez-canal-blockage-4-of-the-biggest-trade-chokepoints/a-57020755>.

Chart 1: Suez Canal Transits⁷



Source: BIMCO, Leth Agencies, Suez Canal Authority

¹ Includes oil tankers, dry bulkers and container ships.

² First five months of 2020.

For Europe, with the rise in demand for goods and feedstock, imports from non-European markets have deepened existing global trade links. In just five years (2015-2019), the EU’s import tonnage from an average of 211 non-EU trade partners increased by 5%, or 22% in terms of its value.⁸ As the most cost-effective means of transport, maritime shipping had grown in 2019 to include 75% of all goods coming into Europe from external partners.⁹

Just under 30% of EU total imports come from the East, from partners spread across northern Africa, the Middle East and Asia, 60% of which are mineral fuels, oils and derivatives. This sea transport also includes an ever-growing number of container carriers and other bulk vessels, making it an incredibly dense shipping route carrying high value cargo (see Chart 1 above: Suez Canal Transits). In the first five months of 2020, the total number of vessels transiting was 6,116, including 2,127 oil tankers. For 2021, even considering the disruptions caused by the economic downturn because of Covid-19 and the blockage by the Ever Given, the Suez Canal Authority reported 40-45 vessels transiting a day.

7 The Baltic and International Maritime Council. “Suez Canal ship transits rise amidst the covid-19 pandemic”. 2020. https://www.bimco.org/news/market_analysis/2020/20200616_suez_canal_ship_transits

8 Domballe, Jeremy. “Maritime trade and its risks: EU’s imports from Asia and the Middle East.” IHS Markit, 2020. <https://ihsmarkit.com/research-analysis/maritime-trade-and-risks-eu-imports-from-asia-and-middle-east.html>

9 United Nations Conference on Trade and Development. “Review of Maritime Transport 2020,” 2020. https://unctad.org/system/files/official-document/rmt2020_en.pdf.

Furthermore, more than 20,000 ships pass through the Bab el-Mandeb Strait annually.¹⁰ In 2018, an estimated 6.2 million barrels a day (b/d) of crude oil, condensate and refined petroleum products flowed through the Bab el-Mandeb Strait toward Europe, the United States and Asia.¹¹

Historically, maritime chokepoints have been on the radar for potential oil and gas supply disruption risks, but non-hydrocarbon maritime transport is clearly facing the same risks. Growing international trade means that dependency on chokepoints is growing. In addition, climate change, geopolitical tensions and chronic underinvestment in infrastructure are increasing the risks of disruption. Chokepoints can lead to substantial supply delays and higher shipping costs, resulting in higher world energy prices. They can also threaten global food security given that it is underpinned by trade in a few crops and fertilisers. Historical links between food insecurity and political instability increase the vulnerability of the region to chokepoint disruptions.¹² All these features and dynamics explain the rising interest and activism of both regional and international players in the region.

Economic challenges and opportunities

The countries of the broader Gulf region – Iran, Egypt, Iraq and the six GCC countries, Saudi Arabia, Kuwait, Qatar, Bahrain, UAE and Oman – are undergoing major structural socio-economic transformation.

Across the Arab Gulf states, traditional growth models have been suffering from structural problems of sustainability, made worse by the post-2014 decline in oil prices. Oil exporting countries continue to suffer from strong oil dependence, high involvement of the state in the economy, a limited role of the private sector and costly social subsidies. The adoption of stimulus packages to accelerate post-Covid 19 economic recovery have only increased the pressure on the fiscal capacity of GCC governments at a time when they are trying to realise new development strategies to diversify away from hydrocarbons and replace foreign labour with domestic labour. As GCC governments attempt to ensure that their social contracts evolve to allow for such economic transformations, uncertainties remain as to whether the governments will be able to find win-win solutions for all stakeholders, royal families, elite entrepreneurs and the domestic middle classes. Meanwhile, in non-oil countries, cronyism and rising economic insecurity combine with a continued lack of an independent and competitive private sector. These factors continue to threaten the legitimacy of governments in the region as economic reforms have so far had limited impacts while inefficient and inadequate social policies may produce renewed protest cycles.

Against this backdrop and in view of its rising role in international trade, the centrality of the Red Sea area has already increased in importance for regional players. In recent years Egypt and Saudi Arabia have rediscovered the value of the area. Under president Sisi, the Red Sea has re-emerged in Egypt's strategic investment plans. In April 2021, Cairo signed a \$7.5 billion contract to construct the largest petrochemical complex in Africa and the Middle East in the Ain Sokhna Industrial Zone of the Suez Canal Economic Zone. The government-owned Red Sea National Refining and Petrochemical Company will set up an industrial complex to produce high value-added petroleum and chemical products like polyethylene, polypropylene, polyester and bunker fuel.¹³

10 Xiao, Yijia, Yanming Chen, Xiaoqiang Liu, Zhaojin Yan, Liang Cheng and Manchun Li. "Oil flow analysis in the maritime silk road region using AIS data." *ISPRS International Journal of Geo-Information* 9, no. 4 (2020) 265.

11 U.S. Energy Information Administration. "The Bab el-Mandeb Strait is a strategic route for oil and natural gas shipments," 2019. <https://www.eia.gov/todayinenergy/detail.php?id=41073>.

12 Bailey, Rob and Laura Wellesley. "Chokepoints and Vulnerabilities in Global Food Trade." *Chatham House*, 2017. <https://www.chathamhouse.org/2017/06/chokepoints-and-vulnerabilities-global-food-trade>

13 Abu Zaid, Mohammed. "Egypt to invest \$7.5bn building the region's largest petrochemical complex." *Arab News*, 2021. <https://www.arabnews.com/node/1851121/business-economy>.

In January 2021 Egypt also announced several new offshore oil and gas projects worth around \$1.4 billion. Egypt expects to drill a total of 23 new wells in the eastern Mediterranean and Red Sea.¹⁴

Egypt's Vision 2030 largely focuses on the Suez Canal and Red Sea area. Launched in 2015, the Suez Canal Economic Zone includes six ports and four industrial zones scattered along the waterway and has the ambition to transform the Canal area into a global hub for logistics, maritime services, information technology and power industries. Infrastructure projects includes a new city (New Ismailia City), an industrial zone, seven new tunnels, increases in the capacity of existing ports and a new canal parallel to the Suez Canal. The newly expanded Suez Canal and its proximity to Asian, African and European markets, together with the potential provided by a number of free trade agreements and of special economic zones, are expected to turn Egypt into a manufacturing destination. For the GCC countries, Vision 2030's agriculture investments are also important as they will increase agricultural exports to the region. Emirati and Saudi investments are playing a major role, and there are potential links with the Saudi 2030 logistics hub vision. For example, the Canal Sugar Project, an integrated agro-industrial project with 70% Emirati investment and 30% by Al Ahli Capital Holding, will involve reclamation and cultivation of 181,000 acres of land, making it the largest agricultural project in Egypt since 1952. When it starts production in 2021, total Canal Sugar production is slated to be 400,000 tons of white sugar a year and it will reach 900,000 tons once it reaches full capacity in 2023. The project will cost around US\$ 1billion and aims to fill the domestic supply gap and render Egypt self-sufficient in sugar. Egypt is planning to build a pier and grain terminal in the port city of Damietta with a discharge capacity of 3,000 tons of grain an hour for export. Investments in 10,000 greenhouses in an area of 100,000 hectares in Matrouh, Sharqiya, Ismailia, Fayoum, Beni Suef and Minya are also in the pipeline.

At the same time, Cairo is moving increasingly close to Russia and China, and especially its links with the latter are a cause for concern in Europe and the US. Egypt and China have intensified their ties and signed a 'comprehensive strategic partnership.' While Chinese construction companies have been working in Egypt for over 30 years, since the arrival of Sisi in power and the start of the 2014 Belt and Road Initiative (BRI) China has become a major manufacturing and construction partner and has shown growing interest in the Egyptian industrial zones, free trade zones and financial centres. Most of China's operations are linked to or alongside the Suez Canal area. The flagship China-Egypt cooperation project within the BRI framework is the Suez Economic and Trade Cooperation Zone (SETC-Zone) in the Sokhna District of Suez Province, bordering the Gulf of Suez along Egypt's Red Sea coast and about 120 kms from Cairo. The new SETC zone appears to be very similar to China's Tianjin Technological Development Area (TEDA), China's largest and longest-running manufacturing and logistics hub. This development project is also very close to the Saudi NEOM Giga project. The cooperation shows a clear symbiosis between Egypt's Vision 2030 and the BRI, with the development of integrated land and maritime transport and trade infrastructure to connect the Red Sea to the Mediterranean. Cairo has also signed an MOU with Hong Kong-based Hutchison Ports, which currently operates the ports of Alexandria and El Dekheila, to develop and operate a container terminal inside the Abu Qir Naval Base on the central Mediterranean coast.¹⁵ The Covid-19 pandemic has deepened the cooperation between Cairo and Beijing.

