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**Saudi-Iran Rapprochement and
China's Growing Presence in the
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Ayeza Areej,¹ Bushra Ikram,² and Junaid Jhandad³

The Saudi-Iran rapprochement, brokered by China in March 2023, caught the world off guard and represents a significant shift in Middle Eastern geopolitical dynamics. The objective of this paper is to critically examine the Riyadh and Tehran reconciliation process and its long-term sustainability. The paper further analyses the roles of China and the US in the Saudi-Iran rapprochement, while tracing the evolution of Saudi-Iranian relations since 1979. Furthermore, the paper explores China's increasing political presence and economic footprint in the Middle East, assessing the prospects of China overtaking the US as a dominant player in the region. In evaluating the sustainability of the rapprochement, this paper investigates potential spoilers that could increase mistrust and hinder the peace process between Saudi Arabia and Iran. It concludes that the Saudi-Iran rapprochement can endure

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if both states continue to cooperate and manage conflicts rationally, effectively defeating the potential roles of spoilers.

Keywords: Saudi-Iranian rivalry, Saudi-Iranian rapprochement, Middle East, US-China power competition.

Introduction

Saudi-Iranian rivalry is deeply rooted and has shaped the entire geopolitical dynamics of the Middle Eastern region. The historical relations between the Kingdom of Saudi Arabia (KSA) and Iran have been characterized by long-standing antagonism due to persistent ideological, geopolitical, and sectarian differences.⁴ The Iranian Revolution of 1979 and the expansionist ambitions of the then Iranian supreme leader Ayatollah Khomeini; denouncement of gulf monarchies as not being by the teachings of Islam and an ambition to export the Iranian model, challenged Saudi Arabia's inherently assumed role of the protector of Sunni Islam.⁵ The ideological difference laid down the foundation of the rivalry between the two states, resulting in a constant power struggle for political dominance in the region.⁶ This ideological rivalry transcends mere religious differences, encompassing a broader struggle for political dominance. Both states aspired to establish themselves as the preeminent power in the Middle East, thereby shaping the region's political landscape to align with their respective interests and ideological frameworks.

4. Areej, Ayeza. "Fragility of Iran-KSA Rapprochement." *The Express Tribune*, September 26, 2023. <https://tribune.com.pk/story/2437737/fragility-of-iran-ksa-rapprochement>.

5. Khan, Imran. "Analysis: How Saudi Arabia and Iran Became Rivals." *Al Jazeera*, June 4, 2020. <https://www.aljazeera.com/features/2020/6/4/analysis-how-saudi-arabia-and-iran-became-rivals>.

6. Grumet, Tali R. "New Middle East Cold War: Saudi Arabia and Iran's Rivalry." Master's thesis, University of Denver, 2015. <https://digitalcommons.du.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=2027&context=etd>.

The enduring enmity between KSA and Iran, exacerbated by the Shia-Sunni religious divide, did not lead the two states into any serious confrontation except the Iran-Iraq War of 1980-88.⁷ However, the two states remained involved in various proxy conflicts, defining the complex geopolitical dynamics of the region. The hostilities intensified after the execution of Saddam Hussein and the Arab Spring. As a result, a power vacuum was created in the region which increased the intensity of proxy conflicts. The execution of Sheikh Nimr al-Nimr in 2016 further exacerbated their relations and halted the diplomatic relations between the two states.⁸

To normalize relations between KSA and Iran, China mediated a reconciliation agreement in March 2023,⁹ creating hope for regional peace and stability. The thaw in their relations has garnered the attention of policymakers, analysts, and scholars worldwide. Against this backdrop, this paper discusses the evolution of relations between KSA and Iran over time. It elucidates the role of external players, particularly China as a peace broker between Iran and KSA, highlighting its interests and increasing influence in the region. The paper also assesses the response of the US and the status of its influence in the region. The paper further analyses the sustainability of Saudi-Iranian rapprochement and its contribution towards lasting peace between the two states and the region at large.

Historical Background of Saudi-Iranian Relations

Hostility between Iran and KSA had been deeply embed-

7. Grumet. "New Middle East Cold War."

8. Bredemeier, Ken. "Iran Calls Saudi Execution of Cleric a 'Crime.'" VOA News, January 5, 2016. <https://www.voanews.com/a/kuwait-backs-saudi-arabia-re-calls-ambassador-to-iran/3131559.html>.

9. "Iran and Saudi Arabia Agree to Restore Relations." Al Jazeera, March 10, 2023. <https://www.aljazeera.com/news/2023/3/10/iran-and-saudi-agree-to-restore-relations>.

ded in their state and institutional structures due to historical patterns. This institutionalized enmity influenced their respective spheres of influence and shaped regional and, at times, extra-regional politics. Their competition for leadership of the Muslim world, differing visions of regional order, the Iranian nuclear program and Saudi apprehensions about it, support to regional allies, oil pricing issues, and control over natural resources were significant factors fueling their rivalry. Additionally, their opposing state and governance structures, systemic affiliations with antagonistic great powers, sectarian and ethnic fissures within their societies, and mutual accusations of inciting rebellion further exacerbated this hostility. While the dynamics of Saudi-Iranian relations are complex and require a thorough assessment, this study briefly discusses some of these factors.

