

Iran - Saudi Arabia Relations: Cooperation and Convergence Replacing Hostility and Divergence

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Abstract

The recent global developments including the war in Ukraine, US withdrawal from Afghanistan, and China's aggressive foreign policy approach have threatened the volatile existing global order and is pointing towards an unstable global situation, a dangerous decade and a historic hinge. As the new world order is emerging, the Middle East is witnessing diplomatic initiatives that are reshaping regional alignments and defining global power equations. The diminishing United States (US) credibility is pushing the regional power to safeguard their own interests. The increasing international polarisation is likely to increase instability in the region. West Asian countries need to build stability with their neighbours and not be entangled in a state which is reminiscent of the cold war era. They are now pursuing 'strategic autonomy'; taking decisions on their own based on their self-interests. Perceived disengagement by the main security guarantor, the US from the region has forced both Iran and Saudi Arabia to re-look at the spectrum of inter-state relations and diversify partners with an eye on their economic and security interests. The article looks into the recently concluded Iran-Saudi Arabia Agreement in the context of the evolving global and regional geopolitical scenario, and dwells on the intricacies of the Agreement as well as the pivotal role played by China, and its implication for neighbours and India.

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Introduction

A major rapprochement between two estranged powers, Iran and Saudi Arabia, traditional rivals and amongst the biggest oil producers who have been on the opposite sides on a host of issues, took place on 10 Mar 2023. It was an unexpected development in a fraught relationship with ideological, spiritual, and sectarian differences, and bringing together a fractured Islamic world where many different divisions existed. Both Iran and Saudi Arabia perceived the other to be keen on dominating the region. We now see a convergence of interests.

Talks first began in Apr 2020 initially in Iraq and Oman. Five rounds were facilitated by the then Iraqi Prime Minister Kadhimi, but then, however, Iraqi politics intruded. Kadhimi was gone in Oct 2022 and his successor Prime Minister Sudani showed little interest in continuing Iraq's role as a mediator; he also did not enjoy the same level of Saudi trust as his predecessor.

Apparently frustrated by the pause, Saudi Arabia asked China to assume a mediator's role when President Xi Jinping visited Riyadh in Dec 2022. In Feb 2023, Iranian President Ebrahim Raisi visited China, and met President Xi, and the proposal for a resumption of ties was discussed. The talks were then elevated from regional level, with China as the host. As a result, the path breaking deal was signed in Beijing on 10 March 2023. China played a major role and Wang Yi, the Director of the Office of the Foreign Affairs Commission of the Communist Party of China (CPC) Central Committee called it a 'Victory for Dialogue, Victory for Peace'.¹

Iran and Saudi Arabia have been trying to mend a break in relations that occurred in 2016, after Iranian protestors seized Saudi diplomatic missions in Tehran and Mashhad in retaliation for the execution of prominent Saudi Shiite opposition cleric Sheikh Nimr al-Nimr. Iran then cancelled the Haj Pilgrimage as the troubled relationship reached a new low.²

Level of tensions between two countries who have been at loggerheads since the Iranian Revolution in 1979, is high. As Talmiz Ahmed wrote in his book 'West Asia At War'; this posed a particularly dangerous threat for Saudi Arabia – a threat that was at once doctrinal, political and strategic. The Islamic Revolution

challenged Saudi Arabia's leadership of the Muslim world, which was based on the fact that its geographical space encompassed the source of the faith and its ruler's guardianship of Islam's holiest sites.

As a result, Saudi Arabia supported Iraq in the War of Revolution. Lately, the Iranians also felt that the US withdrawal from Joint Comprehensive Plan of Action (JCPOA) in 2018 was due to Israeli and Saudi Arabian pressure. Saudi Arabia accused Iran of 'taking advantage of the revenue generated by the lifting of the sanctions to destabilise the region'. In Yemen, Iran supported Houthi rebels, though there is an uneasy truce presently, Iran was attributed to providing weapons that have been fired on Saudi's Aramco refineries. During the Arab Spring, they were also suspected of inciting protests in Bahrain.

In return for Iranian re-implementation of prior assurances of non-interference in Saudi internal affairs, Iran demanded that Saudi Arabia should stop funding Iran International, a Persian-language news channel that gives a platform to opponents of the Islamic Republic and, their coverage of the protests. Iran believes it is responsible for fomenting unrest across the country for the past five months.

They want the Saudis to withdraw completely from Yemen and recognise the Ansarallah (Houthi) movement as a legitimate authority in the war-torn country. They also asked Riyadh to stop supporting Iranian opposition groups including the Mujahedin-e Khalq, the ethnic Arab group Al-Ahvaziya, and the Baloch militant group Jaish al-Adl. Iran considers these three as a terrorist organisations. In addition, Iran asked Saudi Arabia to ease the pressure on its Shiite minority and allow members to visit the Iranian Shiite holy city of Mashhad.³

The competing regional agendas of Riyadh and Tehran have compounded devastating wars in Yemen and Syria, and continue to fuel instability in Lebanon and Iraq.

