



# SEPAD

Sectarianism, Proxies &  
De-sectarianisation

Saudi Arabia, Iran and  
De-Escalation in the Persian Gulf

## Contents

Acknowledgements

About the authors

Introduction

1. Simon Mabon and Edward Wastnidge, *Saudi Arabia and Iran: Resilient Rivalries and Pragmatic Possibilities*
2. Cinzia Bianco, *KSA-Iran rivalry: an analysis of Saudi strategic calculus*
3. Shahram Akbarzadeh, *Iran-Hizbullah 'Proxy' Relations*
4. Lawrence Rubin, *Saudi Arabia, Iran and the United States*
5. Clive Jones, *A Chimera of Rapprochement: Iran and the Gulf Monarchies: The View from Israel*
6. Banafsheh Keynoush, *Prospects for Talks between Iran and Saudi Arabia*
7. Robert Mason, *Towards Peace Building in Saudi-Iranian Relations*
8. Sukru Cildir, *OPEC as a Site of De-Escalation?*
9. Ibrahim Fraihat, *Reconciliation: Saudi Arabia and Iran*
10. Kristian Coates Ulrichsen, *Diplomacy and de-escalation in the Persian Gulf*
11. Eyad Al Refai and Samira Nasirzadeh, *Saudi Arabia and Iran: How our two countries could make peace and bring stability to the Middle East.*

Concluding Remarks

## **Acknowledgements**

SEPAD has been generously funded by Carnegie Corporation of New York. We would like to extend thanks to Hillary Weisner and Nehal Amer for their continuous support in all ways imaginable.

We would also like to thank all those who contributed pieces to this report. This was undertaken during the formative stages of the COVID19 pandemic and we are grateful that authors were able to offer contributions on this important topic at a time when they were facing myriad other pressures and demands on their time; thank you. We would also like to thank Elias Ghazal for his editorial and technological support.

## About the Authors

Shahram Akbarzadeh is Research Professor of Middle East and Central Asian Politics at Deakin University. He is the editor of the *Routledge handbook of international relations in the middle East* (2019).

Cinzia Bianco is visiting research fellow at the European Council on Foreign Relations where she works on political, security and economic developments in the Arabian Peninsula and Gulf region.

Sukru Cildir is a PhD student at Lancaster University working on the role of oil in the rivalry between Saudi Arabia and Iran.

Ibrahim Fraihat is an Associate Professor in International Conflict Resolution at the Doha Institute for Graduate Studies. He is the author of *Iran and Saudi Arabia: Taming a Chaotic Conflict* (Edinburgh University Press, 2020)

Clive Jones is Professor of Regional Security at Durham University. He is the author of *Fraternal Enemies: Israel and the Gulf Monarchies* (Hurst/Oxford University Press, 2019) with Yoel Guzansky.

Banafsheh Keynoush is an independent scholar and consultant. She is the author of *Saudi Arabia and Iran: Friends or Foes?* (Palgrave Macmillan, 2016).

Simon Mabon is Senior Lecturer in International Relations at Lancaster University and Director of SEPAD. He is the author of *Houses built on sand: Violence, sectarianism and revolution in the Middle East* (Manchester University Press, 2020)

Robert Mason holds a PhD in Middle East Politics from the University of Exeter. From 2016 to 2019 he was Director of the Middle East Studies Center at The American University in Cairo. His forthcoming volume is *New Perspectives on Middle East Politics: Economy, Society and International Relations* (AUC Press).

Samira Nasirzadeh is a PhD student at Lancaster University working on sectarianism in the Middle East.

Eyad Al Refai is a PhD student at Lancaster University working on regional politics. He is a PhD Fellow with SEPAD.

Lawrence Rubin is Associate Professor at the Sam Nunn School of International Affairs, Georgia Tech. He is the author of *Islam in the Balance: Ideational Threats in Arab Politics* (Stanford University Press, 2018).



Kristian Coates Ulrichsen is Fellow for the Middle East, Rice University's Baker Institute for Public Policy. He is the author of *Qatar and the Gulf Crisis: A Study of Resilience* (Hurst/Oxford University Press, 2020)

Edward Wastnidge is Senior Lecturer in Politics and International Studies at the Open University. He is Deputy Director of SEPAD and the author of *Diplomacy and Reform in Iran* (IB Tauris, 2016).

## Introduction

This report brings together a range of internationally recognised experts to reflect on ways in which tensions between Saudi Arabia and Iran can be mitigated. In doing so, the contributors unpack the complexity and intersectionality of the rivalry which have often proved so devastating to efforts to improve relations between the two states. While the rivalry has become increasingly volatile in recent years, we must not view it as static and immutable, but rather conditioned and shaped by context, time and space. As the 1990s demonstrated, there is nothing inherently intractable about relations between the Kingdom and the Islamic Republic, yet in order to better understand the ways in which tensions can be reduced, contributors explore the myriad areas that shape the rivalry.

While there are strong arguments to be made for regional security organisations designed to improve relations, such as those proposed recently by the International Crisis Group, this report looks at the key structural issues impacting on the rivalry. It is only through untangling and addressing these issues that a broader improvement in relations between the two states can be achieved. In this vein, SEPAD echoes claims made by the International Crisis Group in calling for a regional security organisation that includes Saudi Arabia and Iran. Yet before that can be achieved, other issues must be addressed, which is where this report seeks to contribute to policy discussions and academic debates.

## **Saudi Arabia, Iran: Resilient Rivalries and Pragmatic Possibilities**

**Simon Mabon & Edward Wastnidge**

The rivalry between Saudi Arabia and Iran has occupied a central role in shaping the contemporary Middle East. After revolutionary activities brought about an end to the Pahlavi dynasty in Iran, the establishment of an Islamic Republic dramatically changed the organisation of regional security, with far-reaching consequences across the Middle East and Muslim worlds. The revolution added a theological dimension to an already fraught rivalry that was shaped by a struggle over regional power and underpinned by clashing identities. Yet in spite of this, the rivalry between the two states is not static, nor does it have to remain in its current form. In this short interjection we provide a short historical account of relations between the two states before outlining areas of pragmatic possibility to improve relations between Saudi Arabia and Iran

### ***A Tale of Two Monarchs***

While current debates on the Iran-Saudi relationship are, by some necessity, centred on the contemporary manifestations of competition between the two sides, the sense of rivalry between them has a longer history. Iran's revolution in 1979, so often heralded as game changer in the region and Islamic world certainly played a significant role in shaping the relationship as we see it now. However, the broader Cold War context, along with both states' regional ambitions and roles as major oil producers prior to the revolution are also key. In a past echo of the West's current placing of trust in an authoritarian, ambitious leader, Shah Mohammad Reza Pahlavi was entrusted with securing Western interests in the region during the Cold War. As with MBS, the Shah was furnished with the most advanced weaponry and a blind eye was turned to the domestic repression that went hand in hand with modernisation efforts and vanity projects.

Both Iran and Saudi Arabia were seen as 'twin pillars' of Persian Gulf security following the UK withdrawal from the region,<sup>1</sup> with Iran in particular playing a key role as a bulwark against the perceived Soviet threat to the region. The two monarchies were united by a common desire to maintain the regional status quo and push back against the tide of Arab nationalism that both saw as a major threat. As Saudi Arabia began to assert its position as a key oil producer, it was also able to undermine Iran's regional clout - as seen through its role in

---

<sup>1</sup> For further insight into US policies in the region during the 1970s, including Nixon's 'twin pillars' policy, see Brannon, S. (1994). [Pillars, Petroleum and Power: The United States in the Gulf](#). *Journal of Arabian Studies*, 2(1), 4-10.

the Arab oil embargo following the Yom Kippur War, and in its rapidly swelling coffers. Thus, in the lead up to the events of 1979, both states ramped up their military spending to reinforce their regional standing and domestic control.

### ***Revolutionary Fervour***

Unsurprisingly, the events of 1979 across both states had a dramatic impact on regional relations. The establishment of the Islamic Republic under the tutelage of Ruhollah Khomeini added a theological dimension to geopolitical tensions across the Gulf that had become increasingly fraught.<sup>2</sup> In Saudi Arabia, the seizure of the Grand Mosque in Mecca demonstrated the precariousness of claims to Islamic leadership, which was further exacerbated by revolutionary activity across the Gulf.<sup>3</sup> What quickly followed was a spiral of rhetoric as rulers in both states sought to demonstrate Islamic credentials along with demonising the other.<sup>4</sup> The onset of war between Iran and Iraq exemplified the level of fear that many states across the Gulf felt at events in Iran and, although concerned about Saddam Hussein, Saudi support for Iraq was hardly surprising.<sup>5</sup>

A key component of the nascent Islamic Republic's foreign policy was to provide support to the "downtrodden" of the Muslim world – the spirit of the *Battle of Karbala* – enshrined in Article 3.16 of the Iranian Constitution. This was quickly put into practice with support for groups across the Middle East, notably Hizballah, and the Islamic Front for the Liberation of Bahrain. These organisations sought to challenge the status quo and while the latter was ultimately unsuccessful in its efforts to topple the Al Khalifa ruling family in Bahrain, its legacy remains in how Shi'a groups have been treated across the island.

### ***A Burgeoning Rapprochement***

As the winds of change blew across global politics with the end of the Cold War, Iran was also transitioning to a new phase in its post-revolutionary political development following the end of the Iran-Iraq war and the death of Khomeini in 1989. Iran's need for post-war reconstruction and the ascension of a comparatively more pragmatic trend in Iranian politics in the form of the Rafsanjani-Khamenei axis had implications for its relationship with regional states. In Saudi Arabia, the emergence of Crown Prince Abdullah also heralded a new direction in the Kingdom's regional approach.

Yet external affairs also played a key role in improving relations. On 20<sup>th</sup> June 1990, a devastating earthquake in Majil which took the lives of around 60,000 Iranians created space

---

<sup>2</sup> Mabon, S. (2013). *Saudi Arabia and Iran: Soft Power Rivalry in the Middle East*. London: IB Tauris.

<sup>3</sup> See: Nevo, Joseph. (1998). [Religion and National Identity in Saudi Arabia](#). *Middle Eastern Studies*, 34(3), 34–53.

<sup>4</sup> Mabon, *Saudi Arabia and Iran*, chapter 6.

<sup>5</sup> Chubin, S. and Tripp, C. (1996). *Iran – Saudi Arabia Relations and Regional Order*. London: Oxford University Press for IISS.

and opportunity for dialogue and co-operation. As a result, the 1990s saw a burgeoning rapprochement between Iran and Saudi Arabia which reached a high watermark under Iran's reform-minded president Mohammad Khatami.<sup>6</sup> This period saw reciprocal visits by Khatami and Abdullah to each other's capitals, cooperative participation in international fora (both in terms of Islamic affairs in the OIC and oil affairs within OPEC),<sup>7</sup> and increasing trade and security links being fostered between the two states.

### *The US-led invasion of Iraq*

Although the previous years had hinted at a thawing in diplomatic relations, the onset of the War on Terror re-shaped the order of global politics. While Iran had provided support to the US in Operation Enduring Freedom, the State of the Union speech given in early 2002 which articulated the existence of an 'axis of evil' had a seismic impact on this burgeoning rapprochement.

The ensuing invasion of Iraq – with a close eye on Iran – opened up space for a new arena of competition between Iran and the US, supported by Saudi Arabia. With the return of a number of erstwhile Iraqi political figures from exile in Iran, the Islamic Republic quickly began to exert a great deal of influence upon the post-2003 state,<sup>8</sup> much to the concern of Saudi Arabia who urged the US to “cut off the head of the snake”.<sup>9</sup> What followed was a discursive process of framing Iran as an existential threat to regional security, led by Saudi Arabia and Israel.<sup>10</sup>

In Lebanon, the assassination of Rafiq Hariri positioned the two rivals against each other in the formal political arena with the establishment of *March 8* and *March 14* alliances, bringing together local allies with their external sponsors.<sup>11</sup> In spite of the burgeoning violence and hostility, Riyadh and Tehran were able to work together to prevent a descent into civil war. At the same time, however, Saudi Arabia sought to woo the new Syrian president Bashar Al Assad, reducing Iranian influence across the Levant.

### *The Arab Uprisings*

The events of the Arab Uprisings which opened up schisms between rulers and ruled which quickly became arenas for geopolitical competition in a region underpinned by a range of

---

<sup>6</sup> Wastnidge, E. (2016). *Diplomacy and Reform in Iran: Foreign Policy under Khatami*. London: IB Tauris.

<sup>7</sup> Barzegar, K. (2000). Detente in Khatami's Foreign Policy and its Impact on the Improvement of Iran – Saudi relations. *Discourse: An Iranian Quarterly*, 2(2), 155 – 178.

<sup>8</sup> Dodge, T. (2005). *Inventing Iraq: The Failure of Nation Building and a History Denied*. New York: Columbia University Press; Tripp, Chalres. (2007). *A History of Iraq*. Cambridge: Cambridge University Press.

<sup>9</sup> 08RIYADH649\_a SAUDI KING ABDULLAH AND SENIOR PRINCES ON SAUDI POLICY TOWARDS IRAQ (20.04.08) Available from: [https://wikileaks.org/plusd/cables/08RIYADH649\\_a.html](https://wikileaks.org/plusd/cables/08RIYADH649_a.html)

<sup>10</sup> Mabon, S. (2018). *Muting the Trumpets of Sabotage: Saudi Arabia, the US and the Quest to Securitise Iran*. *British Journal of Middle Eastern Studies*, 45(5), 742–59.

<sup>11</sup> Haddad, S. (2009). *Lebanon: From Consociationalism to Conciliation*. *Nationalism and Ethnic Politics*, 15(3-4), 398-416.

shared norms, creating what Paul Noble termed a “vast sound chamber”.<sup>12</sup> In societies divided along sect-based lines – most notably Bahrain and Syria – schisms provided opportunities for Saudi Arabia and Iran to operate in pursuit of improved regional standing, often at the expense of the other.<sup>13</sup>

As protests gained momentum and it appeared that regimes could have been toppled, events took on additional geopolitical meaning. In Syria, elite Iranian troops took on a central role in devising the Assad regime’s strategy to defeat the protesters and the Islamist groups that quickly emerged; unsurprisingly, the conflict had devastating repercussions for Syrians. In Bahrain, a Saudi-led Peninsula Shield Force crossed the King Fahd Causeway to ensure the survival of the Al Khalifa ruling family amidst widespread claims of perfidious Iranian activity.<sup>14</sup>

What this brief overview has endeavoured to show is that the nature of relations between the two major Gulf and Islamic powers is shaped by the contingencies of time and space. While structural factors are certainly prevalent across these periods, notably concerns about regional order and claims to Islamic legitimacy, these structural forces are acted upon and shaped by agency operating in a range of different ways. As a consequence, while temporality is important, so too is spatiality.

### ***Pragmatic Possibilities***

The past decade has seen Iran-Saudi relations fall to one their lowest ebbs, however, a number of potential shifts in the short to medium term could provide avenues for a rapprochement. The impending US draw down from Iraq, and the broader sense of a transition towards a post-US Middle East, affords a chance for the region’s leading states to have a greater say in determining their own security, free of external influence. The US’ lavish support of Saudi Arabia has always been an impediment to better Iran-Saudi ties. The Islamic Republic has long been keen on region-first security solutions that help it maintain its desire for independence in foreign policy and reduce external influence.<sup>15</sup> Saudi buy-in to such proposals has always been unrealistic in light of US security guarantees, but the sense of abandonment that it feels in light of the attacks against key oil installations in 2019 is real and may help influence a recalibration.

The sense of US unreliability and mis-reading of regional dynamics under Trump was also brought into sharp focus with the assassination of Qassem Soleimani in Iraq in 2020.<sup>16</sup> For

---

<sup>12</sup> Noble, P. (1991). *The Arab System: Pressures, Constraints, and Opportunities*. In B. Korany and A. Dessouki (Eds.), *The Foreign Policies of Arab States*. Boulder: Westview. pp. 57.

<sup>13</sup> Mabon, S. (Ed). (2018). *Saudi Arabia and Iran: The Struggle to Shape the Middle East*. London: Foreign Policy Centre.

<sup>14</sup> Mabon, S. (2012). *The Battle for Bahrain: Iranian- Saudi Rivalry*. *Middle East Policy*, 19(2), 84-97.

<sup>15</sup> Nasirzadeh, S. and Wastnidge, E. (2020). *De-securitizing through Diplomacy: De-sectarianization and the View from the Islamic Republic*. *The Review of Faith & International Affairs*, 18(1), 23-33.

<sup>16</sup> Mabon, S. and SEPAD fellows. (2020). *The Death of General: What’s next for Iran, Iraq and the wider Middle East?*. *Foreign Policy Centre*, January 16, 2020. <https://fpc.org.uk/the-death-of-a-general/>

Saudi Arabia and its allies, this highlighted the real risks that they faced as potential targets of Iranian responses to the killing. Ironically, this very act has the potential to open space for better relations, as seen in the rush of regional states to placate the Islamic Republic in the immediate aftermath. It allowed Iran to showcase its military capabilities, often decried as impotent in the face of US might, in a clear warning to US regional allies. Furthermore, as the conflict in Syria draws down, and the appetite for sustained engagement by the Saudi coalition in Yemen wanes, the avenues for conflict between the two sides' competing visions of regional order are also reduced. A sustainable peace emerging from both tragic conflicts will only improve the possibilities for wider rapprochement. The role of the region's traditional mediating power, Oman, and the emerging influence of Iraq as a potential bridge between the two powers will also provide important spaces in which to facilitate détente.

In addition, economic challenges placed a great deal of pressure on both states. Of course, the COVID19 pandemic exacerbated these issues. In Saudi Arabia, Crown Prince Mohammad bin Salman's efforts to transform the Kingdom's economy – led by the flagship NEOM project – required vast financial resources which calls into question pose serious challenges to the Kingdom, as documented in detail by Sukru Cildir's piece in this report.

Finally, the religious sphere, so often seen as a competitive domain by commentators emphasising a sectarian interpretation of the rivalry, remains a key domain in which Iran and Saudi Arabia maintain ties. Saudi custodianship of Islam's holiest sites, while affording it avenues for exercise of hegemonic aspirations in the Islamic world, also provides a telling example of how a religio-spatial realm acts as a channel or maintaining relations. For example, the Hajj, although a domain of contention in previous years, provides a space for diplomatic engagement between officials of both sides in terms of facilitating Iranian pilgrims' access.

### ***Structural Factors***

In spite of the areas of possibility, as noted above there remain a number of structural impediments to broader peace building efforts.

#### 1. The role of the United States

Since 1979 the US has occupied a complex role in the Gulf. The role of the US is viewed in contradictory ways across the Gulf: for Saudi Arabia it is a source of security yet for Iran, it is seen as a source of instability. Moreover, the strength of Washington's relationship with Saudi Arabia has caused many in Iran to deny the agency of Saudis altogether, claiming that the US is the real rival. Indeed, in discussions with a former Iranian diplomat, it was suggested that efforts to facilitate an improvement in regional relations during the 1990s was scuppered because it did not have American buy in. Until this issue is addressed, there is little scope for a real thaw.

## 2. Domestic Contestation

The complexity of domestic politics in both states, where societies are divided along religious, tribal and ethnic lines means that regimes are faced with challenges to ensure their survival. Moreover, domestic instability creates possibilities for external manipulation, creating suspicion about the loyalty of minority groups. Moreover, creating exclusionary politics in an attempt to speak to support bases exacerbates these tensions

## 3. The geo-sectarianization of regional politics

After the Arab Uprisings, processes of sectarianization have taken place in a number of states. These processes are not purely discursive, but resonate amongst societies for whom religious identities are important. As sectarianization took on a geopolitical form, mapped onto tensions between Saudi Arabia and Iran, local grievances became imbued with regional meaning and vice versa. This made reconciliatory efforts all the more difficult because of the additional meaning that such conflicts have.

Taken together, it is easy to see how grievances become internalised over time, as we have seen elsewhere across the region. Untangling this complex web of material and ideational factors will take time and require a great deal of hard work. Yet as periods of apparent rapprochement in the rivalry appear to show, this is not an insurmountable task, but one that requires creative solutions.

## KSA-Iran rivalry: an analysis of Saudi strategic calculus

Cinzia Bianco

Relations between Saudi Arabia and Iran have long been coloured by a geopolitical rivalry as well as an ideological, identitarian opposition. Since the Islamic Revolution of 1979 turned Iran into a theocratic regime, its leaders, first and foremost Ayatollah Ruhollah Khomeini, strongly challenged the Saudi leadership of the Islamic world. Khomeini's definition of the Saudis in his testament as 'traitors to the two holy shrines', 'not worthy of being in charge of the hajj and Kaaba affairs'<sup>1</sup> is still today cause of extreme concern for the Saudi rulers, who view their guardianship of the holy places as an integral part of their legitimacy mix and still regard Khomeini's rhetoric as fundamental in shaping the strategic thought behind Iranian behaviour.<sup>2</sup> Time and time again Saudi strategic thought has described Iran as a malign force intent on leveraging Shi'a disenfranchisement and local power vacuums to build a network of proxies to export the Khomeinist revolution and, with it, its own geopolitical influence.<sup>3</sup> It is precisely this intricate mixture of power and identity that has entrenched a rivalry, ready to intensify as external conditions fuel it.

