

# MP-IDSA

## *Issue Brief*

# Saudi-Iran Rapprochement: An Assessment

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## **S***ummary*

While China played a prominent role in the Saudi Arabia–Iran rapprochement in 2023 by using its diplomatic and economic power, the decision to de-escalate tensions and normalise ties primarily stemmed from Riyadh and Tehran's own strategic interests. China is trying to establish itself as a credible diplomatic presence in a restive region, pushing for regional dialogues while being a vocal critic of the use of hard power by the United States.

In November 2023, then Iranian President Ebrahim Raisi became the first Iranian leader to visit Saudi Arabia in nearly 11 years. This happened after months of Chinese diplomatic manoeuvring resulted in the re-opening of embassies and the exchange of ambassadors. The thawing of ties resulted in a reduction of regional tensions, which had reached new heights after the outbreak of the Yemeni civil war in 2014 (which pit Saudi Arabia and Iran on opposing sides), the execution of the Shiite cleric Nimr al-Nimr in Saudi Arabia (2016) and the attack on the Saudi Embassy in Tehran (2016). The attack on the embassy and execution of Al-Nimr resulted in Riyadh and Tehran severing their diplomatic ties.

The Riyadh–Tehran diplomatic crisis also resulted in countries such as Bahrain severing ties with Iran (which has also seen a reversal this year). In addition to Riyadh and Manama, the UAE downgraded its diplomatic ties with Iran, citing interference in its domestic affairs. Qatar, which found itself more closely allied with Tehran, soon faced a blockade initiated by the remaining GCC member states until its return to the fold in 2021.

Iraq initiated efforts to mitigate the tensions between Iran and Saudi Arabia in 2021, which gained further momentum once Beijing assumed charge in 2023. The de-escalation of hostility between Riyadh and Tehran in 2023 signalled the possibility of a new dawn in West Asia, cultivating optimism that it would result in region-wide peace and stability, including in Yemen, which has been at the eye of the storm as the world’s worst manmade humanitarian disaster.

While China played a prominent role in the rapprochement, the decision to de-escalate tensions and normalise ties primarily stemmed from Riyadh and Tehran’s own strategic interests. Mainly, these related to Saudi Arabia’s efforts at economic diversification, bolstering regional influence, and reduction on oil dependency for revenue generation and growth. Iran on its part wanted to reduce the mounting pressures it faced due to economic sanctions and its regional isolation. Furthermore, a stable regional environment would also allow them to address domestic socio-economic concerns. Notably, the dialogue in the lead-up to their diplomatic reconciliation coincided with the revival of nuclear talks with Iran in 2021.

China’s decision to push for a détente between the two competing regional actors stemmed from its desire to deepen ties and expand regional influence in the backdrop of a perception of United States’ dwindling regional presence. While Tehran perceives Beijing as indispensable to realising a world order without American leadership at the helm of affairs, Riyadh has increasingly tilted towards the Chinese leadership in the absence of an American security guarantee even as Houthis struck its oil facilities.<sup>1</sup>

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<sup>1</sup> Sara Bazoobandi, “[Iran’s Strategies in Response to US-China Relations](#)”, *Middle East Policy*, Vol. 30, No. 1, 2024, pp. 120–132.

## Benefits of Rapprochement

An initial success of normalisation of ties was evident in the invite extended by Riyadh to senior Houthi rebels (allegedly backed by Tehran) for a meeting in September 2023,<sup>2</sup> six months after the rapprochement with the Iranian leadership. After being unable to achieve its primary goal of defeating the rebel forces despite investing widespread military and economic resources, Saudi Arabia presumably wanted to leverage the normalisation to achieve a dignified exit from Yemen.

The intensity of the armed conflict in Yemen has reduced in terms of Houthi-led attacks and Saudi airstrikes in the aftermath of normalisation. Furthermore, the reconciliation has created a more conducive atmosphere for peace talks and possibly an end to the conflict. It appears that Saudis have accepted for now, even if begrudgingly, that Iran will exercise considerable influence along its border as Houthis are expected to play a critical role in the government that will ultimately wield power in Yemen.

The Saudis’ primary interest lies in fending off threats to their security interests in the region and stabilising the border and focusing on realising Vision 2030. As a result, it requires Riyadh to prevent the recurrence of the series of attacks that occurred in 2019 due to which Khurais oil field’s sub-stations, Abqaiq’s oil stabilisation plant, and two energy installations were impacted, reducing the nationwide crude oil production to the lowest levels since the Gulf War in 1990. Since the normalisation was initiated, there have also been no confirmed reports of Aramco oil facilities being targeted using drone strikes.

