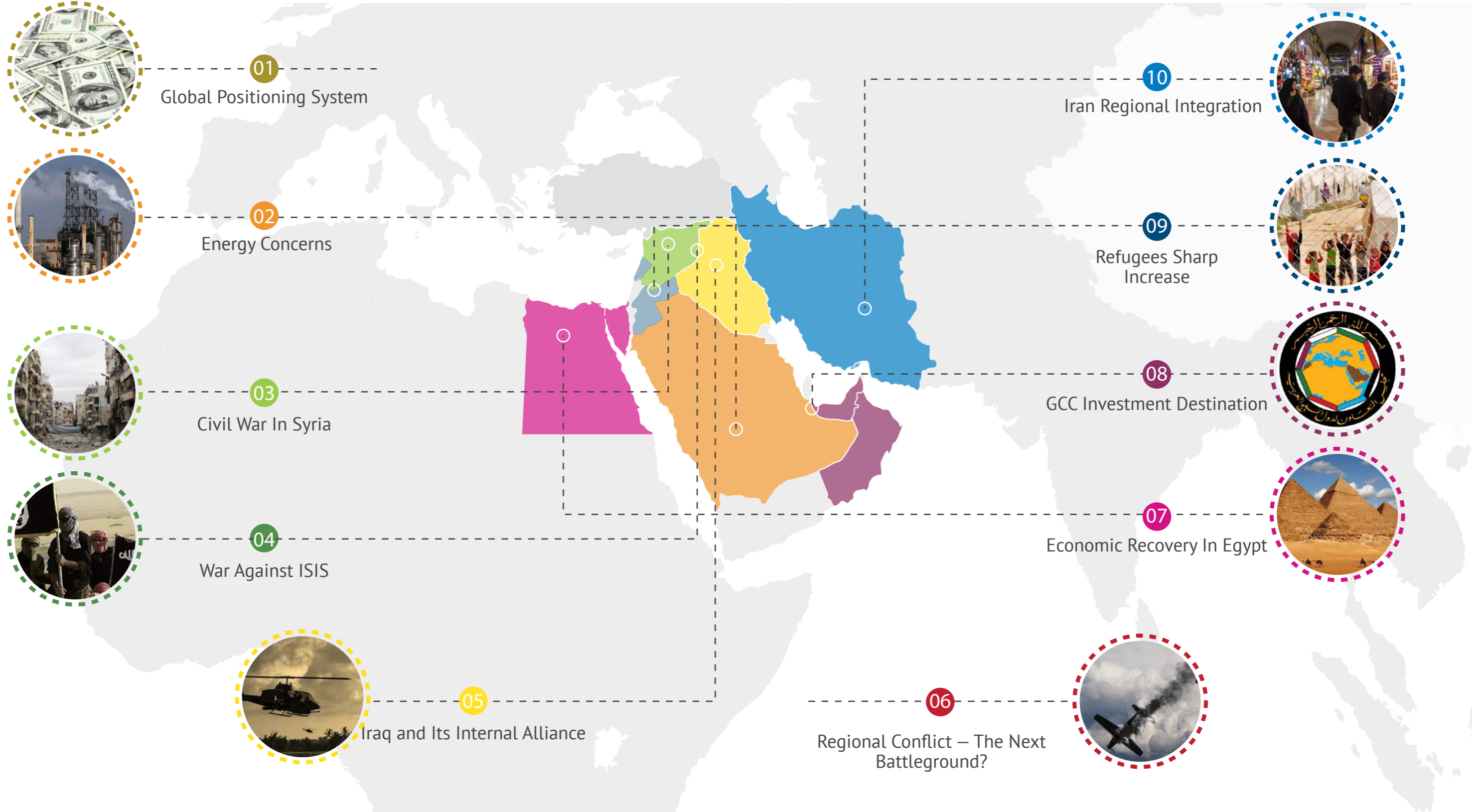


State of the Arab World 2015



The Top 10 Possible Scenarios in The Arab World in 2015

- 01 Global economic engines US, EU, China**
Iran is likely to achieve a watered-down nuclear deal with strict monitoring that will further open its regional trade and investments. It will also play a key role in countering IS and other extremists but its position on the Assad regime will put it at odds with the region.
- 02 Resource conflicts: Energy concerns**
The United States' shale oil boom, increased outputs from other non-OPEC members, and subdued demand worldwide will keep oil prices in the \$80 range through 2015. Potential impacted volumes from regional conflicts in Libya and Iraq will not be significant to move the needle on oil prices.
- 03 Civil war in Syria**
Uprising against the Assad regime will be drawn-out in 2015 given the sole reliance on rebels with limited international support and the competing agenda of IS militants. Turkey will remain cautious with instability concerns. Lebanon will see increased IS-linked violence and refugee crisis.
- 04 War against ISIS**
The ISIS crisis will position heavyweights Saudi Arabia, Turkey, and Iran in uncomfortable alliances to help weaken and contain the militancy within Syria and Iraq. The U.S. will expect next year's \$22 billion projected cost to be partially funded by coalition allies.
- 05 Iraq and Its Internal Alliance**
Iraq will mend strains with Iraqi Kurds and key Sunni tribes to control ISIS. The Iraqi Army, under anti-IS war coalition and Iranian support, will also make major advances against IS. Kurds will seek stronger economic autonomy and Iran will solidify its influence.
- 06 Regional conflict – the next battleground?**
Yemen and Libya will be the new major battlegrounds where the wider regional proxy wars will also become prominent in 2015. Lebanon will be another hotspot while the Palestinian/ Israeli conflict will not see a major military flashpoint.
- 07 Economic recovery in Egypt**
Confidence is creeping back into Egypt's battered economy. Tourists are slowly returning and alternative energy projects will lure investments. But the political stability backing investor confidence will be tested just as security concerns on the Rafah and Libyan borders linger.
- 08 GCC investment destination**
The opening of Saudi Arabia's stock market to direct foreign investment mid-2015 will build on the GCC's large trade/ fiscal surpluses and aggressive diversification drive to make the six-member bloc a bigger investment draw only tempered by regional political turmoil.
- 09 Refugees Sharp increase**
More than 3 million Syrian refugees are testing Lebanon's stability. The country could face a resulting \$375 million budgetary strain next year and increased Syria-linked political violence. Jordan's crisis will be economic while Turkey will be concerned with internal security implications.
- 10 Iran regional integration**
Iran is likely to achieve a watered-down nuclear deal with strict monitoring that will further open its regional trade and investments. It will also play a key role in countering IS and other extremists but its position on the Assad regime will put it at odds with the region.

The Key Predictions for 2015 (in terms of probability and impact)