The international and regional processes triggered since the early 2000s have played precisely this role, especially for Riyadh. The United States (US)' invasion of Iraq in 2003, and the dismantling of the Saddam Hussein's Sunni regime, paved the way for the empowerment of Shi'a parties and militias in Baghdad, supported by Iran.<sup>4</sup> As the Arab Spring put into question the regional order and created new power vacuums with the overthrow of decades-long authoritarian regimes, regional powers - including Riyadh and Tehran - competed to fill the vacuums with their presence.<sup>5</sup> With Iraq and Lebanon already enjoying close ties to Iran, Syria and Yemen became the clearest flashpoints of a region-wide competition. Protests in the Shi'a-majority Eastern Province of Saudi Arabia and in Bahrain, politically supported by Tehran, brought this perception of encirclement dangerously close to home for Riyadh. The signing of the nuclear agreement – or Joint Comprehensive Plan of Action (JCPOA) - between the US, European powers, China, Russia and Iran in 2015, further fuelled the perception of an

---

<sup>1</sup> The New York Times. (1987), Excerpts from Khomeini speeches. *The New York Times*, August 4, 1987.

<https://www.nytimes.com/1987/08/04/world/excerpts-from-khomeini-speeches.html> (accessed March 13, 2019)

<sup>2</sup> Al-Badi, A. (2017). Saudi-Iranian Relations: A Troubled Trajectory. In A. Ehteshami, N. Quilliam, G. Bahgat (Eds.), *Security and Bilateral Issues between Iran and its Arab Neighbours*. London: Palgrave Macmillan.

<sup>3</sup> See for instance Shihabi, A. (2018). The Iranian Threat: The Saudi Perspective. *London School of Economics and Political Science blog*, June 15, 2018. <https://blogs.lse.ac.uk/mec/2018/06/15/the-iranian-threat-the-saudi-perspective/> (accessed March 13, 2019).

<sup>4</sup> Kostiner, J. (2011). GCC Perceptions of Collective Security in the Post-Saddam Era. In M. Kamrava (Ed.), *The International Politics of the Persian Gulf*. New York: Syracuse University Press.

<sup>5</sup> Gause III, G. (2014). *Beyond sectarianism: The new Middle East cold war*. Brookings Doha Center Analysis Paper 11.

empowered and emboldened Iran.<sup>6</sup> The progressive retrenchment of the United States, fatigued by wars and perhaps by the Middle East in general, created the perception in Riyadh that the traditional US deterrence umbrella was increasingly leaky. The transactional rationale of the administration of Donald Trump, hostile to Iran, temporarily reassured Riyadh, until Trump failed to deliver on the promise of deterrence in September 2019, when two strategic infrastructures of the Saudi energy major ARAMCO, Abqaiq and Khurais, were severely damaged by a cruise and drones attack attributed to the Islamic Revolutionary Guard Corps (IRGC).<sup>7</sup> Not even the US killing of IRGC top General Qassem Suleimani, in response to direct attacks by Iran-allied proxies on US assets in Iraq, re-established confidence. Not warned, nor consulted, the Saudis felt exposed.<sup>8</sup> On the contrary Trump's withdrawal from the nuclear agreement and re-imposing of harsh sanctions on Iran as part of a 'maximum pressure' campaign, all supported by Riyadh, galvanised Iran into pushing its traditional 'forward defense' doctrine even further.<sup>9</sup> Lashing out at regional US allies who supported Trump's policies became the way to raise the overall costs of hostility against Tehran.

This conflictual background, in the volatile geopolitical scene, remains the necessary background in which to contextualise Saudi-Iranian relations, especially from Riyadh's point of view, and possible ways to improve them. The mismatch and asymmetry of security perceptions between the two shores of the Gulf is the prism through which both Tehran and Riyadh see their bilateral relations. Hence, when Iran's government, led by Hassan Rouhani, consistently argues in favour of establishing a new regional security architecture, Hormuz Peace Endeavour (HOPE), this is interpreted very differently across the Gulf. From the Saudi point of view, Tehran has been effectively offering to protect the Gulf monarchies from itself.<sup>10</sup>

Additionally, in the long term, HOPE could encourage a US retrenchment that is perceived as already ongoing, cementing a balance-of-power that is still structurally unfavourable to the Arab monarchies of the Gulf. For Tehran, HOPE's biggest hope is to build a stability-oriented security infrastructure that would in the long term render the US role as the Gulf's off-shore

---

<sup>6</sup> Akbarzadeh, S. (2016). Iran and the Gulf Cooperation Council Sheikdoms. In K. Almezaini, J. Rickli (Eds.), *The Small Gulf States*. New York: Routledge.

<sup>7</sup> Pérez-Peña, R.; Kirkpatrick, D.; Crowley, M. (2019). Trump Says Iran Appears Responsible for Saudi Attack but That He Wants to Avoid War. *New York Times*, September 16, 2019.

<https://www.nytimes.com/2019/09/16/world/middleeast/saudi-oil.html>; Deutsche Welle. (2019). Germany, France and Britain blame Iran for Saudi oil attack. *Deutsche Welle*, September 23, 2019.

<https://www.dw.com/en/germany-france-and-britain-blame-iran-for-saudi-oil-attack/a-50554985>

<sup>8</sup> Farouk, Y. (2020). What Does the U.S. Killing of Soleimani Mean for Saudi Arabia?. *Carnegie Endowment for International Peace*, January 7, 2020. <https://carnegieendowment.org/2020/01/07/what-does-u.s.-killing-of-soleimani-mean-for-saudi-arabia-pub-80722>

<sup>9</sup> Yossef, A. (2019). Upgrading Iran's Military Doctrine: An Offensive "Forward Defense". *Middle East Institute*, December 10, 2019. <https://www.mei.edu/publications/upgrading-irans-military-doctrine-offensive-forward-defense>

<sup>10</sup> Author's interviews. Riyadh, October 28, 2019.

security guarantor obsolete.<sup>11</sup> Most importantly, it would cement a legitimization of Iran's presence in the Gulf region, which Tehran believes is its existential right and whose rejection fuels an even more assertive posture by reaction. Finding a way out of this quagmire cannot but be a long and intricate process, that will inevitably require two preliminary phases.

### ***Phase One: The Failure of Push-Back***

Until Saudi Arabia and Iran remain convinced that a pushback strategy can achieve their desired goals, there will not be sufficient political will to pursue sustainable, long-term and structural diplomacy. Under the leadership of King Salman and Crown Prince Mohammad bin Salman, Riyadh tried to push back first through the political and military instruments, including by entering into a war against Iran-aligned Houthi rebels in Yemen in 2015, and by extending disruptive political pressure on Lebanon's Hezbollah-backed government in 2017. Over the course of the years, these instruments have both failed to achieve desired goals and, for instance, the Yemen war turned into a quagmire without overtaking the Houthis, and the Lebanese government remained stable, and Hezbollah's support key.<sup>12</sup> Similarly, Iran's use of political and military tools to pushback against Saudi Arabia, has had mixed results. While the attack against the ARAMCO infrastructures in 2019 has cornered Saudi Arabia into emergency measures to contain the immediate escalations, including opening a dialogue with Iran via third parties, it has undermined the way towards a meaningful larger conversation on a security architecture and pushed Riyadh to seek additional deterrence sources for the future.<sup>13</sup>

However, Riyadh still believes in the potential of the economic pushback strategy that is the US-led 'maximum pressure' campaign.<sup>14</sup> The rationale is that significant sanctions will feed economic pressures and, in turn, internal pressures that will force the hand of the Iranian regime towards giving (geo)political concessions in return for sanctions' relief. As a new wave of protesters direct their grievances at the Islamic Republic, both within Iran and in Iraq and Lebanon, Riyadh believes Tehran will soon be in need of economic relief and will come to a negotiating table from a weaker position. On the contrary, Iran is betting on its ideologically-charged resilience, its capacity to hijack and re-direct grievances as well as its strategies to

---

<sup>11</sup> Barzegar, K. (2019). Evaluating The Hormuz Peace Endeavor. *LobeLog*, November 6, 2019.

<https://lobelog.com/evaluating-the-hormuz-peace-endeavor/>

<sup>12</sup> Gordon, P. (2018). Saudi Arabia's war in yemen has failed. *The Washington Post*, November 12, 2018.

<https://www.washingtonpost.com/news/global-opinions/wp/2018/11/12/saudi-arabias-war-in-yemen-has-failed/>;

Maksad, F. (2020). Lebanon's Halloween Government. *Foreign Policy*, 22 January 2020,

<https://foreignpolicy.com/2020/01/22/lebanons-halloween-government/>

<sup>13</sup> Bianco, C. (2019). Saudi Arabia's frozen-conflict tactics. *European Council on Foreign Relations*, November 7, 2019. [https://www.ecfr.eu/article/commentary\\_saudi\\_arabias\\_frozen\\_conflict\\_tactics](https://www.ecfr.eu/article/commentary_saudi_arabias_frozen_conflict_tactics)

<sup>14</sup> Reuters. (2019). Saudi minister says maximum pressure only way to get Iran to negotiate. *Reuters*, October 24, 2019. <https://www.reuters.com/article/us-usa-iran-saudi/saudi-minister-says-maximum-pressure-only-way-to-get-iran-to-negotiate-idUSKBN1X30XM>

quell protests.<sup>15</sup> The economic dimension of the push-back strategy has not exhausted its course, nor fully failed its purpose yet. However, an objective and in-depth look at the posture of the two sides cannot but suggest that this strategy is also destined to fail. What's more – it could fail spectacularly, creating new hot springs of systemic insecurity in the region. For this reason it is crucial that international players outside of the United States, don't engage with this push-back rationale and, on the contrary, take active measures, whereby possible, to practically undermine it. In this sense, the French intervention to thwart Saudi political pressures against the Lebanese Prime Minister Saad Hariri in 2017 contributed to exposing the ineffectiveness of similar measures. On the contrary, the European failure to preserve trade channels open with Iran amid the US-induced JCPOA's collapse, has alimeted the misguided conviction that economic pushback is a viable strategy.

### ***Phase Two: Isolating the Rivalry***

The Saudi-Iran rivalry is greatly impacted by regional and international dynamics. As mentioned, in the past few years, it has extended into several regional theatres and domains, each of which feeds into the bilateral tensions. Targeting the latter without addressing wider manifestations would not be effective. Addressing the regional balance-of-power without tackling the matter of direct Iran-Saudi interactions is similarly problematic. Escaping this chicken-and-egg dilemma is particularly daring. A possible solution would be to try and address the Saudi-Iran dynamics in parallel yet in isolation from dossiers where this manifests. International actors should focus on re-building the domestic resilience of embattled and contested countries, while offering local players a more diverse set of options for their international relations. This can be especially done in contexts where the conflict is in a remission phase, even if temporarily.

In this sense, ongoing negotiations on resolving the Yemen conflict could provide a blueprint. At the end of 2019, Saudi Arabia, fatigued by the conflict, started to seriously engage with the Houthis in Oman, in an incremental process of less-for-less to de-escalate the confrontation in Yemen.<sup>16</sup> This offers a little momentum filled with small opportunities for international actors to consolidate the outcome of these negotiations into sustainable steps forward, rather than risking them being tactical relief measures. One way would be to go back to the 2018 Stockholm/Hudaydah Agreement, the UN-brokered deal that defined the key contours of a sustainable ceasefire, which remains half-implemented.<sup>17</sup> With that, new input could be directed into the United Nations Mission to Support the Hudaydah Agreement (UNMHA),

---

<sup>15</sup> Gerenmayeh, E. (2019). After the Iran protests: How Europe can keep diplomacy alive. *European Council on Foreign Relations*, December 10, 2019.

[https://www.ecfr.eu/article/commentary\\_after\\_the\\_iran\\_protests\\_how\\_europe\\_can\\_keep\\_diplomacy\\_alive](https://www.ecfr.eu/article/commentary_after_the_iran_protests_how_europe_can_keep_diplomacy_alive)

<sup>16</sup> Alley, A. and Salisbury, P. (2019). Peace Is Possible in Yemen. *Foreign Affairs*, November 11, 2019.

<https://www.foreignaffairs.com/articles/iran/2019-11-11/peace-possible-yemen>

<sup>17</sup> Internatioanl Crisis Group (2019). Saving the Stockholm Agreement and Averting a Regional Conflagration in Yemen. *Internatioanl Crisis Group*, July 18, 2019. Report 203. <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/yemen/203-saving-stockholm-agreement-and-averting-regional-conflagration-yemen>

meant to reassure Riyadh and its key ally Abu Dhabi that the Houthis will not disguise to control one of the country's largest ports, Hudaydah, in exchange for preventing Saudi-Emirati bombing raids that would seriously disrupt humanitarian access.

In general, engaging the Houthis and pressuring them to hold their end of the agreement, especially refraining from further missile strikes on Saudi Arabia, could be employed to push the Saudis to allow the reopening of the airport in the Yemeni capital of Sana'a. On the Houthi side, Europeans should make use of their capacity to engage Tehran - a useful position given the UN Special Envoy for Yemen cannot travel to Tehran as per red lines to its mandate - and work more closely with Oman, as the chief facilitator in this context. Hence, by working on multiple levels, international players could address the Saudi-Iran rivalry in Yemen, without making it the focal point of their Yemen policy.

As mentioned, these regional initiatives should go hand-in-hand with efforts to contain escalation at a bilateral level. In this sense, far from needing yet another offer of mediation, Riyadh and Tehran need an actor trusted by both sides who can facilitate the establishment of a direct, bilateral and private hotline to keep communication open, especially during kinetic operations. In addition, initiatives such as the French-led European Maritime Awareness mission in the Strait of Hormuz (EMASoH) that, unlike the similar US-led mission, is declaredly non-hostile to the parties involved, can deter a further spillover of the tensions into additional dimensions – in this case, the maritime dimension.<sup>18</sup>

## ***Conclusions***

A majority of thinkers and policy-makers seeking to find ways to assuage the Saudi-Iranian rivalry and contain its damaging repercussions to regional security, have worked with ambitious ideas. These include a regional security architecture akin to the Organization for Security and Cooperation in Europe (OSCE) or a Saudi-backed JCPOA 2.0, with extended timeline, tighter inspection regime and provisions on Iran's ballistic missile systems and regional behaviour, whereby negotiations involve at least indirectly the Arab side of the Gulf.<sup>19</sup> It is beyond doubt that similar ideas are the most reasonable comprehensive solutions to this sour confrontation. However, concrete steps towards these cannot be effective unless there is a demonstrable failure of pushback strategies and the unravelling of the knots tying many regional issues to the tensions between Saudi Arabia and Iran. The political will of the protagonists is indeed inescapable, as, without it, engagement with no pre-conditions is already

---

<sup>18</sup> France Diplomacy. (2020). European Maritime Awareness in the SoH (EMASOH): political statement by the governments of Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, and Portugal. *France Diplomatie*, January 20, 2020. <https://www.diplomatie.gouv.fr/en/french-foreign-policy/europe/news/article/european-maritime-awareness-in-the-soh-emasoh-political-statement-by-the>

<sup>19</sup> Two examples among a number of relevant intellectual works are: Hanelt, C. and Koch, C. (2015). [A Gulf CSC could bring peace and greater security to the Middle East](#). *Bertelsmann Stiftung*, Issue 2.; Vakil, S. and Quilliam, N. (2019). [Getting to a New Iran Deal](#). *Chatham House Research Paper*, October 22, 2019. <https://reader.chathamhouse.org/getting-new-iran-deal-guide-trump-washington-tehran-europe-and-middle-east>



# SEPAD

considered a concession. However, international actors can and should play a key role in creating practical pathways to encourage and cement small de-escalatory steps into durable positions.



## Iran-Hizbullah proxy relations

**Shahram Akbarzadeh**

Relations between the Islamic Republic of Iran and the Lebanese Hizbullah is sometimes presented by commentators as a Shia alliance. The Shia affiliation of both parties is an obvious manifestation of their shared religious identity. In this paradigm, Iran is a unique religious state, driven by an ideological agenda. Iran's revolutionary declarations about supporting the oppressed against oppressors reinforces that image. The notion of a pariah state that challenges the un-just status quo and advocates for Muslim interests is central to Iran's view of itself, one that it actively cultivates. The idea that Iran is unique and stands on moral grounds is promoted by the ruling regime and is presented as justification for Iran's external behaviour. This exceptionalism is used to present the relationship between Iran and Hizbullah as a partnership against the regional embodiment of evil. Ayatollah Rohullah Khomeini, the leader of the 1979 revolution in Iran, called the United States 'the Great Satan'. Israel was next on Khomeini's list and continues to be the target of venomous diatribe for its occupation of Palestinian lands. From that point of view, Iran's partnership with Hizbullah has a clear and tangible purpose: to resist Israel's occupation of Muslim lands. Upholding the 'axis of resistance' against Israel, as the Iranian leadership proudly declares, is Iran's revolutionary mission and a response to the historical injustice that befell Muslims under the watch of colonial powers in mid-twentieth century.

However, beneath ideological declarations lie calculated assessments of security threats to Iran. This threat assessment relates primarily to the hostile relationship between Iran and the United States, which deteriorated following the US invasion of Afghanistan and Iraq and subsequently looked set for all-out confrontation during President Donald Trump's term in office. The stationing of US troops on either side of Iran, President George W Bush's depiction of Iran as a member of the 'axis of evil', and Washington's penchant for 'regime change', were seen in Tehran as warning signs of impending action. This existential threat facilitated the rise of firebrand Mahmoud Ahmadinejad to presidency in 2005, leading to escalation of tensions in the region. Iran has frequently been singled out by the United States, Israel and Saudi Arabia as a regional threat and a source of instability. Saudi Arabia's arms purchases for the United States is a source of concern in Tehran. Meanwhile, Israel has persistently urged action against Iran, with Prime Minister Benjamin Netanyahu warning world leaders that Iran was on the verge of building nuclear bombs. In this hostile environment, to which Iran contributed, Iran lacked conventional military power to respond to threats. Years of international sanctions have allowed its military hardware to age and become seriously depleted. However, Iran seeks to make up for its limited conventional fire-power by sponsoring sub-state actors and gaining an ability to potentially project influence through its allies.

The relationship with Hizbullah is pivotal for Iran. Hizbullah offers Iran the ability to extend its reach into the Levant and threaten Israel and US interests with retaliation in case of an

attempt at regime change in Iran. Hizbullah's significance for Iran was highlighted in the Syrian civil war through its ability to push back the Islamic State of Syria and Iraq (ISIS), also known as Daesh by its Arabic acronym, and other anti-Assad fighters close to Turkey. This intervention, coupled with the deployment of the Islamic Revolutionary Guards Corps (IRGC), and other smaller units of foreign fighters such as the Fatemiyoun (made up of Afghan Shia) and Zainebiyoun (made up of Pakistani Shia) brigades was instrumental in keeping Iran's ally Bashar al-Assad in power. Iran's cultivation of proxy relations proved very effective in pushing back the threat to Iran's regional presence. This paper begins with a review of the official worldview in Iran to account for its ideological rhetoric. It then examines the development of Hizbullah as a viable fighting force under Iran's patronage and its growing capabilities to withstand Israeli operations and mount a successful campaign to save Assad against rebel groups. These capabilities demonstrate that Iran has gained an ability to project power in the region in spite of its military limitations.

## *Worldview*

Iran's worldview, promoted by the founders of the Islamic Republic, is a mix of Marxist revolutionarism, Third World anti-colonialism and Islamic evangelism. Khomeini defined the Islamic state in absolute contrast to the deposed Pahlavi regime. The Shah was rejected for opening Iran to Western influences, and more specifically, for taking his orders from the United States. The United States was dubbed by Khomeini as the 'Great Satan' and was seen as the source of evil on a global scale in which post-revolutionary Iran was destined to challenge. Iran saw itself as the champion of the 'downtrodden masses' (*Mustazafin*) against the arrogance and domination of the 'oppressors' (*Mustakberin*). This worldview allowed the leaders of the Islamic Republic of Iran to project a grand vision for the future that was not bound by territory and national borders. Iran's 1979 revolutionary constitution captures this worldview. Article 152 makes all humanity, especially all Muslims, its point of reference for Iran's foreign policy:

The foreign policy of the Islamic Republic of Iran is founded on the basis of ending any type of domination, safeguarding the complete independence and integrity of the territory, defending the rights of all Muslims, practicing nonalignment with respect to the dominating powers and maintaining mutual peaceful relationships with non-belligerent nations.

