

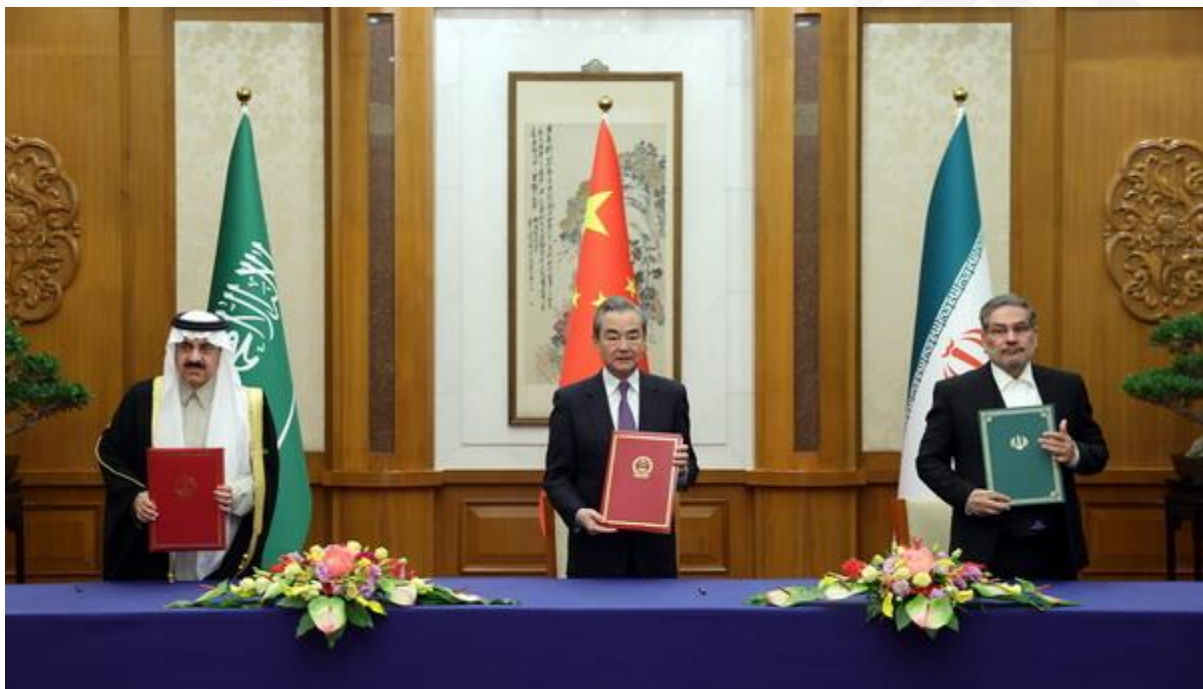


## A Win for Regional Diplomacy

**Saudi-Iran relations have taken an important step, although only a small and initial one**

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The announcement of the re-establishment of diplomatic relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran on March 11, 2023, came as a surprise to many observers. It should not have, however, given the fact that the two sides have been engaged in intense dialogue for the past two years, including with mediation efforts by Iraq and Oman. The question was not *if* an agreement could be reached, but *when*.



The timing has now proven right. On the one hand, Iran finds itself under tremendous domestic and international pressure with President Ebrahim Raisi stating that outreach to regional countries is one of his priorities. With little progress being made on the nuclear negotiations front which could provide economic relief, Iran is in need of other outlets to break out of its isolation, i.e., its Arab Gulf neighbors and China. This is highlighted by the fact that 30 percent of Iran's international trade is with Beijing. In addition, the United Arab Emirates already announced several months ago that it would resume diplomatic ties with Iran.

Saudi Arabia is also keen on seeing de-escalation take on a permanent character in the region, following the Iranian attacks on its oil facilities in September 2019 and the constant barrage of missiles and drone attacks from the Houthis in Yemen, who receive much of their military aid and support from Tehran. For one, stability is needed to move forward on vital economic diversification plans laid out in the Saudi Vision 2030 and in order to attract foreign investment. At the same time, the Kingdom and its GCC allies are fully aware that any future altercation between the United States, Israel, and Iran over the latter's nuclear program will most directly impact their own security. To counter recent international tensions with Iran over nuclear enrichment, as well as Iran's involvement in the Ukraine crisis through the delivery of drones to Russia, Saudi Arabia needed to find an alternative path.

The decision to resume diplomatic ties is all about options and current priorities. It further demonstrates a high degree of flexibility and pragmatism especially as far as Saudi Arabia is concerned. Knowing that the United States would not be able to render results on the de-escalation front as far as Iran was concerned, Riyadh turned to Beijing to deliver the goods.

Following the visit of President Xi to Saudi Arabia this past December, it became clear that China was equally interested in dialing down the regional thermostat. By making China part of the equation, the stakes have increased for Beijing to ensure that Iran remains accountable for the “respect for the sovereignty of states and the non-interference in internal affairs of states” as mentioned in the trilateral agreement. This can indeed be considered one of the key achievements of the announcement.

Saudi Arabia’s move also underlines that there is more than one approach that will solve the regional security dilemma when it comes to Iran. The decision to re-establish diplomatic relations should not be seen as heralding a new era of Saudi-Iran friendship or that Saudi concerns about Iran’s regional behavior have now been mitigated. Far from it. Yet, in order to move the region out of its perennial cycle of instability, a combination of containment, diplomatic efforts, and deterrence policies is seen as crucial. And in that context, Saudi Arabia will continue to pursue all avenues. The road to a more stable and lasting regional security arrangement remains a long and complicated one.

It is in the above context that the agreement should also not be seen as something that fundamentally changes the equation on the ground. China may have elevated its political role, but the United States remains the indispensable security partner for the GCC states. Equally, Saudi relations with Iran and Israel should not be seen as being completely mutually exclusive, given that the core issues defining Saudi-Iran enmity remain unresolved.

The important component for the moment is the fact that Saudi Arabia and Iran are talking directly to one another. Efforts by China, Iraq, and Oman to help bridge differences have been an important element in this regard. In order to maintain the momentum and see the initial step turn into concrete achievements, continued efforts on the mediation front will be required, also from Europe.

Despite not having an official role in the current developments, Europe has nevertheless played an essential part in arranging for various contact mechanisms between Iran and its Gulf Arab neighbors. The Ukraine War has also underlined the importance of Gulf security to European security including in terms of energy. The EU's Strategic Partnership with the Gulf document from May 2022 is a clear acknowledgment in this regard.

In 2015, when the Joint Comprehensive Plan of Action (JCPOA) was first agreed upon, an important opportunity for Gulf regional security was lost when the momentum for diplomatic efforts was not carried forward. A year later, the political circumstances changed with the election of U.S. President Donald Trump and the door quickly closed. It has now been re-opened, even if only slightly. Both the regional and international community need to ensure that this prospect is not lost again.

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