

THE MENA WEEKLY



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Key Takeaways

- Iran – Trump says ceasefire with Iran on “life support” after rejecting proposal – **SEVERE**
- Saudi Arabia/UAE/Iran – Saudi Arabia and Iran launched covert attacks on Iran – **SEVERE**
- Kuwait/Iran – Kuwait accuses Iran of launching failed attack on island – **SEVERE**
- Israel – Israeli troops jailed for desecration of Virgin Mary statue in Lebanon – **SEVERE**

Iran — Trump says ceasefire with Iran on “life support” after rejecting proposal — **SEVERE**

Situation Update

On 11 May 2026, United States (US) President Donald Trump [stated](#) that the ceasefire agreement with Iran was on “life support” and claimed that he was considering restarting US Navy military escorts of ships through the Strait of Hormuz. His comment came a day after he rejected Iran’s response to a peace proposal, which he [labelled](#) “totally unacceptable” in a Truth Social post. The disputed terms included Iran’s [demands](#) for an end to the fighting on all fronts, sovereignty over the Strait of Hormuz, the lifting of the US blockade, financial reparations, the lifting of sanctions, the release of billions of frozen Iranian assets, and binding guarantees against future attacks. Similarly problematic were Washington’s requirements for Tehran to dismantle its nuclear programme and transfer its stockpile of highly enriched uranium.

The ceasefire deal between the two countries came into force on 07 April 2026. However, it came under heavy strain last week after Washington launched Project Freedom, resulting in Iran launching a wave of attacks on US warships and commercial trade vessels in the Strait of Hormuz, as well as targets in the United Arab Emirates, Kuwait, and Qatar. The fallout included a strike on a South Korean commercial vessel, damage to the Fujairah Oil Zone refinery in the UAE, and the sinking of seven Iranian fast boats by the US, which also launched massive airstrikes inside Iran targeting drone/missile infrastructure.

Assessment/Impact/Business Implications

With so many disputes over the terms of a potential agreement, the two sides appear to be at an impasse. However, it remains in neither side's interest for the status quo to be prolonged. For Iran, Washington’s blockade on all Iranian ports has cut off the country’s greatest source of revenue and [forced](#) the nation to find new ways to store excess oil that it cannot sell. Should existing storage fill up and force production shut-ins, there will be a significant [risk](#) of permanent structural damage to underground reservoirs. For the Trump administration, concerns exist domestically regarding the legality of a resumption in fighting, given that a US president must [receive](#) Congress’ approval within 60 days of notifying lawmakers of military action. While US Defence Secretary Pete Hegseth has argued that Trump does not need such approval, [maintaining](#) that the ceasefire had paused any such obligation, the situation remains unpopular. This could be politically consequential with midterm elections scheduled for November 2026.

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

Saudi Arabia/UAE/Iran — Saudi Arabia and UAE launched covert attacks on Iran — **SEVERE**

Situation Update

According to two Western officials and two Iranian officials, Saudi Arabia [launched](#) numerous, unpublicised strikes on Iran in late March 2026. They have been interpreted as a retaliation for attacks carried out in the kingdom during the Middle East war, marking the first time that the kingdom is known to have directly carried out military action on Iranian soil. When requested for a response, a senior Saudi foreign ministry official did not directly address the matter. In a similar fashion, new reports have also claimed that the United Arab Emirates (UAE) has secretly [carried](#) out military strikes on Iran. This included a strike on Iran’s Lazan Island just before the 07 April 2026 ceasefire was announced.

Relations between Saudi Arabia and Iran, two regional powers suspicious of each other, have traditionally been frosty. With both nations backing a number of opposing proxy groups in Yemen, Lebanon, Syria, and Iraq, the strategic situation has been labelled as the New Middle East Cold War. Nevertheless, relations had improved in recent years following a Chinese-brokered diplomatic détente in March 2023, which [restored](#) formal diplomatic ties and reopened embassies. However, after Iran launched attacks across the Middle East in response to the beginning of United States (US)-Israeli military operations in Iran on 28 February 2026, bilateral ties once again deteriorated. Relations between the UAE and Iran have historically fluctuated between intense geopolitical rivalry and deep economic dependency.

