

# The Persian Gulf and Afghanistan: Iran and Saudi Arabia's Rivalry Projected

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Paper 4 of the PRIO Project 'Afghanistan in a  
Neighbourhood Perspective'

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# EXECUTIVE SUMMARY

Towards the end of 2012, the Afghan government announced that Saudi Arabia would build an Islamic complex in Kabul, expected to cost between \$45 million and \$100 million. The project was to rival the Khatam al-Nabyeen Islamic University, which was built at a cost of approximately \$17 million by an influential Shia cleric, allegedly with the support of Iran in 2006. Competition over support to religious institutions harked back to the traditional sectarian rivalry between Saudi Arabia and Iran and raised a question in many Afghans' mind: Were these two countries ultimately interested in Afghanistan for the sake of peace and stability or in curbing each other's influence? The building rivalry also represented the tendency of countries of the 'region', near and distant, to hedge their bets now that the USA and NATO were preparing to partially withdraw their forces from Afghanistan in 2014. Iran and Saudi Arabia, much like others, were trying to exert their influence on the Afghan political process and personalities in order to ensure a future government friendly to their interests at best, or in the worst case scenario – a renewal of civil war – to protect their interests, investments, and even territories.

To embark on an attempt to answer the legitimate question whether countries are more interested in interacting with each other or in genuinely engaging with Afghanistan, it would be useful to analyze the core dynamics at the heart of the three Regional Security Complexes (RSCs) that surround Afghanistan. After having examined the cases of the South Asian and the Central Asian Regional Security Complexes, this third case study produced for the PRIO research project on 'Afghanistan in a Neighbourhood Perspective' examines the Persian Gulf Sub-Regional Security Complex, referred to in this paper as the Persian Gulf Complex. This paper, in parallel to the other case studies, asks the following questions:

- 1) What are the core security dynamics within the Persian Gulf Complex?
- 2) How do these dynamics lead the core states to draw in global powers along their own lines of division, and how are they in turn reinforced by rivalries between global powers?
- 3) In what way is the engagement of Iran and Saudi Arabia specifically a reflection of their own security dynamics?

## **The Persian Gulf Complex and its Core Dynamic**

The dynamic Persian Gulf Complex, one of the sub-complexes of the larger Middle Eastern RSC together with the Levant and the Maghreb, can be traced back to at least 1971, with the withdrawal of the British forces from the region. It initially included three powerbases: Iran, Iraq and the conglomeration of Gulf countries/Saudi Arabia. Iraq as a main power was neutralized by the first Gulf War (1990–1991) and the subsequent invasion by US forces in 2003. With the replacement of the Ba'athist regime with a Shia government, Iraq went over to the camp of influence of Iran. Henceforth, the Persian Gulf Complex turned into a bipolar dyad consisting of countries either under the zone of influence of Iran (Syria and Iraq) or that of Saudi Arabia (Gulf countries such as Qatar, Kuwait, UAE). The dyad transcends both ethnic and religious solidarity and goes beyond a simple Arab versus Persian identity. Historical rivalry between the Persians and other people inhabiting this area certainly colours the differences within the Persian Gulf Complex, and the wide cultural gap between the Arabs and the Persians has been further accentuated by the growth of Arab and Iranian

nationalism, but other historical precedents and current practices also come into play to explain the endurance of the rivalry.

At the core of the Persian Gulf Complex, then, stands the complex relationship between Iran and Saudi Arabia with their competition for domination in global energy markets and for political influence not only in the Persian Gulf, but also in the Levant and in Afghanistan. Both claim to be non-aligned in their foreign policy objectives and both strive to promote solidarity among Muslims and Islamic governments. Similarities end there, however: Saudi Arabia is deeply influenced by and dependent on the USA, while Iran pursues a more autonomous – and contentious – foreign policy.

Iran's rising star in the 2000s may have been aided directly by US interventions which removed the Taliban and Saddam Hussein, but it was also the result of a careful Iranian policy which projected both the threat of an offensive strength and a defensive vulnerability. Overall, Iranian behaviour in the region can be explained by reactions to its sense of being subject to historical injustice. It perceives its position as a Shia Persian country surrounded by Sunni Arabs as a threat, and finds that its rightful place in the region is denied, especially now with the domination in the region of a USA with hostile relations with Iran and warm diplomatic ones with the Arabs. The insistence on developing its nuclear technology – albeit, it maintains, for peaceful purposes – represents a catch 22 dilemma. Iran seeks to gain respect on the international arena and regain its rightful place, but it does so by choosing an avenue that poses more threats to both neighbours and the international community because of the ambiguity of whether the nuclear ambition indeed is for peaceful purposes or not.

The outcome has been closer and tighter relations between the other Gulf countries, as well as between them and the West. Arab countries fear the Iranian leadership's attempts to project domination through military might and cultural and ideological soft power. Relations between the Gulf countries and Saudi Arabia are characterized by an alliance not only on the basis of religion or Arabism, but also on domestic factors (for regime stability), and against perceived threats and the potential aggression of others (especially Iran). Ultimately, security for the states of the Persian Gulf Complex consists of the defence of national interest, values, identity and the domestic order.

The core rivalry between Iran and Saudi Arabia is analyzed in the paper along four different dimensions:

- 1) The fundamental contention is *politico-ideological*, disputing the interpretation of Islam and leadership of the Islamic community. Both the Islamic Republic of Iran and Saudi Arabia are theocracies with pretensions of leading the Islamic Ummah, and each considers the claim of the other wholly illegitimate. From the perspective of Saudi Arabia, which hosts the two holy cities of Mecca and Medina, leadership of the Ummah should rest with the birthplace of Islam. Iran, after the 1979 Revolution, has questioned the legitimacy of Islamic Saudi Arabia given its close relations with the secular West. Saudi Arabia also fears what it perceives as Iran's ambition to establish a Shia Crescent, including in countries with majority Arab Sunni populations. Both states have financed Islamic organizations in neighbouring countries. Politically, the use of sectarianism in the Persian Gulf Complex serves several purposes: For Iran, it serves to hone in the image of a minority country isolated and endangered by its hostile neighbourhood. By crying out about the threat of Iranian influence, Arab leaders also deflect attention from the disparity that exists between Shia communities and majority Sunnis in Gulf countries. By taking up an anti-Iranian (and anti-Shia) agenda, Gulf leaders reassure the USA and Israel of their relevance and loyalty, while

alerting them to their own difficulties in struggling against the so-called intrusion of Iran as the 'hostile' regional hegemon. In the final analysis, anti-Shia and anti-Sunni rhetoric directs attention away from internal difficulties and from unpopular leaders, elevating them as gatekeepers that ensure the survival of the respective Sunni Arab or Persian Shia identities.

