

# THE MENA WEEKLY



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## Key Takeaways

- Iran – Trump reviews Iranian proposal aimed at reopening Strait of Hormuz – **SEVERE**
- Israel/Lebanon – Israel and Hezbollah exchange threats as strikes continue – **SEVERE**
- Israel – Netanyahu rivals join forces as Herzog pushes plea deal – **HIGH**
- UAE – UAE announces its withdrawal from OPEC – **HIGH**

## Iran — Trump reviews Iranian proposal aimed at reopening Strait of Hormuz — **SEVERE**

### Situation Update

United States (US) President Donald Trump’s national security team is [reviewing](#) an Iranian proposal aimed at halting its joint war with Israel, reopening the Strait of Hormuz, and delaying negotiations over Tehran’s nuclear programme until after the war ends. While the White House has confirmed that Trump met with his national security advisors on 27 April 2026 to discuss the plan, reports have emerged suggesting that he was dissatisfied with the proposal to delay talks on Tehran’s nuclear activities. With Trump preferring to address the nuclear issue at the start of any negotiations, sources familiar with the matter considered it to be unlikely that he would accept the plan.

The proposal comes amid ongoing uncertainty surrounding shipping through the Strait of Hormuz, which has been significantly disrupted as a result of the US-Israeli war on Iran. Iranian President Masoud Pezeshkian has said Tehran will not enter negotiations while the US maintains restrictions on Iranian ports. Although over a month of fighting was brought to a pause by a ceasefire agreement on 08 April 2026, Trump recently [cancelled](#) an envoy trip to Pakistan to discuss peace talks.

### Assessment/Impact/Business Implications

With diplomatic progress grinding to a halt and the Strait of Hormuz still closed, significant concerns remain globally. The two sides still appear to be at odds and the apparent lack of urgency from Washington to resolve the situation does not bode well for those worst impacted by the energy crisis. A growing list of nations has been forced to implement restrictions in an effort to prolong energy reserves as exports from the Middle East have dropped. Dozens of countries have called for the Strait to be reopened, with United Nations Chief Antonio Guterres [warning](#) that the standoff could trigger a global food emergency due to the waterway’s critical role in the global fertiliser supply chain.

If the situation continues in a similar manner, energy prices will remain high and unstable, forcing a greater number of countries to implement increasingly strict rationing and conservation measures. Crop yields will be negatively impacted due to fertiliser shortages, contributing to humanitarian crises in developing nations. Additionally, as global pressures mount, including on those involved in the conflict, the likelihood of the war resuming could increase. This is because the US and Israel may feel that triggering regime change is the only way to reopen the Strait without surrendering to undesirable terms. Alternatively, with some assessments [warning](#) that Iran’s economy cannot withstand more than six to eight weeks of a naval blockade, Tehran may pursue an escalation out of desperation in an effort to break the siege and prevent the regime from falling.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	HIGH	Environment	MODERATE
Crime	MODERATE	Legal	HIGH

## Israel/Lebanon — Israel and Hezbollah exchange threats as strikes continue — **SEVERE**

### Situation Update

Israeli Defence Minister Israel Katz has [threatened](#) to “burn” all of Lebanon after Hezbollah’s Chief Naim Qassem condemned Lebanon’s direct talks with Israel. The comments were made as Israeli strikes across the border in southern Lebanon continued despite a formal ceasefire. The Iran-linked armed group has consistently criticised the Lebanese government for entering talks with Israel to seek an end to the latest series of hostilities. On this occasion,

Qassem stated that the Lebanese people must choose between “liberation and pride or occupation and humiliation”. He also outlined his pre-conditions for Hezbollah to enter any such dialogue, including the end of “the aggression on land, sea and air,” Israel’s withdrawal “from the occupied territories”, the release of prisoners, the return of all displaced people and “reconstruction”. Since the latest round of fighting began, Lebanon has [outlawed](#) Hezbollah’s military activities and held the first direct negotiations with Israel since 1983.

Fighting between Israel and Hezbollah erupted 02 March 2026, a few days after the United States (US) and Israel first launched strikes on Iran, killing former Supreme Leader Ayatollah Ali Khamenei. There was some uncertainty regarding what the group’s response would be, considering the extent to which the group was weakened and degraded by the previous conflict with Israel, which started in September 2024. Following the resumption of fighting, Israel has pushed deeper into southern Lebanon, [establishing](#) a forward defence line that has created an occupation zone within Lebanon.

