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Iranian-Saudi Agreement

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The Iranian Studies Unit

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A recent announcement by Iran and Saudi Arabia to normalize diplomatic relations after seven years will lead to talks to discuss issues that impact their relations in the Middle East and in the wider Muslim world. The Chinese-brokered deal concluded on 10 March, and the re-opening of embassies in Tehran and Riyadh no later than two months from this date, is already encouraging exchanges between the two capitals with assistance from the Swiss government.¹ To stand the test of time, the deal may build locally-derived solutions for tensions between Iran and the Gulf Cooperation Council states of Saudi Arabia, Qatar, Bahrain, Kuwait, Oman and the United Arab Emirates, and an accelerated Iranian-Saudi pivot toward Asia. The agreement, Riyadh points out, will not replace the critical partnership it has with the United States. The US,² however, encouraged the agreement which may have transpired also because of simultaneous inroads into nuclear talks with Iran to revive the 2015 Joint Comprehensive Plan of Action (JCPOA). Riyadh expects to continue its talks with Tehran and curb the conflict by expanding bilateral relations.³

Precursors of the Iranian-Saudi Agreement

The Iranian-Saudi agreement came after five rounds of talks hosted by Iraq in 2021 - 2022. Three rounds of security meetings were held in Oman,⁴ backed and encouraged by China and Russia.⁵ A sixth round of talks was to take place, but despite Iraqi mediation, Riyadh refused to resume the negotiations. Saudi frustration with Iran resulted from the latter's position of wanting to negotiate an economic package, to ease heavy international sanctions on the Iranian economy as a result of the unresolved status of the JCPOA. Saudi negotiators demanded negotiations to take place on major security files affecting the poor relationship between the two sides.

Baghdad's shuttle diplomacy,⁶ led by Prime Minister Mustafa Al-Kadhimi, helped ease tensions, leading Iran to support a two-month truce in Yemen in April of 2022. In exchange, in July, Iran held bilateral talks with Egypt and Jordan,⁷ to receive assurances that Cairo would not back any regional alliance⁸ against Tehran, and Amman would back down from the idea of forming an Arab NATO.⁹ In

1 "Amir-Abdollahian: Takeed bar solh dar mantaqeh az jomleh tavafoqat Iran va Riyaz bode hast (Emphasis on regional peace has been one of the agreements between Iran and Riyadh)," *Tasnim News*, March 19, 2023, <https://bit.ly/42tdtF4>.

2 Joseph Haboush, "US welcomes China-backed Saudi-Iranian deal to restore ties, White House says," *AlArabiya News*, March 10, 2023, <http://bit.ly/3LI6CBF>.

3 "Riyaz: Omidvarim goft-o-guhaye sazandeh ba Iran edameh yabad (Riyadh: We hope that constructive talks with Iran will continue)," *Fars News*, March 14, 2023, <https://bit.ly/3JXMaeE>.

4 "Amir-Abdollahian: Takeed bar solh dar mantaqeh az jomleh tavafoqat Iran va Riyaz bode hast (Emphasis on regional peace has been one of the agreements between Iran and Riyadh)".

5 "Mijanji-gari-e rusiyeh miyan-e Iran va 'Arabistan (Russia's mediation between Iran and Saudi Arabia)," *Donya-e-Eqtesad*, November 8, 2022, <https://bit.ly/42uBMCx>.

6 "Saudi Arabia to promote talks with Iran to diplomatic level," *Tehran Times*, June 27, 2022, <https://bit.ly/3JyGeHS>.

7 "Iran holding talks with Egypt and Jordan in Baghdad: Iraq FM," *Tehran Times*, July 1, 2022, <https://bit.ly/3n9Lt9d>.

8 "Cairo assures Tehran it won't join any alliance against Iran: report," *Tehran Times*, June 28, 2022, <https://bit.ly/3ndOqFE>.

9 "Jordan backs down from regional NATO idea, says all Arabs want good ties with Iran," *Tehran Times*, June 29, 2022, <https://bit.ly/3Jy3W6Z>.