- 2) The second area of rivalry is *regional security dominance*. For the Arab countries of the Persian Gulf Complex, traditional security concerns stem from the hostility they perceive from Iran, ranging from projection of military power to the use of soft power in trying to influence minorities in the region. Tehran and Riyadh see their relationship in terms of a zero-sum game, which has led to mutual accusations of terrorism sponsoring. Despite its economic might, Saudi Arabia does not have sufficient military power to balance Iran, but the rivalry has led to increased arms purchase by both sides. Saudi Arabia has taken advantage of its alliance with the USA to tap into increased assistance and arms availability as part of the post 9/11 support to counter-terrorism. The Iranian government, despite US, UN and EU sanctions, has also managed to equip itself with arms by increasing cooperation with Russia and China.
- 3) The third area of contention is *competition over political influence* within the region, with Iran having gained some advantages over Saudi Arabia in the past decade. The fall of Saddam Hussein, who had hitherto portrayed himself as a main anti-Western actor in the region, paved the way for Iranian leaders to become the voice of the oppressed, those Arabs and non-Arabs dissatisfied with the presence of Western military forces in the Arabian peninsula. Iran's leadership ambitions seem to have been enhanced by the fading of Arab nationalism, the removal of the Tunisian, Egyptian and Libyan regimes during 2011 as well as the disorientation of remaining Arab leaders. But the outcome of the Arab Spring on the Saudi-Iran competition is as yet unclear and depends on the future of Syria. The potential fall of the Syrian regime, and any eventual replacement of the Alawite regime with a Salafist one, would empower the Sunnis in the region and reverse any gains made by Iran. Domestic pressure is certainly mounting in the meantime for the Persian Gulf Complex countries. While Qatar, Saudi Arabia and the UAE clearly need political reforms, their oil and gas reserves shield them from Arab Spring style uprisings in so far as they can afford to make large cash transfers to quell protest among their populations. Economic sanctions in Iran, on the other hand, have considerably weakened the potential of the Iranian regime to satisfy the welfare needs of its population. However, while pressure on Iran persists from the international system over what Iranians perceive as international double standards and injustice, and while the threat of attack on the territory is omnipresent, the widespread sentiment of nationalism – including among the population – somehow shields the regime from destabilizing domestic unrests and popular demands for political and economic rights.
- 4) Finally, the rivalry has largely been about *oil production, pricing and markets*. Saudi Arabia enjoys a dominant position in oil production and utilizes its revenues in building military capabilities, whereas international sanctions against Iran have affected its economic performance, restricted oil production, and curbed foreign investment. If the UN and other sanctions on Iran were lifted, however, the overall supply of energy would increase, leading to a drop in the global price, restoring power to Iran but also squeezing social spending in Saudi Arabia and Gulf states, with dire political consequences.



It seems most likely that rivalry between Iran and Saudi Arabia will continue to deepen in the energy sector and in political and ideological influence over the region in the coming years. In this contest, they are willingly drawing in global powers, each in their own way.

### **The Interplay with Global Dynamics**

A region rich in energy resources inevitably draws in different global powers. The Middle East as a whole has been the arena where the hegemony of global powers was created in the first place with each in pursuit of influence and energy resources. Global competition has affected regional arrangements and has, in turn, been used by Persian Gulf countries to address their own security concerns against each other.

The paper makes a number of arguments concerning the involvement of great powers in the Persian Gulf Complex: 1) The extended role of external actors reduces the possibility of collaboration and the foundation for integration in the region. 2) External powers take advantage of strife between countries of the region and divide them further. As such, they introduce incentives for competition by meddling, propping up their respective regional hegemony and providing unilateral security guarantees that isolate. They also contribute to the arms race in the region. 3) Yet, external powers also become pawns in the ambitions of local states. For example, the nuclear ambition of Iran puts it on par with great powers directly and on the international scene, above the concerns limited to the region, which ultimately, ensures Iranian leadership in its own backyard. Saudi Arabia seeks to counter what it perceives as Iran's support for Shia revolutionaries as well as for the survival and preservation of its monarchy. As it relies on the USA for both of these agendas, Saudi Arabia agrees to support the presence of the superpower grudgingly in the region, despite the vulnerability this creates. External influence from outside nonetheless has its limitations. In the final analysis, external powers have not helped forge neither unity nor stability. The paper examines the role of the USA, Russia and China through these prisms.

US interests in the region are threefold: 1) guaranteeing a stable flow of oil to fuel the global economy; 2) defending Israel's right to existence and; 3) since 9/11, developing cooperation with the governments of the region to fight terrorism and the ideology that underpins it. In essence, the USA is engaged in a cold war with Iran and a functional, co-dependency partnership with Saudi Arabia. It needs both countries: demonized Iran in order to justify the growing military presence and arms sales to the region; and partnership with oil rich Saudi Arabia in order to keep a stable supply of energy. The two countries in turn use their relationship with the USA: The Saudi government relies grudgingly on this partnership, despite protest by its Muslim population, as a guarantor against external and internal threats. Iran also benefits from the ambivalent relationship to *up the ante* in negotiations over the currency that allows a claim to regional leadership, its global relevance as a state perceived to be on the brink of developing a nuclear programme.