### Assessment/Impact/Business Implications

Although US President Donald Trump announced an [extension](#) of the ceasefire in Lebanon, its impact and effectiveness are being heavily questioned. The Israeli Defence Forces (IDF) and Hezbollah have both continued to exchange fire, with the former confirming on 27 April 2026 new operations in the Bekaa Valley, Tibnim, Yater, and Bint Jbeil. It is not surprising that this is the case, given that previous ceasefires have been broken with regularity. If the ceasefire continues to fail, the situation in Lebanon could also impact any negotiations between the US and Iran, with the latter having previously [expressed](#) anger over the fighting in Lebanon. The business impact of the war in Lebanon has been severe, triggering a contraction in business activity and consumer demand, as well as causing widespread infrastructural damage. While the private sector has not come to a halt, the implications have been severe, including for those [operating](#) beyond combat zones. Even if the situation were to stabilise, concerns are likely to remain regarding the security landscape, an issue that is likely to act as a drag on recovery efforts.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	HIGH	Environment	HIGH
Crime	MODERATE	Legal	HIGH

## Israel — Netanyahu rivals join forces as Herzog pushes plea deal — HIGH

### Situation Update

Israel’s political landscape is shifting again, with two of Israeli Prime Minister Benjamin Netanyahu’s main rivals joining forces ahead of the next election, while Israeli President Isaac Herzog is simultaneously calling for a plea deal in Netanyahu’s corruption trial as an alternative to discussing a presidential pardon. Former Israeli Prime Ministers Naftali Bennett and Yair Lapid have announced a joint [party](#), arguing that Israel must change direction after years of division, institutional strain, and prolonged war. Bennett is expected to lead the alliance, while Lapid has indicated that the wider anti-Netanyahu camp should consolidate behind a single credible challenger. Reporting on the merger suggests the move is designed to maximise opposition strength ahead of a likely election later in 2026, with polls indicating the party could become the country’s largest, even if coalition arithmetic remains uncertain.

At the same time, Herzog has sought to steer discussion away from the politically explosive question of a pardon and toward a negotiated [plea](#) arrangement. He said he would support efforts to reach a plea deal if the legal process allowed it, while stressing that talk of a pardon was premature and should not come before a court judgment. That matters because Netanyahu’s legal troubles remain intertwined with national politics and any movement toward a plea deal could reshape the timing and tone of the coming election. The convergence of opposition reorganisation

and renewed focus on Netanyahu’s trial suggests Israel may be entering a more fluid pre-election period, even as security issues and the war in Lebanon continue to dominate public debate.

**Assessment/Impact/Business Implications**

For businesses and investors, the main significance lies in the prospect of a more competitive and uncertain political environment. Bennett and Lapid’s alliance increases the chance of a genuine electoral challenge to Netanyahu but it does not guarantee a clear governing majority. Israel’s coalition politics remain fragmented and future government formation could still prove difficult, especially given disagreements over Arab parties, ultra-Orthodox conscription, and the conduct of the war. A plea deal, if it became more realistic, could add another layer of volatility by accelerating leadership calculations within Likud and beyond.

The overall risk is high rather than severe because Israel’s institutions remain functional and the political contest is taking place within a familiar democratic framework. However, the overlap between electoral competition, legal uncertainty, and wartime leadership pressure points to a period of elevated political instability. For firms with exposure to Israel, the core concern is not immediate economic collapse but a more unpredictable policy environment in which coalition outcomes, leadership durability, and legal developments may all affect market confidence and strategic planning.

Factor	Risk Rating	Factor	Risk Rating
Political	HIGH	Business	HIGH
Economic	HIGH	Conflict	SEVERE
Civil Unrest	HIGH	Environment	MODERATE
Crime	MODERATE	Legal	HIGH

**Bahrain — Bahrain revokes citizenships over “glorifying” Iranian attacks — HIGH**

**Situation Update**

Bahrain has revoked the citizenship of 69 people, along with affected family members, after authorities accused them of supporting or glorifying Iranian attacks on the kingdom during the recent regional conflict. The decision was announced by the Interior Ministry and framed as a national security measure against individuals alleged to have expressed sympathy for hostile acts, collaborated with foreign entities, or engaged in activities judged to be harmful to state interests. Reporting on the [revocations](#) stated that officials linked the measure directly to wartime expressions of support for Iran, while Reuters and other regional outlets reported that the move followed directives from senior Bahraini leadership and was carried out under nationality law provisions allowing citizenship to be withdrawn for disloyalty or harm to state interests.