Reasons for Rapprochement

The initial push for a reconciliation can be traced to a joint article 'We Can Escape a Zero-Sum Struggle between Iran and Saudi Arabia – If we Act Now' published in 'The Guardian' in Jan 2021 by two distinguished scholars; Dr Abdulaziz Sager of Saudi Arabia

and Hossein Mousavian of Iran calling for a dialogue between the leaders of their two countries, a follow up to an earlier article with a similar theme written two years earlier.⁴

Iran was approaching a high level of enrichment and, with the JCPOA talks going nowhere, it feared a US – Israeli strike on its facilities. The deal will now diminish the threat of military action against it. On the other hand, Saudi Arabia's agreement with Iran appears to be an attempt to stay out of the fray in case of a conflict.

Further, Iran was facing an increasing regional and global isolation due to the sanctions imposed on it. It aims to thwart growing Western pressure by diversifying its options, it's with this in mind that it normalised relations with United Arab Emirates recently. Iran has now pushed back on its regional isolation without changes in its policies.

According to the newspaper Kayhan, a mouthpiece for Iranian Supreme Leader Ayatollah Ali Khamenei, Tehran's ability to neutralise enemy's hybrid warfare aimed at bringing about regime change during the protests, and its refusal to give in to foreign pressure to abandon its nuclear program were instrumental in paving the way for a final agreement with Saudi Arabia, once the protests subsided in Dec.⁵

Saudi Arabia showed signs of being frustrated with the US, particularly the Democrats, after the JCPOA was signed in 2015 and now due to President Biden's perceived attitude to region. Crown Prince Mohammed bin Salman Al Saud felt that he has been targeted over the murder of Jamal Khashoggi in Oct 2018. In 2021, the US also disclosed a report on 9/11 that potentially implicated Saudi Arabia.

In 2019, following an Iranian attack on Saudi Arabia's Abqaiq oil facilities, many Saudis felt that the US government did not retaliate on their behalf. The realisation dawned that Saudi Arabia was on its own and would never enjoy Israel-like security guarantees by Washington. They felt the need to diversify their security partners. The signs were visible, the US had accused Saudi Arabia of siding with Russia when Oil Producing and Exporting Countries (OPEC+) decided to cut oil production over Washington's objection. The US-Saudi relationship notably soured.⁶

President Biden's visit to Saudi Arabia, in Jul 2022, failed to get them to increase oil production with a view to squeeze Russian oil revenues. While they have largely supported UN General Assembly resolutions, they have not joined in implementing sanctions against Moscow or other policies aimed at squeezing Russia. As per Gerald Feierstein, a former US Ambassador to Yemen; "The Saudis have emphasised in recent years that they seek to avoid entanglement in what is referred to in the US as 'great power competition'".

China is viewed as a neutral party. Amongst China's largest oil supplier in the region is Iran, which in turn relies on China for 30 per cent of its foreign trade and where China has pledged to invest \$ 400 bn over 25 years. Iran, which has few export markets owing to crippling sanctions over its nuclear program and facing high inflation sells oil to China at a steep discount. It has trade in the region of over \$ 100 bn.⁷

China needs to balance its key energy suppliers and maintain its friendship with both Iran and Saudi Arabia. China has major investments in Iran, with whom it has a 25-year strategic partnership with investments of \$ 400 bn and the Belt and Road Initiative (BRI) runs through region.

Has China moved outside its traditional role and is now at the centre of global politics? Is it now a geostrategic force to be reckoned with? Chinese focus is on a strategic partnership with Iran and economic relationship with Saudi Arabia. No doubt, the trilateral engagement is seen as a triumph for China.

The US was not part of the negotiations. US–Saudi ties ever since the 1945 meeting between President Franklin Roosevelt and King Abdul Aziz ibn Saud, have hinged on energy for the US, and provision of security to Saudi Arabia. However, both countries agreed to disagree on Palestine. The US sees itself as the dominant super power in the region. It has dominated the diplomatic space globally. Now things are looking different, it was indispensable in the region but could not have brokered this deal in view of its friendship with Israel and animosity with Iran with whom it has no diplomatic ties since 1979.