Russia also uses the region to demarcate an approach which differs from that of its rival, the USA. Among the UN Security Council permanent members, Russia is the closest strategic ally of Iran, both sharing suspicion of and prudence against the West. Isolated Iran happily engages with Russia to maintain and further accelerate its military capacity. The mutual interest in an alliance is also informed by common geopolitical interests, both countries having been blocked from pipeline projects in Central Asia and the Caucasus with Western (EU and US) backing. They further share concerns for the increased presence of NATO in the neighbourhood (Caucasus and Afghanistan), Islamic radicalism and terrorism at their doorstep, and the illicit drugs trafficking stemming from Afghanistan that has been anything but curbed in the past decade. Russia has opposed further sanctions against Iran and has tried, unsuccessfully, to act as broker with the IAEA. Although historically speaking, Saudi-

Russian relations can be characterized as conflictual, recent rapprochement has allowed Saudi foreign policy to become less dependent on the United States. Previously, the two sides confronted each other in shaping global oil prices, disagreements on Afghanistan, and accusations by Russia that the Saudis support Islamic guerrillas in Chechnya. Russia has now sought to cultivate relations with Saudi Arabia in order to potentially, if needed, weaken the Iranian leadership position in the sub-regional security complex. Saudi Arabia has shown interest in furthering cooperation in the military sphere, frustrated by restrictions on arms sales from the US Congress and eager to diversify its arms supply. However, for Saudi Arabia, Russia cannot replace the USA in the role as security guarantor in the Middle East.

With a rapid economic development and growing population, it is not a surprise that China, the biggest importer of Middle Eastern oil, has steadily sought to develop cooperation with both countries involving oil, arms and trade. Sino-Saudi relations can be explained simply as pragmatic on both sides. Saudi Arabia may seek interactions with China to reduce its dependence on the US. China, whose foreign policy is led by the principle of recognition of territorial integrity, sovereignty of nations and non-interference in domestic affairs of others, provides an attractive alternative. There are several reasons for Iran to involve China in its security agenda: 1) to cultivate a potential ally against the US presence in the Persian Gulf and Afghanistan; 2) to court an emerging political and military power which can invest heavily in Iran's modernization; and, finally, 3) to stand behind China, with its veto power in the Security Council, as a chief diplomatic protector against US and UN sanctions. Hence, energy is not the only common interest. China has been a major supplier of arms to Iran despite UN sanctions, and both are concerned by the security risks related to the spread of extremist ideologies on their doorsteps.

### **Impact of the Rivalry on Relations with Afghanistan**

While Iran shares closer cultural, historical and geographic affinities with Afghanistan, Saudi Arabia has not stood idle. Both Iran and Saudi Arabia compete to shape Afghan domestic politics and its possible future governance, much of it through attempting to curb the influence of the other. They do so by using their connections with various ethnic and religious groups, propagating their distinct religious doctrines, increasing economic ties and attempting to influence insurgent groups. At the same time, they seek legitimacy and relevance by manoeuvring to become part of the solution to the Afghan security problem: Saudi Arabia tries to increase its bargaining power through careful funding for the Taliban and influencing the insurgency through Pakistan. Iran openly stands against the presence of foreign troops in Afghanistan, while billing itself as a neighbour with natural, long standing ties without which a solution for Afghanistan cannot be found. By doing so, it proactively tries to reverse its isolation from where it has been forcibly and symbolically located, a decade ago, on 'the axis of evil'.

Saudi Arabia is strategically interested in preventing Iran's influence in Afghanistan while keeping itself relevant as an ally to the main actor in the Afghan terrain, the United States. In the long term, it wants to see an Islamic Sunni government in Afghanistan. However, neither does Saudi Arabia today appear to have significant influence over the Taliban's Quetta Shura, nor does the Kingdom have a coordinated foreign and aid policy towards Afghanistan. It is in the Afghan terrain that Iran can gain recognition as a key regional actor with its economic and cultural leadership and where it could, given its common interest with the USA, see potential for constructive dialogue. Furthermore, Iran would like to prevent Afghanistan, with its long and lawless border, from becoming a source of intensified narcotics or gun trafficking. In the final analysis, Iran is concerned that Afghan soil will be used as a platform from which its territory is attacked by NATO or US forces. Iran also hopes that an eventual

Pashtun-led government would include a fair representation by non-Pashtun ethnic minorities. As a result, even though Iran is against the US presence in the region, it does not want to completely jeopardize the Coalition's stabilization efforts given that a total collapse of the Karzai government would not be in its interest. Instead, it sends signals of its relevance to the USA and its allies: It can provide extensive experience and cooperation on curbing the production and trafficking of narcotics and provide access to NATO supply routes through its port at Chabahar. Yet, it could also play the role of spoiler by potentially using its extensive influence over different groups if its interests are not taken into account.

How has the Saudi-Iranian rivalry impacted concretely on the involvement of these two countries in Afghanistan? The paper analyzes five areas marked by the competition:

