

# EVENT REPORT

CPPR Dialogue On

## **BRIDGING THE GULF: THE PROSPECTS FOR IRANIAN-SAUDI RECONCILIATION**

22 MAY, 2023

5 PM-6 PM

Platform: ZOOM



## THEME OF THE DISCUSSION

The longstanding rivalry between Iran and Saudi Arabia, rooted in political, religious, and economic differences, has been widely discussed in recent years. The US has been the dominant power in the region for decades, but recent reports suggest China may be playing a role in brokering a deal between the two countries. A successful Iran-Saudi deal would have significant implications for the Middle East and the wider world, potentially changing regional security dynamics, economic relationships, and diplomatic alliances. It could also signal a move towards a more stable and cooperative regional order. The outcome of the negotiations, therefore, holds great importance, with a successful deal potentially bolstering China's global influence. The CPPR Dialogue aimed to provide a comprehensive analysis of this complex and important issue. The panel discussion also revolved around the deal's impact on the energy market, trade and investment, and gender.

## PANELLISTS

**Dr Shelly Johny** is Senior Fellow (West Asian & Security Studies) at CPPR. He is an Assistant Professor of the Political Science Department at St. Aloysius College, Elthuruth, Thrissur. He did his PhD in West Asian Studies at Jawaharlal Nehru University (JNU), New Delhi. He has held research positions at the Centre for Air Power Studies (CAPS), New Delhi, which is a think tank of the Indian Air Force, and the Institute for Defence Studies and Analysis (IDSA), New Delhi, which is under the Ministry of Defence, Government of India.



**Dr Stanly Johny** is the International Affairs Editor with The Hindu. A PhD in International Studies from the Centre for West Asian Studies from Jawaharlal Nehru University (JNU), New Delhi; he anchors the paper's international coverage besides writing editorials, Op-Eds, and other features. He has been writing on geopolitics and Indian foreign policy for over a decade and has reported from different parts of the world. He is the author of two books - The ISIS Caliphate (Bloomsbury, 2018), and The Comrades and the Mullahs (HarperCollins, 2022).



**Neelima A**, Research Associate at CPPR, moderated the webinar. Neelima completed her Post Graduation in Masters in Geopolitics and International Relations from the Manipal Academy of Higher Education (MAHE). While pursuing her master's, she did her internship at the Middle East Institute, New Delhi. After completing the course, she worked for two months as an IR Project Intern at the Centre for Public Policy Research (CPPR), Kochi. Her interest areas include West Asia, Indo-pacific, Multilateralism, and Global and National Security.



## SUMMARY OF DISCUSSION

- The webinar commenced with introductory remarks by the speakers, in the context of the reconciliation agreement between Iran and Saudi Arabia brokered by China on 10th March 2023. The moderator for the session, Neelima A, started the discussion by tracing the two countries, Iran and Saudi Arabia's long shared history tied with the Islamic past. Iran and Saudi Arabia have been engaged in proxy wars in regions of West Asia like Yemen and Syria. The tensions between the two countries have often resulted in price escalation in oil as observed by the moderator. The role of the USA which was a major economic and military power in the region was also highlighted. The question of how the possibility of a diplomatic treaty can create space for stability was then put forward to the speakers.
- The first panellist, Dr Stanly Johny gave a brief about the topic by analyzing the importance of Iran and Saudi Arabia in the West Asia region. The rivalry between the two nations goes back to the pre-revolutionary era of Iran. He emphasized the contrasting ideologies between the Sunni-majority Monarchy and Shia-majority Theocratic Republic. He opined that the two countries constantly struggle to establish their dominance in West Asia leading to proxy wars.
- Dr Stanly began by reviewing USA's role in the region, with Iran having a hostile relationship with the country. Saudi Arabia has been a strong ally of the US, where the conventional notion was that the USA would take care of its needs and vice versa. He further added that over the years there have been ruptures in the relations, with reducing dependence on Saudi for Oil and the USA's deprioritization of the Saudi-Iran conflict. Western sanctions continue to be imposed on Iran and its domestic challenges while Houthis are a security challenge to Saudi and UAE. These were a few of the multiple factors that initiated the reconciliation, observed Dr Stanly. He noted that China played a major role in this treaty as it has cordial relationships with Iran and Saudi.
- The second speaker, Dr Shelly Johny in his opening remarks, underlined the historical and present influence of the USA and China in the politics of West Asia. For many decades the Gulf region was dominated by America with the American state taking up the function of maintaining stability, evaluated Dr Shelly. He noted that China has been making strides in the region with increasing investments under the Belt Road Initiatives. Furthermore, he added that stability in the region is crucial for safeguarding China's economic aspirations and investments. Dr Shelly highlighted that this reconciliation would be a triumph for China giving them a diplomatic boost. He opined that China will continue to play a more pragmatic role in the region.
- Historically nations like Egypt and Iraq exerted greater power due to territorial elements like population and urbanization. The change in the regional balance of power emerged after the growth of the GCC countries which were initially seen as weak and were unable to exert influence in the West Asia region. Dr Shelly emphasized that the Gulf Cooperation Council (GCC) was formed as the countries felt threatened by the larger nations. In the GCC countries, Saudi, UAE, and Qatar have been the most influential.