In the case of Saudi Arabia, given the challenges created by the ongoing energy transition and developments in the international oil and gas market, Saudi Vision 2030¹⁶ aims to accelerate economic

14 Casey, JP. "Egypt to invest \$1.4bn into new offshore exploration projects." *Offshore Technology*, 2021. <https://www.offshore-technology.com/news/egypt-to-invest-1-4bn-into-new-offshore-exploration-projects/>

15 Calabrese, John. "Towering Ambitions: Egypt and China Building for the Future." *Middle East Initiative*, 2020. <https://www.mei.edu/publications/towering-ambitions-egypt-and-china-building-future>; Al Dahbashi, Mohammed. "Egypt's Economic Transformation." *IR Global*, 2020. <https://www.irglobal.com/article/egypts-economic-transformation/>; Brelford, Robert. "Egypt advances plan for new refining, petrochemical complex." *Oil & Gas Journal*, 2021. <https://www.ogj.com/refining-processing/petrochemicals/article/14202796/egypt-advances-plan-for-new-refining-petrochemical-complex>; Suez Canal Authority. "SCZone General Authority for Suez Canal Economic Zone," 2019. http://www.whccco.org/uploads/file/20191010/20191010161909_94657.pdf

16 Saudi Vision 2030. "Thriving Economy." Accessed 14 July 2021. <https://www.vision2030.gov.sa/v2030/overview/thriving-economy/>

diversification away from hydrocarbons. One of the main objectives of the economic diversification plan is for Saudi Arabia to become a major logistics hub not only in the Gulf region but also for Europe-Asia and Asia-Africa trade flows.¹⁷ Leveraging the country's geographical location and economic weight, Saudi planners target the improvement of logistics service quality, infrastructure and tracking services to become the best and lowest cost option for distribution to the Arabian Peninsula, Mashriq, the Levant and East Africa.¹⁸

Investment in infrastructure in the Red Sea provides an opportunity to strengthen Saudi's position in global supply chains and is materialising through various high-priority national development projects. For instance, the Red Sea Project, a special economic zone for luxury tourism development, is intended to position Saudi Arabia on the global tourism map. Furthermore, the Red Sea Development Company has been working on the 'Neom' smart city, which has an estimated cost of \$500 billion and is set to alter the red sea coastline. Saudi Arabia is also building the Saudi Landbridge, which will link the port cities of Jeddah on the Red Sea and Dammam on the Arabian Gulf, passing through the Saudi capital Riyadh. Also in the pipeline is a railway line linking the GCC countries in the east with Yanbu- Jeddah in the west, passing through King Abdullah port in King Abdullah Economic City near Jeddah. One of Dubai's largest real estate companies, Emaar, is also involved in the development of the Economic City.

Hydrocarbon exports, which currently mainly take the Strait of Hormuz route, will also be secured via new outlets on the Red Sea.¹⁹ Saudi Arabia already exports some of its oil through the Red Sea port of Yanbu using a 1200 km (750 mile) pipeline that runs from the east of the kingdom. In July 2019, the Kingdom announced a project to expand the export capacity of the Red Sea ports to 7 million barrels per day (bpd), also through a new 5 million bpd east-west pipeline. Saudi Arabia is contemplating coordinating this with other Arab countries such as Kuwait, Iraq, the United Arab Emirates and Iran, which have their major oil export terminals on the Gulf.²⁰

At the same time, the implementation of Vision 2030 in the Kingdom will result in increased import and export volumes in the next decades. Construction of Neom, Alaama, Qiddiya and industrial and housing projects will increase the need for steel, cement, sand and other building materials. These vast bulk goods will need to be transported and offloaded at existing Red Sea ports, while new capacity is needed to meet the new demand. Immense housing projects in and around the Saudi capital Riyadh and those planned for the grand scale Red Sea tourist centres and NEOM will also be reflected in larger ports and hinterland infrastructure projects. As Vision 2030 aims to create an export-oriented economy, if these plans are not hindered by negative security developments in the Gulf region, the Red Sea and overland routes via Jordan/Sinai and Jordan-Israel are all in the offing.

Africa, especially the Red Sea-Horn of Africa region is of the utmost importance due to strategic trade flows, the large potential market and the availability of water and agricultural lands to provide much needed feedstocks and food for the Arabian Peninsula. GCC investments are growing exponentially at present and this will further foster trade and connectivity across the two shores of the Red Sea, magnifying the strategic significance of the logistics infrastructure mentioned above. All the Arab partners, especially Egypt, Saudi Arabia and the UAE, have a keen interest in expanding their networks and influence in Sudan and the Horn of Africa.

17 Ministry of Transport and Logistic Service - Kingdom of Saudi Arabia. "KSA Logistic Hub," 2020. <https://www.mot.gov.sa/en/AboutUs/Pages/Logisticsplatform.aspx>

18 As shown by Saudi Arabia's position on the Logistics Performance Index (LPI), issued by the World Bank. Ministry of Transport and Logistic Service - Kingdom of Saudi Arabia. "KSA Logistic Hub," 2020. <https://www.mot.gov.sa/en/AboutUs/Pages/Logisticsplatform.aspx>

19 McQue, Katie. "Saudi crude keeps flowing to Red Sea as East-West Pipeline repairs continue." *S&P Global*, 2020. <https://www.spglobal.com/platts/en/market-insights/latest-news/shipping/122220-feature-saudi-crude-keeps-flowing-to-red-sea-as-east-west-pipeline-repairs-continue>; Paraskova, Tsvetana. "Saudis To Boost Oil Pipeline Capacity to Bypass Strait of Hormuz." *Oil Price*, 2019. <https://oilprice.com/Latest-Energy-News/World-News/Saudis-To-Boost-Oil-Pipeline-Capacity-To-Bypass-Strait-of-Hormuz.html>

20 Verma, Nidhi and Sudarshan Varadhan. "Saudi Arabia aims to expand pipeline to reduce oil exports via Gulf." *Reuters*, 2019. <https://www.reuters.com/article/us-saudi-oil-india-idUSKCN1UK19T>

In the background, and based on the Abraham Agreements, Israel is also showing much interest in the region, which may become a major transport and security route between the country and the Persian Gulf countries. The Emirates, as a major future economic-military partner for Israel, are also very active in the region, largely via their financial institutions and also via Dubai's well known port giant DP World.

2. Military competition

In the security domain the region has for many years been trapped in a cold war between Saudi Arabia and the other GCC countries on one side and Iran on the other. Increasing rivalries and escalatory dynamics have also seen a major involvement of external players, first and foremost the US, which, while trying to gradually reduce its engagement as a security provider and a balancing power in the region, under the Trump administration embarked on a 'maximum pressure strategy' against Iran. The rivalry has played out in all the regional conflicts, with Gulf actors engaging through proxies or direct military involvement.

After years of focus on the Yemen-Houthi conflict and on the consequences of the prolonged civil conflict in Iraq, shifting alliances coupled with an important military build-up are gradually moving the confrontation between the key regional players to the western side of the Arabian Peninsula. The Red Sea region has become a major playground for littoral states – Egypt, Sudan, Saudi Arabia and Yemen – and also for other regional actors such as the UAE, Qatar, Iran, Israel and Turkey.

On the other hand, the US, NATO, Russia and increasingly China are showing growing interest in the region. These developments contribute to strategic realignments and an expansion of their military presence by international actors.

The ambitions of Egypt and the Arab countries

Egypt has direct offshore maritime security interests in the Red Sea and the country's navy has been active against piracy and terrorism in the region for years. The new military focus is in line with the increased economic importance of the region and directly linked to the construction of major energy and industrial projects along the coast and the Suez Canal, and also to the security of maritime traffic through the Suez Canal, which is a major source of revenue for Egypt.