- 1) *The politics and practice of aid.* Both countries have been generous donors. The impact of Saudi funding in Afghanistan is difficult to extrapolate as money flows from numerous sources in Saudi Arabia to various destinations in Afghanistan. Iran, despite its economic difficulties, has proven a more consistent and efficient donor. However, most of Iranian investment has gone into the Western province of Herat. Under heavy sanctions, Iran seeks to develop alternative routes for trade and investment. If stability ensues in Afghanistan, Iran could carve out a role for itself in reconstruction by providing linkages to Central Asia and Pakistan. In case the situation worsens, it would at least have created an autonomous buffer zone to protect its investments in the western part of Afghanistan.
- 2) *Influence on the political process and negotiations with the Taliban.* Past relations have made Saudi Arabia a prime candidate for facilitating negotiations between the Taliban and the Karzai government. Since the first public attempt to bring them together in 2008 and periodic pleas by President Karzai for Saudi mediation notwithstanding, efforts have not led to any breakthrough. This could be because of the waning influence of the Kingdom on the Quetta Shura, or the mistrust of the Western Coalition about Saudi motivations and designs in the future of Afghanistan (not least given its rivalry with Iran). Iran by contrast was predisposed to disfavour any openings with the Sunni extremist group that had been particularly hostile during its reign. Yet, while Iran has repeatedly objected to the 'Talibanization' of Afghanistan, its main concern is the permanent presence of foreign troops in the neighbouring country, and the potential use of Afghan soil by US forces to conduct attacks on its territory. This concern, together with a pragmatic approach that dictates a new view of the Taliban as potential players in the future of Afghanistan, has meant that Iran has gradually developed contacts with them. Unlike Saudi Arabia, which has not made attempts to go beyond its traditional allies, Iran's strategy has been to develop a multi-player policy in Afghanistan in order to exploit all available options.
- 3) *Support for ethnic groups,* with a sub-text of a Sunni/Shia rift, is a third area where the rivalry between the two gets projected onto Afghanistan. Saudi Arabia's actions are informed by its Wahhabi (Salafist) Sunni ideology, making it weary of the threat of sectarianism and of Shia domination. In Afghanistan, this translates into support to those that would ensure the enforcement of an Islamic morale of governance and the establishment of the Sharia as the basis of legislation in the country. In the current political scene, such an ideology is mainly pursued by the Taliban or the Hezb-i Islami, both of whom find their main support base among the Pashtuns. By extension, Saudi Arabia has cultivated very little contacts with other ethnic minority groups, even Sunni Tajiks, for their perceived closeness with Iran given their common language. Iranian support for ethnic groups in Afghanistan stems from

three ambitions: First, to exploit cultural and linguistic affinity for increased influence; second, to ensure that Shia minorities are treated adequately, as Iran has historically considered itself as the guardian of Shiism worldwide; and third, to strengthen and unite the Shia Hazaras and the Tajik Persian speakers, which combined could comprise some 45% of the population, as a counterweight to anti-Iranian, pro-Saudi, pro-Pakistani elements among Afghan Pashtuns. While Iran supports the establishment of a multi-ethnic government with an independent foreign policy, friendly towards Iran, it realizes that Afghanistan will most likely remain under Pashtun-led government. Hence, it advocates for national reconciliation and ensuring of power sharing among ethnic minorities through a secular system.

- 4) *The religious competition* has been symbolized by the construction of the two large mosques in Kabul, one supported in 2006 partly by Iran, the other expected to start in 2013 with Saudi funding. Saudi Arabia seeks a government in Afghanistan that would enforce a strict Islamic moral. Iranians, by contrast, advocate for a secular government that protects the rights of minorities. This has to do with the fact that multi-culturalism and multi-ethnicity are reality in Iran more than they are in Saudi Arabia. Yet, although Iran has pursued a strategy of supporting minorities, both Shia and Sunni, this is not to say that it has not lent particular attention to its co-religious 'brothers'.
- 5) *Geographic contiguity*: Geography, and by extension the potential spill-over of threats across borders, is an added element which explains Iran's extensive interest in Afghanistan beyond mere rivalry with Saudi Arabia. Common borders raise issues such as trafficking of illicit drugs, sharing of water resources, as well as migration of refugees and workers. As Iran has been directly affected by the sharp increase in drug consumption among its youth and because its territory provides the main route for exporting Afghan narcotics to the West, it is sharply critical of the Coalitions' failure to curb production. It is also concerned with the uncontrolled connection between drug smuggling and terrorism in the border area where Iran, Afghanistan and Pakistan meet. Furthermore, the potentially serious problem of water sharing of the Helmand River gives Kabul leverage over Iran, making the latter vulnerable and dependent on decisions made in Afghanistan. The refugee issue, by contrast, gives leverage to Iran: Although the large number of Afghan refugees and migrant workers pose a challenge for integration and employment in Iran, they are used by Iran to influence decision-making in Kabul and as a tool to further the country's quest for recognition.

### **Towards a Regional Security Architecture in the Persian Gulf Complex**

The paper argues that a common regional security architecture or organization will not spring up organically in the Persian Gulf Complex. Afghanistan presents an opportunity for multilateral and regional cooperation, however, precisely because it is a stand-alone RSC with one core, that of stability/instability in the heart of its sole country, which inevitably affects the surrounding RSCs. In this sense, it may be possible to propose that multilateralism or regional cooperation is more successful around the question of Afghanistan than it is within each of the different RSCs surrounding it.

Within the Persian Gulf Complex, rivalry presents tangible challenges to long-term institutional collaboration. Two possible paths for the future are discussed in the final analysis: First, an intensification of *competitive* security could see states relying on internal mobilization and external alignments, deepening the security dilemma and intensifying the



zero sum conceptions of security. This would lead in turn to more militarization, the pursuit of nuclear technology, and build-up of arms which external powers will happily take advantage of. The alternative is to build a *cooperative* security arrangement that stems from the RSC members themselves. This requires four mutually reinforcing pillars, however, none of which seem to be readily available in the region for the moment: 1) Respect for sovereignty by the countries of the region, 2) lack of external influence and manipulation, 3) inclusive institutional mechanisms, non-existent for the moment in the security sector; and 4) domestic conditions that favour cooperative security arrangements, while all Persian Gulf Complex states suffer from legitimacy and efficiency problems which prevent them from responding to the demands of their citizens from within. Common fears of domestic instability could, in theory, lead to cooperation towards a more stable regional order. However, given the history of these states using their influence on co-ethnic, co-linguistic and co-religious groups residing in other states as a threat to destabilizing their rivals, internal pressure from dissatisfied populations does not become a good enough reason for external cooperation.

In the future, three factors will be at the core of the security dynamics in the region: 1) The potential fall of Bashar al-Assad's regime in Syria could substantially weaken the Iranian position in the Middle East in favour of Sunni empowerment; 2) the resurgence of Islam as a political system for governance would require a scrutiny of the different options and models available for states and societies in the region; and finally, 3) developments in Afghanistan, which are analysed as dependent variables in this paper, could also become independent variables that impact on the security dynamics of the Persian Gulf Complex if an eventual return of the Taliban would lead to antagonizing Iran.



