

Chapter 9: The Middle East during the Second Trump Administration: Palestine in Turmoil and Business Opportunities Centered on Oil-Producing Countries

◆ **Backed by President Trump, PM Netanyahu intensifies attacks on anti-Israel forces**

Middle East policy under the first Trump administration (2017-2020) was characterized by (1) support for Israel (e.g., relocation of the US embassy to Jerusalem (May 2018)), (2) hostility toward Iran (e.g., withdrawal from the Iran nuclear agreement (May 2018)), and (3) emphasis on business and pragmatism (e.g., the normalization of Israeli diplomatic relations with the United Arab Emirates (UAE) and Bahrain (September 2020)).

The current conflict between Israel and Iran and its proxies (Hezbollah, the Houthis, and Hamas) has intensified under the Biden administration, with the first-ever cross-border attack on Israel by Hamas occurring on October 7, 2023, and the first-ever attack on Israel by Iran in April 2024. In addition, the Assad regime in Syria collapsed on December 8, 2024.

Under these circumstances, the factors that will provide insight into trends in the Middle East during the second Trump administration include (1) the relationship between President Trump and Prime Minister Benjamin Netanyahu of Israel and the resulting degree of policy freedom for Israel, (2) the responses of Iran and its proxies, (3) the Trump administration's pragmatic push for the normalization of diplomatic relations between Israel and Saudi Arabia along the lines of the Abraham Accords, and (4) the degree of Chinese and Russian intervention in the Middle East (due to the restrained US response), and these complex equations need to be unraveled.

In this regard, Prime Minister Netanyahu, relying on the US-Israel relationship that was considered to be at its strongest ever during the first Trump administration, may see strong support from President Trump as a "green light" to freely step up attacks on anti-Israeli forces. Israel is prepared to withstand a simultaneous four-front war against Iran, Hezbollah, the Houthis, and Hamas, and one should not underestimate Prime Minister Netanyahu's stated resolve in what he has termed Israel's "second war of independence". By extension, the possibility of an engagement between the US and Iran and its proxies cannot be ruled out, depending on the response of the US, which is Israel's ally.

◆ **Rapprochement with the West dashed, Iran may accelerate its nuclear program**

The new Iranian administration of Masoud Pezeshkian that took office in July 2024 had hoped to get the new US administration to lift sanctions against Iran through a policy of rapprochement with Europe and the United States. However, with the return of a Trump administration clearly taking a hard line against Iran and the "trifecta" configuration brought about by Republican majorities in both the Senate and the House of Representatives, the realization of this goal has already become difficult. The trend will instead be toward tougher sanctions against Iran. There is also a strong possibility that Israel, with firm backing from the Trump administration, will step up its attacks on Iran and, if this happens, Iran will have no choice but to retaliate further against Israel, giving rise to fears that the chain of retaliation will intensify. If Iran, backed into a corner, accelerates its nuclear development as a countermeasure, President Trump may allow Israel to attack its nuclear facilities.

◆ **Trump administration pushes for normalization of diplomatic relations between Israel and Saudi Arabia**

President Trump, who is a pragmatist, may make the normalization of diplomatic relations between

Israel, which possesses advanced technology, and Saudi Arabia, which has abundant oil money, a top priority in his Middle East policy as an upgrade of the normalization of diplomatic relations between Israel and the UAE (August 2020) achieved in his first term. Saudi Arabia is looking to improve relations with the US, which have been cooled by the human rights-oriented policies of the Biden administration (instituted in response to the assassination of Saudi journalist Jamal Khashoggi), during the second Trump



Israel normalizes diplomatic relations with UAE and Bahrain at signing ceremony in US, Sep. 2020 (Photo: Reuters/ Aflo)

administration, and it is highly likely that the interests of the US, Israel, and Saudi Arabia will coincide. However, such a move by the three parties will inevitably lead to a popular backlash in Arab countries as it is seen to be appeasing to Israel, and the moves taken by Saudi Arabia, which styles itself the leader of the Arab and Muslim worlds, will be the focus of attention as it bears the full brunt of this pressure.

◆ A possible shift in the balance of power in the Middle East driven by “America First”

President Trump will maintain his “America First” diplomatic stance in the Middle East and, while he has obviously staked out a pro-Israel position, it is entirely possible that he will not personally endeavor to ease tensions in the Middle East and will not offer military assistance or diplomatic efforts. US influence in the Middle East would further decline in such a case, and China would move in the meantime to increase its presence in the region; the fact that China mediated the normalization of diplomatic relations between Saudi Arabia and Iran in March 2023 as well as the reconciliation between Fatah and Hamas in Palestine in July 2024 must not be underestimated. The world might then see the Arab states break out of this era of dependence and inclination toward the United States, steer toward autonomous diplomacy between the West and China/Russia from a “Middle East First” perspective, and boost their presence as players in the international order.

◆ Recommendations

- Japan depends on Middle Eastern oil-producing countries for more than 95% of its crude oil imports, and stability in the Middle East is in Japan’s vital national interest. Therefore, it is necessary to seek closer strategic relations with Saudi Arabia and the UAE, which constitute the core of Middle East oil production, while at the same time undertaking balanced diplomacy toward both Israel and Iran. With the inauguration of the Trump administration, pressure to strengthen the encirclement against Iran is expected to increase, requiring robust diplomacy that balances cooperation with the US as its ally and the maintenance of traditional ties with Iran.
- Given that stability in the Middle East is in its national interest, Japan needs to make the Trump administration, the G7, and the major powers comprising the G20 aware internationally at every opportunity that it is a party to Middle East peace efforts. When the United Nations convenes international conferences on the governance and reconstruction of Gaza, Lebanon, and Syria, Japan must

demonstrate its leadership by announcing concrete and effective support measures and roadmaps. Preparations for these must be made in advance.

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