August, Iran informed the European Union of its intention to revive the nuclear deal, while earlier insisting on reopening embassies¹⁰ in Tehran and Riyadh.¹¹

Nationwide anti-government protests in Iran in September 2022 delayed direct talks with Saudi Arabia. Iran blamed Israel for stirring the protests, and it believed that Saudi Arabia funded a number of exiled opposition Iranian media networks in this period. Tehran contained the protests by late November, and it refused to halt the rapid pace of its nuclear enrichment program. These actions, according to the hardline Iranian newspaper *Kayhan*, were instrumental in reaching a final agreement with Saudi Arabia which recognized that regime change was unlikely to happen in Iran.¹²

On a trip to Saudi Arabia on 7 December 2022, President Xi Jinping shared an initiative with Riyadh to resume the talks with Tehran.¹³ On almost parallel tracks, Foreign Ministers Hussein Amir-Abdollahian and Faisal bin Farhan Al Saud met during the Baghdad II Conference in Jordan on 20 December 2022.¹⁴ On 13 February 2023, a senior US delegation arrived in Saudi Arabia for talks, led by US Special Envoy to Iran Rob Malley, not only to discuss an integrated air defense plan, but likely also to share views on how best to deescalate regional tensions.¹⁵

President Xi's peace deal initiative was discussed again, when Iran's President Ebrahim Raisi travelled to Beijing on 13 February 2023 and assured his Chinese counterpart of Iran's stabilizing role.¹⁶ Raisi's trip entailed discussions on international strategic issues, and President Xi informed the Iranian president of Saudi Arabia's request to receive Chinese assistance to resume the talks.¹⁷ Tehran proposed that the two countries' deputy foreign ministers meet in Beijing, but Riyadh called for higher-level talks. Iran dispatched to Beijing the Secretary of the Supreme National Security Council Admiral Ali Shamkhani, who engaged in week-long talks with his Saudi counterpart, the Minister of State and National Security Mussad bin Mohammed Al-Aiban, which led to the agreement on 10 March 2023.

10 "Amir Abdollahian pushes for reopening embassies in Tehran and Riyadh," *Tehran Times*, June 27, 2022, <https://bit.ly/3zfXYmF>.

11 "Iran is ready to restore ties, but will Saudi Arabia reciprocate?," *Tehran Times*, June 27, 2022, <https://bit.ly/3yT8Gzf>.

12 "Chera bayad beh tawafoq Iran va 'Arabestan khosh-bin bud? (Why should we be optimistic about Iran-Saudi agreement)" *Keyhan*, March 17, 2023, <https://bit.ly/4083oMf>.

13 "Iran miguyad padishah-e 'Arabestan az Raeesi baraye safar beh Riyaz 'da'avat kard' (Iran says the Saudi King 'invited' Raisi to visit Riyadh)," March 19, 2023, <http://bit.ly/42t3SxY>.

14 "Amir-Abdollahian: Takeed bar solh dar mantaqeh az jomleh tavafoqat Iran va Riyaz bode hast (Emphasis on regional peace has been one of the agreements between Iran and Riyadh)".

15 "Iran in Focus as US Delegation Arrives in Saudi Arabia for GCC Talks," *Market News*, February 13, 2023, <http://bit.ly/3Tzmlow>.

16 "Dar dovomin ruz-e safar doktor Raeesi beh Chin che gozasht? (What happened on the second day of Dr. Raisi's trip to China?)," *Dolat*, February 15, 2023, <https://bit.ly/3LHalph>.

17 "Joz'ayat tavafoq Iran va 'Arabestan/ Iran yek qodrat-e moqtadar-e mantaqeh-e va ahle ta'amol ast (Details of the agreement between Iran and Saudi Arabia / Iran is a regional power and willing to cooperate)," *Tasnim News*, March 10, 2023, <http://bit.ly/3JVvk06>.



How Durable is the Iranian-Saudi Agreement?

The mood in Iran is cautiously celebratory on the issue of the Iranian-Saudi agreement. Saudis are also guarded but have modest hopes that the deal could stand the test of time.¹⁸ According to *Kayhan*, the foundations of the Iranian-Saudi deal were laid by the Quds Force Commander Qasim Soleimani, who was killed by US forces in Baghdad in January 2020.¹⁹ Soleimani had reportedly proposed a ten-year non-escalation pact between Iran and Saudi Arabia, which spoke of Tehran's desire to commit to a deal with Riyadh.

Moving forward, Iran aims to discourage Saudi Arabia from joining the US-brokered 2020 Abraham Accords.²⁰ Tehran expects Riyadh to avoid fully aligning its policies with the United States and Israel through the expanded security cooperation deals that the accords provide. From a Saudi perspective, having improved relations with Iran could make it a more equal partner with Israel should the kingdom decide to join the accords or not. Additionally, the new deal with Tehran enables Riyadh to be better prepared in the event of rising tensions between Iran and Israel.

An Iranian-Saudi relationship has the advantage of converging policies over Syria, if the Arab country re-joins the Arab League. The issue of the governance of al-Aqsa could also be more readily addressed through an Iranian-Saudi partnership, which may prove vital should Israeli right-wing policies radicalize the Palestinians.