# Introduction

As soon as US and NATO policymakers declared their intention to withdraw their forces from Afghanistan in 2014, countries in both the immediate neighbourhood and the wider region were said to be ‘hedging their bets’. The ambition was to exert their influence on the Afghan political process and personalities in order to ensure a future government friendly to their interests at best, or in the worst case scenario – the renewal of civil war – to protect their interests, territories, investments etc. Contrary to the fears of Western countries and Afghans themselves, however, neighbouring countries were not trying ‘to get in’ after the USA and its allies ‘get out’.<sup>1</sup> As shown by the overall PRIO research project of which this paper is part, Afghanistan does not represent *per se* the security priority for these countries.

Discussions on the future of Afghanistan are informed by two different fundamental conceptions of regional cooperation. One more conventional perspective sees Afghanistan as the ‘core’ of a larger conflict formation insinuated by various transnational networks with the potential to mobilize across borders.<sup>2</sup> This perspective follows the view that conflicts are fuelled by the existence of groups and networks transcending national borders that share identities in terms of ethnicity or religious.<sup>3</sup> A Regional Conflict Formation (RCF) is thus formed in an inter-connected region which is characterized by four—mostly overlapping—types of transnational networks that have an impact on regional security: military (facilitating the flow of arms and mercenaries), political (pertaining to linkages between political elites across borders), economic (pertaining to cross-border trade in ‘conflict goods’), and social (defined by occupational, familial and diaspora affiliations, and based on cross-border shared identities).<sup>4</sup> From this perspective, cooperation is natural among states which share concerns for threats stemming from non-state actors, especially trans-boundary ones, such as criminality, extremism and terrorism. Afghanistan, from where both conflict potentials can start and from where cooperation is expanded, becomes the core of insecurities in each of the surrounding regions. Given that stabilization of this unstable ‘core’ is a shared concern, the patterns that govern the region would naturally lead more towards amity and cooperation than enmity between states.

This approach, however, fails to consider the potential for non-cooperation among states, even if they share common concerns for dangers emanating from non-state actors. It neglects factors that shape relations between states, be they durable and tangible such as geography and economic rivalry or intangible, such as national interest, ambitions for power, history, etc. Thus, a second conceptual framework for analysing regional cooperation puts focus on a state-based perspective where patterns of amity and enmity or cooperation and conflict are the results of interests of states and their security dynamics.

As argued in the first three papers produced for the PRIO Project on Afghanistan in a Neighbourhood Perspective, Afghanistan is surrounded by three distinct Regional Security Complexes (RSCs), a conglomeration of states for whom security is interdependent by virtue of

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<sup>1</sup> Karen DeYoung, “If U.S. gets out, who gets in, neighbours ask”, Washington Post, Friday, November 5, 2010.

<sup>2</sup> Barnett R. Rubin, “Central Asia and Central Africa: Transnational Wars and Ethnic Conflicts”, *Journal of Human Development*, Vol. 7, No. 1, 2006, pp. 6–21; Barnett R. Rubin, ‘Russian Hegemony and State Breakdown in the Periphery’, In Rubin, R. B & Snyder, J. (Eds.), *Post-Soviet Political Order, Conflict and State Building*. London: Routledge, 1998, p. 144; Barnett R. Rubin and Andrea Armstrong, “Conference Summary: Policy Approaches to Regional Conflict Formations,” New York: Center on International Cooperation, November, 2002, p.5.

<sup>3</sup> Reinoud Leenders, “Regional Conflict Formations’: Is the Middle East Next?”, *Third World Quarterly*, Vol. 28, No.5, 2007, pp. 959 – 982.

<sup>4</sup> See Barnett Rubin, 2006, *op. cit.*

geographic proximity. Each RSC has its own core security dynamic that gets projected onto security concerns with Afghanistan, with the latter playing the role of an ‘insulator’ caught in between. The research examines the extent to which the engagement of neighbouring states in Afghanistan is primarily a reflection of existential security concerns within their own region.<sup>5</sup> The research began with a first paper produced by Kristian Berg Harpviken which set the conceptual scene for the three regions under scrutiny. In the first case study on South Asia, this author argued that latent conflict and rivalry between India and Pakistan, which have simmered since the 1947 partition, dictated the priority focus for these two states and created a negative dynamic through which the problem of Afghanistan should be viewed.<sup>6</sup> Inter-state security dynamics created more of an impetus for conflicts and rivalry than motivated cooperation based on common concerns for non-state actors’ behaviours. In the second case study on the Central Asia Regional Security Complex, this author showed how rivalry among the strong states (Kazakhstan and Uzbekistan) and animosities between the strong and the weaker ones (e.g. Uzbekistan–Tajikistan), punctuated by patterns of hostility over the sharing of natural resources hampered cooperation within the region. The paper also showed how the Central Asian states drew in global powers along the lines of their own rivalries in a reversed ‘Great Game’, as well as how this internal rivalry and the common need to balance external actors led to Central Asian states’ desire to insulate themselves from Afghanistan.<sup>7</sup>

As the third case study in the series, this paper focuses on security dynamics within the Persian Gulf Sub-Regional Security Complex and asks the following questions:

- 1) To what extent is there a distinct Persian Gulf Complex and what are its core security dynamics?
- 2) How do these dynamics lead the core states to draw in global powers along their own lines of division, and how are they in turn reinforced by rivalries between global powers?
- 3) How does Afghanistan play the role of a buffer zone at the periphery and not the core of the security problems of the Persian Gulf Complex? As such, how is the engagement of Iran and Saudi Arabia in Afghanistan specifically a reflection of their own security dynamics?