In addition, this multifaceted rivalry has profoundly influenced the geopolitics of the Middle East. Historically, KSA and Iran maintained relatively cordial relations as pro-Western monarchies, collaborating economically and politically through mechanisms such as the Organization of the Petroleum Exporting Countries (OPEC). However, the 1979 Iranian Revolution marked a turning point, as Iran, under Ayatollah Khomeini, adopted a revolutionary, anti-Western, and anti-monarchical ideology, which posed a direct threat to Saudi Arabia's conservative Sunni monarchy. This ideological shift, combined with the religious divide between Sunni Saudi Arabia and Shia Iran, fuelled a bitter rivalry.

Beginning of Saudi-Iranian Rivalry

The beginning of the rift between Saudi Arabia and Iran after the Iranian Revolution of 1979 established a theocratic Shiite state under Ayatollah Khomeini in Iran. Khomeini's denunciation of the Saudi monarchy as corrupt and con-

trary to the true teachings of Islam to overthrow the Saudi monarchy, coupled with his ambitions to spread his revolution across the Gulf, changed the dynamics of relations between both states.¹⁰ Khomeini's ambitions threatened the sustainability of the Saudi Regime; which also extracted its legitimacy from religious interpretation, and raised the concerns of the ruling royal elites of the country.¹¹ This not only laid the foundation of the rivalry between the two states but also heightened their security concerns.¹²

The antagonism between Tehran and Riyadh fueled the Shia-Sunni divide in the region, prompting both states to vie for influence by propagating their interpretations of Islam. Tehran supported Shia groups, and regimes that oppose Saudi Arabia, while Riyadh leveraged its economic and political clout, particularly its relationship with the US, to counter Iranian influence in the Middle East.¹³

Post-1979 Revolution Era

The relationship between KSA and Iran remained fraught since the Iranian revolution in 1979, characterized by a complex interplay of geopolitical competition, ideological differences, proxies, and regional power struggle. Although occasional attempts at reconciliation between the two states have been made, significant progress has been elusive due to mutual mistrust and deep-seated ideological and political differences.¹⁴

10. "New Middle East Cold War."

11. "Timeline of Iran-Saudi Relations." Wilson Center, January 5, 2016. <https://www.wilsoncenter.org/article/timeline-iran-saudi-relations>.

12. "New Middle East."

13. Huwaidin, Mohamed B. "The Security Dilemma in Saudi-Iranian Relations." *Review of History and Political Science* 3, no. 2 (December 2015): 73. <https://doi.org/10.15640/revps.v3n2a8>.

14. "Iran and Saudi Arabia agree to restore relations."

The decade following the Iranian revolution witnessed a dramatic escalation of tensions between the two states. KSA's support for Iraq during the Iran-Iraq war (1980-88) was seen by Iran as an attempt to quash the revolution.¹⁵ During the war, Iran attacked Saudi oil tankers in 1984,¹⁶ prompting Riyadh to shoot down Iranian jets.¹⁷ Furthermore, during the Mecca stampede of 1987, clashes resulted in the deaths of over 400 Muslims, including 275 Iranians.¹⁸ Tensions between the two states reached a boiling point when Iranian protesters stormed the Saudi embassy in Tehran, resulting in the death of a Saudi diplomat.¹⁹ Consequently, Riyadh broke off ties with Tehran in 1988, though diplomatic relations were eventually restored in 1991.²⁰

After a tense period in the 1980s, the relations between the two states remained somewhat normal in the 1990s. This improvement was marked by a high-profile visit of Crown Prince Abdullah to Iran in 1997 - the first such visit took place by a senior Saudi official since the outbreak of the Iranian Revolution.²¹ This era of relative peace culminated in the signing of the General Agreement for Cooperation in trade, economy, and cultural exchange in May 1998, followed by the Security Cooperation Agreement in April 2001.²²

15. Chubin, Shahram, and Charles Tripp. *Iran-Saudi Arabia Relations and Regional Order*. London: Routledge, 2014, 10.

16. Keynoush, Banafsheh. *Saudi Arabia and Iran: Friends or Foes?* New York: Palgrave MacMillan, 2018, 120.

17. Chubin and Tripp, *Iran-Saudi Arabia Relations*, 11.

18. Hiro, Dilip. *Cold War in the Islamic World: Saudi Arabia, Iran and the Struggle for Supremacy*. New York: Oxford University Press, 2019, 105.

19. Hiro, *Cold War in the Islamic World*, 105.

20. Keynoush, *Saudi Arabia and Iran*, 131.

21. Hiro, *Cold War in the Islamic World*, 152.

22. Hiro, *Cold War in the Islamic World*, 157-159.

Proxy Conflicts

The Saudi-Iranian rapprochement proved short-lived, as the fall of Saddam Hussein in Iraq in 2003 significantly altered the geopolitical landscape of the Middle East.²³ Before this, Saddam's regime served as a buffer between Iran and KSA, curbing Iran's influence in the region. When the US-led coalition ousted Saddam Hussein, a power vacuum emerged in Iraq, creating an opportunity for regional powers to vie for influence. Iran, with its majority Shia population, saw an opportunity to expand its influence in Iraq, a country with a significant Shia majority. Iran began to support various Shia militias and political groups in Iraq, aiming to establish a friendly, Shia-led government that could serve as an ally and extend its regional influence.²⁴

Saudi Arabia, on the other hand, viewed the rise of Iranian influence with apprehension. As a leading Sunni power; Saudi Arabia, was concerned about the growing Shia influence in Iraq and the potential for increased Iranian power throughout the Middle East. This concern was compounded by the fear that Iran's influence could inspire Shia populations within Saudi Arabia and other Gulf states to challenge their Sunni rulers.