In the context of the Middle East, this vision meant rejecting most, if not all, regional governments as part of the machinery of oppression against the Muslim masses. Iran reserved its most venomous attacks for Israel, labelling it the Zionist entity and the occupier of Jerusalem and Muslim lands. Anti-Israel propaganda served an important purpose for the construction of the Islamic Republic of Iran as the champion of Muslim interests. The Israeli occupation of South Lebanon in 1982 offered Iran a timely opportunity to invest in its anti-Israel agenda by sponsoring the formation of Hizbullah. The Shia in Lebanon were ready to be mobilised in the face of political and socio-economical marginalisation and Israeli aggression. Iran's message

of resistance to oppression proved a lightning-rod to channel that energy.<sup>1</sup> Iran's revolutionary ideology gave Hizbullah an edge over other Shia militia in Lebanon. With the help of Iran and Syria, it soon gained ascendancy over other Shia organisations and proved an effective fighting force against Israel.<sup>2</sup> From the onset, Hizbullah has proudly proclaimed its ideological affinity to Iran. Its founding 1985 document, titled Open Letter to the Downtrodden of Lebanon and the World, declares allegiance to the Iranian version of the Islamic state under the rule of the most learned jurisprudent – *vilayet-e faqih*.<sup>3</sup> Capturing the Iranian worldview, Secretary General of Hizbullah Subhi al-Tufayli (1989-91) declared in 1987: 'We do not work or think within the borders of Lebanon, this little geometric box, which is one of the legacies of imperialism. Rather, we seek to defend Muslims throughout the world.'<sup>4</sup> Iran's patronage of an Arab militia against Israel was designed to boost its image as the champion of the Muslim cause and enhance its regional standing.

### *Proxy relations*

Throughout the 1980s and beyond, Iran sponsored the formation, expansion and battle-readiness of Hizbullah in the face of repeated Israeli attempts to destroy it. Hizbullah's survival made it the stuff of legends in the Arab streets and vindicated Iran's commitment to it as the 'flagship' of the revolution.<sup>5</sup> In 2006, tensions along the Israel-Lebanon border flared up again after Hizbullah carried out a cross border raid to capture Israeli soldiers. Israel's response was overwhelming, with Israel's air force carrying out over 11,000 combat missions.<sup>6</sup> Despite this firepower, Hizbullah continued to fire rockets across the border at Israeli targets. It is not surprising that the 2006 war was hailed as a victory by Hizbullah and its backers in Tehran. The 2006 war was the first time an Arab military force had not capitulated to Israel's military campaign.<sup>7</sup> Iranian parliamentary speaker Ali Larijani captured the enormity of this episode by declaring that Hizbullah has destroyed the 'myth of Israel's invincibility'.<sup>8</sup> This was cause for celebration and pride in Iran.

As a tried and tested fighting force in Lebanon, Hizbullah serves as a strategic asset for Tehran in a hostile international environment. Iranian leaders have maintained an unwavering

---

<sup>1</sup> Shanahan, R. (2005). *The Shi'a of Lebanon: clans, parties and clerics*. London: Tauris Academic Studies. pp. 108.

<sup>2</sup> Deeb, L. (2012). Hizbullah in Lebanon. In S. Akbarzadeh (Ed.), *Routledge Handbook of Political Islam* (pp. 74-88). London: Routledge. pp. 78.

<sup>3</sup> Hezbollah's Open Letter (1985), <http://www.cfr.org/terrorist-organizations-and-networks/open-letter-hizballah-program/p30967>

<sup>4</sup> Cited in Kramer, M. (1994). *Hizbullah: The Calculus of Jihad*. *Bulletin of the American Academy of Arts and Sciences*, 47(8), 30.

<sup>5</sup> Menashri, D. (2007 Summer/Spring). *Iran's regional policy: between radicalism and pragmatism*. *Journal of International Affairs*, 60(2), 157.

<sup>6</sup> Kober, A. (2008). *The Israel Defense Forces in the Second Lebanon War: Why the Poor Performance?*. *The Journal of Strategic Studies*, 31(1), 23-24.

<sup>7</sup> Milan, M. (2013). *Why Tehran Won't Abandon Assad(ism)*. *The Washington Quarterly*, 36(4), 79-93.

<sup>8</sup> Cited in Chubin, S. (2009). *Iran's Power in Context*. *Survival*, 51(1), 172.

commitment to Hezbollah and constantly remind the United States and Israel that any attack on Iran would be very costly for them. For example, Ayatollah Jafar Shoujouni, a member of the Combatant Clergy Association, boasted that Hezbollah leader Hassan Nasrallah had assured him of Hezbollah's commitment to Iran's security.<sup>9</sup> Nasrallah confirmed this account when he warned Israel that an attack on Iran's nuclear facilities would invite Hezbollah's 'enormous response'.<sup>10</sup> Presenting Hezbollah as part of Iran's defence mechanism has become a standard position in Tehran, and a significant pillar of what President Rouhani calls Iran's military doctrine of deterrence.<sup>11</sup> According to Iran's Defence Minister Hoseyn Dehqan: 'strengthening the resistance movement and Hezbollah to fight against the murderous and occupying Zionist regime is the general and firm policy of Iran'.<sup>12</sup>

### *Syria and the rise of Daesh*

For Tehran, Syria is a lynchpin of the 'axis of resistance'. Syria is the only Arab state to have a security alliance with Iran, which has endured over three decades and is highly valued in Tehran.<sup>13</sup> According to Ali Akbar Nateq Nouri, from the office of the Supreme Leader, 'Syria has played the role of a communication bridge between Iran and Lebanon ... During the [Iran-Iraq] war, when some tried to portray the war as an Arab war against Persians, Syria contradicted this picture and stood side by side with Iran'.<sup>14</sup> The rise of Daesh and the serious risk it poses to the Assad regime further elevated the strategic value of the Iran-Hezbollah-Syria triangle. This resulted in mobilising Hezbollah to prop up the Assad regime. Threat perceptions emanating from Daesh were explicit amongst the Iranian leadership. In the words of Foreign Minister Javad Zarif in May 2015: 'we are supporting the legitimate government of Syria. If we had not provided that support, you would have had Daesh sitting in Damascus now'.<sup>15</sup>

---

<sup>9</sup> Dailey, K. (2011). Ayatollah: Hezbollah will respond to attack on Iran. *The Daily Star*, September 27, 2011. <http://www.dailystar.com.lb/News/Lebanon-News/2011/Sep-27/149810-ayatollah-hezbollah-will-respond-to-attack-on-iran.ashx>

<sup>10</sup> Al Jazeera. (2012). Iran and Hezbollah issue warnings to Israel. *Al Jazeera*, August 17, 2012. <http://www.aljazeera.com/news/middleeast/2012/08/201281717556151270.html>

<sup>11</sup> Fars News. (August 24, 2014) <http://www.farsnews.com/newstext.php?nn=13930602000445>

<sup>12</sup> Iranian Students' News Agency (January 27, 2015) <http://www.isna.ir/fa/news/93110703750/%D9%88%D8%B2%DB%8C%D8%B1-%D8%AF%D9%81%D8%A7%D8%B9-%D8%AA%D9%85%D8%A7%D9%85-%D8%B8%D8%B1%D9%81%DB%8C%D8%AA-%D9%87%D8%A7-%D8%B1%D8%A7-%D8%A8%D8%B1%D8%A7%DB%8C-%D8%AA%D8%B3%D9%84%DB%8C%D8%AD-%DA%A9%D8%B1%D8%A7%D9%86%D9%87>

<sup>13</sup> Goodarzi, J. (2006). *Syria and Iran: Diplomatic Alliance and power politics in the Middle East*. London: I.B. Tauris. pp. 18-23.

<sup>14</sup> *Kayhan* (September 12, 2014) <http://kayhan.ir/fa/news/23898/>

<sup>15</sup> Hoffmann, C. (2015). Interview with Iranian Foreign Minister: We Will Have Differences with US No Matter What. *Der Spiegel*. May 16, 2015. <http://www.spiegel.de/international/world/interview-with-iranian-foreign-minister-mohammad-javad-zarif-a-1033966.html>

Continued pressure on the Assad regime made it necessary for Hizbullah to become directly involved in the Syria war. Hizbullah operatives assumed command of some military operations<sup>16</sup> and engaged rebel groups inside Syria to bolster the regime's defences.<sup>17</sup> Hizbullah's recovery of al-Qusayr from rebels in 2013 was a reminder of its significance. Nasrallah justified Hizbullah's actions as essential for defending 'the backbone of resistance'.<sup>18</sup> This perspective was also dominant in Iran, as Daesh and other rebel groups were seen as the direct or indirect products of US policy aimed at bolstering Israel's security by undermining Syria. Israeli airstrikes against the Hizbullah unit in the Syrian part of the Golan Heights, as well as Iranian bases in Syria, tend to vindicate the above perspective.<sup>19</sup> According to Nasrallah, Syria was the subject of 'a political plan led by America and the West, and its tools in the region.'<sup>20</sup> In other words, the Syrian war has been another chapter in the struggle against US imperialism and Israeli oppression.

This sentiment continues to be echoed by Iranian leaders in their diplomatic efforts to bring an end to the Syrian war. Indeed, Iran has actively engaged in regional diplomacy to find a solution to the conflict and cement gains on the ground. Since 2017, Iran, Turkey and Russia have mediated the Astana Peace Process between the Syrian armed opposition and delegates from Damascus to establish a Syrian Constitutional Committee. While little consensus has been reached, Iran has used the talks to raise concerns over Israeli and US actions in Syria. For example, in the September 2019 talks, Rouhani proclaimed:

The illegal presence of American military forces on Syrian soil threatens the territorial integrity and national sovereignty of Syria...it is necessary for American forces to leave this region as soon as possible.<sup>21</sup>

Moreover, Rouhani labelled Israeli attacks in Syria as 'blatant examples of provocative and illegal hostile measures.'

Despite the military gains in Syria, the propaganda value of Hizbullah for Iran has suffered a setback. Iran's relations with Sunni groups such as Hamas and the Muslim Brotherhood have deteriorated significantly due to Tehran's support for the Assad regime. Iran's policy on Syria has effectively cut it off from other (predominantly Sunni) Arab organisations and the Arab

---

<sup>16</sup> Barnard, A.; Saad, H.; Schmitt, E. (2015). An Eroding Syrian Army Points to Strain. *The New York Times*. April 29, 2015. [http://www.nytimes.com/2015/04/29/world/middleeast/an-eroding-syrian-army-points-to-strain.html?\\_r=0](http://www.nytimes.com/2015/04/29/world/middleeast/an-eroding-syrian-army-points-to-strain.html?_r=0)

<sup>17</sup> Slim, R. (2014). *Hezbollah and Syria: From Regime Proxy to Regime Savior*. *Insight Turkey*, 16(2), 68.

<sup>18</sup> Quoted in Tokmajyan, A. (2014). *Hezbollah's military intervention in Syria*. *Approaching Religion*, 4(2), 105-114.

<sup>19</sup> BBC. (2015). Iran general died in Israeli strike in Syrian Golan. *BBC*, January 19, 2015. <http://www.bbc.com/news/world-middle-east-30882935>

<sup>20</sup> Reuters. (2013). Nasrallah says Hezbollah will bring victory to Syrian ally Assad. *Reuters*, May 25, 2013. <http://www.reuters.com/article/2013/05/25/us-syria-crisis-hezbollah-idUSBRE94O09120130525>

<sup>21</sup> Azizi, H. (2019). What the latest Astana summit tells us about Iran's position on Syria. *Al-Monitor*, September 17, 2019. <https://www.al-monitor.com/pulse/originals/2019/09/astana-summit-iran-turkey-russia-position-syria.html#ixzz6DbiNGdRN>

streets. The deterioration of the Syrian civil war into a sectarian conflict has shattered Iran's efforts to foster and lead a united Muslim front. But the Iranian leadership refuses to give up on its vision. Rejecting the conflict as a war of Sunni vs Shia and pointing to Israel and the US as the real enemies, Iran continues to advance its revolutionary narrative to justify its involvement in Syria. This narrative is an important ideological justification for Iran's security risk assessment and threat perception.

## *Conclusion*

There is a symbiosis between ideology and strategic assessment in Iran. They are mutually reinforcing and difficult to disentangle. Iran's ideological outlook has guided its actions in sponsoring the formation of Hizbullah in Lebanon and the alliance with Syria against Israel and the United States. Iran's ideological and military support proved instrumental in Hizbullah's ability to withstand Israeli onslaught. The benefits were mutual. Iran could bask in the glory of Hizbullah's victories, and reaffirm its role at the helm of the anti-Israel campaign in the Muslim world. Iran's ability to remind Israel and the United States that it has a willing partner on Israel's door-steps, serves an important strategic purpose. It acts as an important deterrent against Israeli or US airstrikes against Iran's nuclear and military infrastructure and gives Iran an edge to project power. The importance of Hizbullah as a strategic asset was highlighted in recent years following the Daesh threat to Assad's regime.

Iran views Daesh as a strategic threat to its only state ally in the Arab world. Given the heightened risk factors, Iran has reaffirmed and doubled its commitment to Hizbullah to address the threat to the Assad regime and deter future threats to its territory. In this geopolitical framework, both factions in the Iranian regime are guided by the same mix of ideological and strategic imperatives that have sustained the relations with Hizbullah. The latter is a willing partner in this relationship as Hizbullah relies heavily on Iranian patronage to maintain its fighting capabilities. This willingness has served Iran's security assessment and compensated for its limitations in conventional force projection. Both parties see significant value in this patronage, making Iran-Hizbullah ties a robust and resilient proxy relationship.

This shared threat perception between Iran and Hizbullah presents a major barrier to any attempt at conflict resolution. Iran sees Saudi Arabia as the ideological and financial source of Daesh and other anti-Iran/anti-Shia forces in the region. This explains the deep sense of mistrust and disdain for the Saudi leadership and its allies. In return, Iran's behaviour has caused alarm in Riyadh and other regional capitals. What Iran sees as a self-defence strategy is interpreted as aggressive and expansionist. Iran's posturing and disruptive rhetoric have caused serious concerns about its ability to play by international rules and refrain from disrupting the status quo, which is often formulated as respect for national sovereignty. The deep sense of mutual mistrust presents a significant challenge in building bridges and overcoming differences. Any regional attempt at peace building across the Persian Gulf will need to address the trust deficit between the two regional rivals.

## **Saudi Arabia, Iran and the United States**

**Lawrence Rubin**

In this short interjection I engage with two sets of questions about the role of the United States' role in the rivalry between Saudi Arabia and Iran. Erstwhile allies, the US-Iranian relationship is long, complex and beyond the scope of this<sup>1</sup> interjection. Yet the enduring relationship between Washington and Riyadh – a key function of which is to serve as a guarantor of Saudi Arabia's security - means that the US plays a key role in the Persian Gulf regional security complex and any efforts to reduce tensions.

1. To what extent can the United States play a role as mediator in the conflict? Is its presence in the Gulf an impediment to rapprochement?

A bit of context is necessary. An important starting point for any discussion on contemporary US foreign policy and its affect on Saudi-Iran relations is the broader strategic context outlined by the 2017 National Security Strategy and the 2018 National Defense Strategy. In these documents, the Trump Administration prioritizes the global threats and challenges the United States must address to provide guidance as to how US national resources and assets should be allocated. As has been written about in many other places, a dominant theme of these documents is that the United States must focus on great power competition with Russia and China. Because resources are finite, the new focus means counter-terrorism/counter-insurgency operations and the Middle East more generally should mean less budgetary attention.

As a general matter, there is some continuity and discontinuity from the Obama administration which attempted to pivot to Asia as it tried to promote a different Middle East architecture with the JCPOA as a building block to restructure regional relations. This agreement and the subsequent US withdrawal from it did not change the fact that the Iran-Saudi Arabia competition has remained centerstage as an key factor in many regional conflicts. While the Obama administration sought to make a grand bargain through the JPCOA and shake up the regional order, the Trump administration's approach was to pursue a maximum pressure campaign against Iran while trying to manage an anti-ISIS coalition.

The closest the Trump administration has come to outlining a regional architecture has been its efforts to promote a MESA, a Middle East Strategic Alliance, a security partnership between Gulf Cooperation Council nations, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, plus Jordan and Egypt, announced in May 2017. Although MESA was not established to confront the Iranian threat, it is reasonable to assume the administration hoped

these countries would support anti-Iranian efforts. There have been some challenges to this structure unrelated to sectarian issues, which I will address below.

Given this broader context, a second set of questions emerges:

2. Can the United States act as a mediator in this conflict? Can it reduce sectarianism and what impact does its presence in the Gulf have on sectarianism as it relates to Saudi-Iranian relations?

The United States is not in a good position to play a role as a mediator for a number of reasons and should therefore should not be relied upon to do so. The current administration likely does not believe its foreign policy interests would be served to act as a mediator. The US' overarching goal with regard to Iran is to end Iran's "malign activities" in the region, stop the development of its ballistic missile program, and force Iran to completely halt or reverse its nuclear program. These objectives fit alongside traditional US objectives of maintaining the free and unfettered accesses to energy markets and to protect US partner allies.

Even if it served the current administration's interest to act as a mediator, the US would not be viewed as a trusted actor by not just adversaries but also its allies. For the last two administrations, Gulf allies have questioned US commitment to the region based on Washington's perceived behavior and statements. An offer to mediate would be seen with additional suspicion especially in the wake of US withdrawal for the JCPOA under the Trump administration.

The Trump administration's support of Saudi Arabia and the UAE against Qatar in the Gulf crisis of 2017 is another example of how the US would not be seen as a mediator in the current context. It is also an example of how confusing and complex the sectarian issue can be. In supporting its allies, Saudi Arabia and the UAE, against Qatar, the Trump Administration made undermined its own efforts in its maximum pressure campaign against Iran. In addition, this made coordination on other foreign policy efforts, such as the anti-ISIS coalition, more challenging because the Gulf state could not serve as a unified bloc. From a sectarian/geopolitical angle, these moves shows how fluid these sectarian categories are. The boycott of (Sunni) Qatar pushed it toward (Shi'a) and even close to (Sunni) Turkey, a country which also hosted exiled (Sunni) Muslim Brotherhood leaders.

Lastly, the United States' withdrawal from the JCPOA, which had increased Gulf concerns about US commitment to the region, did not enhance its capability to serve as a mediator. The withdrawal confirmed hard-line views in Iran of the United States and it may have also showed the Gulf states that the United States could also reverse an agreement. Suspicions and animosity are difficult to overcome in such an action that may only be perceived as a short term response to something else.

However, a few important questions remain: In what ways might US policy affect sectarianism given the most likely conflict scenario is a clash between the United States and Iran or an Iranian supported force against Saudi Arabia or UAE interests. In this case, there might not be much movement toward de-sectarianism or sectarianism (meaning the intensification of the sectarian elements of the conflict) unless religious, symbolic elements are invoked or targeted in a clash. The categories of identity seem to be too intertwined across geo-political lines to have much meaning right now.



## A Chimera of Rapprochement? Iran and the Gulf monarchies: The View from Israel

Clive Jones

Whatever the scale of his legal troubles at home, there can be little doubt that Prime Minister Binyamin Netanyahu has overseen a series of diplomatic triumphs in the Middle East. While his rehearsed tirades against Iran in international forums have been met with a weary sigh among the foreign ministries of many Western states, his warnings over Iran's nuclear ambitions and regional malfeasance hit home where it mattered most: the Gulf monarchies and Saudi Arabia, the United Arab Emirates and Bahrain in particular.<sup>1</sup> While this troika have yet to establish open diplomatic ties with Israel, it is clear from the available evidence that ties between Tel Aviv on the one hand, and Riyadh, Manama, and Abu Dhabi on the other now embrace security cooperation, diplomatic co-ordination, and economic exchange unthinkable just a decade ago.<sup>2</sup>

We should not forget that Israel has always managed to penetrate the Arab state system. Even before the creation of the State in 1948, clandestine ties were established with minority groups across the Middle East, both to ease Jewish migration (Aliyah) to Mandate Palestine and later, to give support to minority groups in Arab countries where opinion remained resolutely opposed to Zionism and the very idea of a Jewish dispensation in their midst. In what was known as the 'Periphery Doctrine', Israel established ties with ethnic and national minorities such as the Kurds in Iraq, the Christian Communities in Lebanon, Christian tribes in southern Sudan and in the 1990s, Zeidi tribes in northern Yemen.<sup>3</sup> While it is difficult to appreciate fully the success of this strategy overall in weakening the pan-Arab consensus, in the case of Yemen the results were game changing. At the time of the June 1967 war, over 50,000 Egyptian soldiers remained bogged down in an unwinnable war in support of a Republican regime whose suzerainty barely extended beyond the capital Sana'a.<sup>4</sup>

This points to a broader issue that has perhaps defined much of Israel's approach to the Arab world: awareness of primordial identities that eschew the collective idea of Arabism, allegiance to a singular national identity, or indeed, adherence to a singular religious dogma. While it has become fashionable to suggest that sectarianism, for example, has become securitised by actors with everything to gain from exploiting these particular societal fault lines, Israeli scholars see

---

<sup>1</sup> Melman, Y. (2020). Wanted: An Arab prince or king, for election photo with Netanyahu. *Ha'aretz*, February 13, 2020. <https://www.haaretz.com/israel-news/.premium-netanyahu-wants-saudi-uae-prince-bahrain-morocco-king-for-election-photo-1.8524961>

<sup>2</sup> Jones, C. and Guzansky, Y. (2020). *Fraternal Enemies: Israel and the Gulf Monarchies*. New York: Oxford University Press.