Egypt's new growing attention to security in the Red Sea is also linked to the changing regional balances in both the Arabian Peninsula and the Horn of Africa. The proliferation of military facilities, especially naval ones, by external players is perceived by Egypt as a threat. In response, Cairo is planning to revamp its Red Sea naval infrastructure and capabilities. A major programme is currently under way to increase its overall capacity, build new naval bases and acquire specific capabilities. In January 2020, a new military/naval base was opened in Berenice on the Red Sea, near Egypt's border with Sudan, the southern entrance to the Red Sea and the Bab el-Mandeb Strait.²¹ The Egyptian navy is currently being transformed into a blue water force, able to deal with threats between the Mediterranean and Bab El Mandab. The Berenice base, for instance, will be a logistics and operations centre for surveillance and security of the Red Sea waters off Sudan, where Turkey and Russia are building new military outposts in Saukin and Port Sudan respectively. Since 2014-2015, Egypt has also embarked on a major modernisation of its naval forces, which until very recently were still based on 1970s-1980s platforms. In the last few years, contracts have been signed with France, Italy, Germany, the USA and others to acquire up-to-date vessels and materials, some of which

21 Al-Monitor. "Egypt to open new naval base, shield itself against Libya," 2021. <https://www.al-monitor.com/originals/2021/03/egypt-open-new-naval-base-shield-itself-against-libya#ixzz6yQ4xMJ7Q>

have been delivered. The most well-known contract has been the purchase of two French-made Mistral-class amphibious assault helicopter carriers (LHDs), which were originally built for Russia. Cairo has also bought Godwind-class multi-mission corvettes from France, four MEKO A-200EN-class frigates from Germany, a new coastal patrol vessel and type TNC 35 and FPB 38 patrol boats. In 2020, Cairo successfully purchased two Italian FREMMs built by Fincantieri and it is set to acquire four diesel-electric type 209/1400mod submarines of German manufacture.²²

At the same time, Egypt has stepped up its military cooperation with other Arab countries, especially Saudi Arabia and the UAE, as was shown during the 'Saif al-Arab' joint military exercises, which involved Egyptian armed forces and those of the UAE, Bahrain and Jordan. Egypt's navy has continued its naval exercises with Italy, France and others, and Egyptian ships and frigates also participated in the 'Friendship Bridge 2020' drills with the Russian navy, passing through the international straits of the Dardanelles and the Bosphorus to the Black Sea. Egyptian Air Force units and elements of the Egyptian Thunderbolt Forces took part in joint exercises dubbed 'Nile Eagles 1' with the Sudanese army at the Sudanese Meroe airbase. Cairo sees these moves as counter-operations to the increased Turkish presence in the Mediterranean which also address Turkish-Qatari and Iranian moves in and around the Horn of Africa. Increased cooperation with the GCC countries is being pursued to deal with security threats in the Red Sea and Bab al-Mandeb threatening both international commercial and other maritime operations. At present, a new southern naval fleet is being set up for the Red Sea coast.²³

Military cooperation between several parties is already in place, particularly in the framework of the Yemen conflict. The Saudi-UAE coalition has attempted to dominate navigable harbours and port structures as future strategic bases for commercial and military control. The UAE and Saudi Arabia further use Djibouti and Eritrea in their military campaign in Yemen, and it also includes growing Egypt-Saudi-UAE military cooperation as Cairo and Riyadh have been working together at military and security levels since the removal of Egypt's president Morsi. The UAE has also been a very active partner in these efforts. Over the last few years, a number of military drills have been conducted involving several Arab states, especially the UAE, Saudi Arabia, Egypt, Jordan, Bahrain and Kuwait.

The external players

Throughout the 20th century, the main security players in the region were under the influence of Western powers and Russia. The West is still maintaining a strong military presence in the region. The UK has a naval base in Bahrain and a military training facility in Oman. The French presence goes back to France's colonial past and the country has a major military base in Djibouti and a force deployment capability via its overseas departments of Réunion and Mayotte in the southwestern Indian Ocean. The US maintains a major presence in the Persian Gulf, mainly through its Diego Garcia base and bases in Qatar and Bahrain. It opened a base in Djibouti in 2002. On average, 35 to 45 American warships transit the Suez Canal and the Red Sea each year. Under the flag of counter-terrorism and anti-piracy operations, Germany, Spain, Italy and Japan have established small permanent military facilities in Djibouti.

One of the paramount objectives for all players is to keep the Red Sea route open. The Suez Canal route was constrained in the 1956 Suez Crisis and was closed from 1967 (6-Day War) until 1975 causing tremendous costs and delays as vessels had to circumnavigate Africa. The recent case of the Ever Given being stranded in the narrow Canal has brought back these old memories.

22 Troisi, Di Flavia. "Egypt and the development of its national navy: How Cairo is responding to the new challenges of the Mediterranean and the red sea." *Centro Studi Internazionali*, 2021. <https://www.cesi-italia.org/en/articoli/1325/egypt-and-the-development-of-its-national-navy-how-cairo-is-responding-to-the-new-challenges-of-the-mediterranean-and-the-red-sea>.

23 The Arab Weekly. "Egypt's military exercises hone down strategy to cope with threats," 2020. <https://thearabweekly.com/egypts-military-exercises-hone-down-strategy-cope-threats>.

The Yemen conflict has also threatened the maritime traffic in the southern part of the Red Sea several times due to Houthi mines and attacks on vessels, threatening to disrupt the maritime traffic.²⁴

Recent geostrategic competition has led to the proliferation of foreign military bases, frequently accompanied by the use of soft power, such as investments by foreign companies and heightened interest in commercial ports seen as possible sites for current or future naval bases. China, Russia, Turkey and Iran look at the arena from geopolitical and power-projection standpoints. Under the BRI, after having focused on access to ports in the Indian Ocean and Persian Gulf and having invested in Mediterranean ports, China is now looking at expanding its influence in the Red Sea. Since the 1980s, China has had a stronghold in Sudan, where it used to be the main player in the upstream oil and gas sectors when other actors were blocked by international sanctions. After accessing the Duqm port in Oman, it is now working on a dual approach which connects its East African anti-piracy activities with the setting up of naval and commercial ports in Djibouti and Sudan (Port Sudan). In Djibouti, China has established its first overseas naval base in the southern Red Sea and the Doraleh Multi-Purpose Port, adjacent to the naval base and partly financed and built by China Merchants Port Holdings. This port is a major step towards further militarisation of the Red Sea and shows the direct link between commercial and military interests.

Official Chinese reports only stress the economic reasons behind Beijing's involvement and military build-up in and around the Red Sea. However, China might also be interested in constraining Western military and navy activity. Looking again at the BRI and Chinese port acquisitions it is evident that China uses both hard and soft power to quell opposition, win 'friends' and 'protect' Chinese trade routes. So far, China's military posturing has only officially been linked to peacekeeping and anti-piracy issues. Its troops in Djibouti are only about two thousand. However, it is worth stressing that this base is China's largest semi-permanent military presence outside Asia. Beijing's rising presence in the Red Sea is welcomed by Arab partners when it is linked to economic drivers, but it is also increasingly perceived as worrying in the security and defence domains. The Chinese presence in Djibouti is also a reason for concern for France and the US.

After successfully focusing on its Mediterranean strategy, implemented by increasing its involvement in Syria and Libya and strengthening its ties with Egypt and Algeria, Russia is now targeting military-economic projects in Egypt's Suez Canal area and Sudan. While plans for a Russian base in Port Sudan were allegedly called off by the new transition government after the fall of El Bashir, in November 2020 Russia announced an agreement with Sudan to establish a naval base in Port Sudan and is discussing a 25-year concession to create a logistics centre that will host up to 300 military personnel and four naval units, including nuclear powered vessels.²⁵ If the concession is granted, the new base will also include advanced radar and air defence systems. Moscow has indicated that it will also send Russian military advisors to Sudan to train the country's armed forces. The main underlying reason for this new Russian Red Sea pivot is to link Russian bases and military operations in the Mediterranean to its power projection in the Indian Ocean, thus regaining the global maritime power status it had under the Soviet Union. This project is supported by a vast expansion and modernisation plan for the Russian navy, which increased its capabilities to 40 vessels in 2020, all able to challenge the US, NATO and China in the region. Russian experts have also indicated their potential interest in a Russian naval port in Yemen after the Civil War with the Houthis.