The competition for influence in post-Saddam Iraq also contributed to intensifying the existing rivalry between Iran and KSA. Both countries engaged in a proxy struggle, supporting opposing factions and militias in Iraq. This power struggle also played out in other regional conflicts, such as in Syria, Yemen, and Lebanon, where Iran and Saudi Arabia backed different sides to assert their influence.

23. Jahandad, Junaid, and Ali Mustafa. "Saudi-Iran Rivalry: A Sectarian Divide or Security Dilemma?" *Journal of Contemporary Studies* 11, no. 2 (Winter 2022): 96. <https://doi.org/10.54690/jcs.v11i2.235>.

24. Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16, no. 3 (Fall 2009): 68. <https://doi.org/10.1111/j.1475-4967.2009.00404.x>.

This vacuum was further amplified by the 2011 Arab Spring uprisings, which overthrew regimes in Egypt, Tunisia, and Libya and fueled instability across the region, creating fertile ground for proxy conflicts between the two rivals.²⁵ Both sides indulged in violent proxy conflicts across Lebanon, Syria, Iraq, Bahrain, and Yemen, and backed opposite groups across the region including Hezbollah, Houthis, Kataib Hezbollah, Zaynabiyoun Brigade, and militias, to install friendly regimes in these states and curb the influence of their rival.²⁶ These proxy wars led their tensions and rivalry to new heights.

Execution of Sheikh Nimr al Nimr

In 2016, the execution of Shia cleric Sheikh Nimr al Nimr by Saudi authorities over the charges of working as an Iranian agent led to further deterioration of relations between Riyadh and Tehran.²⁷ Iran strongly condemned the execution, while its supreme leader Ayatollah Khomeini vowed divine revenge for this killing. Additionally, protests were prompted in many countries by Shia groups and Shia protesters. In Iran, the Saudi embassy was attacked and parts of it were burnt. Subsequently, this incident drew a severe response from Riyadh, thus straining the relations between the two states in 2016.²⁸

Saudi-Iranian Rapprochement

After seven years of strained relations, Iran and KSA “in a breakthrough development” inked a peace accord mediated by China to restore their diplomatic relations on 10 March 2023. In this rapprochement, both nations acceded

25. Jahandad and Mustafa. “Saudi-Iran Rivalry.” 98.

26. “Saudi-Iran Rivalry.”

27. Jalal, Syed U., Yunas Khan, and Ghulam M. Pitafi. “Saudi-Iran Relationship: The Beginning of a New Era.” *Qlantic Journal of Social Sciences and Humanities* 4, no. 3 (Summer 2023): 5. <https://doi.org/10.55737/qjssh.690236783>.

28. “Cold War in the Islamic World.” 293.

to re-open their embassies, they also agreed upon “respect for the sovereignty of states and non-interference in the internal affairs of state.”²⁹ During this peace agreement, KSA and Iran expressed their willingness to further the General Agreement on Cooperation of 1998 and the Security Cooperation Agreement of 2001.³⁰ This Saudi-Iranian détente, particularly welcomed by regional states, is considered a positive step towards the stability and security of the region, and it holds promise for easing the regional competition and hostilities between the two states.³¹

In line with the peace deal, the Iranian embassy resumed its operations in Riyadh in June 2023, followed by the opening of the Saudi embassy in Tehran in August 2023. This marked a significant milestone after seven years of strained relations.³² Moreover, flight operations have since been resumed between the two states, with Iranian steel now once again being exported to Saudi markets, and the Saudi navy successfully evacuated 65 Iranians from Sudan.³³ In November 2023, Iranian President, Ibrahim Raisi (late) visited Saudi Arabia for the Gaza summit, marking the first visit by any Iranian president to Saudi Arabia since 2007.³⁴ These developments signal a shift towards more peaceful and amicable relations between the two regional powers.

29. Jalal, Khan, and Pitafi. “Saudi-Iran Relationship.” 7.

30. “Iran and Saudi Arabia agree to restore relations.”

31. “Iran and Saudi Arabia Agree.”

32. “Saudi and Iran Exchange Ambassadors after Rapprochement.” Al Jazeera, September 5, 2023. <https://www.aljazeera.com/news/2023/9/5/saudi-and-iran-exchange-ambassadors-after-rapprochement>.

33. Wintour, Patrick. “Saudi-Iranian Detente is Fragile but Potential for the Middle East Is Huge.” The Guardian, May 8, 2023. <https://www.theguardian.com/world/2023/may/08/saudi-iranian-detente-is-fragile-but-potential-for-the-middle-east-is-huge>.

34. Surman, Matt, and Vivian Nereim. “Iran’s President Visits Saudi Arabia for the First Time Since the Two Mended Ties.” The New York Times, November 11, 2023. <https://www.nytimes.com/2023/11/11/world/middleeast/irans-president-visits-saudi-arabia-for-the-first-time-since-the-two-mended-ties.html>.