<sup>3</sup> Alpher, Y. (2015). *Periphery: Israel's Search for Middle East Allies*. London: Roman & Littlefield.

<sup>4</sup> Jones, C. (2010). *Britain and the Yemen Civil War*. Brighton: Sussex Academic Press.

them as enduring truths of the Arab and Muslim Middle East.<sup>5</sup> However unfortunate, these cannot be wished away intellectually by recourse to post-Colonial critiques. Thus, while Israeli scholars can and do offer nuanced critiques of social, political, economic and religious eddies across the MENA region, policy-makers continue to look at their environment predominantly through the lens of *Realpolitik*. The evidence for most Israelis is that despite clear foreign policy and security reversal, it is an approach that has served the Jewish State well. Within the region, it is an economic and military powerhouse, one of the few Middle East states to be given developed nation status by the OECD. In research and development and notably, the realm of cybersecurity, it is a global player. No other state in the region can match its prowess in this domain.

Increasingly, this has become a facet of Israel's soft power that has delivered hard power influence. Israeli expertise in cyber security in particular has been highly valued, not least by the Emiratis whose cyber surveillance system was largely built on the back of an Israeli owned company operating out of Zurich, AGT International.<sup>6</sup> Emirati pilots now train openly alongside their Israeli counterparts in the United States and on NATO exercises while reports suggested that a contingent travelled to Israel to receive a briefing on Israel's use of the F-35 stealth fighter that the Israelis have now flown operationally.<sup>7</sup>

But it is the relationship with Saudi Arabia that has perhaps sparked most interest. The uncompromising attitude taken by Crown Prince Mohammed bin Salman towards Iran, the decision in 2015 to launch combat operations against Houthi rebels in Yemen, and even its obdurate stance towards Qatar, won plaudits from Netanyahu. This was capped by the less than supportive statements made by the Crown Prince to a range of media outlets regarding the Palestinians, comments that contrasted sharply with a declared understanding of Israel's security dilemma. It appeared that substantive progress towards peace with the Palestinians was no longer the *sine qua non* for ties between Israel and several Gulf monarchies to develop. For Israel, this 'outside in' approach appears to be a win-win situation: not only are new strategic ties forged with erstwhile enemies, but it allows Israel greater leverage in determining, if any, the steps to be taken in any future accommodation with the Palestinians.

As if to emphasise the point, it has become an almost common occurrence for former Saudi and Israeli security officials to meet and discuss mutual security interests quite openly at academic forums. Often these events are streamed live to audiences in the Middle East. It might not equate to formal diplomatic ties (such participants always claim they speak in a personal capacity) but these events represent important, if incremental steps in preparing audiences for a process of normalisation. It remains of note that amid the international furore over the murder and dismemberment of Jamal Khashoggi in the Saudi consulate in Istanbul in October 2018,

---

<sup>5</sup> Susser, A. (2012). [The "Arab Spring": Competing Analytical Paradigms](#). *Bustan: The Middle East Book Review*, 3(2), 109-130.

<sup>6</sup> Jones and Guzansky (2020), 85-86.

<sup>7</sup> Ibid, 83, 85-86.

Netanyahu was one of the few world leaders who refused to condemn outright an act thought to have been carried out on the orders of Crown Prince.<sup>8</sup>

Of course, the perceived threat from Iran underpins what I have described elsewhere as a Tacit Security Regime. With its use of proxies to consolidate power across what King Abdullah of Jordan once termed the Shi'a crescent, and with suspicions still rife in the capitals of the Gulf and Tel Aviv over Tehran's nuclear ambitions, shared strategic interest has led Israel to far more benevolent in allowing the Saudis and Emiratis to gain access to hi-tech weaponry. While keen to maintain its qualitative military edge, Tel Aviv is now far more discerning over when and how it puts pressure on the US Congress to veto certain military exports. For the Israelis, Saudi Arabia, the UAE and Bahrain are frontline states in a wider regional strategy to contain Iran. Equally, the outreach of many of the Gulf monarchies to Israel and pro-Israel organisations in the United States has been done in the belief that this has magnified their voice in the corridors of power in Washington.

But the trajectory of these ties has now come to be challenged and not in a way that, for the Gulf monarchies at least, appears to be in their best interests. For while ties with Israel have undoubtedly warmed, the relationship with the United States has remained the foundation of Gulf security. This despite Saudi attempts to foster a new security architecture with other Arab and Islamic states which have largely foundered.<sup>9</sup> We should not exaggerate the extent of Washington's retrenchment: it still has the most powerful naval presence in the region while the Al Udeid base in Qatar remains the centre of Washington's power projection throughout the Gulf and Southern Asia. Even so, and in the wake of his predecessor, Barak Obama, President Donald Trump has raised fears that Washington's diplomatic commitment to the region is less than its many military parts. The transactional nature of much of his diplomacy has blindsided many of the Gulf monarchies which, while operating some of the most advanced weapons technology in the world, have had the limits of military power cruelly exposed in the ongoing conflict in Yemen. Indeed, the passive response by Saudi Arabia to strikes on its ships, as well as the missile and drone attack on its oil refinery at Abqaiq-Khuras in September 2019 suggest a regime unsure of the stance of the Trump Administration and where policy by 'Tweet' hardly reinforces faith in Washington's resolve. The killing of Qassem Soleimani, the leader of the Iranian Revolutionary Guard Corps, may have been welcomed behind the gilded doors of power in Riyadh, but his assassination was ordered in response to American deaths in Iraq at the hands of Iran's proxies, not because of the damage inflicted on Saudi Arabia.

There are indications that having launched a precipitous bombing campaign against the Houthis in Yemen and attempted to bring Doha to its knees through an economic blockade, Riyadh is now looking to soften its stance. Despite an aerial campaign that has helped precipitate a humanitarian crisis, there is little sign that the bombing has dented the grip exercised by the

---

<sup>8</sup> Ibid, 114-115.

<sup>9</sup> Miller, R. and Cardaun, S. (2019). [Negotiating Insecurity: Small States and Multi-national Security Coalitions in the Middle East](#). *Middle East Insights*, (NUS/Middle East Institute), No.211 (September 2019), 1-5.

Houthi militia over much of Yemen, including the capital Sana'a. Equally, the coalition that Saudi Arabia put together to legitimise its actions in Yemen has begun to fragment with its main partner, the UAE, announcing its disengagement from the conflict by the end of 2019. There are even signs that an accommodation might eventually be reached with Qatar, whose cordial ties with Iran alongside its support for the *Ikhwan* (Muslim Brotherhood), a proscribed organisation in Saudi Arabia and the UAE, had led to the breakdown in relations. An added element in the Saudi desire to reach an accommodation with the Qataris is its desire to develop a regional gas network. This would allow Riyadh to ease its domestic dependency on oil and, with Doha and Abu Dhabi, develop a regional gas network that could compete with the Eastern Mediterranean Gas Forum. This currently binds Israel (with its massive Leviathan gas field) Egypt, Jordan together with Greece and Cyprus. The dispensation of energy and competition for markets will likely be a key determinant in mapping new regional alliances over the coming decade.<sup>10</sup>

Much of course remains undecided. Riyadh, Abu Dhabi and Tel Aviv will cut their 'regional cloth' accordingly when, in an election year, Washington's intentions are better known. Israel, for its part, harbours few doubts as to Iran's regional intentions although some, notably in the security establishment, continue to question the incantation exercised by Netanyahu over a White House that effectively did Israel's bidding in walking away from the JCPOA.<sup>11</sup> Netanyahu and many in Israel remain convinced, however, that dealing with a regime that has openly called for the removal of Israel, requires a hard-nosed realism that sees Iran for what it is, not what others hope it might be or become. To this end, the coup that saw Israel's intelligence service, the Mossad, smuggle thousands of documents out of Iran that showed the extent of Iran's nuclear programme and the extent of its nuclear ambitions, was presented before a world audience. While much presented was already known, the extent of the Iranian programme did surprise informed observers and, released just days before Trump pulled the United States out of the JCPOA in May 2018, certainly afforded President Trump political cover for his action.<sup>12</sup>

Of course, Israel remains locked in a conflict with Iran and its proxies across much of the Shia Crescent in what has become referred to as the 'war between the wars'.<sup>13</sup> Initially cautious about becoming dragged into the cockpit of internecine violence that was the Syrian Civil War, the Israeli military has, since 2017, launched continuous strikes against Iran and her proxy allies across Lebanon, Syria and even Iraq in an attempt to halt the flow of advanced

---

<sup>10</sup> Ibish, H. (2020). Competition for Mediterranean natural gas deepens as Gulf, European States join the fray. *The Arab Gulf States Institute in Washington*, February 27, 2020. <https://agsiw.org/competition-for-mediterranean-natural-gas-deepens-as-gulf-european-states-join-the-fray/> (accessed April 20, 2020).

<sup>11</sup> Harel, A. (2019). Trump's about-face in Syria forces Israel to rethink its Middle East strategy. *Ha'aretz*, October 17, 2019. <https://www.haaretz.com/israel-news/premium-u-s-about-face-forces-israel-to-rethink-its-strategy-in-the-middle-east-1.7995026>

<sup>12</sup> Bergman, R. (2019). Iran's great nuclear deception. *Yediot Aharonot*, November 29, 2019. <https://www.ynetnews.com/articles/0,7340,L-5412157,00.html>

<sup>13</sup> (Lappin, Y. (2018) 'The War Between Wars': Israel vs Iran in Syria *fathom*, October 2018. <https://fathomjournal.org/the-war-between-wars-israel-vs-iran-in-syria/>

missile technologies.<sup>14</sup> Hezbollah in particular remains the focus of such strikes, and it remains a concern for many that escalation and retaliation in this conflict might yet morph into a full scale armed conflict between Israel and Iran. Maintaining close ties with the Gulf monarchies remains in Israel's interests although Tel Aviv is well aware that wider regional eddies remain outside its ability to control. For now, Israel can only nurture the ties it has already established, warn of the regional threat posed by any accommodation with Iran, and continue to fight a war which they know might contain, but never crush its nemesis on its northern border.

---

<sup>14</sup> Kausch, K. (2017). Proxy Agents: State and Non-State Alliances in the Middle East. In L. Kamel (Ed.), [\*The Frailty of Authority: Borders, Non-State Actors and Power Vacuums in a Changing Middle East\*](#). Rome: Istituto Affari Internazionali. pg. 65-75.



## Prospects for Talks between Iran and Saudi Arabia

**Banafsheh Keynoush**

Economic problems combined with financial uncertainties caused by COVID-19 mean that Iran and Saudi Arabia could be losing the required political capacity and economic clout to engage in meaningful talks. This places prospects of direct Tehran-Riyadh talks on the back burner, while pressing regional and international issues will likely force the two capitals to address immediate concerns in the near to mid-term future.

Reason may dictate that the Islamic Republic of Iran and the Kingdom of Saudi Arabia should reach a regional compromise that would lower tensions between them when they are faced with seemingly insurmountable economic and fiscal constraints due to plunging oil prices and COVID-19. Evidence shows that even when regional tensions preoccupy Tehran and Riyadh in these uncertain times, the capacity to address them bilaterally is lacking.

### ***Poor Economic Forecasts and Budgetary Woes Stall Iranian-Saudi Talks***

The complementarity in the economies of Iran and Saudi Arabia is little to none, and there are non-existent levels of trust between the two countries. Together with the lack of recovery of future revenues after hits during an oil glut and in the age of COVID-19, this dims the prospects for the emergence of mutual trade and commercial interests between Tehran and Riyadh.

Crude oil prices plunged to their lowest levels in history in April 2020, denting the Saudi and Iranian budgets for the current fiscal year.<sup>1</sup> The Kingdom assumed a price of USD 60 per barrel for 2020, when in reality it needs oil to sell at USD 80-86 per barrel of oil, and Iran at a massive amount of USD 389, according to the International Monetary Fund.<sup>2</sup> Not surprisingly, Saudi budget forecasts will show declining numbers from the previously announced figure of USD 272 billion for the FY2020. Iran is unable to afford its projected budget of roughly USD 40

---

<sup>1</sup> Lizzy Gurdus, "Crude Prices Plunge to Lowest Level in History – What Cramer and Others are Watching," *Trading Nation*, April 20, 2020, <https://www.cnbc.com/2020/04/20/crude-prices-plunge-to-record-lows-cramer-others-on-whats-next.html>

<sup>2</sup> Elliot Smith, "How the Oil Price Capitulation Will Hit Nigeria, Saudi Arabia and other Major Exporters," *CNBC*, April 23, 2020, <https://www.cnbc.com/2020/04/23/how-the-oil-price-capitulation-will-hit-nigeria-saudi-arabia-and-other-major-exporters.html>; Marwa Rashad, Saeed Azhar, Stephen Kalin, "Saudi Arabia Asked State Agencies to Implement Big Budget Cuts: Sources," *Reuters*, March 11, 2020, <https://www.reuters.com/article/us-saudi-economy-budget/saudi-arabia-has-asked-state-agencies-to-implement-big-budget-cuts-sources-idUSKBN20Y0QA>

billion.<sup>3</sup> According to the World Bank, the recession in Iran's economy has shrunk its GDP by 7.6 per cent.<sup>4</sup>

In response to budgetary constraints, Saudi Arabia was forced to raise import duties by 0.5 to 15 per cent, and triple VAT taxes from 5 to 15 per cent to collect cash for its budget, estimated at around USD 26.6 billion, despite the hit on local consumer prices while other painful austerity measures are enforced through at least 20 to 30 per cent cuts in state agency budgets.<sup>5</sup> The Kingdom will also borrow billions in US dollars by issuing bonds to address the widening budget gap. Iran faces a projected budget deficit of USD 8.62 billion, and has relied on USD 5.5 billion debt bonds and foreign exchange reserves from the emergency National Development Fund to control deficit.<sup>6</sup>

Low oil prices will dampen long-term investment prospects for Saudi Arabia and Iran during COVID-19, even as they shore up oil prices by cutting production which other major producers including Russia resist. Still, the Organization for Petroleum Exporting Countries (OPEC) agreed to cut nearly 10 million barrels of production a day through the end of July to boost energy prices.<sup>7</sup> But the Saudi oil giant Aramco is considering another USD 10 billion sale in nonessential assets such as the pipeline business if it is able to attract investors. Faced by a tight US-led sanctions regime against it, Iran is unable to attract any major foreign investments in the foreseeable future.<sup>8</sup>

The coronavirus has led to increased health spending in Iran and Saudi Arabia. The pandemic has disrupted trade and commerce, tourism and retail business, and dampened forecasts for

---

<sup>3</sup> Pooya Stone, "A Look at Iran's 2020-2021 Budget," *Iran Focus*, December 10, 2019, <https://www.iranfocus.com/en/economy/34128-a-look-at-iran-s-2020-2021-budget>.

<sup>4</sup> "Iran's Economic Update – April 2020," The World Bank, April 16, 2020, <https://www.worldbank.org/en/country/iran/publication/economic-update-april-2020>.

<sup>5</sup> "Saudi Ministry of Finance: Additional Measures to Confront the Financial and Economic Impact of the Coronavirus Pandemic," *Saudi Press Agency*, May 11, 2020, <https://www.spa.gov.sa/viewfullstory.php?lang=en&newsid=2084883#2084883>; Tsvetana Paraskova, "Saudi Arabia Raises Import Duty to Offset Plunging Oil Revenues," *Oil Price*, June 4, 2020, <https://oilprice.com/Latest-Energy-News/World-News/Saudi-Arabia-Raises-Import-Duty-To-Offset-Plunging-Oil-Revenues.html>; Marwa Rashad, Saeed Azhar, Stephen Kalin, "Saudi Arabia Asked State Agencies to Implement Big Budget Cuts: Sources," *Reuters*, March 11, 2020, <https://www.reuters.com/article/us-saudi-economy-budget/saudi-arabia-has-asked-state-agencies-to-implement-big-budget-cuts-sources-idUSKBN20Y0QA>; Irina Slav, "Saudi Arabia to Take on Billions in Debt to Survive the Oil Price Crisis," *Oil Price*, April 23, 2020, <https://oilprice.com/Latest-Energy-News/World-News/Saudi-Arabia-To-Take-On-Billions-In-Debt-To-Survive-The-Oil-Price-Crisis.html>.

<sup>6</sup> "Think Tank Deliberates on Government's Budgetary Woes," *Financial Tribune*, May 18, 2020, <https://financialtribune.com/articles/domestic-economy/103431/think-tank-deliberates-on-government-s-budgetary-woes>.

<sup>7</sup> "OPEC, Allied Nations Extend Nearly 10 Million Barrel Cut by a Month," *Arab News*, June 6, 2020, <https://www.arabnews.com/node/1685761/business-economy>.

<sup>8</sup> Matthew Martin, Dinesh Nair, Archana Narayanan, "Saudi Aramco Considers \$10 Billion Pipeline Stake Sale," *Bloomberg*, April 23, 2020, <https://www.bnnbloomberg.ca/saudi-aramco-considers-10-billion-pipeline-stake-sale-1.1425756>.

foreign direct investments. In Saudi Arabia, the continually downward global economic outlook will lead to medium term fiscal deficits, risking the ability to visualize Vision 2030. The Kingdom plans to implement Vision Realization Programs (VRPs) for Saudi Vision 2030 in part through diversification and increased non-oil GDP. But the Saudi economy continually pivots to retaining higher oil prices or production, while government retracts promises of supporting the private sector by encouraging wage cuts. Even before the oil price plunge, GDP growth projection was modest at 2.3 percent for FY2020, in light of a USD 50 billion or roughly 6.4 percent of GDP budget deficit.<sup>9</sup> Before COVID-19, the Saudi economy grew only 0.3 per cent in 2019, despite growth in non-oil sectors, privatization, consumption and investments.<sup>10</sup> The socio-economic impact of COVID-19 is likely to be more devastating than the frequent anti-poverty protests in Iran before the outbreak of the pandemic, with average monthly salaries dropping rapidly to below USD 1,000 in urban areas and USD 500 in rural areas, at official exchange rates that are three times higher than actual market rates.<sup>11</sup>

### ***Social Tensions Slow Down Policies for Regional Diplomacy***

There are almost non-existent social interactions of any major consequence between Saudis and Iranians, except for infrequent pilgrimage. The coronavirus has halted religious pilgrimage, after Saudi Arabia accused Iran of the deliberate spread of the virus through pilgrims, and took steps to control the movement of Saudi pilgrims to and from Iran while placing quarantines in the Shia-dominated Eastern Province. Iran meanwhile housed hundreds of stranded Shia pilgrims from the Gulf Arab states after the outbreak of the pandemic, and worked with Qatar to facilitate their return to home countries.

Saudi Arabia has since taken quick measures to halt the spread of the coronavirus, but death tolls continue to rise in the Kingdom. Enforcing social distancing has been a particularly hard challenge among the religiously conservative groups in society, and in mosques and prayer homes where communal gatherings are frequent. In addition, the pandemic has delayed needed social reform plans under the leadership of Crown Prince Muhammed bin Salman bin Abdulaziz al-Saud.<sup>12</sup> The budget required for these reforms, which goes hand-in-hand with the Kingdom's social welfare programs, is quickly diverted to the fight against COVID-19. Iran faces a similar challenge, but it has taken few steps to control the coronavirus and adopted for

---

<sup>9</sup> "Budget Statement Fiscal Year 2020," Ministry of Finance, <https://www.mof.gov.sa/en/financialreport/budget2020/Documents/Bud-Eng2020.pdf>; Marwa Rashad, Saeed Azhar, Stephen Kalin, "Saudi Arabia Asked State Agencies to Implement Big Budget Cuts: Sources," *Reuters*, March 11, 2020, <https://www.reuters.com/article/us-saudi-economy-budget/saudi-arabia-has-asked-state-agencies-to-implement-big-budget-cuts-sources-idUSKBN20Y0QA>.

<sup>10</sup> "Saudi Arabia's Economic Update," The World Bank, April 16, 2020, <https://www.worldbank.org/en/country/gcc/publication/saudi-arabia-economic-update-april-2020>.

<sup>11</sup> "Corona and Household Income," *Donya-e Eghtesad*, March 12, 2020, <https://donya-e-eqtesad.com/-/بخش-سیر-مقاله-28/3634218-کر-ونا-در-آمد-خانوار-ها>.