The Red Sea ports project is also part of Moscow's growing Africa policy based on arms deals and military assistance through the semi-private military company, Wagner. A possible driver of this is

24 Reuters. Tanker damaged in explosion at Saudi terminal. *Defence Web*, 2020. <https://www.defenceweb.co.za/middle-east/middle-east-middle-east/tanker-damaged-in-explosion-at-saudi-terminal/>; I24news. "Iranian-backed Houthis threaten Eilat with same ordnance that targeted Saudi oil facility," 2020. <https://www.i24news.tv/en/news/international/middle-east/1606324737-iranian-backed-houthis-threaten-eilat-with-same-ordnance-that-targeted-saudi-oil-facility>.

25 Sukhankin, Sergey. "Russian Naval Base in Sudan Stays for Now: What Happens Next?" *The Jamestown Foundation*, 2021. <https://jamestown.org/program/russian-naval-base-in-sudan-stays-for-now-what-happens-next/>.

the Russian interest in the Central African Republic's and Sudan's natural resources, in particular gold, uranium and rare earth elements. The ongoing Russian build-up in the Red Sea, the Horn of Africa area and Egypt is worrying for the US, NATO and increasingly Saudi Arabia and the UAE.

Even if the two Arab states are still looking at the Russian position slightly positively as a counterbalance to US-Chinese power play, Moscow's links with Iran and its growing cooperation with Turkey are reasons for concern.

Since the attempted military coup in 2016, Turkey has been actively implementing a neo-Ottoman strategy, engaging in regional security strategies and projecting Turkish forces and bases in 'new' territories. Turkey clearly has an eye on the Red Sea arena, as is shown by its active involvement in the maritime security constellation of the region. Turkey is increasingly present in Somalia, Djibouti, Sudan and potentially also East Africa. A major military base has been established in the Somali capital, Mogadishu, to train regular soldiers. The base, which cost about fifty million dollars, extends over four square kilometres, can house and train about 1,500 soldiers and accommodates naval vessels, military aircraft and commando units. Djibouti has also become a major focus area, as Ankara provides generous economic support, invests in the Greater Industrial Zone there and seeks to expand its soft power through educational and religious programmes.²⁶ As Turkey expands its foothold in the region, clashes along the lines of the GCC crisis may become more likely, a trend which can increase instability in the Horn. For instance, in reaction to the Somali government's increasing ties with Ankara and Doha, the Saudis are considering cutting military and financial aid to Somalia, which is a member of the Arab League.

A major potential flash point is Sudan, where major economic deals were signed during the 2018 visit by President Recep Tayyip Erdogan. Khartoum and Ankara also agreed on a deal which would allow Turkey to rebuild Suakin Island and build a port and berths.²⁷ The Suakin port could serve both Ankara's military and civilian objectives, while offering Muslims from Africa access to Mecca in a Turkish attempt to gain financially from the hajj and umrah industry. These discussions, however, were ended after the Sudanese uprising removed president Bashir from power and Khartoum re-joined the Saudi-Egypt alliance. Israel also has re-established its relationship with Khartoum, mainly as a foothold in Africa but also with an eye to blocking Turkish and Iranian adventures.

Without the Suakin option, Turkish military and naval power projections are limited but still worrying for Egypt, Saudi Arabia and UAE. The Turkey-Qatar-Iran relationship is part of the reasons for Arab fear, especially with regard to Yemen and other potential flashpoints. During the recently terminated Qatar crisis Turkey provided full support to Doha, including through setting up a large Turkish military base. The Turkish-Qatar military cooperation combined with the Turkish military presence in the Red Sea is perceived by Gulf Arab countries as a major security threat.²⁸ In January 2021 Turkey again extended its navy's mission in the Gulf of Aden, the Arabian Sea and the territorial waters of Somalia for an additional year.²⁹ The mission is linked to the growing military-economic position Turkey holds in the Horn of Africa and the continental hinterland.

26 Abdelwhab, Shady. "Containing Threats in a Turbulent Regional Order." *Future for Advanced Research & Studies*, 2018. <https://futureuae.com/m/Mainpage/Item/4431/red-sea-alliance-containing-threats-in-a-turbulent-regional-order>.

27 World Bulletin. "Sudan's Suakin reveal the location for Turkish military base." 2018. <https://worldbulletin.dunyahubteni.net/africa/sudan-suakin-reveal-the-location-for-turkish-military-base-h207207.html>.

28 Karasik, Theodore and Giorgio Cafiero. "Turkey's move into the Red Sea unsettles Egypt." *Middle East Institute*, 2018. <https://www.mei.edu/publications/turkeys-move-red-sea-unsettles-egypt>; Bagnetto, Laura. "New Red Sea alliance launched by Saudi Arabia, but excludes key players." *Radio France Internationale*, 2020. <https://www.rfi.fr/en/africa/20200108-new-red-sea-alliance-formed-saudi-arabia-notable-exclusions>

29 Avundukluoglu, Emin. "Turkey to extend military deployment in Gulf of Aden." *Anadolu Agency*, 2021. <https://www.aa.com.tr/en/politics/turkey-to-extend-military-deployment-in-gulf-of-aden/2122424>; BIA News Desk. "Turkish Armed Forces to be deployed in Gulf of Aden for another year." *Bianet*, 2021. <https://bianet.org/english/politics/238216-turkish-armed-forces-to-be-deployed-in-gulf-of-aden-for-another-year>

Finally, Iran's activities in the area also worry many countries in the region. The encroachment of Iranian power and military projections into the Red Sea region, however, is not new as Iran was actively involved in Sudan by supporting the Sudanese Islamist leader Hassan Al Turabi and the Bashir regime and it supported anti-government forces in the Egyptian Sinai. Tehran's continuing support of the Houthi rebels in Yemen and its naval exercises in the area are indications of its willingness to not stand idle in the arena. Its support of the Houthis and several proxies in the region such as Hamas and Hezbollah³⁰ is also perceived as a threat to international commodity trade and maritime transport.³¹ Tehran's official navy vessels and IRGC units have sailed into the Red Sea and crossed the Suez Canal into the Mediterranean, an open statement of a more proactive military policy, while Tehran has not yet reached its targets in the Horn of Africa, as major opposition by Saudi Arabia, UAE and Egypt have blocked several inroads.³²

3. Stabilising the region

Given the very complex geopolitical, military and economic landscape in the Red Sea highlighted in this paper, the emergence of a potential conflict zone threatening a main artery of international trade in commodities cannot be excluded. The ongoing economic dynamism of littoral states in the Red Sea arena is coupled with political fragmentation, geopolitical polarisation and unchecked military expansionism by many actors. Furthermore, these Red Sea trends are linked to the development of other regional hotspots, such as the Persian Gulf and the Eastern Mediterranean, and involve an ever-growing number of regional and international players pursuing diverging and often conflicting strategies. The pursuit of a great game in the Red Sea arena by global powers such as Russia, China and the US impedes regional economic development and cooperation.

On the positive side, the growing economic dynamism of coastal states in the area could greatly contribute to growth and development in all the region. The ongoing economic integration of the Arabian Peninsula and North Africa-Horn of Africa into a symbiotic area could be turned into a win-win driver for the development of all the littoral states. In order to be successful, however, the ongoing regional economic and security dynamics need to be more closely intertwined through the establishment of an inclusive cooperative process.

Active diplomatic efforts are needed by regional players and the international community to prevent rivalry, unruly competition and conflicts from prevailing over regional aspirations. Europe should also play a more pro-active role. The Red Sea area is of the utmost importance to European countries. Instability or possible conflicts inside this arena would have detrimental effects not only on trade and commodities but also on the southern soft belly of the Union.

Promoting Cooperation in the Red Sea Region

Several initiatives have been proposed to establish a forum for regional security in the Red Sea. In 2018, the EU and Germany tried to convene a meeting with regional stakeholders in New York but without much success. Moreover, the African Union (AU) and IGAD (the East African organisation) had

30 Lane, Ashley. "Iran's Islamist Proxies in the Middle East." *Wilson Center*, 2021. <https://www.wilsoncenter.org/article/irans-islamist-proxies>; Robinson, Kali. "Iran's Regional Armed Network." *Council on Foreign Relations*, 2021. <https://www.cfr.org/article/irans-regional-armed-network>; Tabatabai, Ariane M. and Colin P. Clarke. "Iran's Proxies Are More Powerful Than Ever." RAND Corporation, 2019. <https://www.rand.org/blog/2019/10/irans-proxies-are-more-powerful-than-ever.html>.