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<sup>5</sup> See Kristian Berg Harpviken, *Afghanistan in a Neighbourhood Perspective: General Overview and Conceptualization*, PRIO Paper, Oslo: Peace Research Institute Oslo, 2010.

<sup>6</sup> See Shahrbanou Tadjbakhsh, *South Asia and Afghanistan: The Robust India-Pakistan Rivalry*, PRIO Paper, Oslo: Peace Research Institute Oslo, 2011.

<sup>7</sup> See Shahrbanou Tadjbakhsh, *Central Asia and Afghanistan: Insulation on the Silk Road, Between Eurasia and the Heart of Asia*, PRIO Paper, Oslo: Peace Research Institute Oslo, 2012.



# Part I) The Persian Gulf Complex and its Core Dynamic

Barry Buzan and Ole Wæver see the Middle Eastern RSC, created with decolonization in 1945–1948, as consisting of three distinct sub-complexes: The Gulf, the Levant and the Maghreb.<sup>8</sup> While the sub-complexes have different security dynamics, they share values, such as Arabism and Islamism and concerns with the Palestinian cause. The core dynamic within the Levant regional security sub-complex is played out between Israel and its Arab neighbours, which started as a local struggle between Israel and Palestine over territory and then spilled over as a regional hostility between Israel and its neighbours in the wider Middle Eastern region.<sup>9</sup> The conflict itself gave birth to many regional military clashes and wars (1948–9, 1956, 1967, 1969–1970, 1973, 1982) which involved both state as well as non-state actors such as the PLO, Hamas and Hezbollah. The Maghreb regional security sub-complex, which Buzan and Wæver see as the weaker of the sub-complexes in the Middle Eastern RSC, consists of dynamics between North African states (Libya, Tunisia, Algeria and Morocco) and Western Sahara ones (Chad, Western Sahara and Mauritania).<sup>10</sup> The main regional security problem there consists of territorial and resource disputes: Morocco's occupation of Western Sahara, its tensions with Algeria and Libya, Libya's involvement in civil war in Chad, etc. The third sub-complex, which is of key interest to this paper, is what Buzan and Wæver called the Gulf regional security sub-complex and which in this paper shall be referred to as the "Persian Gulf Complex". It originally involved a triangular rivalry between Iran, Iraq and the Gulf states under Saudi Arabia's leadership but has in recent years boiled down to a security dilemma involving Iran and its new ally Iraq on the one side and Saudi Arabia and its Gulf country proxies on the other. Similar to the Levant, the Persian Gulf complex has seen a number of inter-state regional wars and military clashes (Iran–Iraq War, Iraq–Kuwait War, territorial disputes of Iran and UAE over Abu Musa and Tunb islands, territorial disputes of Iran and Iraq etc.).

The regimes of the Persian Gulf Complex region are not devoid of opposition groups, ranging from Islamic-Marxist groups (e.g. Mujahedin-e Khalq), leftists, monarchists and pro-democracy movements (the Greens) in Iran, to Islamic groups in Arab states. These tend to target the governments' domestic policies and confine their struggles to individual states, however, even though they may be connected across borders to other similar movements. The rise of the Muslim Brotherhood in the aftermath of the downfall of Arab governments in Egypt, Libya, and Tunisia, may give rise to the strengthening of once fragmented political Islamic groups, but it is unlikely that these would present a plausible alternative to the regional state system. Domestic turbulence has in effect not bled across state borders. The 1979 Revolution in Iran and the revolutions that toppled Arab regimes in 2011 all took place within a robust framework of states: Regimes changed, but states did not fail. The Arab Spring showed that although there are political, economic and social networks across countries, regimes fell on instigation of internal forces that were not linked to each other – though they may have influenced each other symbolically. In this case, although regime changes happened in a series of countries within the same broad geographic zone, they were not regional in their causes and effects. The state system in the

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<sup>8</sup> Barry Buzan and Ole Wæver, "The Middle East: a Perennial Conflict Formation", in Barry Buzan and Ole Wæver, *Regions and Powers, The Structure of International Security*, Cambridge: Cambridge University Press, 2003, pp. 187–188.

<sup>9</sup> Barry Buzan and Ole Wæver, *Regions and Powers. The Structure of International Security*, Cambridge: Cambridge University Press, 2003, p.191.

<sup>10</sup> *Ibid.*, p.193.

region, despite being a legacy of European colonialism, has in fact been able to consolidate itself to contain domestic violence and dominate regional relations.

### Characteristics of the Persian Gulf Complex

The core security dynamic within the Persian Gulf Complex today consists of a rivalry between Iran and Saudi Arabia over competition for domination in global energy markets, nuclear technology and for political influence not only in the Persian Gulf, but also in the Levant and in Afghanistan.

States in the Middle East in general, including within the Persian Gulf Complex, worry about their neighbours exhibiting hostility as much as about their building up of military capacities, even if the hostility does not actually materialize as aggression. Perceptions of the intent of another state therefore play a crucial role in deciding about alliances between states. As Stephen Walt puts it, states balance against threats, which they assess in terms of geographic proximity, offensive power and aggressive intentions.<sup>11</sup> For Michael Barnett, states also assess the threats they face on the basis of their ideological and ideational nature, rather than material forces alone.<sup>12</sup> This makes states wary of external threats that can influence their domestic stability from an ideological point of view. Hostility and aggression can, in other words, also consist of holding a contradictory ideological stance, precisely because of the potential influence this can have on citizens, which in turn can destabilize regimes from the inside.

