



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

Situation Assessment | 16 March 2023

China Brokered Iran Saudi Agreement: Motives and Prospects

Unit for Political Studies

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Series: **Situation Assessment**

16 March 2023

Unit for Political Studies

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Following secret five-day negotiations in Beijing between the two countries' national security advisors, Saudi Arabia and Iran have reached an agreement to restore diplomatic relations severed in 2016 and revive security and trade agreements. The agreement came as a major surprise given the historic hostility between the two nations and the undeclared Chinese mediation, following a series of attempts by US regional allies to diversify their relations by seeking stronger relations with China and Russia.

I Details of the Agreement

A joint statement issued by the three countries on 10 March announced the agreement. According to this statement, the negotiations were part of an initiative by Chinese President Xi Jinping and based on an understanding that China would host and sponsor talks between the two countries to resolve differences through dialogue and diplomacy.¹ Accordingly, discussions ran from 6 - 10 March 2023 between the delegations of the Kingdom of Saudi Arabia and the Islamic Republic of Iran, headed by Saudi National Security Adviser Musaad bin Mohammed Al Aiban and Secretary of the Iranian Supreme National Security Council Ali Shamkhani.

The text of the agreement states:

The three countries announce that an agreement has been reached between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, that includes an agreement to resume diplomatic relations between them and re-open their embassies and missions within a period not exceeding two months, and the agreement includes their affirmation of the respect for the sovereignty of states and the non-interference in internal affairs of states. They also agreed that the ministers of foreign affairs of both countries shall meet to implement this, arrange for the return of their ambassadors, and discuss means of enhancing bilateral relations. They also agreed to implement the Security Cooperation Agreement between them, which was signed on 22/1/1422 (H), corresponding to 17/4/2001, and the General Agreement for Cooperation in the Fields of Economy, Trade, Investment, Technology, Science, Culture, Sports, and Youth, which was signed on 2/2/1419 (H), corresponding to 27/5/1998.

The three countries expressed their keenness to exert all efforts towards enhancing regional and international peace and security.

¹ "Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran" Embassy of the PRC in the Kingdom of Sweden, 10/03/2023, accessed on 13/3/2023 at: <https://bit.ly/3YFWYm1>.



Saudi Arabia and Iran had previously engaged in five rounds of discreet negotiations mediated by Iraq from April 2021-May 2022, in addition to three rounds hosted by Oman, which yielded little success given the complexity of the tensions between Riyadh and Tehran.

II Roots of the Saudi Arabia Iran Dispute

The Saudi Iran tensions date back to the birth of the Islamic Republic, when Riyadh announced its support for the reigning Shah in the face of the wave of popular protests that broke out in late 1977 and culminated in the 1979 Revolution. Friction increased when the new regime in Iran announced its intention to export revolution to neighbouring countries and to overthrow the Arab regimes allied with the US in the region. Saudi Arabia consequently stood by Baghdad when the Iraq Iran war broke out in 1980.

Riyadh and Tehran have also engaged in direct military confrontations over the years. In June 1984 Saudi Arabia shot down two Iranian planes that entered its airspace, and tensions between the two states reached a peak during the 1987 Hajj season when protests by Iranian pilgrims led to the killing of more than 400 people, including 275 Iranian pilgrims and 85 Saudi policemen.² While relations improved during the presidency of reformist Mohammad Khatami (1997-2005), during which the two agreements mentioned in Beijing's recent statement on the restoration of diplomatic relations (the Economic Cooperation Agreement of 1998 and the Security Cooperation Agreement of 2001) were signed, tensions resurfaced following the US invasion of Iraq. The dispute was further aggravated during the administration of President Mahmoud Ahmadinejad (2005-2013), when Saudi Arabia accused Iran of trying to control Iraq through allied militias and political forces.

Saudi Arabia also accused of Iran of attempting to extend its influence over Syria following its intervention in support of Bashar al-Assad's regime against the revolution that attempted to topple him. Following its accusations that Iran had backed the Houthi rebellion in Yemen that overthrew the government of President Abdrabbuh Mansur Hadi and took control of the capital, Sana'a, in September 2014, Saudi Arabia intervened militarily in 2015, seeking to prevent the Houthis from advancing on Aden. Despite never explicitly refuting of the 2015 nuclear agreement, Riyadh implicitly opposed it, considering it as a means of strengthening the Iranian political and economic situation, especially since the agreement did not take into account Iran's missile program and its regional policies. In early 2016, Saudi Arabia severed diplomatic relations with Iran after angry crowds stormed the Saudi embassy in Tehran and burned the Saudi consulate in Mashhad in response to the Saudi authorities' execution of the Shi'i sheikh Nimr al-Nimr, whom Riyadh accused of "seeking 'foreign meddling' in Saudi Arabia, 'disobeying' its rulers and taking up arms against the security forces".³

² "Second Round of Saudi-Iran Talks Planned This Month – Sources," *Reuters*, 21/4/2021, accessed on 13/3/2023, at: <https://reut.rs/3T8xyfD>

³ "Saudi Shia cleric Nimr al-Nimr 'sentenced to death'" *BBC*, 15/10/2014, accessed on 13/3/2023, at: <https://bbc.in/3TgRxJ2>.