31 Trevithick, Joseph. "Oil Tanker In Red Sea Struck In Mine Attack With Similarities To Past Iranian Strikes." *The Drive Team*, 2020. <https://www.thedrive.com/the-war-zone/37834/oil-tanker-in-red-sea-struck-in-mine-attack-with-similarities-to-past-iranian-strikes>.

32 Shahvar, Soli. "Iran's global reach: The Islamic Republic of Iran's policy, involvement, and activity in Africa." *Digest of Middle East Studies* 29, no. 1 (2020): 53-75.

both appointed special envoys to explore viable cooperation frameworks. But their proposals for a large membership were met with resistance by Egypt and, to a lesser extent, Saudi Arabia.

In January 2020, Saudi Arabia announced the establishment of a new regional security structure which includes the six littoral states of the Red Sea and the Gulf of Aden (Saudi Arabia, Egypt, Djibouti, Somalia, Sudan, Yemen and Jordan).³³ The organisation's lengthy name—the Council of the Arab and African States bordering the Red Sea and the Gulf of Aden—reflects its broad and ambitious mandate: to strengthen political, economic and security cooperation across the region.³⁴ Saudi Minister of Foreign Affairs Adel Al Jubeir indicated that security and military cooperation should aim to “stabilise the region,” and decrease the negative influence of outside powers. The alliance is intended to counter and/or mitigate the military influence of Iran, Turkey and Qatar in the area. The overall structure of the Council is still unclear as parties have not yet openly committed to it.

Challenges for the Red Sea Council

Originally envisioned by Egypt as an informal multidimensional forum where a broad range of common issues would be discussed, Saudi Arabia has since 2018 led the efforts to set up the Council and inspired it on the GCC model. The Council of the Red Sea and the Gulf of Aden could enshrine remarkable opportunities for cooperation. However, its setting appears at least problematic. The issues of membership, external and internal divisions, a securitised approach and the oil crisis are likely to haunt the Council in the immediate and long term.³⁵

Different interests and objectives. Many, if not most, initiatives have been defined by the security concerns of the founding members, rendering the initiatives unacceptable to others. Only those seeing the direct benefits have adhered while others have maintained a reserved distance. The undue emphasis on both Iran and security accentuates diverging visions and undermines the possibility of focusing on broader collective interests.³⁶

Limited Scope. The Egyptian approach, which was supported by the African members, sought to establish a multidimensional forum addressing different issues of interest for all Red Sea states in a step-by-step approach which allowed for the building of trust among its members. However, the Saudi approach, which has finally been imposed, is for a formal hierarchical organisation clearly focused on security-related matters.³⁷ For instance, the topics of environment and climate change are missing while they are closely interlinked and are a source of threat for both the Red Sea countries and their neighbours.³⁸ Also missing are trade and cultural exchanges, although these were envisioned in the original Egyptian framework. Cultural exchanges are important when it comes to building trust between the member states, something that is currently lacking.

Exclusive Membership. The key criterium for membership – which was defended by Egypt to keep Ethiopia out due to the ongoing dispute over the Renaissance Dam – is being a Red Sea coastal state.

33 Bagnetto, Laura Angela. “New Red Sea alliance launched by Saudi Arabia, but excludes key players.” *Radio France Internationale*, 2020. <https://www.rfi.fr/en/africa/20200108-new-red-sea-alliance-formed-saudi-arabia-notable-exclusions>; Alshateri, Albadr. “The new Red Sea alliance has been borne out of an urgent necessity.” *The National News*, 2020. <https://www.thenationalnews.com/opinion/comment/the-new-red-sea-alliance-has-been-borne-out-of-an-urgent-necessity-1.965367>.

34 Cok, Corrado. “Competing for cooperation in the Red Sea.” *New Europe*, 2020. <https://www.neweurope.eu/article/competing-for-cooperation-in-the-red-sea/>

35 Ibid.

36 Vertin, Zach. “Red Sea geopolitics: Six plotlines to watch.” *Brookings*, 2019. <https://www.brookings.edu/research/red-sea-geopolitics-six-plotlines-to-watch/#cancel>

37 Sánchez, Victoria. “The Red Sea Council: Limits And Value Of A New Regional Organization.” *MENAFN*, 2020. <https://menafn.com/1099825865/The-Red-Sea-Council-Limits-And-Value-Of-A-New-Regional-Organization>

38 Custers, Desirée. “Red Sea Multilateralism: Power Politics or Unlocked Potential.” *Stimson Center*, 2021. <https://www.stimson.org/2021/red-sea-multilateralism-power-politics-or-unlocked-potential/>

This position is not shared by many of the members, which believe that despite its lack of access to the sea Addis Ababa is a key player in Red Sea affairs and access to the sea is an existential economic and national security issue for the country.³⁹ Also absent is the self-declared State of Somaliland. Despite its growing ties with Gulf countries and its interests in the Red Sea, Israel is not a member of the organisation. Furthermore, non-coastal states like the United Arab Emirates and Turkey are also not included despite their important military and commercial presence on the Red Sea coast.⁴⁰ The Houthi government in Sana'a has rejected the initiative.

The way forward

In a basin where players represent the weakest of the weak and the richest of the rich, the weaker players, mostly on the western coast, have been forced to take sides but have also sought to use the rift for their own purposes. This has contributed to a deepening of divisions and the militarisation of the region as a whole. To promote a more inclusive council including African states, a multilateral structure with ownership in the hands of the Red Sea countries is needed. These actors also need to have the final say on who is let in and on what conditions, be they littoral or not.⁴¹

To turn deepening foreign engagement into opportunities for increased economic and political cooperation, the Red Sea Council should effectively unite regional states to discuss shared interests, identify emerging threats and fashion common solutions. The Council should confront issues as diverse as trade and infrastructure development, maritime security, freedom of navigation, mixed migration and conflict management.

With over 300 million people living there, the Horn of Africa is defined by a long coastline with a deep hinterland going through seismic transitions.⁴² For the Red Sea region to be stable, promoting good governance, strengthening state authority and supporting civil society in states in regions like Sudan, Djibouti, Somalia and Ethiopia will be essential. In these countries, limited statehood has significantly contributed to civil wars, political disputes, poverty and corruption. By adopting policies such as a realignment of foreign assistance in the Red Sea area to promote inclusive governance and economic growth, the international community could diminish the threats of ungoverned spaces and boost the limited capacity of security forces in a number of Red Sea states. Furthermore, defence cooperation can be promoted by establishing channels of communication and knowledge sharing between security forces to better fight terrorism and piracy.⁴³

Addressing the roles of extra-regional power players such as the UAE and Qatar will be key as they might hinder any attempt to promote cooperation or might further increase the possibility of conflict. The destabilising role of Qatar and UAE rivalry, which is directly linked to the Qatari Gulf Crisis, is still continuing even after the current thaw in relations. A more positive approach to the participation of these two Arab Gulf countries is needed, as their support could prove to be a major cornerstone for a regional security architecture and regional integration. Considering the potential of the Abraham Agreements, the current Red Sea Alliance could also at some point be opened to Israel.

39 The Arab Gulf States Institute in Washington. "Competition or Cooperation: The Horn of Africa and Broader Red Sea Basin at a Crossroads," 2020. <https://agsiw.org/programs/competition-or-cooperation-the-horn-of-africa-and-broader-red-sea-basin-at-a-crossroads/>

40 Sánchez, Victoria. "The Red Sea Council: Limits And Value Of A New Regional Organization." *MENAFN*, 2020. <https://menafn.com/1099825865/The-Red-Sea-Council-Limits-And-Value-Of-A-New-Regional-Organization>

41 Al Rantawi, Oraib. "To avoid another Yemen, the Red Sea needs fresh governance." *The Africa Report*, 2020. <https://www.theafricareport.com/51650/to-avoid-another-yemen-the-red-sea-needs-fresh-governance/>

42 Ibid.

43 Aluwaisheg, Abdel Aziz. "Red Sea security requires international cooperation." *Arab News*, 2021. <https://www.arabnews.com/node/1864161>.

Attention also needs to be paid to the role of outside powers, especially Turkey and Iran, as their ongoing activism does not appear to only be linked to commercial interests or economic objectives but also seems to aim at constraining the cooperation efforts of others. To reduce their potentially disruptive roles and open the way to cooperation, the Council should tone down the pursuit of anti-Turkey and anti-Iran objectives in the regional setting and play a more positive role in promoting a gradual de-securitisation of the Red Sea. It could also open channels of dialogue on non-traditional security issues of mutual interest, starting with the least sensitive ones such as freedom of navigation and anti-piracy activities.