There have also been no reports of major attacks against Saudi-linked shipping vessels amid the escalating Red Sea maritime crisis. Saudi Arabia has also refrained from participating in Operation Prosperity Guardian, intended to thwart Houthi attacks on vessels in the Red Sea. Iran announced visa-free travel in February 2024 for citizens of various regional countries, which included Saudi Arabia. The above-mentioned developments underscore the economic and security benefits that Saudi Arabia has secured after the normalisation of diplomatic ties with Iran.

Iran’s regional policy since the restoration of ties has also allowed the resumption of reconciliation measures between Bahrain and Iran,<sup>3</sup> including the release of frozen Iranian funds based in Bahrain. In November 2023, President Raisi participated<sup>4</sup> in

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<sup>2</sup> [“Saudi Arabia Praises ‘Positive Results’ after Yemen’s Houthis Visit Kingdom for Peace Talks”](#), *Arab News*, 20 September 2023.

<sup>3</sup> [“Saudi Reconciliation with Tehran Sets in Motion Bahrain-Iran Normalisation”](#), *The Arab Weekly*, 25 June 2024.

<sup>4</sup> Ali Fathollah-Nejad and Amin Naeni, [“Iranian–Saudi Normalization One Year On: Tactical Accommodation or Strategic Partnership?”](#), *Global Policy*, 28 March 2024.

the proceedings of the extraordinary session organised by the Organization of Islamic Cooperation (OIC) concerning the Gazan crisis.

Facing continued sanctions, domestic turmoil and decades of isolation in its neighbourhood, Iran has been able to redirect its attention and resources to pursuing its resistance strategy against Israel with greater leeway. As Iran stepped up its military actions against Israel as part of its support for Hamas, reports emerged that Saudi officials appear to have resorted to neutrality as part of its delicate balancing strategy to placate Americans without undermining the hard-won rapprochement with Iran.<sup>5</sup> In the backdrop, there have been several high-level visits at the Iranian Foreign Minister and Deputy Foreign Minister’s level to Jeddah and Riyadh. Tehran has maintained consultation with the Gulf States, as Iranian-led Axis of Resistance<sup>6</sup> has engaged in a controlled escalation against Tel Aviv.

Currently, Riyadh would continue de-escalating ties with the Houthi rebel movement and Tehran and prevent any disruptions to efforts at consolidating itself as the dominant regional force. This is mainly because West Asia is increasingly being pushed to the brink of an all-out war due to the Gazan crisis and its domino effects are visible in the Red Sea and Lebanon. Reports also note that Iran has refused<sup>7</sup> the use of its airspace to Washington D.C. and Tel Aviv to intercept Tehran’s attacks.

## Challenges

Despite the progress made following the normalisation deal, the ideological divergences<sup>8</sup> that pushed Saudi Arabia and Iran into a broader Cold War and proxy conflicts have remained, along with the historical mistrust and hardliner elements that will resist greater bilateral cooperation and engagement in the future. At the same time, considering the festering concern regarding Tehran’s nuclear programme and antagonistic bipartisan American attitude towards Tehran, Riyadh would find it challenging to overhaul its foreign policy towards Tehran completely.

At the same time, the lingering competition to be crowned as the leader of the Muslim world, opposing views regarding the involvement of the US in the regional security architecture, and Tehran’s use of Axis of Resistance as a forward defence policy are some of the other obstacles preventing a complete overhaul of their bilateral ties. In

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<sup>5</sup> [“Great Expectations: The Future of Iranian-Saudi Détente”](#), International Crisis Group, 13 June 2024.

<sup>6</sup> Kian Sharifi, [“Iran’s Axis of Resistance: Different Groups, Same Goals”](#), *Radio Free Europe/Radio Liberty*, 19 February 2024.

<sup>7</sup> [“Saudi Arabia and UAE Refused to Open Airspace to Israeli and US Aircraft During Iran Attack”](#), *Middle East Monitor*, 17 April 2024.

<sup>8</sup> Najat AlSaied, [“Sectarianism and Ideology: The Cases of Iran and Saudi Arabia”](#), Middle East Institute, 27 August 2021.

addition, differing commitments to the Palestinian cause also act as a hindrance in achieving complete normalisation. On the one hand, Iran staunchly supports the establishment of a sovereign Palestinian state while refusing Israel’s legitimacy. On the other hand, Gulf countries have displayed a more accommodative attitude concerning the recognition of Israel without withdrawing support for Palestinian statehood.