When Donald Trump took over the White House in 2016, the relations between Riyadh and Tehran sunk to new lows. Saudi Arabia was bolstered by the Trump administration's positions on Iran, including its decision to withdraw from the nuclear deal in May 2018 and reimposition of sanctions on Tehran, which included banning Iranian oil exports and isolating Iran from the global banking system. In May 2019, Saudi Arabia sought to rally the Islamic world behind it by hosting three simultaneous Gulf, Arab and Islamic summits in Mecca to confront Iran after attacks on Saudi oil interests, including tankers carrying Saudi oil in the Arabian Gulf and the Sea of Oman. The Kingdom also claims Iran was behind the attacks on Aramco facilities in Abqaiq and Khurais in September 2019, which put half of Saudi Arabia's oil production out of service, as part of a proxy war waged by Iran through its allies in Yemen and Iraq.

III Saudi Motivations

President Trump's response, or lack thereof, to the Aramco attacks, and his assertion that they were "an attack on Saudi Arabia, [not] an attack on us",⁴ sent shockwaves across the Kingdom, leading Riyadh to tread carefully in its dealings with Iran. Saudi Arabia's conviction of the need to change its approach to the relationship with Iran increased with the election of Joe Biden and his administration's decision to review relations with Riyadh, which had become personal during Trump's presidency. Accordingly, in February 2021, Biden announced a decision to "en[d] all American support for offensive operations in the war in Yemen, including relevant arms sales" to both Saudi Arabia and the UAE. His administration would focus on the pursuit of a diplomatic solution to "a war which has created a humanitarian and strategic catastrophe."⁵ The Biden administration had previously announced the suspension and review of arms deals approved by the Trump administration for Riyadh and Abu Dhabi.

In parallel to the contraction of US support, the war itself began to represent a huge drain on the Kingdom, both materially and politically, in light of what the United Nations described as the worst humanitarian disaster in the world. It is estimated that the war has cost Saudi Arabia more than USD100 billion.⁶ In March 2021, Saudi Foreign Minister Faisal bin Farhan proposed a new peace plan to end the war in Yemen, which includes a comprehensive UN sponsored ceasefire, the reopening of Sana'a airport, and the resumption of political negotiations between the Hadi government and the Houthi rebels.⁷

⁴ Chris Megerian & Nabih Bulos, "Trump Says 'No Rush' to Respond to Attacks on Saudi Oil Facilities," *Los Angeles Times*, 16/9/2019, accessed on 14/3/2023, at: <https://lat.ms/3JmxSD8>

⁵ "Remarks by President Biden on America's Place in the World," The White House, 4/2/2021, accessed on 14/3/2023, at: <https://bit.ly/3FjuG9S>

⁶ "Under Pressure: Houthis Target Yemeni Government with Economic Warfare," Middle East Institute, 27/2/2023, accessed on 13/3/2023, at: <https://bit.ly/3Fi4yMw>

⁷ "Yemen conflict: Saudi Arabia puts forward peace plan" *BBC*, 22/3/2021, accessed on 14/3/2023 at: <https://bbc.in/405u8fO>



Although this initiative was destined for failure, the two sides of the conflict reached a truce in Ramadan in 2022 following the failure of the last major Houthi attack to control the oil rich Ma'rib governorate. The armistice continued despite no formal renewal, reviving hopes that this war could be stopped. In the meanwhile, Iran, which under the presidency of Ibrahim Raisi had begun to seek an improvement in relations with Saudi Arabia as a way out of its regional isolation and to ease Western pressure, indicated its willingness to provide assistance in stopping the Yemen war in order to improve relations with the Gulf and slow down its shift towards rapprochement with Israel.

Following the replacement of Mustafa Al-Kadhimi's government with that of Mohammed Shia' Sabbar Al-Sudani, considered closer to Iran, no new rounds of Iranian-Saudi talks were held in Baghdad. Iran was also subjected to escalated US pressure when it decided to support the Russian invasion of Ukraine and Washington responded by rapprochement with Riyadh and the resumption of security talks.⁸ Despite all this, Saudi Arabia decided to accept China's invitation to hold the secret talks.

Saudi Arabia decided to accept China's invitation to hold secret talks with Iran at the level of national security advisors, which resulted in an agreement to restore diplomatic relations.

IV: Iranian Motivations

While Saudi Arabia was prompted to change its position on Iran by its desire to escape the quagmire in Yemen and its doubts over the US commitment to its security, Iran had alternative motivations. As relations deteriorated with the West and the possibility of an attack on its nuclear program increased at the same time as protests continued around the country, Iran sought out new options.