Assessment/Impact/Business Implications

Despite Saudi Arabia’s reliance on Washington for military protection, the war with Iran has left the country vulnerable, with waves of Iranian attacks piercing through the kingdom’s air defence system. The situation has been consistent across the Gulf Cooperation Council (GCC) states, all of which have been targeted with missiles and drones. Iran has launched more strikes against the UAE than any other nation, reflecting the country's status as a regional economic hub and the severe diplomatic hostility to Iran [expressed](#) by its rulers. Riyadh and Abu Dhabi’s retaliation demonstrates the widening of the conflict as well as the two countries’ ongoing strategic interest in seeing Iran weakened. Reports in March 2026 indicated that Saudi Crown Prince Mohammed bin Salman had [urged](#) Trump to ramp up attacks against Iran.

The strikes illustrate a heightened risk of GCC states becoming embroiled in a direct war with Iran than previously thought. Although the fact that the attacks have not been comprehensive or publicised demonstrates some restraint, likely from fear of such an outcome. Notwithstanding, the revelation of their role is likely to make the pair even clearer targets for Iran if the ceasefire is abandoned and the fighting restarts. It is likely that Tehran will use the revelations as justification for continued intervention when it deems it necessary.

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

Kuwait/Iran — Kuwait accuses Iran of launching failed attack on island — SEVERE

Situation Update

Kuwait has accused Iran of attempting a failed attack on Bubiyan Island, alleging that a team linked to the Islamic Revolutionary Guard Corps tried to infiltrate the strategically important site on 01 May 2026 before Kuwaiti forces intervened. The alleged [attack](#) involved a paramilitary team that Kuwait said sought to enter the island by sea. Kuwaiti authorities said four men were detained and two others escaped after the operation was disrupted. Iran denied hostile intent and said four officers had entered Kuwaiti waters during a conventional patrol because of a navigational systems problem, calling for their release. Bubiyan Island is particularly sensitive because it hosts the Mubarak Al Kabeer Port project, a major infrastructure development in which China is involved, and because it sits near the Iraqi and Iranian maritime approaches in the northern Gulf.

The significance of the accusation lies in what it says about the security climate in the Gulf, even under a fragile ceasefire between the United States (US) and Iran. Kuwait had already come under repeated missile and drone pressure during the wider war and the allegation now raises the possibility that maritime infiltration or sabotage risks remain active even as formal hostilities are ostensibly paused. The claim also emerged at a delicate diplomatic moment, just before US President Donald Trump travelled to Beijing for high-level talks in which Iran and the Strait of

Hormuz were expected to feature prominently. The broader regional context remains highly unstable: the Strait is still heavily disrupted, with oil tankers stranded and countries around the world being forced to implement measures to mitigate the impact of the energy crisis. In that environment, even a limited maritime incident near Kuwaiti territory carries strategic weight.

Assessment/Impact/Business Implications

For businesses, the immediate issue is not simply whether the alleged infiltration was intended as an attack, but that Kuwait now sees the incident as part of a wider Iranian threat. That matters because Bubiyan is not an isolated outpost: it is tied to port development, maritime access, and Kuwait’s longer-term logistics ambitions. Any perception that the island or its surrounding waters are vulnerable to infiltration, sabotage, or covert attack will raise concern for port operators, shipping firms, insurers, infrastructure partners, and investors in Gulf trade routes. The fact that the site also forms part of a Chinese-linked infrastructure project adds another layer of geopolitical sensitivity, particularly at a time when great-power competition is overlapping with regional conflict.