Role of Extra-regional Powers in the Middle East

Historically, the US played a dominant role in the region. The US interests in the Middle East were influenced by various factors including energy-based economic gains, containment of the erstwhile Union of Soviet Socialist Republics (USSR), geopolitical transformations, and, maintenance of regional peace and stability.³⁵ The Middle East with Iran and KSA, as the major players, produces around 30 percent of the annual oil for the Western world.³⁶ The strategic significance of the region as a global oil supplier instigated the US to maintain defense ties with KSA, especially after the 1973 oil embargoes.³⁷ The US provided military assistance to KSA and, before 1979, to Iran, along with defense deals to contain Soviet expansion and preserve essential oil routes.³⁸ This ongoing trend of the US aiming to increase its economic and diplomatic influence in the region through strategic partnerships and investments persists today.

In addition to the diplomatic and economic presence, the US conducted arms transfers in the region to strengthen alliances, and further economic agendas and to counter evolving threats from Iran, conflicts in Libya, Yemen, and Syria, and non-state actors like Al Qaeda and ISIS.³⁹ The US aimed to strengthen defense capabilities through arms exports to countries like Kuwait, Iran, and KSA while maintaining stability in the region.⁴⁰ These arms sales served

35. Irani, Robert G. "US Strategic Interests in Iran and Saudi Arabia." *The US Army War College Quarterly: Parameters* 7, no. 4 (1977): 33. <https://apps.dtic.mil/sti/pdfs/ADA512229.pdf>.

36. Irani. "US Strategic Interests in Iran and Saudi Arabia." 22.

37. "US Strategic Interest in Iran and Saudi Arabia." 21.

38. "US Strategic Interests." 24.

39. Thomas, Clayton. *Arms Sales in the Middle East: Trends and Analytical Perspectives for U.S. Policy*. Congressional Research Service, 2017. <https://crsreports.congress.gov/product/pdf/R/R44984/5>.

40. Thomas. "Arms Sales in the Middle East: Trends and Analytical Perspectives for U.S. Policy."

to promote the US defense market, aligning with global trends where major powers sought economic opportunities and market share in the lucrative market in the region. The US sustained a strong presence in the region historically via economic diplomacy, arms exports, and defense deals to advance its strategic imperatives.

Nevertheless, the geopolitical order in the Middle East is witnessing a paradigm shift with the current diplomatic shift amid the Saudi-Iranian rapprochement, highlighting geopolitical realignment that can potentially challenge the traditional influence of the US in the Middle East. The diplomatic breakthrough, negotiated by China, has become a crucial nexus, highlighting the importance of great power rivalry in the region. The significant role of China as a mediator has garnered attention from the West, adding to the narrative of expanding Beijing's influence in the Middle East.⁴¹ In light of entrenched hostilities, this reconciliation is seen as a diplomatic win for Beijing in terms of crisis diplomacy.⁴²

The reconciliation came at a time when the US influence was perceived to be declining amid inconsistent relations with Riyadh, withdrawal from the Iran nuclear accord, and US withdrawal from Afghanistan and Iraq.⁴³ Over the last decade, China has moved beyond its "non-interference policy," which was primarily demonstrated by its contentious stance towards Sudan and involvement in various discussions on North Korea after 2000.⁴⁴ Most

41. LSE Ideas. "How Significant Is China's Role in the Saudi-Iran Rapprochement?" China Global South Project, March 17, 2023. <https://chinaglobalsouth.com/analysis/how-significant-is-chinas-role-in-the-saudi-iran-rapprochement/>.

42. Ideas. "How Significant Is China's Role in the Saudi-Iran Rapprochement?"

43. Hale, Erin. "Can China Replace the US in the Middle East?" Al Jazeera, April 25, 2023. <https://www.aljazeera.com/features/2023/4/25/can-china-replace-the-us-in-the-middle-east>.

44. Hale. "Can China replace the US in the Middle East?"

global observers note that China is expanding its sphere of influence in the Middle East and North Africa (MENA) region, thereby reshuffling the geopolitical dynamics.⁴⁵ In addition, Aaron David Miller, a former State Department advisor on Middle East affairs and senior research fellow at Carnegie Endowment for International Peace claims, “I think it demonstrates that US’ influence and credibility in that region has diminished and that there is a new sort of international regional alignment taking place, which has empowered and given both Russia and China newfound influence and status.”⁴⁶

China’s Increasing Presence in the Middle East

China’s media coverage portrayed Xi Jinping as a diplomatic troubleshooter. This narrative promotes China’s positive image following the Western criticism of Xi’s explicit condemnation of the US containment policies against China in his speeches.⁴⁷ The agreement solidifies China’s commitment to promoting security initiatives globally, spotlighting Beijing’s progress towards peace and development. China’s involvement in easing tensions between Tehran and Riyadh comes with strategic advantages. It fortifies China’s bilateral ties with both countries, KSA and Iran. Riyadh’s interest in joining Brazil, Russia, India, China, and South Africa (BRICS) and Tehran’s inclusion in the Shanghai Cooperation Organization (SCO) strengthens Beijing’s influence in Central Asia.⁴⁸ Acting as a peacemaker not only fosters stability in the region but also enables

45. “How Significant Is China’s Role.”