President Raisi expressed a desire for rapprochement with the Gulf states, especially Saudi, early on as an answer to his predecessor's failures to reach a lasting understanding with the West. The prevailing belief among Tehran elites was that an understanding with Saudi Arabia could result in Saudi support in reviving the nuclear agreement, as a condition for lifting the unprecedented sanctions placed on Iran by the Trump administration. The sanctions have been disastrous for the Iranian economy, which relies heavily on oil exports. Iranian estimates put losses at USD150 billion as a result.⁹ The sanctions have also had a significant impact on the Revolutionary Guard, which President Trump designated a terrorist organization in 2018, and which depends mainly on the oil trade to finance itself outside the government budget.

However, the Russian war on Ukraine complicated the already fragile understanding with the United States, weakening the chances of reviving the nuclear agreement and lifting of US sanctions, to which new sanctions were added. The chances of a military confrontation also increased, especially

⁸ "U.S.-Saudi Tensions Ease as Concerns About Iran Grow," *The Wall Street Journal*, 5/1/2023, accessed on 13/3/2023, at: <https://on.wsj.com/3mE5wfg>

⁹ "Iranian Losses of 150 Billion Dollars due to US Sanctions," *Daily Sabah*, 26/9/2020, accessed on 13/3/2023, at: <https://bit.ly/4297fd7>



after the International Atomic Energy Agency (IAEA) announced that it could no longer confirm the peacefulness of the Iranian nuclear program, after Iran withdrew from its obligations under the agreement.¹⁰ It removed surveillance cameras from nuclear sites and refused to disclose the source of the enriched uranium at three nuclear sites that it had not previously announced. Recent US-Israeli military coordination regarding the nuclear program, which further increased after the IAEA announced that it had found enriched uranium at the Fordow Fuel Enrichment Plant at rates close to the purity level needed to manufacture a nuclear weapon, in addition to the intensification of Israeli operations inside Iran, have added to the Iranian sense of caution. Iran appreciates that an understanding with Saudi Arabia will certainly weaken any regional alliance that is established against it under American leadership, especially after Israel was able to make important breakthroughs in its Arab relations in the Gulf, especially with the UAE and Bahrain.

V Chinese Motivations

The announcement from Beijing came as a huge surprise, both because of the unexpected development in the relations between the two Gulf neighbours and because of the choice of host. China has only recently begun to gain influence in the region, but in doing so has shown its ability to mediate in a region historically dependent on Washington. The region secures about 40 percent of China's oil needs, leading Beijing to seek out deeper relations. In March 2021, China and Iran signed a strategic cooperation agreement worth about USD450 billion, the bulk of which is allocated for developing the Iranian energy sector.¹¹ Conversely, China has also become the top trading partner of the GCC, bypassing the EU with total trade worth more than USD180 billion, half of which is accounted for by Saudi Chinese exchange.¹² In December 2022, Riyadh welcomed the Chinese President for a distinguished state visit and a Chinese-Gulf summit was organized. The visit represented a major step forward in China's relations with Saudi Arabia, a historical ally of the United States.

The Gulf is vital to the stability of the Chinese economy as are the relations that bind Beijing to both shores, and its desire to appear as a peacemaker capable of resolving the most complex international disputes has prompted China to offer mediation at a point when the Chinese-US rivalry has reached a climax.

Conclusion

Although the secret to the success of the Chinese mediation is not yet clear, nor are the details or concessions made by either side to facilitate the resumption of relations, the results of this

¹⁰ "Wakālat al-Tāqa al-Dharrīyya: La Nastaṭī Ḍamān Silmiyyat al-Nawawī al-Ṭrānī.. wa-Ṭahrān Tatawa" ad man Yatawarraṭ bi-'Udwān 'Isrā'īlī 'Alayha," *Aljazeera*, 7/9/2022, accessed on 13/3/2023, at: <https://bit.ly/42a7NQg>

¹¹ "China, With \$400 Billion Iran Deal, Could Deepen Influence in Mideast," *The New York Times*, 29/3/2023, accessed on 13/3/2023, at: <https://nyti.ms/3JCHPO6>

¹² "The Arabs and China...Extended Trade Relations," *Al-Araby Al-Jadeed*, 9/12/2022, accessed on 14/3/2023, at: <https://bit.ly/3Tf4PWj>.



breakthrough may first show in Yemen and then later in Lebanon. However, the reality of the complex problems that turned the relationship between the two countries sour to begin with, and the presence of many resentful parties, especially Israel and the United States, not least because of China's role, may complicate any attempts to resolve these problems. Furthermore, the agreement in itself does not indicate any change in the position of either party on the main issues of contention. Can this agreement create a positive atmosphere that enables the settling of differences, if not their resolution?