The overall risk is severe because Kuwait is no longer dealing only with indirect regional spillover, but also with an alleged armed Iranian-linked infiltration against its own territory during an active regional war. Even though the incident was reportedly disrupted before it caused mass casualties or major infrastructure damage, the accusation sharply raises the stakes for Kuwait’s security posture and for the wider Gulf operating environment. For businesses, the key implication is that strategic maritime and coastal infrastructure risks are no longer confined to the Strait of Hormuz, extending more directly to Gulf territory, ports, and associated logistics corridors. That increases concern for shipping, insurance, infrastructure investment, and investor confidence, particularly where politically sensitive or foreign-backed projects are involved. Even under nominal ceasefire conditions, the security environment remains highly volatile and vulnerable to escalation at short notice.

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

Israel — Israeli troops jailed for desecration of Virgin Mary statue in Lebanon — SEVERE

Situation Update

Israel’s military has sentenced two soldiers to prison after one was photographed placing a cigarette in the mouth of a statue of the Virgin Mary in southern Lebanon, with the other taking a photograph that later circulated online. The disciplinary action followed public outrage over the [incident](#), which took place in the Maronite Christian village of Debel. One soldier received 21 days of military detention and the other 14 days. The military said their conduct “completely deviated” from expected values and stressed that it respected all religions, holy sites, and religious symbols. The episode came only weeks after another case in the same area in which Israeli soldiers were punished for damaging a crucifix of Jesus, indicating a pattern of misconduct toward Christian symbols in a region already under intense military pressure.

The case matters because it touches on more than discipline within the ranks. Southern Lebanon contains long-established Christian communities whose churches, shrines, and symbols are central to local identity, and the image intensified fears that military operations are corroding not only civilian safety but also the treatment of religious heritage. The incident has also attracted diplomatic and religious condemnation beyond Lebanon, with criticism focusing on the symbolic insult and the wider message it sends during an ongoing occupation-like military presence in parts of the south. Even though the sentences are unusual and appear intended to demonstrate accountability,

they do not erase the broader concern that the war environment is producing repeated episodes that inflame communal grievances and damage Israel’s image among Christian communities in Lebanon and beyond.

Assessment/Impact/Business Implications

For businesses, the direct commercial effect of one disciplinary case is limited. The wider significance lies in what the episode reveals about conditions in southern Lebanon. The imprisonment of the soldiers is a sign that commanders recognised the seriousness of the act, but it also confirms that Israeli troops remain active in populated areas where misconduct can quickly become politically and diplomatically consequential. In a conflict zone where reconstruction, humanitarian operations, property access, and community relations are already highly strained, incidents involving religious desecration can deepen mistrust and complicate any future stabilisation effort. That is especially relevant in areas where Christian communities may otherwise have been viewed as less directly tied to the Hezbollah-Israel confrontation.

The overall risk is severe because the case reflects not just misconduct by individual soldiers, but the deeper realities of an active and highly strained Israel-Lebanon relationship in which military operations, symbolic violations, and community tensions are continuing despite ceasefire language. The imprisonment of the soldiers signals some degree of accountability, but it does not change the fact that Israeli forces remain active in sensitive areas of southern Lebanon where further incidents, whether kinetic or symbolic, could quickly inflame local anger and deepen diplomatic fallout. For humanitarian actors, church-linked organisations, property owners, and any entity with interests in the area, the practical message is that southern Lebanon remains a deeply unstable environment in which reputational, communal, and security risks are overlapping rather than receding.

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

Iraq — Major oil field discovered in Najaf — HIGH

Situation Update

On 06 May 2026, the Iraqi Minister of Oil, Hayan Abdul Ghani, [announced](#) the discovery of a large oil field in the southern governorate of Najaf, near the border with Saudi Arabia. The discovery, made by the Chinese state-owned company Zhenhua Oil through its local subsidiary Qurnain Petroleum Limited, took place in the Qurnain exploration block. The area covers nearly 8,800 km² and is one of the most promising regions for oil exploration. This is confirmed by preliminary data, especially those related to the drilling of the exploratory well Shams-11, which began on 10 January 2026 and is estimated to [contain](#) reserves exceeding 8.8 billion barrels of light crude oil. The announcement, attended by both the Iraqi Minister of Oil and representatives of the Chinese delegation, comes at a time when the Iraqi economy is facing severe stagnation. With [proven](#) reserves of 145 billion barrels in 2025, Baghdad previously exported large quantities of oil, an activity now heavily undermined by the closure of the Strait of Hormuz. The discovery therefore brings hope for Iraq, which, in partnership with the Chinese company, has reviewed progress at the Qurnain site and discussed drilling techniques to expand exploration and production.