46. Turak, Natasha. “The China Brokered Saudi-Iran Deal Has Big Repercussions for the Middle East and the U.S.” CNBC, March 15, 2023. <https://www.cnbc.com/2023/03/15/does-chinas-role-in-saudi-iran-rapprochement-represent-a-new-order.html>.

47. Hawkins, Amy. “After Years of Isolation, Xi’s China Looks to Dominate World Stage.” The Guardian, March 13, 2023. <https://www.theguardian.com/world/2023/mar/13/after-years-of-isolation-xi-jinping-china-looks-to-dominate-world-stage>.

48. Hawkins. “After years of isolation, Xi’s China looks to dominate world stage.”

China to counterbalance US strategies through alliance building, economic opportunities, and diplomatic influence.

KSA and Iran are among the largest trading partners of China, which presents an opportunity for future Chinese investments.⁴⁹ According to Julia Gurol-Haller, a fellow at Arnold-Bergstraesser-Institute Freiburg, the rapprochement has the potential to act as a “launchpad to future initiative for China.”⁵⁰ In 2016, China introduced its China’s Arab Policy Paper outlining the “1+2+3 cooperation pattern” for engagement in the region.⁵¹ The policy paper underscored the importance of trade, investment, and energy security in the region, given the abundance of liquified natural gas (LNG) and oil in the Middle East and North Africa (MENA), region.⁵² In recent years, China’s economic expansion necessitated a surge in energy imports to fulfill its growing energy demands, surpassing the US as the largest crude oil importer in 2016. Approximately 40% of the energy imports from the Middle Eastern states require China’s greater participation in energy projects while ensuring smooth navigation through trade routes and critical Sea Lines of Communication (SLOCs).⁵³ China has already invested more than \$273 billion from 2005 to 2022.⁵⁴

China is actively engaged in economic partnerships across the MENA region through various strategic initiatives. It

49. Alotaibi, Lujain. “Saudi Arabia and Iran: Beyond Geopolitics.” Carnegie Endowment for International Peace, June 6, 2023. <https://carnegieendowment.org/sada/89893>.

50. “Can China replace the US in the Middle East?”

51. Khan, Suhail A. “China’s Increasing Influence in the Middle East.” E-International Relations. Last modified September 20, 2021. <https://www.e-ir.info/2021/09/20/chinas-increasing-influence-in-the-middle-east/>.

52. Khan. “China’s Increasing Influence in the Middle East.”

53. “China’s Increasing Influence in the Middle East.”

54. “Can China replace the US.”

imports substantial amounts of oil and natural gas from countries like Iran, KSA, and Qatar, securing vital energy resources for its growing economy. Through the Belt and Road Initiative (BRI), China invests heavily in infrastructure projects such as roads, ports, railways, and energy pipelines, promoting trade and economic integration.⁵⁵ Numerous trade agreements with MENA countries enhance bilateral trade across sectors like technology, manufacturing, and agriculture. Additionally, Chinese companies invest in diverse industries, creating joint ventures that stimulate economic growth and job creation. Financial aid and loans from China support development projects, while industrial parks and economic zones boost local manufacturing capabilities and attract foreign investment. These economic partnerships ensure resource security for China, enhance its geopolitical influence, and foster long-term relationships with major countries in the region.⁵⁶

Furthermore, a 25-year economic collaboration agreement between China and Iran and a comprehensive strategic partnership with KSA in the year 2022 is another manifestation of China's expanding influence in the Middle East, causing implications for US-China competition in the region.⁵⁷ Iran's oil transfer to China increased from 324,000 barrels per day (bpd) to 1.1 million bpd between 2022 to 2023.⁵⁸ China also encouraged energy sales in yuan currency.⁵⁹

55. Quan, Zhanfu. "BRI Points Saudi Arabia's Rail Network in the Right Direction." *China Daily - Connecting China Connecting the World*. Last modified October 18, 2023. <https://www.chinadaily.com.cn/a/202310/18/WS652f84d0a31090682a5>.

56. "China's Increasing Influence."

57. Cheref, Abdelkader. "With Saudi-Iran Deal, China Manifests Its New World Order." *The New Arab*, March 28, 2023. <https://www.newarab.com/opinion/saudi-iran-deal-china-manifests-its-new-world-order>.

58. Cheref. "With Saudi-Iran deal, China manifests its new world order."

59. Gallagher, Adam, Sarhang Hamasaeed, and Garrett Nada. "What You Need to Know About China's Saudi-Iran Deal." *United States Institute of Peace*, 2023.

Will China Replace the US in the Middle East?

Speculative discussions point to the possibility that the Saudi-Iranian deal might indicate a broader shift towards Petro-yuan, posing a significant challenge to the traditional use of dollars.⁶⁰ The US' restrained response throughout the reconciliation process followed by its absence in the recent deal showcases the Biden administration's understanding of the US' waning control in Middle Eastern politics. This stands in sharp contrast with its previous highly involved role as a supplier of arms to regional states, against what it deemed to be the "troublemaker" Iran.⁶¹

According to some analysts, China is becoming more influential in the region, but it does not possess the capability to entirely replace the US. Despite China's increasing foothold, the US maintains a significant presence through several military bases and alliances.⁶² Specialists suggest that Beijing might be reluctant to take responsibility for security matters and does not intend to exert control over the Middle East, rather it will focus on expanding its diplomatic and economic clout in the region.⁶³ Zakiyeh Yazdanshenas suggests that China's central focus lies in developing a reputable international standing, cost reduction, and securing energy supplies.⁶⁴

<https://www.usip.org/publications/2023/03/what-you-need-know-about-chinas-saudi-iran-deal>.

