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The Impact of the War in Ukraine on the Saudi-Iranian Relationship

Russia's invasion of Ukraine continues to have a wide-ranging impact on the Gulf region. Ongoing regional conflicts, economic turmoil, and a waning US presence in the region are transforming existing alliances and giving rise to new ones. In this policy brief, we assess the political, economic, and security impacts of the war in Ukraine on the relationship between Saudi Arabia and Iran, focusing on the connection and competition among great and middle powers.

Brief Points

- The partial disengagement from the Gulf region by the United States is a key driver of changing Saudi-Iranian relations.
- Shifts in the Saudi-Iranian relationship may impact ongoing conflicts in Yemen, Iraq, Lebanon, and elsewhere.
- The war in Ukraine has re-emphasized the economic and political leverage that Saudi Arabia has over great powers, rehabilitating Saudi Arabia's position in global politics.

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Saudi Arabia and Iran: Regional Middle Powers

Russia's invasion of Ukraine shows the enduring relevance of realist power politics. Although discredited for a period following the Cold War, geopolitics has once again become a dominant framework for understanding international relations and balance-of-power politics. This is particularly evident in the Gulf region. As US President Joe Biden stated during his July 2022 trip to Saudi Arabia, "We [the US] will not walk away and leave a vacuum to be filled by China, Russia or Iran." Although the Russian invasion of Ukraine does not pose a direct military threat to either Saudi Arabia or Iran, the economic, political, and wider security repercussions of the invasion are significant both for states as well as for the relationship between them.

Despite Biden's reassurances, the United States – the regional hegemon in the Gulf – has, beginning in the Obama administration, adopted a "light footprint" strategy in the region; this changed role has created opportunities for new regional actors and alliances. These new actors seek to have an impact on conflicts in Syria, Yemen, and Libya, leading to fluctuating and transactional alliances. Furthermore, regional state actors, in pursuit of geopolitical goals, have supported transnational non-state actors, such as the Iranian-backed Ansarallah (Houthi movement) in Yemen, often reinforcing religious sectarianism. The cumulative result of this turmoil is a fragmentation of the wider Middle East. These geopolitical shifts have provided openings for some states, such as the UAE and Saudi Arabia, to try to shape the region ideologically and thus strengthen their own positions within it. This regional repositioning, in turn, has created new balance-of-power dynamics, with Saudi Arabia and Iran playing key roles.

In what follows, we assess the impact of the war in Ukraine on Saudi Arabia and Iran and on their bilateral relationship. Given the dynamic nature of both the Middle East region and the war in Ukraine, we examine the period between February and September 2022. We view Saudi Arabia and Iran as "middle powers," whose foreign-policy activism is based on how the regimes identify their own domestic, regional, and international interests and how they perceive their own roles in promoting these interests. Activism in foreign policy becomes



an extension of domestic policy needs, a means to strengthen the legitimacy of Gulf rulers at home by mobilizing nationalist sentiment. This is particularly the case in Saudi Arabia, which is undergoing nationalist rebranding under its new crown prince, Mohammed Bin Salman (MBS), who was appointed in 2017. We posit that, for Iran and Saudi Arabia, security is closely tied to the policies of the great powers, currently the United States, Russia, and China. Accordingly, changes in great power dynamics, induced by Russia's invasion of Ukraine, impact the regional power relationship between Iran and Saudi Arabia, and developments in the relationship between the two have repercussions for great power politics. Critical junctures such as the war in Ukraine highlight the agency of regional powers vis-à-vis great powers.

Political Relations

Since the 1929 signing of the Friendship Treaty and the subsequent establishment of diplomatic relations, the Saudi-Iranian relationship has undergone several phases of antagonism and rapprochement. In 2016, Saudi Arabia executed Nimr al Nimr, a prominent Saudi Shiite cleric. In response, Iranian protesters set fire to the Saudi embassy in Tehran; the Kingdom then cut diplomatic ties with Iran. Between 2016 and 2021, the relationship between the two countries was hostile. They avoided direct confrontation but provided military and financial support to competing factions in Syria (where Saudi support continued until 2017), Yemen, Iraq, and Lebanon. Saudi Arabia's increased enmity was enabled in part by the Trump-era 'maximum pressure' campaign against Iran.