The significance of the decision lies in both timing and scope. Bahrain was directly exposed to Iranian retaliation during the war and hosts the United States Fifth Fleet, making internal expressions of support for Iran especially sensitive from the perspective of the authorities. By revoking citizenship on this scale, Manama is signalling that wartime loyalty and public messaging are now being treated as matters of core state security. The move also fits a longer Bahraini pattern of using citizenship law, security legislation, and administrative penalties to manage dissent or perceived subversion, particularly where Iran or Shiite opposition networks are concerned.

**Assessment/Impact/Business Implications**

For businesses, the immediate commercial effects are limited, but the policy signal is important. The revocations point to a harder internal security posture in which wartime speech, political affiliation, and perceived external alignment are subject to intense scrutiny. That matters for media organisations, civil society actors, foreign missions,

consultancies, and firms employing politically exposed staff or operating in sectors sensitive to reputational, compliance, or sanctions-related concerns. It also suggests that Bahrain’s authorities may be willing to expand legal and administrative controls further if regional tensions persist or if domestic reactions to Iran remain visible online or in public discourse.

The overall risk is high because Bahrain remains institutionally stable and the move is designed to reinforce state control rather than respond to visible disorder. However, the use of citizenship revocation on this scale underlines the extent to which the regional conflict has sharpened domestic security sensitivities. For investors and operators, the core implication is that Bahrain’s legal and political environment is becoming less tolerant of contested wartime narratives, increasing the importance of compliance, staff awareness, and careful management of politically sensitive communications.

Factor	Risk Rating	Factor	Risk Rating
Political	HIGH	Business	HIGH
Economic	HIGH	Conflict	HIGH
Civil Unrest	HIGH	Environment	MODERATE
Crime	MODERATE	Legal	HIGH

## Iraq — Businessmen Zaidi nominated prime minister — **LOW**

### Situation Update

The Iraqi parliament has [nominated](#) businessman Ali Al-Zaidi to become the country’s new prime minister, five months after the country’s elections. The multimillionaire businessman and banker has little political experience and was chosen by the Coordination Framework as the candidate for the largest parliamentary bloc. Zaidi, who now has 30 days to form a new government, previously served as the chairman of Al-Watania Holding Group and chairman of Al-Janoob Islamic Bank, one of Iraq’s largest private financial institutions. The Al-Janoob Islamic Bank was sanctioned by the United States (US) in 2024 after accusations of money laundering, illicit use of American currency, and fraud. The bank was also later banned by the Central Bank of Iraq.

### Assessment/Impact/Business Implications

Zaidi’s nomination comes during a time of deep regional tensions that threaten to take over Iraq. The fragile ceasefire agreed by the US and Iran has left the region shaken and unsure of the future. Iran-backed armed groups in Iraq have carried out attacks on US, Israeli, and wider Gulf assets since the beginning of Israel’s war in Gaza in 2023. While the disarmament of such groups has long been demanded by Washington, Iraqi officials and Iran-affiliated groups have called for the removal of US troops from the country in return. The US, despite having been distracted by other [priorities](#) in the Middle East, has been steadfast in its support for Iraq being contingent on the chosen prime minister. The US Embassy in Baghdad has [congratulated](#) Zaidi, indicating a promising avenue for future bilateral collaboration on counter-terrorism measures.

Zaidi will need to quickly form a new government to prevent the long paralyzes that have followed previous elections and left the country unstable. Major challenges will include insulating Iraq from regional war and consolidating the government’s fragile sovereignty. The country is also still [recovering](#) from its fight against the Islamic State. Many people remain displaced, with minimal access to humanitarian assistance and slow reconstruction efforts. The government will also likely need to emphasise the reintegration of Sunni communities into the political system, as well as grapple with Kurdish groups growing more vocal in their fight for independence.