60. "What You Need to Know About China's Saudi-Iran Deal."

61. "With Saudi-Iran deal, China manifests its new world order."

62. "Explainer-What Are US Troops Doing in the Middle East and Where Are They?" US News & World Report. Last modified January 30, 2024. <https://www.usnews.com/news/world/articles/2024-01-30/explainer-what-are-us-troops-doing-in-the-middle-east-and-where-are-they>.

63. Mastro, Oriana S. "The Stealth Superpower: How China Hid Its Global Ambitions." *Foreign Affairs*, December 11, 2018. <https://www.foreignaffairs.com/articles/china/china-plan-rule-asia>.

64. "Can China replace."

Scholars like Mark Fitzpatrick caution that China's reluctance to acquire the status of security provider in the region might limit its effectiveness in long-term negotiations.⁶⁵ Moreover, with Beijing's increased economic and commercial ties with the Middle Eastern states, Washington cannot afford to lose its influence in the region. US prudence lies in maintaining good relations with its allies in the region. The US will strive to maintain its long-standing influence by serving both as a security provider and a balancer in the region via military bases, alliances, and interference in the regional states' internal affairs.⁶⁶

Assessing the Sustainability of Saudi-Iranian Rapprochement

The recent Saudi-Iranian rapprochement, brokered by China, holds promise for stability and peace in the region. The rapprochement is set to improve diplomatic ties, enhance economic cooperation, and result in the resumption of operations at respective embassies between the two parties.⁶⁷ The agreement also stressed bilateral cooperation in different fields.⁶⁸ However, the durability and sustainability of this rapprochement remain questionable amid historical grievances and current trends.

Saudi Arabia's shift towards rapprochement with Iran is rooted in its broader foreign policy objectives, with a special focus on advancing the vision 2030, and diversification of the economy.⁶⁹ Mounting oil prices can empower the

65. "China."

66. "Explainer-What Are US Troops Doing in the Middle East and Where Are They?" US News & World Report. Last modified January 30, 2024. <https://www.usnews.com/news/world/articles/2024-01-30/explainer-what-are-us-troops-doing-in-the-middle-east-and-where-are-they>.

67. Jalal, Khan, and Pitafi. "Saudi-Iran Relationship." 6.

68. "Saudi-Iran Relationship."

69. Farouk, Yasmine. "Riyadh's Motivations Behind the Saudi-Iran Deal." Carnegie Endowment for International Peace, March 30, 2023. <https://carnegieendow->

Kingdom to enhance its economic initiatives and regain influence internationally. Furthermore, KSA understands the importance of maritime security in the Persian Gulf, as a major route for global oil export where ships were subject to Iranian attacks. China stepped into the mediation at a time when the diplomatic and economic regional balance of power was tilting favorably towards Riyadh.⁷⁰

In addition, due to its economic initiative of diversification of the economy, Riyadh aims to bring stability in its neighborhood to attract foreign direct investments (FDIs), therefore KSA seeks to resolve the Yemen conflict. To resolve the Yemen conflict, good relations with Iran are of paramount importance. In a remarkable diplomatic achievement, Yemen media highlighted a handshake and discussions between Saudi leaders and Yemeni officials, signaling the efforts to pursue peace in Yemen.⁷¹

Following the recent Saudi-Iranian reconciliation mediated by China, the presence of the KSA delegation in Sanaa depicts a positive path toward rapprochement and peace in the region.⁷² However, the surge in tensions with Iran and regional instability might threaten foreign investment in the project, given Iran's alleged support to Houthi rebels, who were responsible for missile and drone attacks on KSA's infrastructure.⁷³ Consequently, any instability would jeopardize the project funding and potentially scuttle the Kingdom's dream of becoming a global hub, partic-

ment.org/2023/03/30/riyadh-s-motivations-behind-saudi-iran-deal-pub-89421.

70. Farouk. "Riyadh's Motivations Behind the Saudi-Iran Deal."

71. "Saudi Delegation in Yemen for Peace Talks with Iran-Backed Houthi Rebels." France24, April 9, 2023. https://www.france24.com/en/middle-east/20230409-saudi-delegation-in-yemen-for-peace-talks-with-iran-backed-houthi-rebels_

72. "Saudi delegation in Yemen for peace talks with Iran-backed Houthi rebels."

