



كلية الآداب والعلوم
College of Arts and Sciences
QATAR UNIVERSITY جامعة قطر

مركز دراسات الخليج
Gulf Studies Center

Restoring Diplomatic Relations Declaration between Saudi Arabia and Iran: Motivations and the Implications for the Gulf and wider Middle East”

GULF STUDIES CENTER

Policy Brief

No.9 March 2023



“Restoring Diplomatic Relations Declaration between Saudi Arabia and Iran: Motivations and the Implications for the Gulf and wider Middle East”¹

Background on Restoring Diplomatic Relations between Saudi Arabia and Iran

On March 11, 2023, Saudi Arabia and Iran jointly announced their agreement to resume diplomatic relations and reopen their respective embassies and missions within a two-month timeframe. The official statement emphasized both states' commitment to respecting the sovereignty of other nations and refraining from interfering in their internal affairs. Additionally, the statement revealed that the foreign ministers of both countries would soon meet to implement the agreement, plan for the return of their ambassadors, and explore opportunities to enhance their bilateral relationship.

The diplomatic ties between Saudi Arabia and Iran were severed in January 2016 when Iranian protesters raided the Saudi embassy in Tehran in response to the execution of the Shia cleric Nimr al-Nimr in the Eastern Province of Saudi Arabia. The relationship between the two countries had been characterized by heightened rivalry following the Arab Uprisings in 2011, with far-reaching implications across Iraq, Syria, Lebanon, and Yemen, resulting in severe humanitarian consequences. It was only a decade after the uprisings that both countries took concrete steps towards restoring their bilateral relations.

Given the antagonistic nature of their relationship over the past decade, the recent agreement brokered by China between Saudi Arabia and Iran may have caught some observers off guard. However, the rapprochement was not an isolated event, as both countries had been engaged in a negotiation process for the last two years, as evidenced by at least five rounds of talks under Iraqi mediation in 2021. As carefully followed by Gulf Studies Center experts and documented in a recent Gulf Insight, the process, however, had lost momentum in November 2022 due to a range of factors relating to global, regional, and domestic dynamics affecting the parties involved.

¹ This report was prepared by Nesibe Hicret Battaloglu, Gulf Studies Center

Workshop Details

The restoring diplomatic relations between Saudi Arabia and Iran has far-reaching implications for the Gulf and beyond, given the several factors that influenced the fate of their bilateral relationship. The agreement could potentially impact the prospects for peace in Yemen, the rapprochement between Bahrain and Iran, developments in the oil markets, China's growing influence in the Gulf, and great power competition in the Middle East.

On March 21, 2023, Gulf Studies Center at Qatar University hosted a workshop that brought together experts to examine the timing and scope of the agreement and its impact on the Gulf and the wider Middle East region, with the objective of informing the international academic audience and other interested parties.

The workshop was held under Chatham House rules. This report highlights some of the many points discussed during the three-hour meeting. It does not represent the views of the individual participants, their affiliated institutions, nor the sponsoring organizations. Nor is this report a transcript; many points raised by participants have been rearranged to provide a readable and coherent manuscript for the readers.

Section 1: Determinants of the Agreement at Global, Regional and Domestic Levels

There have been significant global, regional and domestic factors that had brought Iran and Saudi Arabia together to decide restoring diplomatic relations after 8 years of rift. On the global level, the strategic transformation of the China's international standing emerges as an important global component of the deal. It is quite obvious that developments in all levels plays a role in the recent agreement. Yet, it might be a more nuanced approach to decide which level played a more significant role in the deal. If the focus is put on the global level, particularly on the emergence of China as an aspirant player in global security scene, then much bolder steps might be expected from China

on this topic. Regarding the US retreat from the region as a global component, participants agreed that the US remains as a primary security provider for Saudi Arabia and the Gulf monarchies and some participants argued the US guarantee is still secured due to tactical engagements that bind the US to Gulf security. It can be raised, further, the issue that global level plays a more significant role given the fact that global economic institutions based on Bretton Woods system still rules China's global engagements and Saudi Vision 2030.

