

Iran and Saudi Arabia Renew Relations

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In a surprising announcement, Iran and Saudi Arabia announced a resumption of relations (which were severed in 2016) and a return of ambassadors, which will take place in two months at the latest. The announcement was surprising both in its timing and in the identity of the mediator – China. The move reflects Beijing’s increased involvement in the Gulf and strengthens its position vis-à-vis the United States in the region. While the US administration welcomes the decline in tensions in the Gulf and seeks to continue efforts to restart negotiations on a return to the nuclear deal, it views China’s intervention as an unfavorable dynamic. The main test for Iran-Saudi relations will be the continuation of the truce in Yemen, yet the underlying hostility between the countries will not disappear. At the same time, this development can be seen as a blow to efforts to create an anti-Iran camp in the region. However, the renewal of relations itself is not an obstacle to future normalization between Saudi Arabia and Israel. Riyadh’s considerations on this matter are broad and touch on deep issues regarding relations with Washington, developments in the Palestinian arena, and Saudi Arabia’s status as a protector of holy sites for Islam.

On Friday, March 10, 2023, Iran and Saudi Arabia announced the resumption of relations and the return of ambassadors to Riyadh and Tehran, which will take place no later than two months from now. The announcement was unexpected regarding the timing and regarding the identity of the mediator: China. As part of the commitments they took upon themselves, Riyadh and Tehran agreed to honor previous agreements, avoid interference in each other’s internal affairs, and engage in extensive negotiations on all bilateral and regional issues, with an emphasis on security and stability in the region.

Relations between Saudi Arabia and Iran were severed in 2016 after the execution in Saudi Arabia of high-ranking Shia cleric Nimr al-Nimr, who was one of the Saudi royal family's most vocal critics. This move led to a general attack by the Iranian public, some say under the auspices of the regime, against the Saudi missions and a rupture of relations. The conflict between them culminated in September 2019 in a major Iranian attack on Aramco facilities in Saudi Arabia using UAVs and cruise missiles. The attack, which temporarily shut down about half of Saudi Arabia's oil production capacity, was a seminal milestone for Riyadh in terms of its awareness of vulnerability to Iran and especially given what Riyadh perceived as "neglect" by the Trump administration, which did not provide it with military assistance. All this has sharpened Saudi Arabia's understanding of the need to diversify its support pillars at the global level and hedge risks at the regional level.

Over the past two years, Tehran and Riyadh have engaged in several rounds of talks, mediated by Iraq and Oman, in an attempt to restore diplomatic relations. Iran's interest centered on the desire to implement the regime's policy, announced by President Raisi, to improve and tighten relations with neighbors and, as part of a broader policy, to reduce US influence in the region and decrease Tehran's isolation in the region. For its part, Saudi Arabia's main interest was related both to the desire to end the war against the Iran-supported Houthis in Yemen, and to the direct strikes it has incurred, e.g., the attack on Aramco facilities. Contacts between the countries have seen ups and downs, with a major crisis erupting in late 2022 amid social unrest in Iran and Tehran's accusations against Saudi Arabia that its media outlets were inciting Iranian citizens. Senior Iranian officials, including the Minister of Intelligence, openly threatened Saudi Arabia, and based on explicit information about the possibility of damage to the kingdom's territory, the United States moved its naval vessels closer and apparently sent warnings to Tehran. British authorities, amid multiple warnings of harm to journalists, were forced to admit they could not guarantee the safety of correspondents of the Riyadh-funded "Iran

International,” and the channel was forced to relocate from London to the United States.

China was the unexpected element to bridge the gap between the two countries and brought the talks in Beijing with senior officials of both countries to an agreement and a joint statement. The development follows the important visit by PRC President Xi to Saudi Arabia and the summit he held with the heads of the GCC countries, as well as the visit of Iranian President Raisi to China; this was mainly intended to ensure there was no erosion of bilateral relations, after what was perceived in Tehran as statements contrary to the interests of Iran on the part of President Xi. This is undoubtedly a significant diplomatic achievement for China, which seeks to strengthen its influence on both sides of the Gulf – in Iran and the Arab states of the area. This interest reflects China’s greater dependence on Iranian and Saudi oil and the need to improve relations between them as part of a broader strategy to maintain regional stability. China’s achievement in essence reflects its increased interest in the Gulf, especially vis-à-vis rapprochement between the hawkish countries in a region full of tension, and as such, also strengthen its position – or at least its image – in relation to the United States, which for many decades has been an unwavering ally of the Gulf countries.