73. Cafiero, Giorgio. "Iranian-Saudi Deal: They Didn't Do It for Love." Responsible Statecraft, September 8, 2023. <https://responsiblestatecraft.org/china-iran-saudi-arabia/>.

ularly in logistics, cloud computing, industry, and trade. On the other hand, Iran's motivations for joining hands with KSA also revolve around its economic interests. The internal protests against the regime following the death of Mahsa Amini in police custody, strict international economic sanctions, and diplomatic isolation contributed to Iran's need for economic and diplomatic support from China as well as its Islamic neighbors including Saudi Arabia, Pakistan, and members of Gulf Cooperation Council (GCC).⁷⁴ As Barbara Slavin, a fellow at the Stimson Center highlighted, "Iran wants to prove it is not isolated regionally while Saudi Arabia wants an insurance policy against external attacks while it tries to realize its ambitious economic goals."⁷⁵

In addition, billions of dollars are being allocated by KSA for this socioeconomic development project, which acts as an opportunity for the success of this rapprochement in the future, and Riyadh and Tehran are entering into economic partnerships, with Iran considering \$1 billion trade with KSA and KSA ambitions to attract \$100 million tourists by 2030.⁷⁶ Moreover, KSA is increasing its partnerships with various countries like China, Iran, Russia, etc., other than the US under the broader Vision 2030 to diversify its options. KSA and Iran are maintaining economic and diplomatic relations with their new trusted partner i.e., China.

The deal signed between Russia and Iran, which provides Iran with sophisticated military equipment and cyber warfare capabilities in exchange for Tehran's drones to Moscow, poses an imminent threat to Saudi Arabia. KSA may

74. Divsallar, Abdolrasool, and Hesham Alghannam. "The Strategic Calculus Behind the Saudi-Iranian Agreement." *The Cairo Review of Global Affairs*, April 9, 2023. <https://www.thecaireview.com/essays/the-strategic-calculus-behind-the-saudi-iranian-agreement/>.

75. Cafiero. "Iranian-Saudi deal."

76. Alotaibi. "Saudi Arabia and Iran: Beyond Geopolitics."

perceive this agreement that could empower Tehran to carry out offensive activities in the region.⁷⁷ Additionally, Riyadh is also apprehensive of the potential Iran, Russia, and China alliance that can help increase Iranian influence in the region and assist Iran in circumventing US sanctions.⁷⁸ Beijing's increased influence in the Middle East, the Western alienation of both Moscow and Tehran amid the Russia-Ukraine conflict, and the US termination of the Joint Comprehensive Plan of Action (JCPOA) agreement with Iran are fostering cooperation among the three countries⁷⁹ i.e. Iran, Russia, and China. The recent rapprochement can be seen as Riyadh's strategy to safeguard itself from getting entangled in the strategic trio of Iran, China Russia, and Western powers. The move highlights the Kingdom's attempt to gain a balanced position among these states to preserve the long-term objective of Vision 2030.

Role of Spoilers

Some factors act as spoilers with a possibility to hinder the reconciliation and diplomatic process between the two countries. The potential normalization of Saudi-Israel relations act as a spoiler and a threat to the balance of power in the region that could potentially challenge the recent reconciliation.⁸⁰ Iran is apprehensive about a possible military alliance between Israel and KSA in the region for which it is developing advanced hypersonic missiles to counter any possible security threats.⁸¹ In parallel, Israel has concerns

77. Lieber, Dov, Benoit Faucon, and Michael Amon. "Russia Supplies Iran with Cyber Weapons as Military Cooperation Grows." *The Wall Street Journal*, March 27, 2023. <https://www.wsj.com/articles/russia-supplies-iran-with-cyber-weapons-as-military-cooperation-grows-b14b94cd>.

78. Tabatabai, Ariane, and Dina Esfandiary. *Triple-Axis: Iran's Relations with Russia and China*. London: Bloomsbury Publishing, 2021, 146.

79. Frantzman, Seth J. "Iran-Russia-China: Tehran Believes it is Moving toward Triple Alliance." *The Jerusalem Post*, July 2, 2023. <https://www.jpost.com/international/article-748583>.

80. Areej. "Fragility of Iran-KSA rapprochement."

81. "Fragility of Iran-KSA rapprochement."

regarding reduced American presence and increasing Chinese and Iranian influence in the region. Israel considers the rapprochement as the “potential barrier in the formulation of the anti-Iran alliance, which was the impetus behind the Abraham Accords.”⁸²

Moreover, KSA and Iran maintained good relations for mutual interests, but mistrust is still high among the two parties.⁸³ Their behavior might change if they perceive any security threat from the other side. Also, the potential Donald Trump electoral victory in the upcoming US elections would threaten the reconciliation and peace process as Trump pursued a “Maximum pressure policy” against Iran and influenced the Arab states effectively.⁸⁴ Trump will endeavor to bring back US traditional influence in the Middle East against China and Israel by forming an anti-Iran alliance of Saudi Arabia, UAE, and Bahrain.

According to some analysts, rapprochement has not yet resulted in a peaceful environment in the region because of Tehran’s misconduct and its alleged support to militias and Houthi’s activities in the region.⁸⁵ For instance, suspected proxies of Iran carried out an attack against US troops in Syria just after the reconciliation.⁸⁶ However, the success of the Saudi-Iranian rapprochement would only be possible if both parties efficiently overcome the challenges. KSA and Iran’s motivations and benefits for reconciliation

82. Zaaimi, Sarah. “Is Saudi-Iran Reconciliation Threatening the Future of Israeli Normalization?” Atlantic Council, April 21, 2023. <https://www.atlanticcouncil.org/blogs/new-atlanticist/is-saudi-iran-reconciliation-threatening-the-future-of-israeli-normalization/>.