President Obama's 'pivot to Asia' focussed on rise of China and its expansionism in Indo-Pacific and now with the Ukrainian

conflict the US is back to being Eurocentric. The deal is thus seen as a setback for the US in the region. But does this deal fly in the face of the order they have been trying to create? To quote Antony Blinken, the US Secretary of State during a visit to Ethiopia, "From our perspective, anything that can help reduce tensions, avoid conflict, and curb in any way dangerous or destabilising actions by Iran is a good thing".⁸

Both Saudi Arabia and Iran were waiting for some positive developments from the US; the Iranians were looking at the ongoing talks regarding JCPOA 2.0 and subsequent easing of sanctions while the Saudi's were trying to fathom President Biden's attitude towards them. Faced with disappointment, due to the retreating and reducing US involvement, they had few options other than turning towards China to address the issues between them. The reconciliation can, therefore, be viewed as a necessary and inevitable step.

Israel's Concerns

While the deal was welcomed across the Middle East, for Israel, the Saudi Arabia-Iran rapprochement comes at a strategic price, with regional and international dimensions. It will be a setback for Abrahams Accord. Prime Minister Netanyahu has been tough on Iran and has repeatedly stated that their nuclear programme threatens regional stability. He was heavily invested in improving ties with Saudi Arabia while sustaining offensives against Iran. One of Netanyahu's greatest foreign policy triumphs remains Israel's normalisation deals in 2020 with four Arab states, including Bahrain and the United Arab Emirates. They were part of a wider push to isolate and oppose Iran in the region.⁹ A normalisation deal with Saudi Arabia, the most powerful and wealthy Arab state, would have fulfilled Netanyahu's prized goal, re-shaping the region and boosting Israel's standing in historic ways.¹⁰ Since returning to office, Netanyahu has hinted that a deal with the kingdom could be approaching.¹¹

Israel was building an Arab Alliance against Iran but with both UAE and Saudi Arabia now developing relations with Iran, this seems to be in jeopardy. At the same time, Israel fears that the Agreement could pave the way for a resolution to the war in Yemen which presented an opportunity for Israel to increase its

influence in the Red Sea and the Arabian Sea. Another concern for Israel is a potential new Taif Agreement in Lebanon, whose parties could be Saudi Arabia and Iran, guaranteeing the stability of the Lebanese regime and economy. Yair Lapid, the former Prime Minister and head of Israel's opposition, denounced the agreement between Riyadh and Tehran as 'a full and dangerous failure of the Israeli government's foreign policy'.¹²

The Global Outlook

The recent strategic shocks that include the Ukrainian conflict, pull out of US from Afghanistan and China's aggression, all point to an unstable global situation, a dangerous decade and historic hinge. The region is at the heart of global energy trade, and centre of logistical connectivity. It is also the destination for millions of religious pilgrims. As the new world order is emerging, the region is witnessing diplomatic initiatives that are reshaping regional alignments and defining global power equations.

The Russia-Ukraine war has spurred the countries in the region to discuss a regional security framework that will distance them from tensions in the emerging global axes. In contrast to the Cold War, the Arab Gulf states enjoy good relations with Russia and the US, but the increasing international polarisation is likely to increase instability in the region. They need to build stability with their neighbours and not be entangled in a state of cold war.

China has no doubt promoted dialogue amongst its principal partners, who were estranged from each other, in order to promote harmony. It signifies President Xi's willingness to leverage his economic clout in third-party negotiations.

Implications for India

The West Asian Region forms an important part of India's extended neighbourhood, and is vital to India's strategic outlook. India has vital stakes in the stability, security, and economic well-being of the region. Ministry of External Affairs (MEA) spokesperson Arindam Bagchi while commenting on the development said "India has good relations with various countries in West Asia and that India has always advocated dialogue and diplomacy as a way to resolve differences".

India needs to maintain a balancing act in a region where it has deep abiding interests and good relations with the countries, its core interests range from religious ties, energy, trade, investments, and a large diaspora. The region supplies about 50 per cent of India's crude oil requirements, over 70 per cent of natural gas requirements, hosts about 9 million Indians and accounts for 60 per cent of remittances received in India annually. Security challenges in the region lead to instability, which has a direct bearing on the safety and security of millions of Indians working there.

India has close civilisational ties with Iran but Iran moved closer to China since India voted against it in International Atomic Energy Agency (IAEA) in 2009, though it did abstain from the vote in IAEA in 2022, and then discontinued oil purchases on pressure from the then US President Trump in 2019. Iran feels that, India has consistently subordinated its ties with Iran over other considerations, the latest being the controversy over the Raisina Dialogues. We need to now enhance our engagement with Iran, which must, amongst others focus on both the Chabahar Port and International North South Transport Corridor (INSTC).