Officially Washington welcomed the resumption of relations between Saudi Arabia and Iran, and the spokesman for the National Security Council even stated that Riyadh had informed the administration of the talks to renew relations. The very resumption of Tehran-Riyadh relations is in the interests of the US administration, which attaches great importance to reduced tensions in the Gulf and seeks to continue efforts to resume negotiations on a return to a nuclear agreement. US interests are certainly served if the agreement leads to the extension of the ceasefire in Yemen and possibly even broader agreements, as the Saudis expect – notwithstanding that China’s involvement and diplomatic achievements are not favorable to Washington, which monitors China’s actions that aim to drive a wedge and take advantage of existing disputes between Washington and Riyadh. These disputes continued following the disappointment with the lack of

response after Iran's attack on Aramco facilities and have continued since the Biden administration came to power, as well as since the US President's visit to Riyadh. The Chinese-sponsored move is the latest in a series of Saudi measures that began, in agreement with Russia and against the explicit request of President Biden, with oil production cuts. This joined Riyadh's explicit demands, published recently in the *Wall Street Journal*, relating to security guarantees and advanced weapons (and it is not clear whether the administration is ready to advance these demands), and China's major investment in the creation of a new city, Neom, promoted by Crown Prince bin Salman. The White House official's reference that Washington continues to monitor China's attempts to gain influence and power around the world while reacting to China-brokered rapprochement reflects the US perspective regarding what is perceived as China's attempt to present itself as a peace-loving and peacekeeping power.

Saudi Arabia has followed in the footsteps of Kuwait and the United Arab Emirates, which returned their ambassadors to Tehran last year. However, Iran and Saudi Arabia lead opposing ideological camps and have been fighting each other directly and indirectly throughout the Middle East for years, seeking to shape the region in their own image and strengthen the camp under their own leadership – Sunna against Shia and Arab against Persian. The announcement of the resumption of the relationship is an attempt to ease the tension and send the message of “business as usual,” but business is not “as usual.” Both will continue to see each other as a threat and will seek to strengthen their influence in various arenas. Iran will continue to view the close relations between Riyadh and Washington and the US military presence in the Gulf countries as a threat to its interests. Still, the resumption of relations will presumably help to reduce the level of tension and, perhaps, also prevent belligerent actions of one against the other. The main test is expected to be the war in Yemen, which in recent years has led to countless Houthi missile attacks on Saudi territory, leading to a ceasefire. The resumption of relations was welcomed by parties close to Iran in the region, led by Hezbollah leader Nasrallah, as well as by Iraq.

As far as Israel is concerned, is the resumption of relations a strategic/intelligence surprise? In any case, the Saudi move, at least cognitively, hurts both the Prime Minister's stated public efforts to achieve a formal normalization of relations with Riyadh and Israel's efforts to establish an anti-Iran camp in the region. Saudi Arabia's actions once again clarify its geostrategic interests, stemming from a clear balance of power in favor of Tehran. While Saudi concerns about Iran will not abate even with the resumption of relations, and while interest in strong security relations with Washington remains, the recent move reflects the understanding/concern that the US commitment is not enough, that Iran is already a nuclear threshold state and perhaps on the path to a nuclear state, and Israel too does not provide a security umbrella in the face of the Iranian threat. Therefore, it must hedge risks and reduce the intensity of the confrontation with the main rival, and it is better to keep the enemy close. At the same time, the resumption of relations with Saudi Arabia, mediated by China, will strengthen Iran's sense of confidence in its ability to cope with the tightening of sanctions, which Washington and Israel seek, given the alarming progress of the Iranian nuclear program. The move may also strengthen the Russia-China front, which is important for Iran. Nonetheless, the resumption of relations between Saudi Arabia and Iran does not prevent future normalization of relations with Israel. Even the UAE's announcement of the normalization of relations with Israel did not prevent the return of the ambassador to Tehran and tightened bilateral ties, including military ones. Riyadh's considerations are broader and include the Palestinian arena, relations with the US, especially regarding arms sales and security guarantees, and Saudi Arabia's special status as protector of Islam's holy sites.

Editors of the series: Anat Kurtz, Eldad Shavit and Judith Rosen