Factor	Risk Rating	Factor	Risk Rating
Political	MODERATE	Business	MODERATE
Economic	MODERATE	Conflict	MODERATE
Civil Unrest	LOW	Environment	LOW
Crime	LOW	Legal	LOW

## UAE — UAE announces its withdrawal from OPEC — HIGH

### Situation Update

On 28 April 2026, the United Arab Emirates (UAE) announced its plan to [withdraw](#) from OPEC (Organisation of the Petroleum Exporting Countries) on 01 May 2026. After over five decades of membership, Abu Dhabi, which stands as the world's seventh-largest oil producer, is also expected to exit its terms and obligations under the broader OPEC+ bloc. The UAE's Minister of Energy and Infrastructure, Suhail Al Mazrouei, reflected on the decision, stating it was a "policy-driven evolution aligned with long-term market fundamentals." Officials claim the decision was a "sovereign" one, as part of a longer-term energy strategy and in line with its "true production capability" and national interests. ADNOC, which owns and operates the majority of the UAE's oil and gas fields, is close to achieving the country's goal of 5 million bpd by 2027 after successfully following its US\$150 billion spending programme. The group saw a major collapse of its supply in March 2026 due to the war with Iran, leading to a significant loss for OPEC.

### Assessment/Impact/Business Implications

The decision to leave demonstrates a policy-driven change in how the nation views its long-term strategic and economic vision, as well as its energy investment profile, as it plans to increase [investments](#) in renewable energies. Indeed, it is set to continue working with its partners in developing resources and supporting economic growth through energetic diversification. The UAE is still planning on adjusting to global market rates; however, it now plans to do so while enhancing its own capabilities. The UAE is expected to gradually increase its production to meet the market's rising demand, increasing its production capacity where it was previously limited by OPEC measures. It is likely to begin increasing its production when the Strait of Hormuz opens again.

The decision also comes after the Iran war severely impacted its economy: tourism plummeted, and its drone defence and energy infrastructures took a major hit. Augmenting output now that OPEC limitations are no longer binding is thought to offer a means for it to supplement its economy in a time of difficulty. The UAE's departure is also likely to weaken OPEC's power. Not only does it lose a major producer, but it also reduces its capacity to influence and manage global supply and respond to oil shocks. This is good news for United States President Donald Trump, who has long been critical of OPEC for "inflating oil prices". The sanctions on Russian oil, the blockade of the Strait of Hormuz, and now this announcement from the UAE are set to severely weaken OPEC's capability in keeping up with lower prices.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	HIGH
Economic	HIGH	Conflict	MODERATE
Civil Unrest	MODERATE	Environment	HIGH
Crime	MODERATE	Legal	HIGH

## Algeria – Economic cooperation with France reinforced – MODERATE

### Situation Update

On 26 April 2026, the Algerian Council for Economic Renewal (CREA) and the Movement of French Businesses (MEDEF) [issued](#) a joint press release in which the need to intensify economic cooperation between Algeria and France was reaffirmed. The initiative comes after the visit to Algiers by the President of MEDEF, Patrick Martin, in response to an invitation from CREA President Kamel Moula. This shared desire to [strengthen](#) the economic partnership has emerged following a period of deadlock in Franco-Algerian relations and against an international backdrop characterised by geopolitical instability, vulnerable supply chains, and growing energy insecurity.

Within this framework, Algeria has confirmed itself as France’s second-largest partner in Africa and [hosts](#) a well-established French economic presence, with around 500 companies active in various sectors, including automotive, environmental, electrical, and agri-food industries. Among the main areas of activity are financial services (Société Générale and BNP Paribas) and energy (TotalEnergies). In light of these developments, Algeria is attempting to [diversify](#) its energy sector, with a growing focus on the development of green hydrogen. Such a strategy aims not only to reduce dependence on fossil fuels but also to strengthen its position in European energy markets. An additional advantage is the diversification of the nation’s sources of income, which have long been tied to traditional hydrocarbons.

### Assessment/Impact/Business Implications

The Franco-Algerian economic partnership finds support in the CREA-MEDEF dialogue towards a joint work programme aimed at creating shared wealth. From a political perspective, the impact is moderate. Although bilateral sensitivities [persist](#), mainly linked to French support for Morocco’s claims over Western Sahara, the benefits of socio-economic cooperation help to contain the dispute. At a legal level, variations may emerge in the frameworks regulating energy or infrastructure projects, but the impact remains moderate. Although a vulnerability linked to global geopolitical imbalances persists, Algeria’s and France’s capacity for diversification and the absence of direct conflicts avoid tensions that could jeopardise cooperation. This results in minimal civil unrest and no indication of elevated criminal risk has been identified.