<sup>12</sup> Paul D. Shinkman, "Oil, Coronavirus Cost Saudi Crown Prince," *US News*, May 6, 2020, <https://www.usnews.com/news/world-report/articles/2020-05-06/oil-coronavirus-challenge-mohammed-bin-salmans-power-in-saudi-arabia>.

the most part a herd immunity approach to containing the virus which has not worked. The coronavirus may have temporarily halted most anti-poverty protests in Iran, but social protests have not stopped completely given the rapid spread of poverty in the country.

There are major risks associated with the spread of poverty and delayed social programs in both Iran and Saudi Arabia. In Iran, acute hunger and poverty as well as high rates of illicit drug addiction have caused major societal distress.<sup>13</sup> Though the Kingdom's foreign reserves are still strong, roughly less than USD 500 billion, a pending economic crisis doubled by the continual reliance on public salaries by Saudis can threaten the Crown Prince's leadership goals.<sup>14</sup>

Iran and Saudi Arabia could be shifting toward more entrenched political systems as a result of these societal tensions, which could delay prospects for improved talks. The interlocking of dire socio-economic times at home with hostile foreign policy agendas toward each other creates a dilemma for Iran and Saudi Arabia. The two countries are unable to break the impasse in talks. This leaves little room to engage in meaningful negotiations especially as the two countries face more immediate concerns at home.

### ***Regional and International Concerns Over Iran Exclude Meaningful Options***

The Kingdom's senior princes insist that it does not want more conflict in the region, but they do not hesitate to blame Tehran for regional instability.<sup>15</sup> Iran's new hardline-led parliament speaker Mohammad Baqer Qalibaf has called for improved relations with the country's neighbors, which includes Saudi Arabia, but he too has no vision for how that may happen.

In the Persian Gulf, Saudi Arabia has supported US maritime coalition building efforts to ensure the safety of navigation, and the stationing of additional US troops in the waterway, while also working closely with other countries with vested interests in Gulf security including Japan, China, Russia and the Europeans. Saudi Arabia has also backed US measures to deploy forces to the Prince Sultan Air Base south of Riyadh.<sup>16</sup> The measures have temporarily altered Iranian efforts to exert control over the waterway, and Tehran only occasionally intercepts flagged tankers, uses high speed boats, and carries out military drills to assert influence. In Syria, Iran has bigger problems than dealing with Saudi Arabia which maintains a handoff approach toward Damascus. Since December 2019, Iranian-backed positions in Syria have

---

<sup>13</sup> Banafsheh Keynoush, "In Iran, Socioeconomic Impact of COVID-19 Could Outlast Its Physical Harm," *Inside Arabia*, April 22, 2020, <https://insidearabia.com/socioeconomic-impact-of-covid-19-in-iran-could-outlast-its-physical-harm/>.

<sup>14</sup> Stephen Kalin, "Saudi Arabia's Foreign Reserves Fall Sharply," *Market Watch*, May 31, 2020, <https://www.marketwatch.com/story/saudi-arabias-foreign-reserves-fall-sharply-2020-05-31>.

<sup>15</sup> "Turki Al-Faisal: Saudi Arabia 'Not Looking for War,'" *CNN*, <https://www.cnn.com/videos/tv/2020/01/07/turki-al-faisal-amanpour-saudi-arabia-iran-united-states-soleimani.cnn>.

<sup>16</sup> "US-Iran Conflict and Implications for US Policy," Congressional Research Service, May 8, 2020, <https://fas.org/sgp/crs/mideast/R45795.pdf>.

been hit by US and Israeli air and rocket strikes, after an initial show of force by pro-Iranian armed groups such as the Katai'ib Hezbollah and other Popular Mobilization Forces (PMFs) led by Abu Mahdi al Muhandis to enter the US Embassy in Baghdad. This was followed by US airstrikes against Katai'ib Hezbollah targets in both Iraq and Syria.<sup>17</sup>

Washington's constant pressures on Iran have overshadowed the Saudi-Iranian disputes in other parts of the region as well. Tensions between Iran and the United States over Iraq have led to occasional shows of force. Since the US killing of Qods Force commander Qasem Soleimani in Iraq in early 2020, Iran has hit with more advanced precision the Ayn al-Asad base in Iraq which houses US forces. A reported Iranian-backed rocket attack on Camp Taji killed two US military personnel and a British medic serving the US-led coalition fighting the Islamic State (IS) in March. In response, US manned aircraft has struck several sites near Baghdad where pro-Iranian Katai'ib Hezbollah forces operate.<sup>18</sup>

More recently, the US and Iran supported different candidates for the post of Iraqi premier during a five-month political deadlock to appoint a new government in Baghdad, which was given to a closer Washington ally but a candidate also acceptable to Tehran, Mustafa al-Khadimim who was Iraq's former intelligence chief. Saudi Arabia has tactically moved back into Iraq, calling the country the 'strongest pillars of the Arab world', to contain Iranian influence, by sending an ambassador to Baghdad and reaching an agreement to enable Saudi companies to invest in the Okaz gas fields.<sup>19</sup>

In Yemen, Saudi Arabia's main priority is hardly near wanting to accommodate Iranian interests. As a result, Riyadh will hold Tehran at arm's length for as long as it can, and let the dynamics of the Yemeni conflict play out regardless of Iranian interventions. The Kingdom is primarily preoccupied with resolving its differences with the United Arab Emirates (UAE) over the control of southern Yemen, building up the limited capacity of Yemen's internationally-recognized legitimate government led by President Abdrabbuh Mansur Hadi, and maintaining a level of dialog with the Houthis who are hit by economic hardships. Riyadh has also backed Washington to ensure that a recent high-level pledging event for the humanitarian crisis in Yemen does not generate aid that could advance Iranian interests.<sup>20</sup> Simultaneously, Saudi Arabia must have the international community on its side when addressing the Yemeni conflict. To do so, the Kingdom has prioritized sending aid to Yemen, and offering humanitarian and medical assistance during COVID-19 to the country, despite failure to raise needed funds.<sup>21</sup>

---

<sup>17</sup> "US-Iran Conflict and Implications for US Policy."

<sup>18</sup> "US-Iran Conflict and Implications for US Policy."

<sup>19</sup> "Prince Khalid bin Salman Praises Iraq as one of the 'Strongest Pillars of the Arab World,'" *Arab News*, May 23, 2020, <https://www.arabnews.com/node/1679071/saudi-arabia>.

<sup>20</sup> "Yemen 2020: High-Level Pledging Event for the Humanitarian Crisis in Yemen," United Nations, <https://www.unocha.org/yemen2020>.

<sup>21</sup> "Yemen Aid Operations at Risk After Fundraiser Falls \$1bn Short," *BBC*, June 3, 2020, <https://www.bbc.com/news/world-middle-east-52903440>.

Iran has asserted its influence in Yemen by working with the Houthis, and reportedly sharing with the group advanced missile capabilities,<sup>22</sup> drone technology and precision targeting to hit potential targets inside Saudi Arabia. Iran has aimed to signal to the international community that a resolution to the Yemeni conflict demands Iranian help. In reality, the Houthis do not control major swath of land in Yemen. As a result, Iran is by no means a major player in Yemen at all times, though its role appears to be indispensable to advancing Houthi battle gains, and nor does Tehran have full influence over the group which is leading talks of its own with Saudi Arabia. Moreover, Iran is unable to make Yemen a priority when Tehran faces a bigger battle with Washington as President Donald J. Trump fights with the US Congress to retain the presidential war powers act against Iran.<sup>23</sup>

## Conclusion

Tehran continues to dismiss options for talks with the United States.<sup>24</sup> The US expects Europe on board as it seeks an arms embargo extension on Iran, which will seal the collapse of the 2015 Iran nuclear deal.<sup>25</sup> Simultaneously, Washington seeks an end to waivers for Iran's civilian nuclear program and wants Europe to be aligned with the US in leading a maximum pressure campaign on Tehran.<sup>26</sup> With the prospect of a revised nuclear agreement with Iran seeming slimmer, Iran is faced with limited options when it comes to its ties with Europe, the United States, and their Arab allies in the Gulf region.

Consequently, the US-led maximum pressure policy against Iran, and the Iranian response of maximum resistance seems to leave few opportunities for engagement between Tehran and Riyadh for the foreseeable future. The United States has underscored that it is not seeking further escalation, but it has taken measures to force Tehran to step down from efforts to influence the outcome of regional conflicts. Saudi Arabia has generally backed these measures especially as Iran steps up efforts to resume its nuclear, satellite, and missile programs.<sup>27</sup> As a result, Saudi policy of ignoring Iran in the region is likely to better align with US efforts to contain Iranian power and influence. The Kingdom prefers to influence how US-Iran tensions

---

<sup>22</sup> Shawn Snow, "Ship Seizures Included 'Relatively New' Iranian Surface to Air Missile Bound for Houthi Rebels in Yemen," *Military Times*, February 19, 2020, <https://www.militarytimes.com/flashpoints/2020/02/19/ship-seizures-included-relatively-new-iranian-surface-to-air-missile-bound-for-houthi-rebels-in-yemen/>.

<sup>23</sup> Charles Pierson, "Greenlighting War: Iran and Yemen," *Counterpunch*, May 14, 2020, <https://www.counterpunch.org/2020/05/14/greenlighting-war-iran-and-yemen/>.

<sup>24</sup> "Mohammad Baqer Qalibaf's Meaningful Reaction to New Trump Proposal for Talks and Agreement with Iran," *Khabaronline*, June 5, 2020, <https://www.khabaronline.ir/news/1396021-واکنش-معاون-ار-قالیباف-به-پیشنهاد-جدید>.  
ترامپ-برای-مذاکره-موافق

<sup>25</sup> Kelsey Davenport and Julia Masterson, "US Seeks Iran Arms Embargo Extension Riling Europe," *In Depth in News*, May 15, 2020, <https://www.indepthnews.net/index.php/the-world/usa-and-canada/3545-us-seeks-iran-arms-embargo-extension-riling-europe>.

<sup>26</sup> Nicole Gaouette, Jennifer Hansler, "US Ends Waivers for Iran's Civil Nuclear Programs in Latest Maximum Pressure Campaign Move," *CNN*, May 27, 2020, <https://www.cnn.com/2020/05/27/politics/us-iran-nuclear-waivers/index.html>.

<sup>27</sup> "US-Iran Conflict and Implications for US Policy."



# SEPAD

play out in a way that serves Riyadh rather than spend dire resources to directly sort out its disputes with Tehran in the handling of regional files.

## Towards Peace-Building in Saudi - Iranian Relations?

Robert Mason

The scholarship on Saudi Arabian and Iranian politics, their foreign policies and Gulf security is dense and longstanding, and is particularly focused on Saudi-Iranian relations after the 1979 Iranian revolution.<sup>1</sup> I argue here that Saudi and Iranian de-escalation measures targeting their geo-sectarian conflict requires a host of broad, detailed and contentious measures, which if implemented, could re-orientate both states towards more sustainable and positive re-engagement. It favours longer term measures aimed at two distinct 'helixes': political Islam and a regional security dialogue/institution. This requires the leadership of the two states, and many other regional and external powers, to moderate and modify their current approaches but with prospects of significantly improving both the regional and international security landscape.

### *A History of Contentions*

Following the Iraqi invasion of Iran in September 1980 and the onset of the Iran - Iraq War, it became clear that Saudi Arabia would be unable to deter regional aggression alone, leading to the establishment of the Gulf Cooperation Council (GCC) in May 1981. Iran meanwhile, was deeply affected by the Iran - Iraq War and mistrusted neighbouring states willing to support Saddam Hussein's Iraq (in Saudi Arabia's case with oil shipments). Small states such as Qatar, Oman and Kuwait have since managed to walk a more independent line between these rival Gulf powers. But their politics have been shot through with complex security dilemmas, exacerbated by the necessities of the rentier model, balancing with Saudi Arabia, and in many cases pursuing strategic bilateral relations with external powers such as the US and allies able to offer manpower. The Arab uprisings have intensified regime and national security sensitivities, opportunities to project influence, and raised the stakes of Saudi and Iranian interests making the calculations in Riyadh and Tehran zero-sum.

---

<sup>1</sup> See for example: Hinnebusch, R. and Ehteshami, A. (2002). *The Foreign Policies of Middle East States*. Boulder, CO: Lynne Rienner Publishers.; Ehteshami, A. (2008). *Iran's Foreign Policy: From Khatami to Ahmadinejad*. Reading: Ithaca Press.; Karasik et al. (2009). *Saudi - Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy*. Santa Monica, CA: RAND.; Hunter, S. (2010). *Iran's Foreign Policy in the Post-Soviet Era*. Westport, CT: Praeger.; Mason, R. (2014). *Foreign Policy in Iran and Saudi Arabia: Economics and Diplomacy in the Middle East*. London: I. B. Tauris.; Mabon, S. (2015). *Saudi Arabia and Iran: Power and Rivalry in the Middle East*. London: I. B. Tauris.; Patrick, N. (2016). *Saudi Arabian Foreign Policy*. London: I. B. Tauris.; Ulrichsen, K (Ed.). (2017). *The Changing Security Dynamics of the Persian Gulf*. Oxford: Oxford University Press.

The Arab GCC states spent \$95 to \$128 billion on their militaries in 2017 versus \$15 - \$16 billion spent by Iran.<sup>2</sup> This discrepancy masks the fact that the former are too willing to invest in the most advanced weaponry and engage in foreign policies aimed at securing their core interests rather than ordering weapons (or other non-military assets) most suited to dealing with Iranian threats head on. Iran meanwhile has made major advances in ballistic and cruise missiles (including naval based capacities), air defence systems and deploys asymmetric forces that threaten shipping in the Gulf and in the Red Sea.<sup>3</sup> Iran's edge continues to be in the form of manpower and use of Zaydi Shia militia groups in Yemen, Lebanon, Syria and Iraq, which Tehran supports with funding, weapons, volunteers, and training.

Broader US/western - Iran contentions also affect Saudi - Iranian relations. These episodes go as far back as the Anglo-Soviet invasion of Iran in 1941, the overthrow of Iranian Prime Minister Mohammad Mossadeq by the CIA and Mi6 in 1953, and the US embassy hostage crisis in Tehran 1979-81. They were compounded by the accidental downing of an Iran Air flight by the USS Vincennes in 1988, the transition to a uni-polar world in 1991, US 'dual containment' of Iran and Iraq from 1994 and President Bush's 'Axis of Evil' speech in 2002. Ongoing tensions exist over Iran's nuclear proliferation strategy and US-led sanctions in turn. The US-led invasion of Iraq in 2003 led to the operationalisation of Shia militia forces, sometimes supported by US forces early on - indeed some Shia militia members have held Iraqi ministerial positions - but have also operated against coalition forces. For example, the Mahdi Army carried out attacks against US forces in Najaf in 2004.<sup>4</sup>

### ***US Interests and Actions in the Gulf and MENA Region***

US interests concerning Saudi Arabia included the Kingdom being a major energy partner for decades up to 9/11. The Carter Doctrine in 1980 following the Soviet invasion of Afghanistan put US interests directly at stake in any foreign intervention in the Gulf and the US stationed forces in the Kingdom from 1990 after Saddam Hussein invaded Kuwait. This was followed by various defence cooperation agreements and further troop deployments across the Gulf. US force positioning in Saudi Arabia became a major point of contention for Osama bin Laden in the early 2000s, leading to attacks on two US embassies in Tanzania and Kenya in 1998 and on the USS Cole in October 2000, before masterminding the 9/11 attacks.

Although President Obama drew down troops in Afghanistan and Iraq during his administration, we have not seen explicit US support for peace-building in the Gulf, and Iranian fears of US encirclement persist. Indeed, shared US - Arab Gulf interests vis-à-vis Iran, limited

---

<sup>2</sup> Cordesman, A. and Harrington, N. (2018). The Arab Gulf States and Iran: Military Spending, Modernization, and the Shifting Military Balance. *Center for Strategic and International Studies*. Washington D.C., Working Draft, p. 4, [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/181212\\_Iran\\_GCC\\_Balance\\_Report.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/181212_Iran_GCC_Balance_Report.pdf)

<sup>3</sup> Ibid, 2.

<sup>4</sup> Mapping Militant Organizations. (2019) Mahdi Army. *Stanford University*. <http://web.stanford.edu/group/mappingmilitants/cgi-bin/groups/view/57>

capacities for common defence, and low levels of trust among neighbours, have kept the US military ever present in the Gulf. But President Trump has failed to deliver diplomatic solutions. Apparently, he deliberately failed to resolve the 'Qatar Crisis' from June 2017 (firing Rex Tillerson, then Secretary of State, who was searching for solutions<sup>5</sup>) after Saudi Arabia, the UAE, Bahrain and Egypt attempted to blockade the country into submission. Instead, Turkey came to Qatar's aid. He also withdrew the US from the Joint Comprehensive Plan of Action (JCPOA) on 18 May 2018 and has sought to confront Iran through the creation of a Middle East Strategic Alliance (MESA) or 'Arab NATO'.<sup>6</sup> If MESA had been handled differently, it could have been considered a forerunner to an Organisation for Security and Cooperation in the Gulf or wider Middle East. Instead, it has become part of President Trump's strategy of 'maximum pressure' against Iran in conjunction with a series of inflammatory comments made by President Trump and his then National Security Advisor, John Bolton.

A series of sabotage attacks carried out by Iran followed. On 14 September 2019 two major Saudi oil installations of Abqaiq and Khurais were targeted, although it was not clear who was responsible. The attacks were a shock to the Saudis who have spent billions on weapons and air defence. The missile and drone strikes led the US to implement new sanctions against Iranian officials, further curtail Iranians oil exports, and designate the IRGC a terror group, but it did not lead to a US military response. This gave HRH Mohammad bin Salman reason to seek intermediaries with Iran through Iraq and Pakistan, which have been supporting diplomatic efforts.<sup>7</sup> In October 2019, President Trump ordered troops and weapons to Saudi Arabia to 'deter' Iran.<sup>8</sup> By December 2019, protests were being held in Baghdad against US forces there and some protestors stormed the US embassy compound. President Trump then ordered the assassination of IRGC Major General Qasem Soleimani in Iraq on 3 January 2020. On 8 January 2020 Iran attacked al-Asad airbase in Iraq which caused brain injuries in multiple US troops.<sup>9</sup> The IRGC also accidentally shot down a Ukrainian passenger jet in January 2020. The Iranian government has since stepped up its resistance rhetoric and repression against dissident acts.<sup>10</sup>

---

<sup>5</sup> Emmons, A. (2018). Saudi Arabia Planned to Invade Qatar Last Summer. Rex Tillerson's Efforts to Stop it May Have Cost Him His Job. *The Intercept*, August 1, 2018. <https://theintercept.com/2018/08/01/rex-tillerson-qatar-saudi-uae/>

<sup>6</sup> Kalin, S. and Landay, J. (2019). Exclusive: Egypt Withdraws from US-led anti-Iran Security Initiative – Sources. *Reuters*, April 11, 2019. <https://www.reuters.com/article/us-usa-mesa-egypt-exclusive/exclusive-egypt-withdraws-from-us-led-anti-iran-security-initiative-sources-idUSKCN1RM2WU>

<sup>7</sup> Fassihi, F. and Hubbard, B. (2019). Saudi Arabia and Iran Make Quiet Openings to Head Off War. *The New York Times*, October 4, 2019. <https://www.nytimes.com/2019/10/04/world/middleeast/saudi-arabia-iran-talks.html>

<sup>8</sup> Schmitt, E. and Sanger, D. (2019). Trump Orders Troops and Weapons to Saudi Arabia in Message of Deterrence to Iran. *The New York Times*, October 11, 2019. <https://www.nytimes.com/2019/10/11/world/middleeast/trump-saudi-arabia-iran-troops.html>

<sup>9</sup> Guardian Staff and Agencies in Washington. (2020). More Than 100 US Troops Suffered Traumatic Brain Injury in Iran Strike, Military Says. *The Guardian*, February 10, 2020. <https://www.theguardian.com/us-news/2020/feb/10/us-troops-brain-injury-iran-strike-military-to-report>

<sup>10</sup> Siamdoust, N. (2020). Silence Falls on Iran's Protest Movement. *Foreign Affairs*, January 6, 2020. <https://www.foreignaffairs.com/articles/iraq/2020-01-06/silence-falls-irans-protest-movement>; Reuters. (2020).