In the year prior to the Russian onslaught against Ukraine, Saudi Arabia and Iran held direct talks, exploring opportunities for rapprochement. Since April 2021, they have participated in at least five rounds of direct talks mediated by Iraq. The direct talks coincided with the Biden administration's diplomatic initiatives to resuscitate the 2015 Iran nuclear deal and to end the war in Yemen. De-escalating tensions between Saudi Arabia and Iran were meant to facilitate achievement of both goals. To date, the talks have produced an agreement allowing Iranian pilgrims to visit Mecca in the annual Hajj in 2022 and involved discussions about the war in Yemen, the situation in Lebanon, and the Iranian nuclear negotiations. The meetings are notable for the reconciliatory tone the leaders of both states take when referring to each other's countries, which is strikingly different from the hostile, securitized rhetoric characteristic of the past few years. Importantly, the Saudi-Iran dialogue provides an opportunity for both states to present positive international images of themselves.

The war between Russian and Ukraine could easily have ended the attempt at Iran-Saudi rapprochement had Iran and Saudi Arabia rallied in support of opposite parties. However, both countries acted with constraint. Unsurprisingly, on 26 February, Russia blocked the UN Security Council's resolution which demanded that Moscow immediately stop its attacks on Ukraine and withdraw its military forces. On March 2, the members of the UN General Assembly met in an emergency special session and voted overwhelmingly in favor of a resolution denouncing the Russian invasion and demanding military withdrawal. Iran, strategically aligned with

Russia in Syria, abstained from voting, whereas Saudi Arabia, traditionally a US ally, voted in favor of the resolution. A month later, on 7 April, the UN General Assembly held a vote on whether to suspend Russia from the Human Rights Council. Iran voted no whereas Saudi Arabia – contrary to US hopes – abstained, ostensibly attempting to offer balance between the two sides.¹ Tehran argued that it opposed the war in Ukraine, even though it initially accepted Russia's rationale for the invasion, and in February, Iran's Foreign Minister accused NATO of "provocations." The Saudi response was tempered. When the Russian invasion of Ukraine first began, Saudi Arabia called for a political settlement and choose to present itself as a neutral, but not indifferent, actor. Saudi Crown Prince MBS spoke with Russian President Vladimir Putin and Ukrainian President Volodymyr Zelensky in the days after the war began and offered to mediate between Russia and Ukraine. The Saudi offer – which positioned the country as non-aligned rather than aligned with its traditional ally, the United States, and as a mediator – marked a shift in Saudi foreign policy to middle-power activism.

In July 2022, President Biden undertook his first trip to the Middle East, which included visits to Israel and Saudi Arabia. The US administration emphasized its security assurances toward the region, especially concerning Iran's ability to acquire a nuclear weapon. Who was being reassured by whom was an open question. Biden's immediate aim in his visit to the Kingdom was to persuade Saudi Arabia to increase the supply of oil under the rubric of "energy security." More broadly, the United States was seeking to restrain economic, military, and technical advances in the region by Russia and China by persuading leaders in the Middle East to remain aligned with US interests.

Biden's signals to Saudi Arabia in the summer of 2022 differed markedly from his earlier messaging to the Kingdom. During his campaign for US president, Biden had pledged to follow a more "moral" and human rights-centred foreign policy to rehabilitate the US public image. Accordingly, he had promised to make Saudi Arabia a "pariah" for its human rights abuses, especially following the findings of US intelligence that MBS had likely approved the murder of *Washington Post* journalist Jamal Khashoggi in 2018. However, the Ukraine invasion brought

about a U-turn in US policy. Driven by fears of a global scarcity of energy resources, Biden's visit marked a significant step in MBS's diplomatic rehabilitation.