- Dr Shelly claimed that the political turmoil, spanning decades and originating from the invasion of Iraq, resulted in circumstances that led to Iranian influence over Lebanon and the onset of Arab protests in the 2010s. These events ultimately contributed to Saudi Arabia and the UAE becoming more assertive. Saudi and Iran now have an understanding that there should be greater reconciliation. Dr Shelly declared that the threat of state weaponry being available to non-state actors like the Houthis is a growing concern for the countries.
- On the question of how the USA's strategy surrounding the West Asian region has changed, Dr Stanly clarified that the US is not retreating or disengaging from West Asia. It is only deprioritizing the region, but it will remain important for national security reasons. Summarising the position, he stated that the United States is concerned about how Saudi Arabia, one of its key allies, is joining hands with its rivals Iran and China.
- Dr Shelly observed that the USA's prioritization of the region has, in turn, led to China's increasingly proactive role. Stability in the region is crucial for China to promote its investments in the Belt and Road initiative and secure the supply of oil to its economy. He stated that we will have to wait and watch how far China will be able to ensure compliance with the agreement.
- On whether the deal could reshape West Asia's security architecture, Dr Stanly stated that the agreement would not radically restructure security aspects; the agreement is "tactical de-escalation and not a tactical realignment". Even so, the deal will have significant regional impacts. This will be an opportunity for India to strengthen its Eurasian integration and open up central Asia through investments such as the Chabahar port.
- Dr Shelly also agreed that the agreement would not bring about much change in the security architecture. Further, he cautioned that India must be careful not to pick sides, supporting one side can harm India's interest. India's current approach to diplomacy is very reactive, and we should become more proactive. India must maintain good relations with all the powers in the region and use our considerable soft power for the same.
- The next question posed by Neelima was about the implication of Saudi-Iran reconciliation on the energy market and India, as West Asia is a supplier of oil to India. Dr Stanly began by asserting that stability in the Gulf region is good for the energy market as Iran continues to be heavily sanctioned by the USA. The energy attacks on Saudi oil production in Yemen are repercussions of the Iran-Saudi tensions. He stressed that this stability is good for the Indian energy market also. Iran is vital for India as it is a gateway to West Asia. Dr Stanly believes that the reconciliation will favour India as there will be stability in energy supplies and greater geo-political relations.
- The panellists agreed that the Iran-Saudi deal is driven more by geo-political considerations which are not significantly affected by the ideological differences between Iran and Saudi Arabia. Foreign policies are less impacted by the domestic spheres of a nation when compared to the effects on national interests.

## KEY TAKEAWAYS

- Saudi Arabia and Iran are two powerful nations seeking prominence in West Asia, leading to proxy wars and fostering increased regional instability.
- One of the significant aspects that resulted in the deal is that Saudi Arabia is undertaking foreign policy recalibrations that may result in a massive shift in present-day geo-politics.
- With Iran, we will have to observe if it will be able to truly reform itself under the pressure of young Iranians desiring reformation whereas, in the case of Saudi Arabia the reforms are driven by one single leader.
- Iran will not give up its influence in Yemen and Syria, which will result in some geopolitical challenges between the two nations with regard to the region.
- China is stepping up to strengthen its economic relations with regional powers and forge comprehensive strategic partnerships with West Asian countries and place itself as a reliable Global Power.
- China is also leveraging USA's changing relations with nations in the region and the narrative around the fact that any destabilization in this area can impact their economic interests.
- The escalation within Iran and Saudi Arabian ties depicts an era of tactical de-escalation rather than a shift towards tactical realignment.
- Iran is vital for India as it acts as the gateway to West Asia especially within strategic dynamics, geopolitics, and energy security.
- India must be careful not to pick any side, supporting one side can harm India's interests. India's current approach to diplomacy is very reactive, and we should become more proactive.

### About CPPR

Centre for Public Policy Research (CPPR) is an independent public policy organization dedicated to in-depth research and scientific analysis with the objective of delivering actionable ideas that could transform society. Based out of Kochi, in the Indian state of Kerala, our engagement in public policy that began in 2004 has initiated open dialogue, policy changes, and institutional transformation in the areas of Urban Reform, Livelihood, Education, Health, Governance, Law, and International Relations & Security.

### About CPPR Dialogue

CPPR Dialogue is a platform for experts and other stakeholders to engage in meaningful discussions on pertinent policy issues. Our objective is to bring together diverse perspectives and promote constructive dialogue on issues of public interest. These panel discussions are intended to facilitate informed decision-making in various domains such as international relations, education, election studies, economy and public finance, urban governance, urban mobility, and governance and law, among others.