Since the security of the Bab el-Mandeb strait is linked to resolution of the war in Yemen, stabilising the Red Sea corridor will require resolving the Yemeni civil war and securing the Bab el-Mandeb. By mitigating the fallout from the war, the strait can be gradually neutralised of regional and foreign competition.⁴⁴

The role of the West

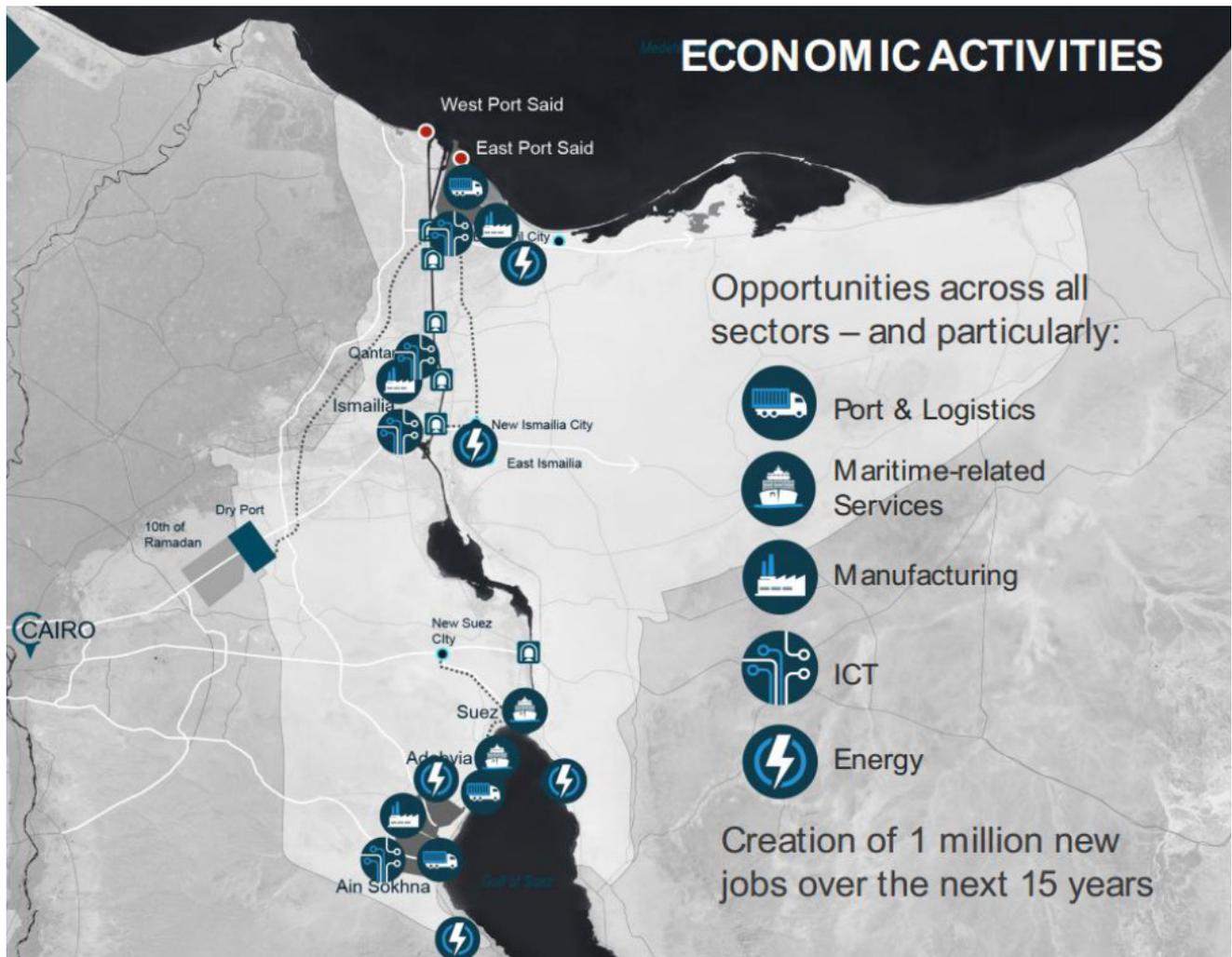
While regional and littoral states are vying for a Red Sea economic and political alliance, a proactive role of and assistance by third parties are needed. Despite the global importance of the Red Sea area, the US has remained mostly absent from efforts to engage with the forum. While developing and resourcing a long-term global strategy for the Red Sea is no easy task, especially in the absence of an immediate and clearly defined threat, the US has an interest in a sustained diplomatic campaign to broker détente in the Horn of Africa between the rival Middle Eastern blocs so as to preserve the sovereignty of the Horn's states while preventing the region from becoming a battleground for their competition.

Europe could also play a role in reducing global power competition and limiting the risk of conflicts. It could use its economic leverage to work towards a much-needed shift in the region and push Saudi Arabia and Egypt towards the promotion of policies of cooperation, rather than destabilisation at both inter-Arab and Afro-Arab levels. The European Union, supported by the main European member states such as Italy, France, Germany and Greece, should become active as a facilitator of a security and economic dialogue with all parties involved. Regional economic and financial frameworks could be used to catalyse the trans-Red Sea regional security architecture, minimising contestation and maximising cooperation potentials, and going beyond security to engage with multidimensional issues including economic and cultural ties. The EU, with its own best practices and experiences in integrating economic, financial and security-related issues could also integrate all the factors needed to put the right constellation in place.

44 Kuperman, Hannah. "Securing the Bab el-Mandeb: Can Threats to the Red Sea Drive Regional Cooperation?" *Gulf International Forum*, 2021. <https://gulff.org/securing-the-bab-el-mandeb-can-threats-to-the-red-sea-drive-regional-cooperation/>

Appendix

Map 1: Economic activities in the Red Sea⁴⁵



45 Embassy of Egypt, Washington DC. "The Suez Canal Economic Zone: An Emerging International Commercial Hub." Accessed 14 July 2021. https://www.egyptembassy.net/media/Egypt_SuezCanal_082216a.pdf

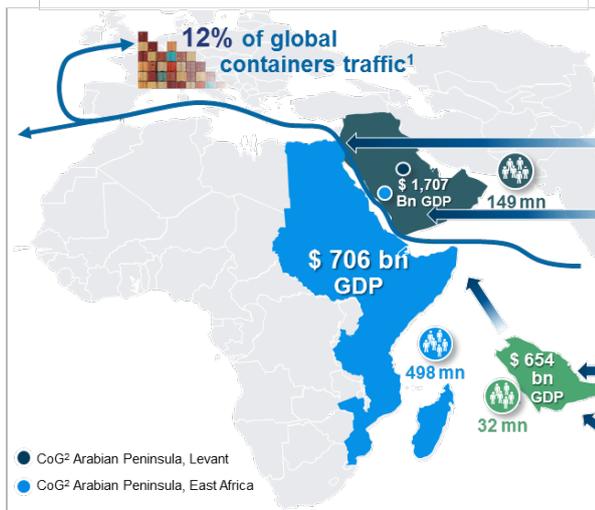
Map 2: Ports in the Red Sea⁴⁶



46 HAO News. "Red sea dynamics: part 2 ports, military bases and treaties: who's who in the red sea." 2020. <https://hoachannel.com/red-sea-dynamics-part-2-ports-military-bases-and-treaties-whos-who-in-the-red-sea/>.