Biden also sought to improve relations between Saudi Arabia and Israel. The US-brokered Abraham Accords in 2020, among Israel, the United Arab Emirates, and Bahrain, has led to greater cooperation among regional states, not just among the signatories of the treaty. The normalization of relations among Israel, Egypt, Jordan, Bahrain, and the UAE has resulted in greater intelligence-sharing with the aim of building a regional air architecture to counter Iranian missiles and drones. Saudi Arabia, however, has maintained the long-standing Arab League position and been reluctant to participate in the air defense planning before a resolution of the Israeli-Palestinian issue. (Any change in this position can only occur, it is speculated, after a formal shift of power from King Salman to the Crown Prince). The Kingdom made a minor yet symbolic gesture after President Biden's visit with its announcement that it would lift over-flight restrictions on aircraft travelling to and from Israel; Biden immediately hailed this as a "historic" move.

Economic Repercussions

The repercussions of the war in Ukraine for global energy and food prices have been severe. Several Middle Eastern and North African countries depend heavily on food and energy imports and have been left particularly vulnerable to economic shocks. Yemen, whose civil war is fuelled by Saudi-Iranian regional competition, imports 90 percent of its food from abroad; in 2021, 46 percent of its wheat was imported from Ukraine and Russia. On the other hand, wealthy Gulf countries, such as Saudi Arabia, have ample reserves of both food and energy.

Despite the negative impact of the war in Ukraine on the world economy, oil and gas exporting countries, such as Saudi Arabia, Qatar, and Kuwait, are likely to gain from the rise in demand and the race to diversify gas sources, especially in Europe. Clearly, global energy price increases benefit Saudi Arabia, as the world's largest oil exporter. Such increased growth can aid Saudi Arabia in achieving its domestic priorities, not least the implementation of its ambitious Vision 2030.

Rising oil prices prompted the Biden administration and European leaders to pressure the Gulf Arab states to increase their oil production. The Saudi crown prince was reluctant to comply with US demands. On Biden's visit to Saudi Arabia, the US president attended a meeting of leaders of the Gulf Cooperation Council and of Egypt, Iraq, and Jordan (the so-called GCC +3 summit). However, his trip did not produce any immediate announcements about increased oil production. Following the early August OPEC+ meeting, an agreement was reached to raise the oil output goal by 100,000 barrels per day. This increase, the equivalent to 0.1% of global demand, fell below expectations set by Biden's trip to Saudi Arabia. However, the August decision to increase production was, surprisingly, reversed at the OPEC+ meeting on 5 September, when OPEC+ members agreed to cut production, stating that the earlier increase was only intended only for the month of September. In October, the OPEC+ decision to cut oil production by two million barrels a day resulted in harsh words, and threats of consequences, by the US administration towards Saudi Arabia.

JCPOA Negotiations

In 2021, the Biden administration signaled that it would return to the Joint Comprehensive Plan of Action (JCPOA) from which former President Trump withdrew the United States in 2018.²

The same year, Iran elected conservative cleric Ebrahim Raisi as president, and Iran's negotiating team seemed to assume a tougher line in the discussions. Although several technical issues were resolved during eight rounds of talks that began in April 2021, negotiations came to a halt in March 2022 when Tehran demanded that Washington remove the IRGC from the State Department's list of Foreign Terrorist Organizations (FTOs). The same month, Russia (and the war in Ukraine) became part of the negotiations. Russia demanded a written guarantee from the United States that sanctions related to the war in Ukraine would not affect trade between Russia and Iran. This demand brought the Vienna talks to a halt. But within a few days, on 14 March, Iranian and Russian foreign ministers held a joint press conference to declare that the United States had provided the guarantee that Russia had sought. Although Russia has been a strategic ally of Iran on military and security issues, especially with respect

to Syria, the lifting of US sanctions on Iran might trigger economic competition between Moscow and Tehran as Iran could increase the global supply of gas. Iran and the United States resumed indirect talks in Doha in June 2022, but the fate of the Iranian nuclear deal remains uncertain.