Iran's hardliners who say that the conservative and reformist factions led by former presidents Hassan Rouhani and Mohammad Khatami suffered from Westoxification,²¹ are seeking the improved ties with Saudi Arabia to also reduce the cost of their policies aiming to export the Iranian revolution, so that Tehran is not isolated from regional developments emerging as a result of GCC-Israeli ties.²² Should Saudi Arabia choose to live with an Iran in which the national interest is intertwined with these goals, then it has a better chance also to keep the hardliners engaged. But isolating the hardliners could run the risk of making them more ideological and less prone to accommodating Riyadh's interests in the region.

Pragmatically, in an editorial in *Kayhan*, the paper argues that the deal with Saudi Arabia could suffer setbacks like any real deal would, and hence it is important to neither raise nor abandon hopes that

18 Rawan Radwan, "Saudis patiently watching as Riyadh-Tehran deal unfolds," *Arab News*, March 21, 2023, <http://bit.ly/3Tz1xgN>.

19 "Chera bayad beh tavafoq Iran va 'Arabestan khosh-bin bud? (Why should we be optimistic about Iran-Saudi agreement?)"

20 "Aya sarnevesht-e Anvar Sadat dar entezar-e ben Salman ast? (Is bin Salman's fate similar to that of Anwar Sadat?)" *Iranian Students' News Agency*, November 29, 2022, <https://bit.ly/40o103B>.

21 "Tavafoq Iran va 'Arabestan: Zarbeh kari be Amrika va rezhim-e sehyunisti (Iran-Saudi agreement: A blow to the US and Zionist regime)," *Keyhan*, March 11, 2023, <https://bit.ly/3lxV09K>.

22 "Rezhim-e sehyunisti cheguneh beh tavafoq Iran va 'Arabestan minegarad? (How does the Zionist regime view Iran-Saudi agreement?)" *Tasnim News*, March 16, 2023, <http://bit.ly/40s0dig>.

the two countries can live together as neighbours, should they get friendly or hostile over a host of issues that must be addressed if the two sides uphold their commitments to the agreement.²³

According to Amir-Abdollahian, Iran will expand its axis of resistance²⁴ to support a host of state, sub-state, and non-state actors across the Middle East.²⁵ But Tehran may remain open to talks with Riyadh to re-direct its support for this axis which includes Hamas, Hezbollah and the Houthis, all of whom have cautiously welcomed the Iranian-Saudi agreement, in a manner that does not compromise security for Tehran and Riyadh and yet serves the larger interests of the Muslim world.

The agreement's stated commitment to non-interference on issues pertaining to state sovereignty need not clash with Iranian support for its axis of resistance if interpreted in a manner that accommodates Tehran's security perceptions.²⁶ According to Amir-Abdollahian, this stated language of the deal provides sufficient proof of Tehran's intentions for the region. Iran, for example, aims to ensure Yemen's territorial integrity and lift a blockade on the Houthis in return for helping Riyadh by possibly halting the illegal delivery of arms to the group and by building a deal between it and the Saudi-backed Yemeni government. Iran could also encourage Hamas to work with the Palestinian Authority in the West Bank, and help Hezbollah facilitate the Lebanese election processes that to date have paralyzed the country.

What does the Iranian-Saudi agreement mean for economic development and an Asia pivot?

Sanctions may continue to limit Saudi investments in Iran.²⁷ But Riyadh is open to investing in the country. In Tehran, the view is that it is important to expand trade and commercial ties.²⁸ Hardliners in Iran see no need to prevent mutual investments,²⁹ mindful of Iranian inability to easily control the rapidly fluctuating value of the rial against the dollar, and they are keen to reap the economic opportunities that a more peaceful Lebanon, Yemen, Syria, and Iraq provide through a deal with Saudi Arabia.

23 "Chera bayad beh tawafoq Iran va 'Arabestan khosh-bin bud? (Why should we be optimistic about Iran-Saudi agreement)".

24 "Hossein shari'atmadari: Shoma chera matam gerefteh-ed?! Negarani Israel az ehya-ye ravabet-e Tehran va Riyaz/ Navid tahavolate mosbat baraye mantaqeh (Hossein Shariatmadari: Why are you [Israel] mourning?!/ Israel's concern about the revival of Saudi-Iran relations/ promise of positive regional developments)," *Tabnak*, March 12, 2023, <https://bit.ly/3lyrvVe>.

25 "Amir-Abdollahian: Ba qodrat az mehvar-e moqavemat hemayat mikonim/ ejazeh nemidahim sehyunistha amniyat mantaqeh ra beh bazi begirand (We strongly support the axis of resistance/We will not allow the Zionists to undermine regional security)," *Entekhab*, January 15, 2023, <https://bit.ly/42AfrUi>.