Relations between the Gulf countries (Qatar, Kuwait, UAE, etc.) and Saudi Arabia are thus characterized by an alliance not only based on common religion, ethnicity and kinship of ruling elites, but also against perceived threats from others (notably Iran) and from domestic factors menacing regime stability. Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman in fact came together in 1981 in the Gulf Cooperation Council (GCC) in response to the Iraq–Iran war and fears of the two countries. In order to restrain the potential contagious spread of revolutionary ideas, stabilize the immediate environment against external and internal threats, and strengthen relations with other Gulf monarchies, Saudi Arabia led the establishment of the GCC.<sup>13</sup> Nonetheless, the GCC has achieved very little in terms of regional integration during its 30 years of existence. Worries about Saudi dominance, for example, froze plans for a single Gulf currency. Fear of Saudi domination also prompted Gulf states to oppose the Saudi proposal in March 2012 for the metamorphosis of the GCC from a regional bloc to a confederation in light of the unrest in Arab countries and increased influence by Iran.<sup>14</sup> The behaviour of the GCC countries can thus be characterized as cautious and defensive. The Islamic Republic of Iran, on the other hand, started out as an isolated regime, insecure about the survival of its Revolution in 1979. By 2013, the country has consolidated itself internally despite protests, domestic turbulence and discontent, and is now taking up a bolder position both in the region and on the international scene.

After the weakening of Iraq, the Persian Gulf Complex turned into a bipolar dyad consisting of countries in the zone of influence of either Iran (Syria and Iraq) or that of Saudi Arabia (i.e. Gulf countries). The dyad in reality transcends both ethnic and religious solidarity and goes beyond a simple Arab–Persian dichotomy. Historical rivalry between the Persians and others certainly

<sup>11</sup> Stephen M. Walt, *The Origins of Alliances*, Ithaca: Cornell University Press, 1987, p. 25.

<sup>12</sup> Michael N. Barnett, *Dialogues in Arab Politics*, New York: Columbia University Press, 1998, pp.7–12. Michael N. Barnett, “Alliances and Identity in the Middle East,” in Peter Katzenstein (Ed.), *The Culture of National Security in World Politics*, New York: Columbia University Press, 1996, pp. 400–447.

<sup>13</sup> Anthony H. Cordesman et al., “US and Iranian Strategic Competition in the Gulf States and Yemen”, Washington DC: *CSIS Report*, November 16, 2011, p. 14.

<sup>14</sup> Kareem Fahim, “Saudi Arabia seeks union of monarchies in region”, *The New York Times*, 14 May 2012; Ian Black, “Gulf unity plan on hold amid Iranian warning”, *The Guardian*, 18 May 2012.

colours the differences within the Persian Gulf Complex, and the wide cultural gap between the Arabs and the Persians has been further accentuated by the growth of Arab and Iranian nationalism. But other historical precedents also come into play to explain the endurance of the rivalry. These include the meddling of global powers perpetuated after the nineteenth century when imperial Britain signed protectorate agreements with the small kingdoms of the Gulf.<sup>15</sup> They are compounded in this century by Shia/Sunni differences as well as ideological differences between monarchies and republics.

### **The Original Triangle Neutralized**

The Persian Gulf Sub-Regional Security Complex gradually took shape from 1971 with the withdrawal of the British forces from the region.<sup>16</sup> It initially included three powerbases: Iran, Iraq and the conglomeration of Saudi Arabia and Gulf countries. Iraq's influence was neutralized by the first Gulf War (1990–1991) and the subsequent invasion by US forces (2003). With the replacement of the Ba'athist regime with a Shia government, Iraq went over to the camp of influence of Iran.

In the original triangle, inter-Arab tensions between the Gulf Arab states and Iraq stemmed from disputes over the price of oil, the sharing of cross-border oil resources, fear of the hegemonic ambitions of Saddam Hussein, including his claim on Kuwait. Hostility between Iran and Iraq until 2003 was rooted in border disputes culminating in a bloody war between 1980 and 1988, personal rivalry between the leaders, problems with Kurdish minorities, ideological differences between Shias and secular Ba'athists and the predicament of the large Shia population in southern Iraq.

Between 1971 and 1978, Iran dominated the Persian Gulf region with armed forces two times bigger than that of Iraq and an annual military spending some four to six times higher.<sup>17</sup> Subsequently, Iran demonstrated its regional superiority by occupying three islands disputed with UAE in 1971 and supporting the Kurdish minority in Iraq, forcing the latter to revise the Shatt al-Arab border Agreement in 1975. Between 1979 and 1981, Iraq expanded its military capacity by using its oil revenues on arms, closing the military gap. By 1980, Iraq had gained advantage over Iran in arms imports and number of aircrafts and tanks, which facilitated the launch of an attack on Iran in September 1980. After initial gains in territory by Iraq, Iran undertook an offensive strategy which brought its forces closer to the geographical borders of Saudi Arabia, Jordan and Syria by 1986. It was this threatening move that prompted the alignment of these countries with Iraq. The fear of Iranian territorial, political and religious expansion pushed several conservative Arab states to support Iraq's cause as the most expedient way to contain Iran. Among them, Saudi Arabia provided extensive economic support to Bagdad to prop up its capacity for military resistance. The tide turned again in 1987 when Iran failed to besiege the city of Basra, and by 1988 Iraq had recaptured territories and started probing into Iranian territory by using missile attacks and chemical weapons.

After the death of the founder of the Revolution, Ayatollah Ruhollah Khomeini, in 1989, Iran turned inwards, while Iraq continued to expand its military technologies and capabilities. By then, Iraq had also contributed to its own isolation: Relations with Syria had broken down since 1975 when Iraq began sponsoring international opposition groups to destabilize and overthrow the regime of President Hafez Assad. Despite a thaw in relations facilitated at Camp David between

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<sup>15</sup> K.R. Singh, "Conflict and Co-Operation in the Gulf", *International Studies*, Vol. 15, No.4, 1976, p. 487.

<sup>16</sup> Barry Buzan and Ole Wæver, 2003, *op. cit.*, pp. 191–193.

<sup>17</sup> Gregory Gause III, "Balancing What? Threat Perception and Alliance Choice in the Gulf", *Security Studies*, Vol.13, No.2, 2003, pp.273–305, at p. 285.