83. “Iranian-Saudi deal.”

84. “Fragility of Iran-KSA.”

85. Cook, Steven A. “Saudi-Iranian Rapprochement Has Failed to Bring De-escalation.” Foreign Policy, June 12, 2023. <https://foreignpolicy.com/2023/06/12/saudi-iran-rapprochement-normalization-deal-china-de-escalation-yemen-syria/>.

86. Lamothe, Dan. “Biden Weighs Striking Iranian Proxies after Attacks on U.S. Troops.” Washington Post, October 25, 2023. <https://www.washingtonpost.com/national-security/2023/10/25/biden-iran-proxy-attacks-us-troops/>.

outweigh the challenges, increasing the possibility of sustainable rapprochement in the light of regional economic integration.

Future Prospects

The recent Chinese-mediated peace deal will only result in resolving ongoing conflicts, bringing peace to the region, and shifting the focus of states toward economic growth and developmental initiatives if the involved parties can adeptly tackle the challenges. This reconciliation can potentially help to mitigate the ongoing proxy conflicts in Yemen and Syria, as significant efforts have already been initiated in Yemen following the rapprochement, including the presence of Saudi officials in Sanaa.⁸⁷ Furthermore, the exchange of the families of prisoners between Sanaa's government and Houthis has also started.⁸⁸ Such developments signal a potential shift towards an era of constructive peace being established in Yemen. Additionally, peace efforts in Syria are also currently ongoing, and following the reconciliation, in May 2023, Damascus was welcomed once again in the Arab League.⁸⁹

In addition to bringing peace and stability to the region, this reconciliation may also result in an overall increase in the volume of trade conducted by these states both regionally and globally, but only if both parties proficiently overcome the challenges posed by the spoilers. This becomes even more likely when considering the geographical positioning of Yemen as a neighbor to KSA, where peace and stability in its neighborhood is an economic necessi-

87. "Saudi delegation in Yemen for peace talks."

88. "Yemen Rebels and Government Complete Prisoner Exchange." Al Jazeera, April 16, 2023. <https://www.aljazeera.com/news/2023/4/16/yemen-rebels-and-government-complete-prisoner-exchange>.

89. Lewis, Aidan, and Sarah E. Safti. "Arab League Readmits Syria as Relations with Assad Normalise." Reuters, May 8, 2023. <https://www.reuters.com/world/middle-east/arab-league-set-readmit-syria-relations-with-assad-normalise-2023-05-07/>.

ty. However, the probability of the resolution of conflict in Syria, Lebanon, and Iraq remains low as these states are not in the immediate neighborhood of Riyadh, thus do not enjoy the same advantages as Yemen, and especially because Iran has established a strong foothold in these states, which it is unlikely to abandon. Despite this, the possibility of the potential mitigation of conflicts and proxy wars in these states continues to remain a possibility, one which might become more likely the longer this rapprochement is sustained.

Recommendations

The success of the rapprochement to bring sustainable peace to the region requires a holistic approach. Firstly, diplomatic engagement is essential in which both states should indulge in constant and transparent dialogues to solve mutual problems, and concerns and to build trust. They should establish a joint committee for the evaluation and the implementation of agreements. Through these, they would be able to manage disagreements and assuage misunderstandings.

Furthermore, confidence-building measures (CBMs) between Riyadh and Tehran are crucial and could be assisted by third-party arbitrators and international bodies to ensure fairness and inclusive dialogue. Secondly, the structural causes of the regional chaos should be addressed to ensure peace. Both parties should address major conflicts in the region like conflicts in Syria and Yemen via inclusive political processes that would involve all the stakeholders, the civil society, and the opposition groups. The provision of humanitarian assistance, development, and reconstruction efforts is necessary to gain the public trust and curb the recruitment of militant groups. By combining economic, defense, and diplomatic initiatives, the Saudi-Iranian rapprochement can move beyond short-term self-interests and contribute to a peaceful environment in the region.

Successful and sustainable reconciliation would only be attainable if the involved parties take these concrete steps and proficiently address the potential challenges, driving the region toward the path of long-term peace and development.

Conclusion

Saudi-Iranian rapprochement represents a dynamic shift in the regional and global political environment. China, a major global player, has expressed an increased interest in merely expanding its economic and diplomatic clout in the region and may continue to play an influential role in this rapprochement. However, even though China is increasing its influence through its soft power in the region, the probability of Beijing overtaking Washington is less likely as China is less interested in taking responsibility for security matters and does not aim to exert direct control over the Middle East. Moreover, the US may attempt not to further lose its influence in the Middle East. The process of rapprochement towards peace and stability will be slow and it is highly likely to encounter challenges, including the longstanding mistrust, the risk of return to maximum pressure policy in the event of Donald Trump's return to the White House, Israel's likely effort to impede the peace process and Iran's alleged support to militias in the region.

Nonetheless, despite these certain challenges and given the national, political, and economic interests of Saudi Arabia and Iran; which outweigh the challenges, in addition to China's economic gains and increasing influence through soft power, this rapprochement becoming a long-lasting strategic outcome is a likely possibility, only if these challenges are overcome.