Assessment/Impact/Business Implications

The event is geographically situated at the centre of a regional and global crisis and, on the diplomatic level, within a strategic partnership between Iraq and China, established in December 2015 and [based](#) on “close economic and trade cooperation”. Given its scale, the discovery could deepen Iraqi strategic alignment with China at a time when, with

the nomination of Ali al-Zaidi as prime minister-elect, the US administration is moving closer to Baghdad. However, the strength of the Sino-Iraqi relationship does not make the project free from possible legal risks. The contractual framework is complex and disputes related to resource ownership or revenue sharing may arise. Nevertheless, domestically, given political fragmentation, economic progress may serve as a driver to improve government legitimacy.

The economy and businesses remain heavily affected. With Iraq having seen a decline of up to 80% in exports following the closure of the Strait of Hormuz, reliance on this project would mean reshaping the country’s entire financial system. However, the effects are long-term and at present the economy remains compromised. This also extends to businesses, which may at the same time benefit from immense investment potential, mainly in energy, industry, logistics, and infrastructure. This is demonstrated by Iraq’s push to [accelerate](#) the construction of the US\$5 billion Basra–Anbar oil pipeline, seen as a solution to developing new export routes. The reserves of the Shams-11 well do not imply major security risks, but such wealth could lead to social unrest in the case of unequal management or environmental issues mainly related to oil extraction.

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

Libya — Zawiya refinery resumes operations after armed clashes — SEVERE

Situation Update

On 10 May 2026, the Azzawiya Oil Refinery Company [announced](#) the resumption of normal operations across all facilities after two days of intense gunfire near the complex. The Zawiya refinery, located on the Libyan coast about 50km west of Tripoli, had been [shut](#) on 08 May 2026. This followed armed clashes between the “joint security forces” led by Muhammed Bahroun (“al-Far”) and the Petroleum Facilities Guard (PFG), backed by the Shuhada al-Nasr Brigade, the al-Latif group, and the al-Kabwat group. Although the clashes saw several projectiles land inside the facility, but according to the National Oil Corporation (NOC), no significant damage was recorded. An assessment of damages, mainly related to storage tanks, has been assigned to a team of specialists and is still ongoing. Operationally, the company’s management committee Chairman, Emad Ben Koura, [confirmed](#) the restart of the two refining units to “ensure the uninterrupted supply of gasoline, diesel, and cooking gas to the local market”. The company’s oil port has also been reopened in order to maintain operational stability.

Assessment/Impact/Business Implications

The event near the Zawiya refinery confirms a scenario marked by strong internal fragmentation, aggravated by the presence of multiple armed groups. What emerges is a pattern that incorporates both elements, where weak centralised control over strategic infrastructure is met by actions of opposing factions seeking control of these assets. Against this backdrop, the security situation could be further undermined, with armed groups leveraging control to organise criminal activities linked to oil operations. Armed actions near energy hubs have significant legal consequences, such as possible breach of production contracts in cases of force majeure declarations. Although in this instance the refinery shutdown was temporary, the same cannot be said of the 15 December 2024 incident, when a shooting [led](#) to fires in storage facilities.

Even though, in the context of this event, the damages have not yet been fully assessed, there might be significant environmental risks, such as the possibility of explosions or fuel leakage. As a result, the economic, social, and business systems are also negatively affected. The shutdown of refinery plants and related infrastructure generates

major economic losses for a country whose economy is primarily based on hydrocarbon exports. Fuel shortages not only cause disruptions in supply chains but as has been witnessed on several occasions, can also trigger social protests. This also demonstrates how vulnerable oil facilities are, with a hazardous environment not only for assets and equipment but also for the workforce operating within them.