De-escalation of tensions in this crucial area will naturally be a positive outcome for security in the region which has a direct bearing on India. Further, reduction of tensions in the region could lead to a more stable oil market which will be good for India's energy security. We also need to encash on the positive contribution and goodwill of our diaspora in the region. For India it is imperative to monitor the evolving dynamics and assess how it can leverage its own relations with Iran, Saudi Arabia, and other regional players to secure its strategic interest. The Iranian Ambassador to India, Iraj Elahi, summed it up by stating that "this step could benefit India since it helps intensify stability and peace in the Persian Gulf Region".¹³

Problems in Implementation

While both nations seemed predestined for immutable rivalry because of the ancient Persian-Arab divide and the Sunni-Shia divide, the Saudi Arabia-Iran deal suggests that the two sides have made some progress in addressing critical areas of their disputes. However, the feud between Iran and Saudi Arabia is rooted in doctrine, enmeshed in history, and both nations have

waged wars via proxies across the Middle East. They need to overcome sharp differences and wide chasm of this deep fundamental rift between Shias and Sunnis where a historical fault line exists.

Iran can neither afford to dismantle their armed militias nor reduce the power of Islamic Revolutionary Guard Corps (IRGC), which is viewed as a terrorist organisation by US, necessary to protect its ideological character and take on the US and Israel. Both countries are fighting long running, multiple, and ruinous 'Proxy Wars', supporting militant groups against each other in Yemen, Lebanon, Syria and Libya. In Syria, the Saudi's supported the ISIS while Iran supports President Assad along with Russia, whereas in Yemen, the Saudi's supported the ruling regime of President Hadi and Iran supports the Houthi rebels, in Lebanon, Iran supports the Hezbollah, and in Palestine, both Iran and Saudi Arabia support the Hamas. Conversely, can actions by these non-state actors torpedo the Agreement?

Iran's stockpile of enriched uranium is now reportedly at 60 per cent enrichment. Diplomatic relations are unlikely to eliminate Saudi Arabia's concerns about Iranian nuclear weapons programme. Conversely, will Iran now find the roads to bypass the sanctions and render them ineffective?

UAE shares a maritime border with Iran where there is a dispute over three islands. With India, Israel, UAE and United States (I2U2) group, it was firmly aligned towards the US. It had also intervened in Yemen, but returned its Ambassador to Iran last August after 2016. But suspicions still run deep. Last year, a drone strike launched by the Iran-backed Houthis hit Abu Dhabi, hurting the UAE's reputation as a safe harbour in the volatile Middle East.

The Way Ahead

There are whispers of Iran looking at reviving the 2001 Security Pact, which Saudi press at the time described as 'the end of a long and unproductive period of disagreement's and also the broader 1998 Cooperation Agreement between the two countries.¹⁴ The Apr 2001 Security Agreement included commitments to fight drug trafficking, crime, terrorism, and money laundering. But there are conflicting interests and compromises that need to be

discussed. The deal emphasises non-interference in each other's internal affairs and has the potential to help de-escalate regional conflicts.

There is a need for reduction of problems and conflicts in Yemen where there is an uneasy UN negotiated truce since Apr 2022, Lebanon which has had no President since Michel Auon vacated office in Oct 2022 and is witnessing a deepening political divide and a worsening economic crisis, Iraq and Syria where it has the potential to hasten the acceptance of Syria into the Arab fold. But can these problems just disappear and does this also underscore China's desire to play a more active role as an international mediator?

The next issue as far as Iran is concerned is the number of pilgrims permitted for Haj, which as of date is 87,550 but Iran has a registered waiting list of over eleven lakhs. An increase in the quota for Iran will also be a pointer as to the velocity and direction of the deal.

The Positives

This Agreement will, no doubt, pave the way for more dialogue and cooperation between the two countries and, ultimately, lead to lasting peace and prosperity for the region. The reconciliation is a major development in international relations and a positive development in the regional security scenario. No matter how complex the challenges or complicated the situation, mutual respect and equal dialogue finds a mutually acceptable solution by working through contradictions. The Saudi Foreign Minister, Prince Faisal bin Farhan, said on Twitter after the announcement, 'the countries of the region share one fate.'

One of the major fallouts of the deal is the INSTC. The progress on INSTC could lead to security, stability, development, and economic growth of the region, and this will be integrated with the BRI.

Conclusion

The Ukrainian conflict has altered the power balance on the world stage. There is now a fundamental shift in the way China is acting, in countries where it had invested heavily, to show that it matters.

A new realignment is taking place in the Gulf Region while a strategic reconvergence is being witnessed between Russia, China, and Iran, and now Saudi Arabia which is seeking a leading role for itself at both the regional and international levels. It is converging closer towards them, driven by its economic power and influence, demonstrating that it is capable of negotiating the delicate balance of a world shifting from unipolarity to multipolarity. China, the biggest trading partner in this region, has stepped into the power vacuum by leveraging its ties and is positioning itself to become a significant player in West Asia where it has major geo-economic interests. China is presenting itself as a force for peace in the world, a role that used to be played by the US. It is, however, the desire for a stable security architecture that is getting the two major protagonists closer together.

The deals taking place are unarguably significant and promising, but how these countries follow up on them, and fulfil their commitments, will determine their success or failure.

Endnotes

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