### *Triumph of Diplomacy*

As early as 1991, Iranian Foreign Minister Ali Akbar Velayati travelled to Saudi Arabia to propose an Iranian - GCC alliance for security in the Gulf. There was also resolution of the Iranian Hajj boycott and the reinstatement of diplomatic ties after a confrontation with Saudi security forces in 1987 left 400 Shia pilgrims dead. In the mid to late 1990s, Saudi Arabia and Iran discussed enhanced cooperation during the Rafsanjani and Khatami presidencies. There was an agreement on a political, economic and security package, and exchange programmes. For example Saudi Arabia would for a time issue work permits to Iranians to establish companies, invest and live in the Kingdom. The then Crown Prince Abdullah hosted President Khatami in 1999, marking the first visit of an Iranian president to step foot in Saudi Arabia since the 1979 revolution.<sup>11</sup> Such developments illustrate how small changes could improve prospects for more constructive bilateral relations in future. Leadership and political vision cannot be underestimated as an important structural factor with immense consequences for peace and development. Neither can a relatively low threat perception, lower demand and very low oil prices in the late 1990s which created an incentive for more cooperation to cut oil production and boost prices in 1998.

This period could be considered to be a golden era in Saudi - Iranian relations and was supported by a thawing of Iranian relations with the Europeans. It could have lasted longer had the ideological hardliners in Iran not been emboldened by Ayatollah Khamenei to stifle Khatami's economic and political progress, leading to the election of hardline President Mahmoud Ahmadinejad in 2005, followed by the quick resumption of uranium enrichment. But even this was not enough to fully stymie cooperation. Ahmadinejad worked with the Saudis in 2007 to calm tensions in Lebanon, (although regional rivalry became more apparent over the next years), standing in contrast to Prime Minister Hariri's brief detention in Riyadh a decade later. Social forces in Saudi Arabia have also been problematic, from the perspective of Wahhabism legitimising the anti-Shia agenda, wider xenophobia spread through some Saudi school books<sup>12</sup>, and limited but significant social support for Al Qaeda, Islamic State and other proscribed Sunni groups.<sup>13</sup> Other, regional systemic issues also intruded. Saddam Hussein was an obstacle to a pan-regional security approach. Iran has continued to engage militias rather than states, proving that zero-sum calculations are being made in Iraq, Syria, Lebanon, and elsewhere.

---

Opposition Website Says at Least 631 Killed in Iran Unrest. *Reuters*, January 2, 2020.

<https://www.reuters.com/article/us-iran-protests-toll/opposition-website-says-at-least-631-killed-in-iran-unrest-idUSKBN1Z1152>

<sup>11</sup> Jehl, D. (1999). On Trip to Mend Ties, Iran's President Meets Saudi Prince. *The New York Times*, May 17, 1999. <https://www.nytimes.com/1999/05/17/world/on-trip-to-mend-ties-iran-s-president-meets-saudi-prince.html>

<sup>12</sup> Dozier, K. (2020). Saudi Arabia Rebuffs Trump Administration's Requests to Stop Teaching Hate Speech in Schools. *Time*, February 10, 2020. <https://time.com/5780130/saudi-arabia-hate-speech-schools/?xid=tcoshare>

<sup>13</sup> Black, I. (2016). Saudi Arabia and ISIS: Riyadh Keen to Show its is Tackling Terror Threat. *The Guardian*, January 21, 2016. <https://www.theguardian.com/world/2016/jan/21/saudi-arabia-isis-riyadh-terror-threat>

There is evidence to suggest the US and Iran can and have engaged in pragmatic diplomacy. The 2001 Bonn agreement in which Iran influenced the Northern Alliance to accept a smaller number of ministries to get the deal done is one example. However, further cooperation was undermined by President G. W. Bush's 'Axis of Evil' speech which some Iranians equate to sectarian rhetoric. There was also some limited US - Iran cooperation in post-Saddam Hussein Iraq. This has been complicated by not only US policy but by the Arab uprisings which has pitted Iran, Turkey and Qatar against Saudi Arabia, UAE, Egypt and Bahrain in their support for and against political Islam in states undergoing political transition. Unsurprisingly, longstanding sectarian tensions and more divisive internal and external forms of sectarianism aimed at social and political mobilisation have come to the fore.

Looking at the smaller Gulf states, Oman has played a major role in US - Iran diplomacy in the lead up to the JCPOA. Qatar has been pragmatic in its dealings with Iran, partly a response to its proximity and shared natural resources in South Pars/North Dome. Even the UAE, which had been shoulder to shoulder with Saudi Arabia during military operations in Yemen, has moved quickly to de-escalate tensions with Iran. On 12 May 2019, sabotage attacks were reported on oil tankers off the UAE coast.<sup>14</sup> By mid-June, tankers were also being targeted in the Strait of Hormuz.<sup>15</sup> Then a US drone was shot down on 21 June 2019.<sup>16</sup>

But by July 2019, UAE and Iranian officials had met in Tehran to discuss maritime security.<sup>17</sup> Qatari and Omani foreign ministers have also travelled to Iran. In October 2019, Tahnoun bin Zayed, the UAE National Security Adviser and Crown Prince Sheikh Mohammed bin Zayed's brother, was in Tehran, although the details of the visit remain unclear. In March 2020, it was reported that the UAE had provided a chartered plane for a World Health Organisation (WHO) team and medical supplies to travel to Iran to deal with Covid-19 (a new novel form of Coronavirus first detected in Hubei province, China, in late 2019).<sup>18</sup>

Clearly there is a rational purpose to re-engage Iran in dialogue, diplomacy and new negotiations. Apart from indirect contact through Pakistan and Iraq, any direct dialogue looks like a long way off. In 2018 HRH Mohammad bin Salman spoke of 'political moves, economic moves, intelligence moves' to stop Supreme Leader Ayatollah Khamenei, who he refers to as

---

<sup>14</sup> Ibish, H. (2019). Gulf Arabs Caught between US "Fire and Fury" and Iranian "Strategic Recklessness". *The Arab Gulf States Institute in Washington*, May 21, 2019. <https://agsiw.org/gulf-arabs-caught-between-u-s-fire-and-fury-and-iranian-strategic-recklessness/>

<sup>15</sup> Gambrell, J. (2019). Tankers Struck Near Strait of Hormuz; US Blames Iran. *AP News*, June 14, 2019. <https://apnews.com/d67714ab8ac344a3b3af19cca1c20192>

<sup>16</sup> Berlinger, J. et al. (2019). Iran Shoots Down US Drone Aircraft, Raising Tensions Further in Strait of Hormuz. *CNN*, June 21, 2019. <https://edition.cnn.com/2019/06/20/middleeast/iran-drone-claim-hnk-intl/index.html>

<sup>17</sup> Vahdat, A. and Batrawy, A. (2019). UAE and Iran Hold Rare Talks in Tehran on Maritime Security. *AP News*, July 31, 2019. <https://apnews.com/49c6da1c33fd45bbaf1b14836ee5e2ec>

<sup>18</sup> Al-Monitor. (2020). Week in Review. *Al-Monitor*, March 6, 2020. <https://www.al-monitor.com/pulse/originals/2020/03/uae-stake-claim-regional-leadership-coronavirus-nuclear.html>

'Hitler' and who 'is trying to conquer the world'.<sup>19</sup> Notably, less emphasis was on diplomacy. Yet, the GCC has many similar interests to Iran across a range of issues. Foremost is national and regional security, especially during a period of high threat perception that has verged on conflict. As the Gulf States continue to globalise and search for new allies and investors to support national security and diversification plans, peace is an important prerequisite. International influence during Dubai's World Expo 2020 and Saudi Arabia's G-20 Summit could also help catalyse a change of policy.

### ***The Double Helix of Peace-Building***

Peace-building rests on two initiatives which I call a 'double helix' due to their constituent features and impact prospects. They are rooted in the national identity of the states concerned; they have the power to transform toxic politics into benign outcomes through mutually reinforcing mechanisms; and they could significantly strengthen the body politic of participating state actors over time. They are also fundamental to determining the regional security complex.<sup>20</sup> Whilst probably not as effective as the democratic peace principle which posits that democracies are hesitant to engage in armed conflict with other democracies, this approach is both realistic and Specific, Measurable, Attainable, Relevant and Time-bound (SMART).

### ***First Helix***

Target states: Iran, Turkey, Qatar, Saudi Arabia, UAE and Egypt.

The sole aim is to address political Islam as an area which has become divisive in regional politics.<sup>21</sup> It would go a long way to undermining rival discourses and address sources of political tension, most notably illustrated by the 'Qatar Crisis' which had divided the Gulf Cooperation Council (GCC) and created tensions with Turkey. Addressing points related to political Islam would also inject greater stability into the existing regional order by updating some theocratic components which have become dominated more by culture than religion, and establish a revised normative approach. Work would centre on tolerance, and over time, reconciling diverse and competing identities with concrete actions (with a clear timeframe and recourse to arbitration), including:

- i. addressing the role of media in inciting sectarian violence<sup>22</sup>

---

<sup>19</sup> Goldberg, J. (2018). Saudi Crown Prince: Iran Supreme Leader 'Makes Hitler Look Good. *The Atlantic*, April 2, 2018. <https://www.theatlantic.com/international/archive/2018/04/mohammed-bin-salman-iran-israel/557036/>

<sup>20</sup> See Buzan, B. (2003). Regional Security Complex Theory in the Post-Cold War World. In F. Soderbaum and T. M. Shaw, *Theories of New Regionalism*. New York: Palgrave. pp. 140-159.

<sup>21</sup> These issues are drawn from a conversation with a former Iranian diplomat, April 2019.

<sup>22</sup> See Watkins, J. (2019). Satellite Sectarianisation or Plain Old Partisanship. *LSE Middle East Centre*, April 2019. [http://eprints.lse.ac.uk/100536/1/Watkins\\_J\\_Satellite\\_Sectarianisation\\_Author\\_2019.pdf](http://eprints.lse.ac.uk/100536/1/Watkins_J_Satellite_Sectarianisation_Author_2019.pdf)

- ii. locating avenues to shift militant nationalist rhetoric towards a civil national identity whilst accepting and reconciling past negative events
- iii. moving away from Islam as the sole source of political legitimacy
- iv. other aspects of governance which support ethno-sectarian tolerance including respect for minority rights, higher levels of state institutionalisation, and encouraging benign cultural entrepreneurs<sup>23</sup>

Ironically, as long as political Islam plays an exclusive and defining role in the politics of many states as a basis for the regional influence through alliance formation and deconstruction, the longer that tensions and violence are likely to persist.

### ***Second Helix***

Target states: Iran - GCC, other regional powers (tbc)

The aim of this helix would be to set up OSCE style organisation designed to resolve critical tensions in the security and political spheres. The core states included to conceptualise and potentially reformulate the regional order is highly contentious, but the idea would be to include a few highly engaged states which are often cited as being able to sustain sources of regional power and legitimacy and therefore drive the process forward. The work of the new organisation could tackle persistent sources of insecurity, including encirclement and structural military weaknesses, address tacit alliances such as that between Iran and Hezbollah, and focus on the 'security dilemma'. It might also establish a Weapons of Mass Destruction Free Zone (WMDFZ) in the Gulf, enhance counterterrorism and look into other security matters linked to economic, social and political contentions. Guarantees might be sought from regional and external states, perhaps through a preliminary charter, conducive to resolving areas of greatest concern, including finding solutions to conflict, reconstruction and state-building, starting with Gulf states of Yemen and Iraq.

### ***Conclusion***

A political breakthrough requires moderation and modification of policies from all sides, but particularly from Saudi Arabia and Iran. In reality we appear to moving in the wrong direction. First, the period of time in which Iran can acquire highly enriched uranium has shortened (it was fixed at a year under the terms of the JCPOA in 2015), and Iran's nuclear intentions remain opaque. The next round of legislative elections will take place on 17 April 2020 and coupled with Iran having become a hotspot for the Covid-19 outbreak, the political and social conditions for negotiation look to be suboptimal. Second, in early March 2020 HRH

---

<sup>23</sup> Melani Cammett states that “cultural entrepreneurs” deploy language, symbols, and appeals rooted in the history or doctrine of a particular ethnic or religious community as they engage in struggles over power, consciously playing upon these identities to shore up their own support', 'Lebanon, the Sectarian Identity Test Lab', The Century Foundation, 10 April 2019, <https://tcf.org/content/report/lebanon-sectarian-identity-test-lab/?hootPostID=ca8849c846f66b03eb4484dfae2449c0&agreed=1&agreed=1>

Mohammad bin Salman appeared to be engaged in further political consolidation through the arrest of three senior princes, including Mohammed bin Nayef, his cousin and former Crown Prince.<sup>24</sup> Third, US presidential elections in November 2020 could either continue to create fissures under the policies of the current administration or provide new opportunities to enhance Gulf security. However, no eventuality need prevent dialogue which could lead to new avenues of understanding, empathy and cooperation. In a period of sanctions against Iran, economic diversification in the GCC, and Covid-19, the benefits of cooperation look ever more convincing for all parties. For peacemakers, all eyes should be on Saudi Arabia's previous steps and the UAE's current model of small pragmatic steps with Iran which show that opening new bridges of diplomacy across the Gulf is not impossible.

---

<sup>24</sup> BBC News. (2020). Saudi Arabia Detains Three Senior Members of Royal Family. *BBC News*, March 7, 2020. <https://www.bbc.com/news/world-middle-east-51778781>

## OPEC as a Site of De-Escalation?

Sukru Cildir

The Organisation of Petroleum Exporting Countries (OPEC) is a leading international organisation established by Saudi Arabia, Iran, Iraq, Kuwait and Venezuela at Baghdad Conference in September 10-14, 1960. Its main objective is to coordinate and unify petroleum policies among its members with the responsibilities of maintaining fair and stable prices for producers, providing efficient, regular and economic supply for consumers, and securing a fair capital return for investors at the petroleum industry.<sup>1</sup> Regarding these founding objectives, OPEC is seen to enhance collaboration and solidarity among its member states. However, considering Saudi-Iranian relations post-1979, it is difficult to see such a development in which OPEC alleviated the Saudi-Iranian rivalry except during the rapprochement period in 1990s. In this context, it is possible to put forward four parameters hindering OPEC's power to help alleviate the rivalry.

Year 2018	Saudi Arabia	Iran	OPEC	World
<b>Proven Oil Reserves (billion b/d)</b>	297.7	155.6	1242.2	1729.7
<b>Share of Total</b>	17.2%	9%	71.8%	100%
<b>Oil Production (1,000 b/d)</b>	12,287	4,715	39,338	9,4718
<b>Share of Total</b>	13%	5%	41.5%	100%
<b>Crude Oil Export (1,000 b/d)</b>	7,371.5	1,849.6	24,669.9	45,809.6
<b>Share of Total</b>	16%	4%	53.9%	100%
<b>Export of Petroleum Products (1,000 b/d)</b>	1,971.2	272.1	4,707.7	31,186
<b>Share of Total</b>	6.3%	0.9%	15.1%	100%

Table 1: Oil Capacities of Saudi Arabia, Iran and OPEC

Source: BP Statistical Review of World Energy 2019, OPEC Statistical Bulletin 2019

Firstly, Saudi Arabia and Iran have a divergent approach in determining oil prices. As Saudi Arabia has a relatively small population, large oil reserves, high production capacity, huge capital reserves and good relationship with the Western states, at least in comparing with Iran, it generally supports low oil prices through which it endeavours to enhance its long-term interests in the global energy market. Riyadh believes that their long-term gains could be

<sup>1</sup> Brief History, OPEC, [https://www.opec.org/opec\\_web/en/about\\_us/24.htm](https://www.opec.org/opec_web/en/about_us/24.htm)

sustained by maintaining its global market share by flooding the market with low-cost Saudi oil and repelling competition with other producers. Also, research and exploration for alternative energy sources can be deterred by means of keeping oil prices low, which contributes to the Kingdom's long-term interests by maintaining the global dependency on oil consumption. Needless to say, undermining Western economies with high oil prices is not reasonable choice for Riyadh due to its decades-long security partnership with the USA and other Western states.<sup>2</sup>

In contrast to Saudi Arabia, Iran has large population, smaller oil reserves, modest production capacity, poor capital reserves, and a tense relationship with the West. That's why Iran needs as much oil revenues as possible in the short term and so supports high oil prices. Due to the decade-long war, conflicts and the US sanctions<sup>3</sup>, Iranian oil revenues and national savings have been depleted. Especially, considering its structural economic problems stemming from vast government debts, fiscal imbalances and insufficient domestic and foreign investments as well as the need for revitalizing unproductive oil fields with latest technology and adequate capital, Iran needs oil revenues more urgently than Saudi Arabia does.<sup>4</sup>

Secondly, Saudi Arabia has a form of hegemony at OPEC in a sense that almost one third of OPEC's oil reserves, production and export have been controlled by only Saudi Arabia and the rest are shared among the other twelve members (Table 1). This situation paves the way for an asymmetrical relationship between the member states at OPEC in favour of Saudi Arabia.<sup>5</sup> As Saudi Arabia has remained only swing producer at OPEC following the crippled Iranian oil industry in the post-1979 period, the decisions regulating oil price and production quotas at this organisation have been largely held under the influence of Saudi Arabia.

Thirdly, OPEC is an international organisation consisted of states that have a range of diverse and conflicting political and economic interests. As noted by Claes, focusing solely on economic rational is not enough to explain the global oil industry because "the rational of states are different than the rational of firms."<sup>6</sup> Among a range of complex set of interests, they generally tend to give priority on security issues.<sup>7</sup> Therefore, OPEC's decisions have been made under the influence of political interests of individual members. When Saudi-Iranian relations get tightened, oil is more often regarded as a leverage to get a political advantage against one another.

Fourthly, oil has become an international strategic commodity, particularly since the mid-1960s, as global economy, security and social life has become largely dependent on petroleum

---

<sup>2</sup> Chubin, S. and Tripp, C. (1996). *Iran-Saudi relations*. ADELPHI Series, Oxford University Press. pp. 66-69.

<sup>3</sup> BBC News. (2019). Six charts that show how hard US sanctions have hit Iran. *BBC News*, December 9, 2019. <https://www.bbc.co.uk/news/world-middle-east-48119109> (accessed on April 11, 2020).

<sup>4</sup> Chubin, S. and Tripp, C. (1996). *Iran-Saudi relations*. ADELPHI Series, Oxford University Press. pp. 66-69.

<sup>5</sup> Shaffer, B. (2011). *Energy Politics*. Philadelphia: University of Pennsylvania Press. pp. 155.

<sup>6</sup> Claes, D. (2001). *The Politics of Oil-Producer Cooperation*. Oxford and Colorado: Westview Press. pp. 2.

<sup>7</sup> Ibid.

consumption. Therefore, the free flow of oil – at a reasonable price – became a *sine qua non* for the continuation of the contemporary international system established with the US leadership<sup>8</sup>. This situation brings an international dimension to understand the role of oil and OPEC in Saudi-Iranian relations and attributes a special reference to the American influence over the global energy market.

Despite the international and domestic parameters that hinders the OPEC's agency to sustain Saudi-Iranian cooperation, it should be also noted that OPEC provides a space where the parties can get necessary information about others' preferences and negotiate their divergent interests; this creates an opportunity for both states for easing their tensions.<sup>9</sup> Regarding Saudi-Iranian relations in the post-1979 period, both actors have attended regular meetings at OPEC and held important decisions concerning global oil market. However, a range of domestic and international factors that shape Saudi and Iranian activity also impact on OPEC.

For instance, amidst the Iran-Iraq War in which Saudi-Iranian belligerency skyrocketed due to Riyadh's explicit support to Baghdad, Saudi Arabia and Iran continued to hold their regular annual meetings at OPEC. They made a range of price and production ceiling agreements. At an extraordinary meeting of OPEC in March 1982, OPEC members decided the price of oil at \$34 per barrel and total quota at 18 million barrels per day (mbpd). As Saudi Arabia was not given an exact quota and assumed a swing producer role, Iran was allocated a production quota of only 1.2mbpd, which was quite low for a state whose production level was at around 6mbpd in the mid-1970s. Although it obtained a double quota at the OPEC meeting in March 1983 through ongoing negotiations between Iran and Saudi Arabia, broader de-escalatory prospects were limited.<sup>10</sup>

However, in 1990s when Saudi-Iranian relations experienced a rapprochement, OPEC emerged as an institution that would contribute to their improving relations. Despite the US objections and pressures, Saudi Arabia and Iran managed to improve their relations and utilized oil to this end. As noted by Chubin and Tripp, Saudi Arabia left some of its oil market to Iran in 1993 by reducing its oil production around 0.2 mbpd<sup>11</sup>. Additionally, amidst the US pressure, they took a cutback agreement for their oil production to surge the global oil prices at the OPEC Conference in March 1999.<sup>12</sup> Meanwhile, this burgeoning rapprochement helped both regimes to enhance peace at their domestic affairs and across the region. Such a peaceful climate in

---

<sup>8</sup> Stokes, D. and Raphael, S. (2010). *Global Energy and American Hegemony*. Baltimore: The John Hopkins University Press. pp. 18-23.; Bromley, S. (1991). *American hegemony and world oil: The industry, the state system, and the world economy*. Cambridge: Polity Press. pp. 48.

