

GEOPOLITICAL RISK OBSERVATORY

The Mena Region

An overview

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July 2025

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GRO Overview: The Mena Region

GRO Overviews are neither extensive analysis nor news updates. Instead, they offer a general perspective over areas and issues, trying to provide a series of factors and variables that organizations should monitor to anticipate risks. For in depth analysis or day to day updates you should contact the observatory at strategicchange@luiss.it

Summary

The Middle East and North Africa (MENA) region remains a focal point of global geopolitical risk due to its strategic location at the crossroads of Europe, Asia, and Africa, its vast energy resources, and its complex web of historical, religious, and political rivalries. Persistent instability, driven by internal conflicts, external interventions, and shifting alliances, threatens not only regional security but also global energy markets, trade routes, and international relations. Italy and other international actors with economic stakes in the region face heightened exposure to disruptions in energy supplies, trade, and migration flows, while also navigating the challenges posed by the growing influence of non-Western powers such as Russia and China. The Israel-Palestinian conflict and the worsening of conditions in the Gaza strip further exacerbate regional rivalries and conflicts.

Historical and Geopolitical Context

The MENA region's significance has been shaped by its role as a critical transit zone for global trade, its vast oil and gas reserves, and its history of imperial competition and post-colonial state-building. Over the past decade, the region has witnessed a series of intersecting crises: the Syrian civil war, which began in 2011 and evolved into a protracted conflict involving global and regional powers; the rise and eventual military defeat of ISIS in Iraq, though without full restoration of stability; and the protracted Yemeni civil war, which has become a proxy battleground for regional rivals.

The Israeli-Palestinian conflict, reignited by the October 2023 Hamas attack and subsequent Israeli military operations in Gaza, has further destabilized the region. A significant escalation occurred in June 2025 with an Israeli strike on Iranian nuclear facilities, prompting a direct Iranian missile and

drone response, the escalation has terminated with the direct involvement in the bombing of the USA. These events have shown how regional conflicts can have major rapid escalation with consequences beyond regional borders.

North Africa, while distinct from the Levant and Gulf, faces its own instability, particularly in Libya and Tunisia, where political volatility affects Mediterranean security, migration flows, and energy exports to Europe. Underlying these crises are deep sectarian and ethnic divisions—most notably the Sunni-Shia split—as well as competition between regional powers (Iran, Saudi Arabia, Turkey, Israel) and global actors (the U.S., Russia, China). The weakening of state institutions in countries like Lebanon, Iraq, and Yemen has empowered non-state armed groups, while external powers for influence through military, economic, and diplomatic means.

Global Implications

Disruptions in the MENA region have outsized **global repercussions** due to its centrality **in energy supply chains** and **international shipping routes**. A major crisis, such as a war between Israel and Iran, a blockade of the **Strait of Hormuz**, or a prolonged conflict in the **Red Sea**, could trigger spikes in global energy prices, disrupt maritime trade through the Suez Canal, and strain international diplomatic relations. The region’s instability also fuels transnational challenges such as migration surges and humanitarian crises, with direct impacts on European domestic politics and social cohesion.

The geopolitical landscape is further complicated by the relative **retreat of U.S. influence** and the **assertive entry of Russia and China**, who have deepened military and economic ties with regional actors like Iran. This **multipolar competition** risks further destabilizing the region and complicating international crisis management efforts. Conversely, regional states such as Oman and the UAE are attempting to position themselves as mediators, though their ability to shape outcomes remains limited by the scale and complexity of ongoing conflicts

Practical Implications for Businesses and Interests

For businesses and investors, the MENA region presents both opportunities and heightened risks. Energy companies, infrastructure developers, and traders are especially exposed to **supply chain disruptions, sanctions regimes, and political violence**. Italy, for example,

relies heavily on secure energy imports from Algeria and Egypt, making it vulnerable to any interruption in North African exports or transit through the Mediterranean.

The resurgence of **migration flows** driven by conflict and economic collapse could strain public resources and political stability in Europe, affecting sectors from agriculture to services. Meanwhile, the shifting balance of power demands that companies and governments constantly reassess their risk exposure, compliance requirements, and stakeholder engagements.

In this environment, businesses must also **monitor the evolving strategies** of global and regional powers, as sanctions, trade restrictions, and partnership opportunities may shift rapidly. In such a polarized region, companies should also be aware of the **reputational consequences** of conducting activities with one or the other side. Companies operating in or with the region should prioritize robust risk management frameworks, scenario planning, and flexible supply chains to mitigate potential shocks

What to monitor

Factors that might lead to considerable changes in the current situation include:

- Israel-Iran confrontation: Any further escalation (military strikes, covert operations, or diplomatic breakdowns) could have cascading effects on regional and global security.
- Red Sea security: instability in Yemen, potential Houthi attacks on shipping, or broader regional conflict could highly compromise one of the world's most vital trade corridors.
- Syrian transition: The fragility of post-Assad governance in Syria could lead to renewed conflict, refugee flows, or power vacuums exploited by external actors. An unstable Syria might have cascade effects in the region.
- North Africa stability: Political developments in Libya, Tunisia, and Algeria could affect energy supplies, migration patterns, and Mediterranean security in an area of great interest for Italian entities.