On the other hand, undoubtedly, the deal is a result of convergence of interests between Saudi Arabia and Iran as the agreement can be seen a return to Iranian President Mohammad Khatami's era and is not as groundbreaking as it portrayed. Domestic reasons appeared as important point of consideration given the economic sanctions and popular protests in Iran and Saudi Arabia's efforts to diversify its economy and put ambitions Saudi Vision 2030 into motion. The concern was bilateral relations and domestic reasons as both parties put their willingness to restore bilateral relations as they put solution in Yemen first as the easiest case to solve. Another participant supported this fact by bringing an anecdote from former Iraqi Prime Minister Mustafa Kadhimi that Iran has been willing to restore relations with Saudi Arabia since late 2019 at a time the tension between the two regional powers was at its height.

The regional dynamics can also be brought into the spotlight as the most important level for the recent deal. The participant argues that there is a growing security concern from the region about the global order where none of the powers, the US, China, Israel or Russia, can be a security guarantor for Saudi Arabia. This very factor has pushed Riyadh to ensure to keep Iran in the negotiation table to prevent any attack on strategic oil facilities that might endanger Saudi efforts to transform its economy in the foreseen future.

Section 2: Timing of the Deal and the Role of Chinese Mediation

The announcement of the deal within a couple of days of the talk in China surprised many observer as the agreement was reached in a short time span. Yet, participants agreed that both Riyadh and Tehran have been negotiating to restore

diplomatic relations for the past couple of years and the agreement was already prepared by Iraqi mediation. China only facilitated the deal at this particular time.

Although Chinese presence appears as an important part of the deal, China has long engaged in mediation efforts in a number of conflicts mostly in South Asia, Middle East and the Horn of Africa. It was foreseen that Chinese mediation efforts in the past has not brought much success and China will continue its role as facilitator of this deal as long as it serves its interests. Given the fact that the details of the negotiations have not been shared to the public and was written with a very vague language, some doubts can be raised on the issue of Chinese role as the guarantor of this deal.

Yet, there is an increasing multipolarity in the global level and attractiveness of the Chinese model in the region. It is reminded here that the US initially came to the Gulf for oil and its own economic interests, and China would follow the same path and can become a security player in the future. In this light, the Global Security Initiative by China devotes an important section to the Middle East, and Beijing sees the Gulf region as one entity in which Iran is a part of. This gives China an impetus to reach minimum trust building efforts and making sure that each country is involved.

It is also highlighted that Gulf countries understand the limitations of China and all GCC states converged without coordination to keep Beijing on the table. Yet, the strategic rivalry between Iran and Saudi Arabia would likely be intact and the regional dynamics will demonstrate the role and importance of China in the recent deal.

Section 3: Implications and Prospects

The deal between Saudi Arabia and Iran reiterates the fact that internal security concerns tops the agenda and that it is a non-interference agreement. Given the complexity of the geopolitics of the region and the ambiguities surrounding the terms of the agreement, participants discussed a wide range of possible implications and prospects about the Saudi-Iranian diplomatic deal.

One of the immediate to short-term implications of the deal is expected to be on the situation in Yemen. It is important to note that recent developments and the truce in Yemen case has been an area to build trust between Iran and Saudi Arabia that

facilitated the recent agreement of restoring diplomatic relations. Yemen is expected to be an area where both parties would take concrete steps for a solution.

On the regional level, Israel has been portrayed as the main loser of the recent agreement and as a potential spoiler of the deal between Iran and Saudi Arabia. Given the growing negative public opinion in the US, the EU and the region towards Israel, it has lost its bargaining power and it might be more difficult to conduct a military strike against Iran.

Regarding the main parties, Saudi Arabia and Iran, relative gains are applicable to the both. Given the pressing domestic concern both countries can take a more relaxed approach towards each other and focus on more critical issues. The deal and particularly China's mediation can be also viewed as message from Saudi Arabia and Iran to the US about their diversifying relations. Undoubtedly, China is the winner of the deal as an effortless facilitator and takes much of the credit in the short term.