<sup>9</sup> Keohane, R. (1989). *International Institutions and State Power: Essays in International Relations Theory*. Boulder: Westview Press. pp. 111.

<sup>10</sup> Claes, D. (2001). *The Politics of Oil-Producer Cooperation*. Oxford and Colorado: Westview Press. pp. 178-191.

<sup>11</sup> Chubin, S. and Tripp, C. (1996). *Iran-Saudi relations*. ADELPHI Series, Oxford University Press. pp. 67-69.

<sup>12</sup> CP. (1999). OPEC Agrees to Cut Output In Bid to End World Oil Glut. *London Free Press*, March 24, 1999. pp. D1. <https://infoweb-newsbank-com.ezproxy.lancs.ac.uk/apps/news/document-view?p=AWNB&docref=news/14E4C10735744F98>

their relations created an atmosphere in both countries that would integrate discriminated ethnically-religiously different groups to their states, particularly Shia groups in the Eastern Province,<sup>13</sup> and would draw more Western capital, investment and high technology, especially for their weakened oil industry despite the presence of American sanctions on Iran.<sup>14</sup>

Yet such positivity would not last. Following the 2003 Iraqi invasion and ‘Axis of Evil’ speech, Saudi-Iranian relations began to deteriorate. Their divergent political and ideological interests gained more importance over their pragmatic and common interests at oil production and price. Accordingly, OPEC’s capacity to ease tensions between the two states also waned. With rising international pressures over Iran and increasing sect-based tensions across the region, Saudi Arabia began to utilize oil and OPEC as a tool and space to choke off growing Iranian influence across the region. In this context, it pioneered to isolate Iran at OPEC by opposing a range of Iranian offers regarding oil production, price and replacing dollar with other currencies in oil trade<sup>15</sup> as well as at international politics with oil diplomacy targeting Iran’s main customers like China and India to purchase Saudi oil.<sup>16</sup>

However, rising Saudi-Iranian rivalry at OPEC and oil would have some repercussions over their domestic stability because oil issues and ethno-religious problems overlapped with each other in this period. Shia in Eastern Region of Saudi Arabia and Arabs in Khuzestan region of Iran would involve into several protests, and both regimes would accuse each other to provoke their residents.<sup>17</sup> Among a range of social, economic and political factors, a general belief that they have received unfair oil revenues induced the people to increase their voice against the respective regimes. Interviewing with notable Shia figures in Eastern Province in Saudi Arabia, Megan K. Stack and Matthiesen mention that Saudi Shia were quite furious with the Saudi regime because they suffered from poorness and underdevelopment while they lived on the top of the large oil reserves.<sup>18</sup> In the Iranian side, Arabs in Khuzestan region were also very critical of the Iranian regime because of having one of the least developed region despite around 80% of Iranian crude oil extracted from their region. It is partly for this reason that

---

<sup>13</sup> Matthiesen, T. (2015). *The Other Saudis: Shiism, Dissent and Sectarianism*. Cambridge/New York: Cambridge University Press, pp. 140-196.

<sup>14</sup> Sen, G. (2013). Post-revolutionary Iran’s foreign policy toward the United states: a historical sociological analysis of state transformation and foreign policy. *PhD, Middle East Technical University*, pp. 233.

<sup>15</sup> Haynes and Zoltan, S. (2006). Saudi Arabia rejects OPEC production cut despite Iran call. *Agence France-Presse*, January 29, 2006.; Dombey, D. (2006). Iran's plan for oil cuts is snubbed by OPEC. *Financial Times*, January 31, 2006.

<sup>16</sup> Eyal, Jonathan. (2006). Saudi King starts tour of four Asian countries. *The Straits Times*, January 23, 2006.; Meyer, G. (2010). Saudi oil flows east as Asian demand rises. *Financial Times*, February 21, 2010. <https://www.ft.com/content/a5274b62-1f17-11df-9584-00144feab49a> (accessed on March 4, 2020).

<sup>17</sup> Mabon, Simon. (2013). *Saudi Arabia and Iran: Soft Power Rivalry in the Middle East*. London and New York: I. B. Tauris. pp. 131-166.

<sup>18</sup> Stack, M. (2006). Iraqi Strife Seeping into Saudi Kingdom. *Los Angeles Times*, April 26, 2006. <https://www.latimes.com/archives/la-xpm-2006-apr-26-fg-shiites26-story.html> (accessed on March 6, 2020);

Matthiesen, T. (2013). *Sectarian Gulf: Bahrain, Saudi Arabia, and the Arab Spring: That Wasn't*. Stanford University Press, pp. 76.

Iranian Arabs involved into one of the severest demonstrations in April 2005 that the Iranian regime has experienced since 1979.<sup>19</sup>

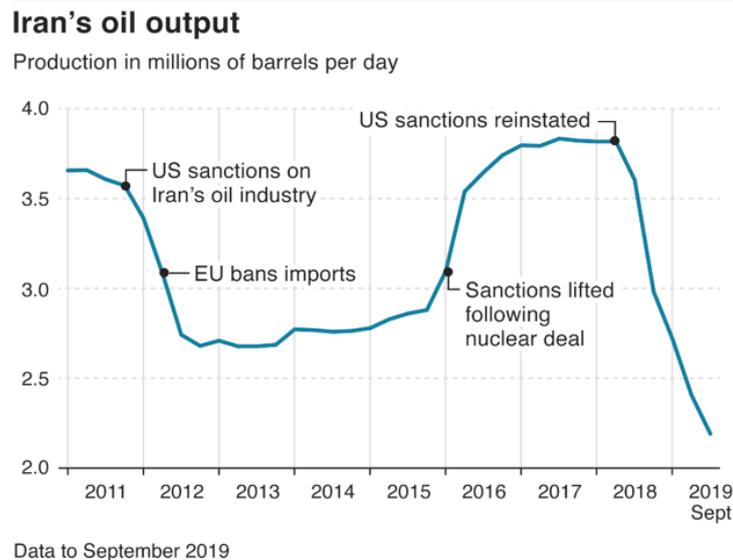


Figure 1: Iran's oil output (2011-2019)<sup>20</sup>

With the eruption of Arab Uprising in the late 2010, OPEC's agency to alleviate Saudi-Iranian relations dramatically decreased because changing regional and international dynamics against Iran constrained OPEC to play a mediating role in Saudi-Iranian hostility. In this context, Saudi Arabia and the US exercised some comprehensive plans against Iran through the sanctions that would target Iranian oil in global market and by keeping oil prices low which would exacerbate Iran's fiscal deficit. As seen in the Figure 1 above, the US sanctions in 2012<sup>21</sup> gave considerably high damage to Iran, its oil production dropped from around 4.5 mbpd to 3.6 mbpd, and its export plummeted from 2.5 mbpd to 1.2 mbpd between 2011-2013.<sup>22</sup> Although the Iranian nuclear agreement with P5+1, called as Joint Comprehensive Plan of Action (JCPA), helped Iran recover its oil industry for a while, imposing new sanctions by the Trump

<sup>19</sup> Elling, R. C. (2008). [State of Mind, State of Order: Reactions to Ethnic Unrest in the Islamic Republic of Iran](#). *Studies in Ethnicity and Nationalism*, 8(3), 486; UNPO. (2006). Ahwazi: Parliamentary Think Tank Warns of Ethnic Unrest in Iran. *Unrepresented Nations & Peoples Organization*, January 5, 2006. <https://unpo.org/article/3460> (accessed on January 24, 2020).

<sup>20</sup> BBC News. (2019). Six charts that show how hard US sanctions have hit Iran. *BBC News*, December 9, 2019. <https://www.bbc.co.uk/news/world-middle-east-48119109> (accessed on April 9, 2019).

<sup>21</sup> MacAskill, E. (2012). Barack Obama's latest sanctions against Iran designed to cut its oil exports. *The Guardian*, March 30, 2012. <https://www.theguardian.com/world/2012/mar/30/iran-sanction-obama-israel-banks> (accessed on April 1, 2020)

<sup>22</sup> BP Statistical Review of World Energy 2019, <https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html> (accessed on March 25, 2020).

administration once again disarrayed the Iranian oil sector. Rising Saudi-Iranian hostility, partly because of substituting Iranian oil by Saudi Arabia and other oil producers, worsened the ethnic and sectarian tensions. While Saudi Arabia encountered the growing Shia grievances and a series of attacks to its oil facilities in Eastern Province,<sup>23</sup> Iran had to deal with massive domestic unrests, including Ahwazi Arabs in Khuzestan, due to the deteriorated socio-economic conditions with the sanctions and its crippled oil sector.<sup>24</sup>

Considering these points and developments, it can be seen that OPEC's capacity to ease the Saudi-Iranian rivalry is quite limited despite the existence of its institutional capacity to de-escalate tensions through providing them a space for dialogue. As competing domestic and international dynamics featured in oil politics, economic rational is inadequate to understand the role of oil and OPEC over shaping Saudi-Iranian relations. As experienced during their rapprochement in 1990s, OPEC can contribute to the improvement of their relations with its institutional power if they put aside their competing political, economic and ideological interests, and regard oil as a shared value and common wealth for their development.

---

<sup>23</sup> Wintour, P. and Borger, J. (2019). Saudi offers 'proof' of Iran's role in oil attack and urges US response. *The Guardian*, September 18, 2019. <https://www.theguardian.com/world/2019/sep/18/saudi-oil-attack-rouhani-dismisses-us-claims-of-iran-role-as-slander> (accessed on March 21, 2020).

<sup>24</sup> Bozorgmehr, N. (2019). Voices from Iran: Protesters describe unrest and crackdown. *Financial Times*, December 6, 2019. <https://www.ft.com/content/e5b7041c-1735-11ea-8d73-6303645ac406> (accessed on April 1, 2020).



## Reconciliation: Saudi Arabia and Iran?

Ibrahim Fraihat

The conflict between Iran and Saudi Arabia has reflected itself on most conflicts in the Middle East making peace and stability in the region an elusive goal unless this conflict is adequately addressed. The problem with this conflict, however, lies in its 'chaotic structure' that makes resolution particularly challenging. It is a chaotic conflict as its issues are unclear, the parties that are fighting the conflict are not accurately defined either, and the rules that should be regulating the conflict are absent. To overcome this challenge, the issues will need to be clearly defined and a proper management system established which will make resolution a possibility and a realistic objective to achieve.

Forty years passed after Iran's Islamic revolution and we're still arguing whether it is a sectarian conflict or that it is being driven by other factors like security, nationalism, or leadership of the Muslim world. The parties fighting the conflict are vaguely defined as whether the Houthis in Yemen are fighting their own war or the war of Iran. To what extent Iran is mobilizing other proxies in Iraq, Syria, and Lebanon or that these conflicts are operating independently from the Iran-Saudi rivalry.<sup>1</sup> Furthermore, Iran and Saudi Arabia have failed to establish certain rules and regulations for how to pursue their interest in the conflict. For example, is targeting oil facilities that are linked to the world economy like ARAMCO allowable or that creating the most horrific man-made humanitarian crisis in the world today<sup>2</sup> justifiable to pursue party's interest?

What makes things even more chaotic for this conflict is who really makes decision, for example in Iran. Is it the President, Revolutionary Guard, or the Supreme Leader, and who third party mediators should talk to? This power diffusion has clearly manifested itself in the mixed messages from Iran to the region.<sup>3</sup> But instead of establishing channels for communications and a mechanism of verification of positions, Saudi Arabia resorted to severing its diplomatic relations with Iran in 2016. Combined with confusion over issues, parties, and decision-making process, the lack of communications and dialogue made this conflict deeply chaotic, and resolution increasingly elusive.

This is not a sectarian conflict. Sectarianism is not an original cause of the conflict between Iran and Saudi Arabia. However, the politicization of sectarianism by both parties to mobilize

---

<sup>1</sup> For more on the relationship between militias and their patron states, how they impact each other, and the case of Hizbollah and Iran see Al-Aloosy, M. (2020). *The changing ideology of Hezbollah*. Cham, Switzerland: Palgrave Macmillan.

<sup>2</sup> Antonio Guterres, UN Secretary General, Press Conference, November 2018, <https://www.un.org/sg/en/content/sg/speeches/2018-11-02/remarks-press-encounter-yemen>

<sup>3</sup> Molavi, A. 'Iran and the Gulf States', *United States Institute of Peace*, <http://iranprimer.usip.org/resource/iran-and-gulf-states>.

support for their political agendas has served as a reinforcing mechanism for Iranian-Saudi animosity, thus furthering conflict escalation. In this case, sectarianism is an enabling factor rather than a cause of the rivalry. Nonetheless, the extensive and varied use of sectarianism by the governments, the mainstream media, major figures on social media, the clergy, and even think tanks on both sides has turned sectarianism into a cause for further escalation of the conflict.

What makes this conflict particularly complex is the clash of security needs and perceived ‘encirclement’ of both Iran and Saudi Arabia. Iran feels constantly threatened by the United States and Israel, as well as encircled by American military bases and areas of influence in, for example, Iraq, Saudi Arabia, Bahrain, Qatar, UAE, Turkey, and Afghanistan. Iran responds, in turn, by expanding its own areas of influence, particularly through the spread of armed militias in Arab countries, and in the process leads to ‘encirclement’<sup>4</sup> of Saudi Arabia – as Iran’s primary rival and ally of the United States – in Iraq, Syria, Lebanon, and Yemen. Both Iran and Saudi Arabia are caught up in this security dilemma and mistakenly have adopted a strategy of escalation to resolve it.

The two regimes are living in a state of denial about accurately identifying the causes and issues of their own conflict. While Saudi Arabia claims that sectarianism is the key factor, Iran promotes the narrative that the conflict essentially concerns the preservation of its national and regional security. Nevertheless, what both parties refuse to acknowledge is that this conflict is also, at least in part, about regime survival, legitimacy,<sup>5</sup> and the desire of governments of both states to take a leading role in the Muslim world.

Better-managed and regulated conflicts are better suited for resolution. A dangerous aspect of the Iran-Saudi conflict is its lack of an effective conflict management system that clearly outlines the ‘rules of the game’ and regulates the parties’ conflict behavior. Allowing the conflict to continue without a restraining mechanism will cause deeper damage through the sustained use of proxies in the region, which could potentially lead to a direct war between Riyadh and Tehran in the future. An effective conflict management system should include the following four components.<sup>6</sup>

First, crisis management tools. Such tools would entail responding to the evolving tension by taking actions like establishing an Riyadh-Tehran hotline, exchanging senior government visits, and forming technical committees to research win-win resolutions to the primary issues at hand.

---

<sup>4</sup> Fraihat, I. (2020). *Iran and Saudi Arabia: taming a chaotic conflict*. Edinburgh: Edinburgh University Press.

<sup>5</sup> Wehrey, F. M. (2016). *Sectarian politics in the gulf: from the Iraq war to the Arab uprisings*. New York: Columbia University Press.

<sup>6</sup> Fraihat, I. (2020). *Iran and Saudi Arabia: taming a chaotic conflict*. Edinburgh: Edinburgh University Press.

Second, dialogue. There is deep mistrust as well as a lack of political will to build relations across the conflict, combined with barely concealed hatred and even violence, mostly carried out via proxies in the region, between both sides. Only through open dialogue can these escalatory dynamics be altered. Dialogue is not meant to necessarily resolve a conflict, but instead should serve as a mechanism to remove misperceptions, develop certain understandings, build a working trust, and open channels of communications between Riyadh and Tehran.

Third, confidence building measures. The goal of such measures is not to resolve the conflict. Rather, it is meant to take a series of small actions that will help build confidence and prepare Iran and Saudi Arabia to engage in formal negotiations that address the causes and issues of the conflict. For example, Iranians were frustrated by Saudi Arabia not apologizing for the death of 464 Iranian pilgrimages in the October 2015 Hajj Stampede.<sup>7</sup> Apologizing would not have implicated the Saudi authorities in the incident but would have shown solidarity and sympathy with the tragedy. An apology could have been powerful in de-escalation and building ground for the parties to collaborate. By the same token, the Saudis have been equally frustrated that no official apology from the Iranian authorities has ever been extended for an Iranian mob attacking and burning its embassy in Tehran.

Fourth, containment. In the unlikely event that Iran and Saudi Arabia will stop their attempt to export their conflict to the Middle East, regional players need to be proactive and refuse to be polarized and becoming the battleground of the rivalry. A ‘Middle East non-aligned’ movement regarding the Iran-Saudi rivalry will help not only in keeping the conflict contained, but also develop leverage and credibility to intervene potentially exert pressure on the main rivals to de-escalate.

However, to resolve the conflict, it will require more than management and regulations of the rivalry. First of all, the imbalance of the regional order that resulted from the US invasion of Iraq in 2003 and the subsequent shift of Iraq’s position must be restored. Saudi Arabia was hoping to rebalance by removing the Iran loyal Assad regime in Syria. However, given the survival of this regime and subsequent strengthening its ties with Tehran, then the balance will have to come again from Iraq, where it all started. This does not mean that Iraq shifts to the Saudi camp again. Iraq’s full independence from the influence of both Iran and Saudi Arabia will be the first step towards the rebalance of the regional order. Building an inclusive and truly representative regime of its own people that does not cater to the interests of Iran or Saudi Arabia will be in the core interest of Iraq itself and at the same time address the imbalance of the regional order. President Barham Saleh as repeatedly emphasized the message of Iraq’s independence from everyone as a stability approach in the Gulf.<sup>8</sup> Further, the large scale uprising of Iraqis in 2019-2020, mostly Shia led, and their attack of Iranian targets in Najaf and

---

<sup>7</sup> Author participation, as stated by an Iranian participant in a Track II workshop organized by the CIRS, Center for International and Regional Studies, at Georgetown University in Doha, September 2016.

Identities withheld under the Chatham House rule.

<sup>8</sup> Saleh’s speech in the “Mediterranean Dialogue,” November 2018. Author’s participation.

other Iraqi places suggests that the Iraqis themselves are increasingly realizing the need for their country to be independent from this rivalry.<sup>9</sup>

Both countries are engaged in a counterproductive approach to satisfying their security needs and reproducing the security dilemma they're caught up with. To help resolve the conflict these conflict strategies must be reformed. Firstly, by "encircling" Saudi Arabia, Tehran has contributed to pushing Riyadh into a tighter alliance with the United States and Israel, the latter of which Tehran considers as the primary threat to its national security. Furthermore, Saudi Arabia has allegedly entertained a certain level of "normalization" with Israel to foster an alliance against Iran. Secondly, by supporting dictatorships as in Syria and other sectarian forces in Yemen and Iraq, Iran's foreign policy is reinforcing the conditions that produced terrorism or "Sunni radicalism" that Tehran considers another chief threat to its national security. In addition, Tehran has protected the policies of sectarian discrimination that produced ISIS in Iraq and repression and dictatorship in Syria through the Assad regime that contributed to Islamic radicalism there as well. Likewise, instead of becoming self-reliant in terms of its national security strategy, Saudi Arabia has increased its dependence on external providers of security, namely the United States, leaving its security strategy subject to the changes in the United States' administrations and their foreign policy priorities.

Both countries need to stop politicization of sectarianism as this is dragging them deeper into their conflict rather than helping to resolve it. Saudi's intense sectarianizing is likely to lead to extremism and potentially to terrorism, not just against Iran but even against Saudi Arabia itself. This situation is reminiscent of the American-Saudi 'ideologizing' of the Afghanistan war against the Soviet Union by recruiting and funding Mujahedeen from around the Muslim world to fight a "holy war" against the "infidel communists." When the USSR exited the scene, both the United States and Saudi Arabia had to deal with the Al-Qaida that resulted from the former Mujahedeen who had fought the Soviet Union in Afghanistan.

By arming Shia militias in the region, especially in Arab countries, Iran is likewise deeply involved in destructive sectarianism, a policy that needs to stop. Iran finds itself funding armed militias and number of civil wars in Syria, Yemen, and Iraq, all at the expense of building a resilient economy for its own people, no wonder protests rooted in economic anxiety broke out in late 2017 in Iran. Furthermore, Iran's fomenting of sectarianism in the conflict has led to strained relationships between the Shia communities and their surrounding Sunni-majority societies. Creating tension among different communal groups will lead to prolonged instability on Iran's western borders.<sup>10</sup>

Both regimes view the conflict as strengthening their legitimacy within their own constituencies on the basis of external conflicts build a stronger internal unity from within. Saudi regime would be stronger by confronting a Shia Iran, and an Iranian regime would be

---

<sup>9</sup> Massaab Al-Aloosy, author's interview and discussion, Doha, 2019.

<sup>10</sup> Author participation, as stated by a Gulf participant in a Track II workshop organized by Gulf Studies Center at Qatar University in Doha, March 2016. Identities withheld under the Chatham House rule.