26 "Amir-Abdollahian: Takeed bar solh dar mantaqeh az jomleh tavafoqat Iran va Riyaz bode hast (Emphasis on regional peace has been one of the agreements between Iran and Riyadh)".

27 Rachna Uppal and Aziz El Yaakoubi, "Saudi Arabia could invest in Iran 'very quickly' after agreement – minister," *Reuters*, March 15, 2023, <http://bit.ly/3LJsBbo>.

28 "Mijanji-gari-e rusiyeh miyan-e Iran va 'Arabistan (Russia's mediation between Iran and Saudi Arabia)".

29 "Vazir Sa'audi: Sarmayeh-gozari dar Iran momken ast beh sor'at anjam shaved (Saudi Minister: Investment in Iran could be made quickly)," *Fars News*, March 16, <https://bit.ly/3yZnfRE>.

Further talks between Iran and Saudi Arabia can help Tehran boost its sanctioned economy, and enable Riyadh to reach its Vision 2030 economic and development goals. The safety of navigation in the Gulf waterway is critical to realizing the fullest trade and commercial potential. To this end, the two sides could expand maritime cooperation in the Gulf region, the Bab-el-Mendeb and the Red Sea, and secure navigation through the Suez Canal and the Mediterranean region.

Tehran and Riyadh are not contemplative about the question of the real winners in this deal. It was enough for both capitals that China's role in building the deal signalled that Asian conflicts can be resolved through pan-Asian responses, through multilateralism while rejecting unilateral US policies.³⁰ China, meanwhile, placed the burden of responsibility on Iran and Saudi Arabia to deliver peace and stability in the Gulf should they wish to remain strong partners for Asia. In this case, the Saudi and Iranian positions in BRICS Plus starting in 2023 as states officially joining the bloc and in the Shanghai Cooperation Organization, as well as in a host of other Asian/Eurasian markets, could advance.

The underlying notion for advancing the Iranian-Saudi cooperation through China is to use this country as a guarantor of mutual progress in the energy sector, where the partnership with Asia is crucial to increasing a budget surplus for both Iran and Saudi Arabia. This trilateral partnership could even extend into the nuclear arena to develop effective deterrence regimes through BRICS where three members are nuclear states and the other two had nuclear weaponization paths of their own which combined brings plenty of experience to the table by way of advancing deterrence regimes. It could also enable Saudi Arabia to acquire advanced nuclear know-how on its quest for nuclear security, a path that China previously helped Iran take, without there being a need for a cascading effect for nuclear weaponization for the purpose of security by either the Saudis or the Iranians should the right policy and approaches be adopted.

Russia would support this path if it ensures multilateralism in the nuclear sphere, and reduces US presence in the Gulf region.³¹ Additionally, this path could be better than an emerging anarchical non-polar nuclear regime in which the Israeli and Iranian nuclear programs dominate the regional order. It would also allow China and Russia to prepare for the possible repeated breakdown of negotiations over the Iran nuclear file, should this happen in the future, unless the United States succeeds in building a permanent nuclear deal. Thus, major powers can better advance mutual interests irrespective of their tensions, should an agreement between Iran and Saudi Arabia stand the test of time.³²

30 "Tavafoq Iran va 'Arabestan; Kodam revayat sahih ast? (Iran-Saudi agreement: which narrative is correct?)," *Nour News*, March 19, 2023, <https://bit.ly/3Z2knhr>.

31 "Abaszadeh: Tavafoq-e Iran va 'Arabestan be solh va sobat-e mantaqeh komak khahad kard (Abbaszadeh: Iran-Saudi agreement will contribute to regional peace and security)," *Tasnim News*, March 11, 2023, <http://bit.ly/3lvmKvJ>.

32 "Panj dars az naqshe Chin dar 'adi saziye ravabet-e Iran va 'Arabestan (Five lessons from China's role in the normalization of Saudi-Iran relations)," *Iranian Diplomacy*, March 10, 2023, <https://bit.ly/405tbok>.



Conclusion

Hovering over Tehran and Riyadh is the prospect of conflicts that have increased in the Middle East region, that lead to power imbalances between them as they influence emerging regional trends. Without balanced ties, Iran and Saudi Arabia are bound to be weaker states because the cost of rebuilding a power equilibrium between them will increase. As a result, no matter how evasive the goal, replenishing the balance of power regime between them seems essential to ensuring regional stability, and the viability of the Iranian-Saudi agreement. Saudi Arabia does not wish to disturb the regional status quo, which Iran could do should it be provoked. Instead, through this latest deal, Tehran and Riyadh have more manoeuvrability to navigate difficult regional dynamics, for example over the Iranian axis of influence, the issue of proliferation, and on controlling Iranian or Saudi threats in fluid security spheres that call for non-military answers to problem-solving.