Map 3: Location, GDP, and population (2015)⁴⁷

Location, GDP and population (2015)

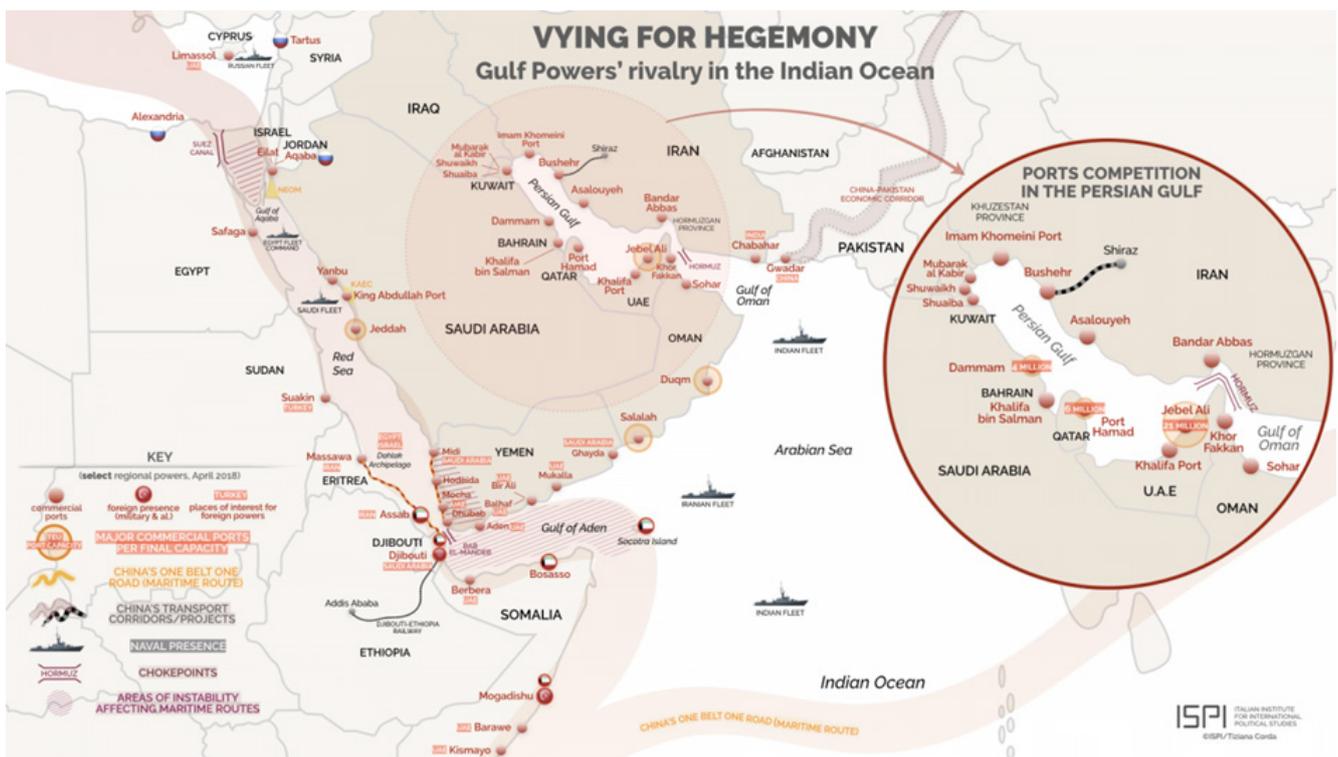


Advantages to become a logistics hub

- Privileged geographical location
- 0 km deviation from the Asia to Europe trade route, accounting for 12% of global container trade
- Optimal location to distribute to the Arabian Peninsula, East Africa with aggregated GDP of \$2,413 bn & 647 mn consumers
- Largest economy in the region with significant import/export traffic
- 21% of consumers and 38% of GDP of the Arabian Peninsula, Levant and Iraq
- 5% of consumers and 27% of GDP of Arabian Peninsula, Levant, East Africa

1. 2015 World's containerized seaborne volumes; 2. CoG: Center of Gravity = geographical location that minimizes total tonnes-km
Source: Drewry, A.T. Kearney

Map 4: Global power rivalry in the Indian ocean (ISPI)⁴⁸



47 Ministry of Transport and Logistic Service - Kingdom of Saudi Arabia. "KSA Logistic Hub." 2020. <https://www.mot.gov.sa/en/AboutUs/Pages/Logisticsplatform.aspx>

48 Ardemagni, Eleonora. "Gulf Powers: Maritime Rivalry in the Western Indian Ocean." *Istituto per gli studi di politica internazionale*, 2018. <https://www.ispionline.it/en/pubblicazione/gulf-powers-maritime-rivalry-western-indian-ocean-20212>.

Works Cited

- Abdelwhab, Shady. "Containing Threats in a Turbulent Regional Order." *Future for Advanced Research & Studies*, 2018. <https://futureuae.com/m/Mainpage/Item/4431/red-sea-alliance-containing-threats-in-a-turbulent-regional-order>.
- Abu Zaid, Mohammed. "Egypt to invest \$7.5bn building the region's largest petrochemical complex." *Arab News*, 2021. <https://www.arabnews.com/node/1851121/business-economy>.
- Al Dahbashi, Mohammed. "Egypt's Economic Transformation." *IR Global*, 2020. <https://www.irglobal.com/article/egypts-economic-transformation/>
- Al Rantawi, Oraib. "To avoid another Yemen, the Red Sea needs fresh governance." *The Africa Report*, 2020. <https://www.theafricareport.com/51650/to-avoid-another-yemen-the-red-sea-needs-fresh-governance/>
- Al-Monitor. "Egypt to open new naval base, shield itself against Libya." 2021. <https://www.al-monitor.com/originals/2021/03/egypt-open-new-naval-base-shield-itself-against-libya#ixzz6yQ4xMJ7Q>
- Alshateri, Albadr. "The new Red Sea alliance has been borne out of an urgent necessity." *The National News*, 2020. <https://www.thenationalnews.com/opinion/comment/the-new-red-sea-alliance-has-been-borne-out-of-an-urgent-necessity-1.965367>.
- Aluwaisheg, Abdel Aziz. "Red Sea security requires international cooperation." *Arab News*, 2021. <https://www.arabnews.com/node/1864161>.
- Avundukluoglu, Emin. "Turkey to extend military deployment in Gulf of Aden." *Anadolu Agency*, 2021. <https://www.aa.com.tr/en/politics/turkey-to-extend-military-deployment-in-gulf-of-aden/2122424>
- Bagnetto, Laura Angela. "New Red Sea alliance launched by Saudi Arabia, but excludes key players." *Radio France Internationale*, 2020. <https://www.rfi.fr/en/africa/20200108-new-red-sea-alliance-formed-saudi-arabia-notable-exclusions>
- Bagnetto, Laura. "New Red Sea alliance launched by Saudi Arabia, but excludes key players." *Radio France Internationale*, 2020. <https://www.rfi.fr/en/africa/20200108-new-red-sea-alliance-formed-saudi-arabia-notable-exclusions>
- Bailey, Rob and Laura Wellesley. "Chokepoints and Vulnerabilities in Global Food Trade." *Chatham House*, 2017. <https://www.chathamhouse.org/2017/06/chokepoints-and-vulnerabilities-global-food-trade>
- BIA News Desk. "Turkish Armed Forces to be deployed in Gulf of Aden for another year." *Bianet*, 2021. <https://bianet.org/english/politics/238216-turkish-armed-forces-to-be-deployed-in-gulf-of-aden-for-another-year>
- Brelsford, Robert. "Egypt advances plan for new refining, petrochemical complex." *Oil & Gas Journal*, 2021. <https://www.ogj.com/refining-processing/petrochemicals/article/14202796/egypt-advances-plan-for-new-refining-petrochemical-complex>
- Calabrese, John. "Towering Ambitions: Egypt and China Building for the Future." *Middle East Initiative*, 2020. <https://www.mei.edu/publications/towering-ambitions-egypt-and-china-building-future>
- Casey, JP. "Egypt to invest \$1.4bn into new offshore exploration projects." *Offshore Technology*, 2021. <https://www.offshore-technology.com/news/egypt-to-invest-1-4bn-into-new-offshore-exploration-projects/>

Cok, Corrado. "Competing for cooperation in the Red Sea." *New Europe*, 2020. <https://www.neweurope.eu/article/competing-for-cooperation-in-the-red-sea/>

Custers, Desirée. "Red Sea Multilateralism: Power Politics or Unlocked Potential." *Stimson Center*, 2021. <https://www.stimson.org/2021/red-sea-multilateralism-power-politics-or-unlocked-potential/>

Domballe, Jeremy. "Maritime trade and its risks: EU's imports from Asia and the Middle East." *IHS Markit*, 2020. <https://ihsmarkit.com/research-analysis/maritime-trade-and-risks-eu-imports-from-asia-and-middle-east.html>

DW. "Suez Canal blockage: 4 of the biggest trade chokepoints." 2021. <https://www.dw.com/en/suez-canal-blockage-4-of-the-biggest-trade-chokepoints/a-57020755>.