# SEPAD

more legitimized by fighting the “Great Satan,” the US. This is an illusion as the conflict will ultimately weaken both regimes and put them in challenge with their own people. The Saudi regime will be stronger by fighting rampant corruption, combating sectarianism on its own soil,<sup>11</sup> and giving equal access to resources based on citizenship, not any type of favoritism and nepotism. The Kingdom needs to engage in a national reconciliation process with its own people that leads to a new social contract, one that redefines the relationship between society and state.

Iran too needs to examine its model of allocating most of its resources to militarization and buildup of armed militias at the expense of investing in the economy, health, and education system. The Iranian citizens have long suffered from the sanctions and the waste of their resources over futile regional wars. Iran needs to replace its shipment of arms to the Middle East militia, that by the way will not be paid for it, with exporting fine Persian rugs that will benefit the Iranian citizen and its economy. The Iranian regime will be stronger with a satisfied, not a deprived, citizen.

Finally, Riyadh and Tehran should keep in mind that government peacemaking cannot build a long-term and sustainable peace alone, unless people on both sides join and engage in a process of transformation of their conflictual relationships.<sup>12</sup> Bottom up approach to peacebuilding in the Gulf has long been ignored. Given these not-very-encouraging indicators of how much the people on each side know about each other, and given their almost non-existent interaction, the entire peace project between the two nations is in serious doubt. People-to-people interaction is needed in many areas including education, sport, media, economy. Developing shared economic enterprises between groups from both countries as well as education exchange programs can be a good starting point. Peace between Iran and Saudi Arabia must grow among people on both sides which will be the foundation for future peace when it happens.

---

<sup>11</sup> Author’s interview and discussion with Jamal Khashoggi, Doha, November 2015.

<sup>12</sup> Fraihat, I. (2020). *Iran and Saudi Arabia: taming a chaotic conflict*. Edinburgh: Edinburgh University Press.

## **Diplomacy and de-escalation in the Persian Gulf**

**Kristian Coates Ulrichsen**

The pattern of attacks on maritime and energy targets in and around the Persian Gulf in 2019 and the targeted killing by a U.S. drone of Qassim Soleimani, the commander of the Quds Force of Iran's Islamic Revolutionary Guards Corps (IRGC) had the region teetering on the brink of war in January 2020. And yet, the spiraling tensions did not result in a new conflict in an area that has witnessed far more than its share of wars, revolutionary upheaval, and transnational and sub-state instability over the past four decades. Instead, the fevered aftermath of Soleimani's killing was marked by calls for de-escalation by the Arab Gulf states, while Iranian officials utilized a backchannel to reach out to U.S. counterparts and arrange an 'off-ramp' that pulled the parties away from the escalatory cycle of violence and response.

A de-escalatory outcome to the January 2020 U.S.-Iran confrontation – supported by the leaderships in Saudi Arabia and the United Arab Emirates (UAE) – marked a significant and fairly rapid shift away from years of bellicose rhetoric and regional posturing between the Arab and Persian sides of the Gulf. The Saudi and Emirati interest in dialing down tension stood in contrast to statements made by Saudi Crown Prince Mohammed bin Salman, in particular, in 2017 and 2018 that had indicated a firm opposition to dialogue and a willingness to do whatever it took to counter Iran, including the acquisition of a nuclear bomb if necessary.<sup>13</sup> Later in 2018, the Iranian government summoned the UAE's charge d'affaires in Tehran in protest at comments made on Twitter by Abdulkhaleq Abdulla, a prominent Emirati political scientist close to the UAE authorities, that had appeared to justify an attack on a military parade in Iran that killed 29 people on the grounds that "A military attack against a military target is not a terror act."<sup>14</sup>

The Saudi-Emirati decision to intervene militarily in Yemen in March 2015 provided a snapshot of these Arab Gulf states' determination to actively confront the threat they perceived to come from what the regionally destabilizing activities of Iran and groups they viewed as Iranian 'proxies.' The fact that the intervention in Yemen began the very same day that representatives from Iran and the P5+1 commenced a week of negotiations in Lausanne that culminated in the interim framework for the Joint Comprehensive Plan of Action (the 'nuclear deal') signaled the Saudis' and Emiratis' rejection of the notion that the international

---

<sup>13</sup> Sami Aboudi and Omar Fahmy, 'Powerful Saudi Prince Sees No Chance for Dialogue with Iran,' Reuters, May 2, 2017; 'Saudi Crown Prince: If Iran Develops Nuclear Bomb, So Will We,' CBS News, March 15, 2018.

<sup>14</sup> 'Iran Threatens UAE after Tweet by Emirati Writer on Ahwaz Attack,' Al-Arabiya English, September 23, 2018.

community could do a deal with Iran on one aspect of policy (the nuclear file) only.<sup>15</sup> The resulting war in Yemen, in which the U.S. had little option but to offer logistical support to its Arab Gulf partners, sharpened tensions in the Gulf, as did incidents such as the storming of the Saudi Embassy in Tehran in January 2016 following the execution of the Saudi Shiite cleric Nimr al-Nimr.<sup>16</sup>

In 2015, the implicit assumption by Saudi and Emirati leaders was that the U.S. would support them in Yemen, especially as the intervention – which was announced by the Saudi Ambassador to the U.S. at a press conference in Washington, D.C. – was framed in terms designed to resonate among a U.S. audience.<sup>17</sup> Four years later, that assumption of U.S. support in regional affairs, especially vis-à-vis Iran – which had formed the cornerstone of Arab Gulf states' defense and security posture since the liberation of Kuwait in 1991 – was tested severely by the Trump administration's response to the 2019 'incidents' in the Gulf.

Whereas there was no visible U.S. response to the attacks on shipping off the coast of Fujairah and in the Gulf of Oman in May and June 2019 or to the missile and drone attack on Saudi oil infrastructure in September, the Trump administration did respond to the shooting down of a U.S. drone in June and the killing of a U.S. contractor at a military base in Iraq in December. The variation of response indicated to Arab Gulf partners that the Trump administration would act to protect U.S. interests but not necessarily their own. The perceived divergence between U.S. and Arab Gulf states' interests struck at the very heart of the U.S. security umbrella and the deterrent value that Saudi and Emirati leaders (in particular) felt they derived from it.

Ironically, given the Trump administration's determination to ramp up a 'maximum pressure' campaign against Iran, its actions in 2019 opened the space for regional diplomatic and de-escalatory initiatives instead. This in part reflected the newfound awareness in Riyadh and Abu Dhabi that they might have to engage with Iran on their own terms, and that, for the first time in decades, a regional balance of power might more closely reflect local capabilities rather than international security partnerships. It is likely not a coincidence that the UAE reached out to Iran in the aftermath of the attacks on shipping in May and June 2019 or that Saudi backchannels through regional third parties began after the September oil attack.

Cross-Gulf diplomatic initiatives are nothing new, of course, and one promising initiative had been launched by Kuwait in January 2017, a week after the Trump presidency took office, when the Kuwaiti Foreign Minister visited Tehran carrying a message from Emir Sabah al-Ahmad Al Sabah to Iranian President Hasan Rouhani that sought to establish the basis for

---

<sup>15</sup> Kristian Coates Ulrichsen, 'Rebalancing Regional Security in the Persian Gulf,' Center for the Middle East Working Paper, Rice University's Baker Institute for Public Policy, February 2020, p.8.

<sup>16</sup> Ben Hubbard, 'Iranian Protestors Ransack Saudi Embassy after Execution of Shiite Cleric,' New York Times, January 2, 2016.

<sup>17</sup> Dan Roberts and Kareem Shaheen, 'Saudi Arabia Launches Yemen Air Strikes as Alliance Builds against Houthi Rebels,' The Guardian, March 26, 2015.

dialogue between Iran and Gulf Cooperation Council (GCC) states.<sup>18</sup> Iran's Foreign Minister, Javad Zarif, responded positively to the Kuwaiti letter and stated that "we should aim together for a future that looks different."<sup>19</sup> President Rouhani then traveled to Kuwait City and Muscat in mid-February 2017 to discuss the initiative with Emir Sabah and Sultan Qaboos of Oman.<sup>20</sup> However, the initiative petered out, in part because Saudi Arabia and the UAE did not engage with the process, and it was subsequently overtaken by events as the Saudi, Emirati, and Bahraini decision to isolate Qatar in June 2017 came to dominate regional attention and policy bandwidth.

The second half of 2019 witnessed diplomatic openings and confidence-boosting initiatives from both sides of the Gulf and while there was little, if any, apparent coordination between them, they did at least reflect a degree of consensus among state actors that zero-sum approaches to regional affairs needed to change. Importantly, this included Saudi Arabia and the UAE, the two countries hitherto the most hawkish in the region and the most closely associated with the Trump administration's regional approach. A delegation from the UAE traveled to Iran in late-July 2019 to discuss coastguard and related maritime security issues, shortly after the UAE had announced a troop redeployment and drawdown in Yemen as well.<sup>21</sup> A Joint Iranian-Emirati Border Committee was also reactivated, and the UAE Minister of State for Foreign Affairs, Anwar Gargash, called for dialogue to consider nuclear and regional security matters.<sup>22</sup>

In the weeks after the attacks on its oil infrastructure in September 2019, the Saudi leadership made discrete approaches to their counterparts in Pakistan and Iraq in a bid to open back-channels of dialogue with Iran to de-escalate tension. Iraq's Prime Minister, Adel Abdul Mahdi, stated, in late-September, that "There is a big response from Saudi Arabia and from Iran and even from Yemen, and I think these endeavors will have a good effect."<sup>23</sup> Ali Larijani, the Speaker of the Iranian parliament, appeared to endorse such sentiment, telling *Al Jazeera* that "Iran is open to starting a dialogue with Saudi Arabia and other countries in the region."<sup>24</sup> Saudi leaders (together with their Emirati counterparts) also called for de-escalation after the U.S. killing of Soleimani in January 2020, with Deputy Defense Minister Prince Khalid bin

---

<sup>18</sup> The GCC consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, and was established in 1981, in part a response to the twin regional shocks of the Iranian revolution in 1979 and the Iran-Iraq War in 1980.

<sup>19</sup> 'Kuwait Offers Strategic Dialogue between GCC and Iran,' Economist Intelligence Unit, February 13, 2017.

<sup>20</sup> Saleh al-Shaibany, 'Rouhani meets Rulers of Oman and Kuwait to Reduce Iran-GCC Tensions,' *The National*, February 15, 2017.

<sup>21</sup> Liz Sly, 'The UAE's Ambitions Backfire as it Finds Itself on the Front Line of U.S.-Iran Tensions,' *Washington Post*, August 11, 2019.

<sup>22</sup> Sanam Vakil, 'UAE-Iran Relations: Taking a Turn for the Better?,' *Castlereagh Associates*, November 26, 2019.

<sup>23</sup> Farnaz Fassihi and Ben Hubbard, 'Saudi Arabia and Iran Make Quiet Openings to Head Off War,' *New York Times*, October 4, 2019.

<sup>24</sup> 'Iran Open to Starting Dialogue with Saudi Arabia: Speaker,' *Al Jazeera*, October 1, 2019.

Salman – the younger brother of Crown Prince Mohammed bin Salman – conveying the message personally during meetings in Washington, DC and London with American and British officials.<sup>25</sup>

For its part, the Iranian leadership unveiled a proposal for a *Hormuz Peace Endeavor*, or HOPE, in September 2019, by President Hasan Rouhani during the United Nations General Assembly and by Foreign Minister Zarif at a meeting of the United Nations Security Council in New York.<sup>26</sup> The HOPE initiative set out a list of ‘subject-oriented’ principles it believed could form the basis for building coalitions of common interest, including respect for sovereignty and territorial integrity, the peaceful settlement of disputes, arms control, energy security, and freedom of navigation. HOPE called for the active involvement of the United Nations in supporting a new regional security architecture, alongside the creation of a non-intervention and non-aggression pact by the states of the ‘Hormuz community,’ and for the introduction of confidence-building measures to increase regionwide communication and dialogue.<sup>27</sup>

In the past, the search for an alternative security architecture in the Gulf has been complicated by factors such as the incompatibility between the Iranian position on excluding ‘extra-regional’ forces from regional security arrangements and the practical reality of the network of American partnerships with GCC states. This remains an issue, as the network of U.S. bases and force projection remains in place across the Arab Gulf states, but the Trump administration’s unilateral and destabilizing approach has opened new cracks in threat perceptions among regional actors that span the spectrum from partners to adversaries. Speaking anonymously in January 2020, a ‘Gulf diplomatic source’ went so far as to claim that “Our most important ally, a world power who is here on the pretense of stabilizing the region, is destabilizing the region and taking all of us with them without a second thought.”<sup>28</sup>

While the actions described above have not yet evolved into meaningful initiatives that have delivered substantive results, they have at least opened the space for dialogue – whether openly, through backchannels, or via intermediaries. The greater consensus that there is more to lose than gain through confrontation may also lead to a continuation of efforts to seek common ground based around a more realistic balance of power across the region. Iraq’s then-Prime Minister, Adel Abdul Mahdi, observed in September 2019 after meeting King Salman in Riyadh that “Nobody possesses the weapons necessary to deal their adversary a fatal blow. Chaos and destruction will hit the region in its entirety.”<sup>29</sup> While Abdul Mahdi is no longer in

---

<sup>25</sup> Tamara Abueish, ‘Saudi Cabinet Emphasizes Kingdom’s Call for De-escalation in the Region,’ Al Arabiya English, January 7, 2020.

<sup>26</sup> Mehran Haghiri and Luciano Zaccara, ‘Making Sense of HOPE: Can Iran’s Hormuz Peace Endeavor Succeed?’, Atlantic Council, October 3, 2019.

<sup>27</sup> Kayhan Barzegar, ‘Evaluating the Hormuz Peace Endeavor,’ Lobe Log, November 6, 2019.

<sup>28</sup> Taylor Luck, ‘Iran Crisis: Why Gulf Arabs Increasingly See U.S. As a Liability,’ Christian Science Monitor, January 8, 2020.

<sup>29</sup> ‘Iraqi PM Abdul Mahdi Says Riyadh Wants to Avoid War with Iran,’ Al Jazeera, September 30, 2019.



# SEPAD

office, the events of early-January 2020 underscored the urgency of his comments, and accelerated the rebalancing of views in support of diplomacy and de-escalation, it not (yet) a mediated settlement of political and geopolitical disputes.

## **Saudi and Iran: How our two countries could make peace and bring stability to the Middle East**

**Smaira Nasirzadeh & Eyad AIRefai<sup>30</sup>**

Relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran have rarely been worse, regarding the attacks on the oil tankers in the Gulf of Oman – for which both sides blame each other.<sup>31</sup> Nevertheless, in the history of relations between the two countries, there have been regular shifts between tension and rapprochement – and things can change for the better once again.

As an Iranian and a Saudi, working as research fellows for peace studies, we believe it is time that our two countries seek to manage the conflict, improve their dialogue and begin the peace building process. And we are hopeful that this could happen.

But how? Peace cannot be achieved overnight; it requires a range of factors to strengthen diplomatic ties and decrease the level of enmity between the two states. First, we suggest both states' politicians soften the language in their speeches, altering the hostile rhetoric to a more moderate one. This would open new paths towards a direct and constructive dialogue, reducing the tensions that are affecting the two countries, the region and, potentially, the world.

### **Sabre-rattling**

Direct dialogue between the two regional actors could launch negotiations that may lead to more stability in the region. The existing regional turmoil has had a detrimental impact on relations between Saudi Arabia and Iran over Syria, Iraq, Lebanon, Bahrain and Yemen.<sup>32</sup> The [Yemen war], which has caused a [dramatic humanitarian crisis], remains one of the main areas of conflict between Saudi Arabia and Iran, but it also offers ground for talks between the two states.

Both Saudi Arabia and Iran agree that the conflicts in Yemen and Syria can only be ended through the implementation of political, rather than military, solutions. If Saudi Arabia and

---

<sup>30</sup> This piece was previously published by The Conversation: <https://theconversation.com/saudi-and-iran-how-our-two-countries-could-make-peace-and-bring-stability-to-the-middle-east-118696> . It is being reproduced here under creative commons licence.

<sup>31</sup> <https://twitter.com/JZarif/status/1139108730996477952>

<sup>32</sup> Mabon, S. ed. (2018) *Saudi Arabia and Iran: The Struggle to Shape the Middle East* (London: Foreign Policy Centre)

Iran can take steps toward political compromises in Syria and Yemen, this subsequently will reflect positively on the trust building process.

While Saudi Arabia relies on its strategic Western allies and its ever-increasing military expenditure, Iran, which has been isolated by the US, prefers a more regional approach.<sup>33</sup> Indeed, Saudi Arabia may have to ignore US protests to sit down at the negotiating table with Iran.

But the will for closer ties is, perhaps, there. Indeed, Iran's foreign minister, Mohammad Javad Zarif, declared on March 13, 2018:

We believe that security of our neighbours is our security and stability within our neighbourhood is our stability. I hope they [Saudi Arabia] have the same feeling and I hope that they come to talks with us for resolving these problems.

Adel Al-Jubeir, the Saudi minister of state for foreign affairs, also recently stated in an interview that his country “does not want war with Iran, but will not tolerate what it considers hostile Iranian activity in the Middle East”.<sup>34</sup>

Suspensions clearly remain, but such pronouncements could be viewed as a pause in hostilities, a turning point that could bring both sides closer together to resolve tensions. There are also domestic reasons for a reduction in tensions, with both states building strategic plans for the future. Since 2015, Saudi Arabia has embarked on an ambitious socioeconomic plan to diversify the country's economy by curbing its historic dependency on oil and challenging conservative social constructs and norms by unshackling society from some past constraints. In a state where most of the population is under the age of 30, Vision 2030 serves as a mega project that will lead the country to modernise economically and socially.<sup>35</sup> The same goes for Iran. The country has adopted a promising strategic plan called the 20-Year National Vision of the Islamic Republic of Iran which has social, economic, and political objectives.<sup>36</sup> But to be successfully implemented, both countries' strategies will need stable societies and vibrant economies which cannot be attained in a hostile neighbourhood. Integration and cooperation will be essential.

## Diplomacy is the solution

---

<sup>33</sup> *President Trump Announces the Withdrawal from the Iran Nuclear Deal* (C-SPAN, 08.05.2018) at <https://www.c-span.org/video/?c4728473/president-trump-announces-withdrawal-iran-nuclear-deal>

<sup>34</sup> *Adel al-Jubeir: 'Saudi Arabia does not want a war with Iran'* (BBC, 30.05.19) <https://www.bbc.co.uk/news/av/world-middle-east-48460860/adel-al-jubeir-saudi-arabia-does-not-want-a-war-with-iran>

<sup>35</sup> *Vision 2030* (Government of Saudi Arabia) <https://vision2030.gov.sa/en>

<sup>36</sup> *20 Year National Vision* (Iran Data Portal) <https://irandataportal.syr.edu/20-year-national-vision>



# SEPAD

It is evident that Saudi Arabia and Iran will benefit more from direct dialogue than hostile rhetoric. Through discussing and working together on domestic, regional and international issues, it is in the interests of both states – and the wider region – to reduce conflict and increase cooperation through diplomatic ties.

The gradual shift from hostile to inclusive rhetoric by politicians is a helpful first step, but it is also necessary for Saudi and Iran to take practical action in their bilateral relationship. It is expected for states to compete in their sphere of influence, but pragmatism must prevail if both countries want to put an end to their conflicts in the region.

## Concluding Remarks

As contributors to this volume have demonstrated, the rivalry between Saudi Arabia and Iran is multifaceted, playing out in a range of different ways across time and space. It is a fluid rivalry conditioned as much by domestic concerns as regional opportunities, fusing geopolitical competition and competing visions – and claims - of Islamic legitimacy. Acknowledging the malleability of this and the ways in which the rivalry evolves is integral in working towards improving relations between Riyadh and Tehran and, ultimately, the wider Middle East.

Yet resolving tensions between Saudi Arabia and Iran cannot alone bring peace to the Middle East. Indeed, given the complex interactions between regional security and domestic affairs, the rivalry between these two major powers is but one component of conflict in Syria, Iraq, Yemen, Bahrain and Lebanon. To create a lasting peace for the people of these states, a local conflicts driven by a range of factors, forces and grievances must also be addressed. There is, however, little doubt that conflict and violence gains new meaning and additional vitriol when positioned in the rivalry between Saudi Arabia and Iran, which often serves to exacerbates communal difference.

The final contribution to this collection is written by two PhD students at Lancaster University. While they possess different ideas about politics and regional affairs, their coming together to write this piece initially published by *The Conversation* offers a demonstration of the potential for collaboration and, perhaps more importantly, a modicum of hope for a better future.



**SEPAD is based at the  
Richardson Institute:**

Richardson Institute  
PPR, County South  
Lancaster University  
Bailrigg  
Lancaster  
LA1 4YW

**Dr. Simon Mabon**  
Project Director  
+44 (0)1524 594253

 **@ProjectSEPAD**  
[www.sepad.org.uk](http://www.sepad.org.uk)