In July 2022, President Biden and Israeli Prime Minister Yair Lapid signed a joint declaration committing them to preventing Iran from acquiring nuclear weapons. Israel is pressuring US officials to stop work on the nuclear deal. Two months after the joint declaration, in September, the United States rejected the Iranian response to the European “final text” for a road-map to the agreement, suggesting that revival of the nuclear deal is far from imminent. Importantly, Iran needs guarantees that future US administrations will not withdraw from a new deal, a promise that the Biden administration could not make.

Security

Geopolitical tensions between Saudi Arabia and Iran arise in part from different prescriptions for how to ensure the security of the Persian Gulf. Whereas Saudi Arabia’s security has historically been maintained through US support, Iran believes that security should be ensured by regional actors. The regional power competition between the two countries affects Lebanon, Syria, Yemen, and Iraq, as Saudi Arabia and Iran have historically supported opposing factions and thereby contributed to conflict escalation in these four countries. Despite this, at the end of August, when the intra-sectarian conflict in Iraq – between followers of Shiite cleric Muqtada Sadr and the ruling Iran-aligned coalition (the Coordination Framework) – led to violent protests, Saudi Arabia refrained from taking sides, but this was likely because the political dispute concerned only the Shia.

Underlying the present turmoil in the Gulf are changes in US policy towards the region over time. Questions regarding the reliability of the United States as a regional security provider arose in 2011 when the Obama administration endorsed the calls of Arab Spring protestors for greater democracy, in effect ending decades of US support for autocratic regimes. In Biden’s first two weeks as president, he unambiguously pivoted away from the Middle East and towards Asia when he limited arms sales to the Gulf region and promised an end to U.S. support for Saudi-led operations in Yemen. Although Saudi Arabia has purchased weapons systems from both from Russia and China in the past few years, these two countries are unlikely to displace the United States as the dominant military exporter to Saudi Arabia. A further shock came over the US decision not to intervene when the Kingdom was hit by multiple drones and missiles from Yemen between 2019–2022. This has had lasting effects.

The gradual disengagement of the United States from the region provided opportunities for new actors, such as Russia (and Turkey), to become more active in the region’s politics. Russia’s relationship with Iran has developed through their mutual engagement in Syria in support of the Assad regime. However, Russia is increasingly keen to strengthen its ties to Saudi Arabia, encouraged that an important US ally is willing to cooperate with them.

Conclusions

The relationship between Saudi Arabia and Iran continues to be affected by their historical relationships to great powers, if for no other reason than that their foreign policy decisions are made against the backdrop of traditional allegiances. Meanwhile, the war in Ukraine has created economic opportunities for both powers and is forcing the West to re-engage with these energy rich Gulf states.

The partial disengagement from the Gulf region by the United States, and the uncertainties it created, has had two contending effects on the relationship between Saudi Arabia and Iran. On the one hand, both countries have made visible efforts at rapprochement out of the shared realization that no global power is willing to take responsibility if the security situation in the Gulf region becomes unstable. On the other hand, US disengagement increased tensions between the two countries because both Saudi Arabia and Iran (and other states, such as the UAE and Qatar) seek to capitalize on the resulting partial power vacuum to strengthen their influence across the region. How these two opposing trends will play out in the long term is an open question, but in the current period, characterized by a waning US presence, economic and security turmoil create potential hazards. ■

Notes

1. Ahead of the voting, Russia warned countries that a ‘yes’ vote or an abstention would be viewed as an “unfriendly gesture” with consequences to bilateral ties.
2. The JCPOA is an agreement signed in July 2015 by Iran and the US, Britain, France, Russia, China, and Germany (the so-called “P5+1”). Under the deal, Iran agreed to eliminate its reserves of enriched uranium, make substantial reductions in its reserves of depleted uranium, and cut the number of centrifuges (used to enrich uranium) by two-thirds. In exchange, Iran obtained the gradual lifting of economic sanctions imposed by the UN, the US, and the EU.

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