The challenges will exacerbate as the Israel– Hamas conflict intensifies, testing Saudi Arabia’s strategy to maintain neutrality. Furthermore, despite expressing admiration for the reconciliation between Saudi Arabia and Iran, the bipartisan American hostility concerning Iran could create fissures in the future. This could happen if the US adopts a coercive foreign policy and compels Riyadh to pull back its commitment to peace in pursuit of restricting the expansion of Iranian and Chinese influence in the region.

In the recent past, Ayatollah Ali Khamenei, Iran’s Supreme Leader, remarked that “The definite position of the Islamic Republic is that countries that make the gamble of normalisation with Israel will lose. They are betting on a losing horse.”<sup>9</sup> He emphasised this point after US Secretary of State Antony Blinken referred to a potential Riyadh–Tel Aviv normalisation. More recently, there has been elevated criticism by Tehran<sup>10</sup> of US efforts to normalise ties between Israel and remaining West Asian countries and calls to boycott Israel due to its military actions in the Gaza Strip.

Tehran has also sought to undermine prospects of Saudi–Israel normalisation with the Supreme Leader Ayatollah Khamenei warning the Saudi leaders that

They (Saudi officials) wrongly assume that the West Asia problems will be tackled (if they establish diplomatic ties with Israelis)...Even if their relations with the Zionist regime are normalized...the deal will put their own nations against them for turning a blind eye to Israeli crimes.<sup>11</sup>

## Can China Replace the US as the Dominant Power?

The Saudi–Iran de-escalation created geopolitical ripples in the international arena as China appeared to have achieved an unprecedented feat amid wavering American influence in the region. It gave rise to apprehensions that Beijing would replace Washington D.C. as the dominant external actor shaping West Asian geo-politics.

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<sup>9</sup> “[Khamenei: Israel, KSA Normalizing is Betting on a Losing Horse](#)”, *Al Mayadeen*, 3 October 2023.

<sup>10</sup> “[Iran’s Khamenei Criticizes Arab-Israel Normalization Bids](#)”, *VOA News*, 2 May 2024.

<sup>11</sup> “[Why Iran is Concerned About a Possible Saudi-Iran Normalization Deal](#)”, *Al-Monitor*, 4 May 2024.

However, unlike the American strategy of relying on hard power to establish and maintain its influence, Beijing has tried to push competing actors to cooperate and normalise ties by leveraging<sup>12</sup> its economic and diplomatic power.

Beijing’s lack of public interference in domestic affairs and condemnation about alleged human rights violations in West Asia have transformed it into one of the favoured partners for regional counties. It has proved itself as a reliable economic and energy trade partner for Tehran, allowing the latter to survive the pressure created by the sanctions regime. The friendly ties have sustained despite China and the GCC releasing a joint statement<sup>13</sup> for the peaceful resolution of the conflict between the UAE and Iran regarding the control of the disputed islands—the Greater Tunb, the Lesser Tunb and Abu Musa. At the moment, these islands are controlled by Tehran. Furthermore, Beijing’s participation in the reconciliation process can be attributed to Riyadh’s diversification strategy wherein Saudi officials have sought to move away from their dependence on Washington across all sectors—diplomatic, security and economic.

American influence and presence in the region spanning several decades has been closely tied with guaranteed military, security and economic aid to multiple regional actors. There has been no overt indication on China’s part that it is willing to step in and replace the US as a security and economic guarantor in these areas. Beijing appears to have been more inclined to cultivate diplomatic supremacy *vis-à-vis* military control to expand its influence in West Asia.

## Conclusion

The Saudi–Iran rapprochement mediated by China was a significant development in a volatile region buffeted by heightened geopolitical tensions and the latest phase of the Israel– Hamas conflict. China currently appears to lack the capability and will to supplant the US as the dominant external actor on West Asia. For now, it has confined to establishing itself as a credible diplomatic presence in a restive region, pushing for regional dialogues while being a vocal critic of the use of hard power by the US, which has resulted in widespread instability through the decades.

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<sup>12</sup> Jin Liangxiang, Maha Yahya and Hesham Alghannam, “[China’s Evolving Economic and Security Role in the Middle East](#)”, Carnegie Endowment for International Peace, 20 March 2024.

<sup>13</sup> “[China Maintains Stance on Disputed Gulf Islands despite Iran’s Anger](#)”, *Reuters*, 3 June 2024.

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