In environmental and economic terms, the impact is remarkable. The partnership itself does not represent a significant environmental risk; however, the energy transition [brings](#) with it major challenges. First and foremost are water stress and soil degradation, which in the long term may damage marine biodiversity through desalination plants or alter the Saharan ecosystem. Economically, the impact is significant, given the strong French commercial presence in Algeria. The French Development Agency (AFD) [supports](#) the ECOVERTEC programme for Algeria’s transition towards a green and circular economy. For businesses, this translates into significant investment opportunities across a wide range of sectors, with a strong impact on energy, particularly renewables and green hydrogen, and on infrastructure, especially desalination plants.

Factor	Risk Rating	Factor	Risk Rating
Political	MODERATE	Business	MODERATE
Economic	MODERATE	Conflict	LOW
Civil Unrest	MINIMAL	Environment	HIGH
Crime	MINIMAL	Legal	MODERATE

## Libya — MoU signed with US oil company Chevron — HIGH

### Situation Update

On 28 April 2026, Libya’s National Oil Corporation (NOC) [signed](#) a memorandum of understanding (MoU) with the US oil company Chevron to conduct a joint study assessing unconventional shale oil and gas resources in various sedimentary basins across Libya. The study will [cover](#) several areas, with a specific focus on three key sites: Sirte, Murzuq, and Ghadames. According to estimates, gas reserves could be around 123 trillion cubic feet and oil reserves about 18 billion barrels. Both parties have shown great enthusiasm for this cooperation framework, with Chevron’s Vice President of Exploration, Kevin McLachlan, [stating](#) that Libya “is a good fit in our exploration strategy to grow our portfolio with high-quality acreage and high-impact prospects.” The project therefore has a dual significance. On the one hand, it is beneficial for Chevron in expanding its footprint in North Africa and the Mediterranean. On the other hand, as [highlighted](#) by NOC Chairman Masoud Suleman, the MoU is of crucial importance for potential future agreements and supporting local staff through US-led training, which can be applied independently in the future.

### Assessment/Impact/Business Implications

The project has significant value and, if preliminary assessments are confirmed, Libya’s role in global energy markets will be substantially strengthened. However, there are critical risks to consider across various areas. While the agreement strengthens the country’s position at the international level by giving it legitimacy, the internal situation remains fragmented. This creates potential risks for multinational companies dealing with an inadequate legal framework and undefined regulations. Instances of activism by the Libyan people seeking to [defend](#) their interests are common, especially in the El Sharara oil field. Although the unconventional shale oil and gas sector is still in a premature stage, Libya [emerges](#) as one of the main hubs for fuel smuggling. In the long term, this could generate important implications for the sector. Episodes of political tension spilling over could occur, particularly in the Sirte basin, located between Tripoli and Benghazi.

From an environmental perspective, the impact is severe. The extraction of shale oil and shale gas requires hydraulic fracturing to access the rock and possible well leaks can significantly impact groundwater aquifers, thereby representing a concrete risk for the limited water resources available. The economic potential is enormous, given the richness of the subsoil, but the results will only be visible in the long term. For businesses, there are significant investment opportunities in the energy sector. However, operational uncertainty [presents](#) a high risk for investors, especially due to possible force majeure declarations that lead to the suspension of contractual obligations.

Factor	Risk Rating	Factor	Risk Rating
Political	HIGH	Business	HIGH
Economic	MODERATE	Conflict	MODERATE
Civil Unrest	HIGH	Environment	SEVERE
Crime	MODERATE	Legal	HIGH

## Global SA Risk Methodology

<b>THREAT LEVEL RATING</b>	
<b>SCORE</b>	<b>LEVEL</b>
<b>5</b>	<b>SEVERE</b>
<b>4</b>	<b>HIGH</b>
<b>3</b>	<b>MODERATE</b>
<b>2</b>	<b>LOW</b>
<b>1</b>	<b>MINIMAL</b>



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