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

Morocco — Chinese automotive company opens facility in Morocco — LOW

Situation Update

Ningbo Gaofa Automotive Control System, a Chinese auto parts manufacturer, has stated that it plans to build its first industrial base outside Asia in Morocco. The Shanghai-listed group [said](#) it was drawn to the country's growing automotive production industry and its prime location as a stepping stone to the European market. Plans are also in the making to establish a new, wholly owned subsidiary, Gaofa Automotive Control System (Morocco), potentially raising investments of up to US\$20 million.

Assessment/Impact/Business Implications

The facility is set to produce automotive control systems, such as gear-shift mechanisms, electronic accelerator pedals and cables. The company's current partners [include](#) Renault and Stellantis, both of which own assembly plants in Morocco, which will potentially enable stronger supply chains between the partners. The move also reflects Morocco's growing attractiveness for manufacturers of car parts, in part due to its proximity to the European market and its lower production costs. As Chinese suppliers seek to bring their global supply chains closer to Europe, Morocco has emerged as a hub for automotive component manufacturers. Closing Sino-Moroccan trade and economic partnerships has led to numerous Chinese investments. Beyond the automotive industry, the energy sector, particularly regarding [renewables](#), is also very lucrative and has led to the development of many joint infrastructure projects, mainly concerning railways and roads. China has found some value in contributing to Moroccan industries and investment projects, an interest that can be reflected through Morocco's [inclusion](#) in China's Belt and Road Initiative.

China only removed its tariffs on Morocco on 01 May 2026. While this may indicate greater access and opportunities for both sides and a larger entry point into the world's second-largest economy for Morocco, concerns have grown over the possibility of intensified [dependent](#) relations. This means that cheaper trade with China would possibly only benefit Chinese firms exporting to China.

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

Morocco/Algeria — Polisario Front confirms attack on Moroccan civilians — **HIGH**

Situation Update

Tensions between Algeria and Morocco have escalated after the Polisario Front [fired](#) projectiles from east of the Moroccan security wall towards the city of Smara on 05 May 2026. The attack was most recently recognised by the Polisario Front, which wounded a civilian and elicited a strong condemnation from Washington. In their statement claiming responsibility for the attack, the Polisario Front stated they were targeting enemy bases on the outskirts of Smara. However, Moroccan officials rejected these claims as propaganda tactics as the shells had fallen in civilian areas. The development has effectively renewed tensions and destabilised the already fragile ceasefire [agreement](#) pushed for by Washington. In October 2025, the United Nations (UN) Security Council Resolution 2797 reframed Morocco’s autonomy proposal as the path “toward peace in Western Sahara”, a statement cited by United States (US) diplomats.

Assessment/Impact/Business Implications

The Polisario Front currently reside in Algeria’s region of Tindouf and fights Morocco over claims of sovereignty and autonomy in the Western Sahara. Morocco's autonomy plan for the region has been widely adopted by the UN; however, a fully-fledged peace agreement is still highly debated. The attack has allowed Washington to renew its diplomatic pressure on the Polisario Front, as well as the congressional push to classify the group as a terrorist organisation. The attack also corrupts long-standing diplomatic efforts to stop the conflict after decades of fighting. By targeting, either consciously or not, civilians in their attacks, the Polisario Front has complicated peace initiatives efforts by the international community to establish a peace settlement.

Additionally, the attack deepens the political rift between Algeria and Morocco, prompting Arab [states](#), such as the United Arab Emirates, Qatar, Jordan, Saudi Arabia, and Bahrain, to reiterate their support for Morocco against the Polisario Front, and to some extent, their support for Moroccan sovereignty in the Western Sahara. The UN and other “third party” organisations are increasingly being called upon to monitor the situation and regulate the border area between Morocco and Algeria, deemed to be particularly at-risk for conflict.

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

Global SA Risk Methodology

THREAT LEVEL RATING	
SCORE	LEVEL
5	SEVERE
4	HIGH
3	MODERATE
2	LOW
1	MINIMAL



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