Embassy of Egypt, Washington DC. "The Suez Canal Economic Zone: An Emerging International Commercial Hub." Accessed 14 July 2021. https://www.egyptembassy.net/media/Egypt_SuezCanal_082216a.pdf

HAO News. "Red sea dynamics: part 2 ports, military bases and treaties: who's who in the red sea." 2020. <https://hoachannel.com/red-sea-dynamics-part-2-ports-military-bases-and-treaties-whos-who-in-the-red-sea/>.

I24news. "Iranian-backed Houthis threaten Eilat with same ordnance that targeted Saudi oil facility." 2020. <https://www.i24news.tv/en/news/international/middle-east/1606324737-iranian-backed-houthis-threaten-eilat-with-same-ordnance-that-targeted-saudi-oil-facility>.

Karasik, Theodore and Giorgio Cafiero. "Turkey's move into the Red Sea unsettles Egypt." *Middle East Institute*, 2018. <https://www.mei.edu/publications/turkeys-move-red-sea-unsettles-egypt>

Kuperman, Hannah. "Securing the Bab el-Mandeb: Can Threats to the Red Sea Drive Regional Cooperation?" *Gulf International Forum*, 2021. <https://gulrif.org/securing-the-bab-el-mandeb-can-threats-to-the-red-sea-drive-regional-cooperation/>

Lane, Ashley. "Iran's Islamist Proxies in the Middle East." *Wilson Center*, 2021. <https://www.wilsoncenter.org/article/irans-islamist-proxies>

McQue, Katie. "Saudi crude keeps flowing to Red Sea as East-West Pipeline repairs continue." *S&P Global*, 2020. <https://www.spglobal.com/platts/en/market-insights/latest-news/shipping/122220-feature-saudi-crude-keeps-flowing-to-red-sea-as-east-west-pipeline-repairs-continue>

Meredith, Sam. "Oil prices will climb above \$100 a barrel if Iran blocks the Strait of Hormuz, analysts predict." *CNBC*. 2020. <https://www.cnbc.com/2020/01/08/oil-prices-to-jump-above-100-if-iran-blocks-the-strait-of-hormuz-analysts.html#:~:text=Situated%20between%20Iran%20and%20Oman,21%20million%20barrels%20per%20day>.

Ministry of Transport and Logistic Service - Kingdom of Saudi Arabia. "KSA Logistic Hub." 2020. <https://www.mot.gov.sa/en/AboutUs/Pages/Logisticsplatform.aspx>

News Wires. "Iran releases South Korean tanker seized in January." *France 24*, 2021. <https://www.france24.com/en/middle-east/20210409-iran-releases-south-korean-tanker-seized-in-january>

Paraskova, Tsvetana. "Saudis To Boost Oil Pipeline Capacity To Bypass Strait of Hormuz." *Oil Price*, 2019. <https://oilprice.com/Latest-Energy-News/World-News/Saudis-To-Boost-Oil-Pipeline-Capacity-To-Bypass-Strait-of-Hormuz.html>

Reuters. Tanker damaged in explosion at Saudi terminal. *Defence Web*, 2020. <https://www.defenceweb.co.za/middle-east/middle-east-middle-east/tanker-damaged-in-explosion-at-saudi-terminal/>

Robinson, Kali. "Iran's Regional Armed Network." *Council on Foreign Relations*, 2021. <https://www.cfr.org/article/irans-regional-armed-network>

Sánchez, Victoria. "The Red Sea Council: Limits And Value Of A New Regional Organization." *MENAFN*, 2020. <https://menafn.com/1099825865/The-Red-Sea-Council-Limits-And-Value-Of-A-New-Regional-Organization>

Saudi Vision 2030. "Thriving Economy," 2021. <https://www.vision2030.gov.sa/v2030/overview/thriving-economy/>.

Shahvar, Soli. "Iran's global reach: The Islamic Republic of Iran's policy, involvement, and activity in Africa." *Digest of Middle East Studies* 29, no. 1 (2020): 53-75.

Suez Canal Authority. "SCZone General Authority for Suez Canal Economic Zone." 2019. http://www.whccco.org/uploads/file/20191010/20191010161909_94657.pdf

Sukhankin, Sergey. "Russian Naval Base in Sudan Stays for Now: What Happens Next?" *The Jamestown Foundation*, 2021. <https://jamestown.org/program/russian-naval-base-in-sudan-stays-for-now-what-happens-next/>.

Tabatabai, Ariane M. and Colin P. Clarke. "Iran's Proxies Are More Powerful Than Ever." *RAND Corporation*, 2019. <https://www.rand.org/blog/2019/10/irans-proxies-are-more-powerful-than-ever.html>

The Arab Gulf States Institute in Washington. "Competition or Cooperation: The Horn of Africa and Broader Red Sea Basin at a Crossroads," 2020. <https://agsiw.org/programs/competition-or-cooperation-the-horn-of-africa-and-broader-red-sea-basin-at-a-crossroads/>

The Arab Weekly. "Egypt's military exercises hone down strategy to cope with threats," 2020. <https://thearabweekly.com/egypts-military-exercises-hone-down-strategy-cope-threats>.

The Baltic and International Maritime Council. "Suez Canal ship transits rise amidst the covid-19 pandemic". 2020. https://www.bimco.org/news/market_analysis/2020/20200616_suez_canal_ship_transits

The Official Portal of the UAE Government. "Abu Dhabi Economic Vision 2030." <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/local-governments-strategies-and-plans/abu-dhabi-economic-vision-2030>

Trevithick, Joseph. "Oil Tanker In Red Sea Struck In Mine Attack With Similarities To Past Iranian Strikes." *The Drive Team*, 2020. <https://www.thedrive.com/the-war-zone/37834/oil-tanker-in-red-sea-struck-in-mine-attack-with-similarities-to-past-iranian-strikes>.

Troisi, DI Flavia. "Egypt and the development of its national navy: How Cairo is responding to the new challenges of the Mediterranean and the red sea." *Centro Studi Internazionali*, 2021. <https://www.cesi-italia.org/en/articoli/1325/egypt-and-the-development-of-its-national-navy-how-cairo-is-responding-to-the-new-challenges-of-the-mediterranean-and-the-red-sea>.

U.S. Energy Information Administration. "The Bab el-Mandeb Strait is a strategic route for oil and natural gas shipments." 2019. <https://www.eia.gov/todayinenergy/detail.php?id=41073>.

U.S. Energy Information Administration. "World Oil Transit Chokepoints," 2017. https://www.eia.gov/international/content/analysis/special_topics/World_Oil_Transit_Chokepoints/wotc.pdf

United Nations Conference on Trade and Development. "Review of Maritime Transport 2018," 2018. <https://unctad.org/webflyer/review-maritime-transport-2018>.

United Nations Conference on Trade and Development. "Review of Maritime Transport 2020," 2020. https://unctad.org/system/files/official-document/rmt2020_en.pdf.

Verma, Nidhi and Sudarshan Varadhan. "Saudi Arabia aims to expand pipeline to reduce oil exports via Gulf." *Reuters*, 2019. <https://www.reuters.com/article/us-saudi-oil-india-idUSKCN1UK19T>

Vertin, Zach. "Red Sea geopolitics: Six plotlines to watch." *Brookings*, 2019. <https://www.brookings.edu/research/red-sea-geopolitics-six-plotlines-to-watch/#cancel>

World Bulletin. "Sudan's Suakin reveal the location for Turkish military base." 2018. <https://worldbulletin.dunyabulteni.net/africa/sudan-s-suakin-reveal-the-location-for-turkish-military-base-h207207.html>.

Xiao, Yijia, Yanming Chen, Xiaoqiang Liu, Zhaojin Yan, Liang Cheng and Manchun Li. "Oil flow analysis in the maritime silk road region using AIS data." *ISPRS International Journal of Geo-Information* 9, no. 4 (2020): 265.

Yee, Vivian and Peter S. Goodman. "Suez Canal Blocked After Giant Container Ship Gets Stuck." *New York Times*, 2021. <https://www.nytimes.com/2021/03/24/world/middleeast/suez-canal-blocked-ship.html#:~:text=The%20ship%2C%20stretching%20more%20than,each%20end%20of%20the%20canal.&text=Only%20the%20Panama%20Canal%20looms,the%20global%20passage%20of%20goods>.

Research Project Report

Issue 2021/12

23 July 2021

doi:10.2870/866338

ISBN:978-92-9466-083-1

QM-03-21-328-EN-N



Publications Office
of the European Union