1978 and 1979, an isolated Syria chose to ally with Iran after the 1979 Revolution and with the Coalition against Iraq during both Gulf Wars. Saudi Arabia had cordial relations with Iran between 1971 and 1978 and even aligned with Iran against the Ba'athist regime in Iraq which was financing opposition groups in the Gulf countries. After the 1979 Revolution in Iran, however, Saudi Arabia warmed up to Iraq and during the Iran–Iraq War, it was forced to back Iraq despite the fact that a victory for the latter could potentially threaten its domestic security. After 1990, when Saudi Arabia increasingly opened up to US protection, Saddam Hussein played on Arab nationalist sentiments and called on fellow Arabs to overthrow regimes cooperating with the US.

But Iraq's posturing was short lived. It invaded Kuwait in 1990, drawing international coalition forces into the region, an act that led a decade later to its own collapse with the 2003 US invasion. Iraq, which had hitherto claims on regional leadership with its military capability, was substantially weakened after engaging in two consequent wars, while its regional leadership aspirations had already been weakened after experiencing international sanctions and trade barriers. The Gulf Wars also led to more interference in Iraq by others: Iran, Turkey and the US played a major role in fractioning the regime's power by supporting internal groups of Kurdish and Shia population.

The first Gulf War in 1990–1991 and the Iraq invasion in 2003 changed the fundamental structures of power relations within the Persian Gulf Complex, and the defeat of Iraq left behind a more important legacy for the region than that of the collapse of the USSR.<sup>18</sup> Consequences for the region were many: The Gulf War allowed a regional dialogue on the establishment of a regional security framework in order to avoid further conflicts.<sup>19</sup> At the same time, it led to the collapse of the Arab regional system, when credibility for the Arab League declined due to its inability to cope with the crisis that occurred after the invasion of Kuwait by Iraq.<sup>20</sup> While in the Levant Regional Security Sub-Complex, pan-Arabism was strengthened despite the dispersed geographical location of Arab countries, in the Persian Gulf one the first Gulf War ended Arabism in favour of Westphalian nation-states. The second war, the invasion by the US, showed both the limitations of sovereignty as well as the weakness of Arab unity based on common identity.

The Gulf War pushed Arab Gulf states into further collaboration with the West and their becoming *de facto* protectorates. The two wars further increased the US presence and strength in the region, making it a dominant external power in the newly established unipolar world. With growing military presence in the region, the USA served as a 'protectionist body', containing both Iran and Iraq while hammering an exclusive partnership with Saudi Arabia, a relationship which grew even stronger in the post 9/11 period.

For Iran, post-Saddam Iraq became a natural gift, both politically and economically, as an opportunity to improve its own deteriorating situation by reviving trade and oil explorations between the two.<sup>21</sup> Once enemies, they began developing joint oil fields and trade links, which today stand at nearly \$8 billion per year.<sup>22</sup> Saudi Arabia, as a result, has been hesitant in building relations with the new Iraq and has tried to block it from regional interactions. Transformed Iraq became henceforth a battleground for Saudi–Iranian competition in the Persian Gulf Complex, a relationship based on a zero-sum conception of security gains and losses.

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<sup>18</sup> Barry Buzan and Ole Wæver, 2003, *op. cit.*, pp. 203–204.

<sup>19</sup> Michael N. Barnett, "Regional Security after Gulf War," *Political Science Quarterly*, Vol. 111, No. 4, 1996–1997, pp. 597–618, at p.597.

<sup>20</sup> Jamal S. Al-Sawaidi, "Gulf Security and the Iranian Challenge", *Security Dialogue*, Vol. 27, No. 3, September 1996, pp. 277–294, at p. 278.

<sup>21</sup> Mohsen M. Milani, "Iran and Saudi Arabia Square Off: The Growing Rivalry Between Tehran and Riyadh", *Foreign Affairs*, October 11, 2011.

<sup>22</sup> *Ibid.*



## The Rise of Iran and its Conceptualization as a Security Threat

Iran had made its interest in regional domination long before the disintegration of Iraq, an ambition that did not abate with the 1979 Revolution. The dispute over Abu Musa and Tunb islands with the UAE was renewed while rivalry with Saudi Arabia increased with different interpretations of Islamic universalism colouring regional politics and support to different militant groups in the Afghan Civil War. Short of trying to export its revolutionary ideas across the Persian Gulf region, Post-Revolutionary Iran tried to position itself as an Islamic critic, questioning the Islamic legitimacy of Gulf States and ruling regimes, especially Saudi Arabia, which it criticized for being antithetical to Islam, and calling Muslims to overthrow the existing monarchies. Not only were these attempts unsuccessful, but they also backfired when they led to more political integration among Arab states surrounding Iran.

The weakening of Iraq after 1990 correlated directly with the strengthening of Iran. While international attention was focused on the de-militarization of Iraq, imposition on economic and trade sanctions and the search for weapons of mass destruction, Iran managed to succeed in its attempts to dominate the region: It maintained a position of neutrality during the first Gulf War and, after the US invasion, it improved its relations with Iraq in order to influence the new regime. It further built up its military capability through major arms purchases from Soviet/Russia and China and significantly improved its diplomatic relations with post-Soviet Central Asia. By the end of 2010, Iran had consolidated its influence in Iraq after it aligned rival Shia factions to establish the government, and in Lebanon, where the Hezbollah installed a Cabinet in which elements favouring Syria and Iran had the upper hand.

Juan Cole holds that between 2003 and 2012, it was the USA that made Iran a regional hegemon.<sup>23</sup> By removing the Taliban and Saddam Hussein, the barriers to Iranian power and penetration disappeared. When US Congress targeted Syria for sanctions, it drove it firmly into the arms of Iran. US support for Israel when it attacked Lebanon in 2006 also strengthened the Shia party Hezbollah. During the first decade of the twenty first century, pro-Iranian capitals stretched from Kabul to Beirut, and Iran became a major player in the Levant. But by March 2011, when unrest from the Arab revolutions reached Syria, the chain of events favouring Iran was reversed. The long-term consequences of the Arab upheavals in 2011 may have led to a decline in the influence of Iran, but that depends much on future developments in Syria. An eventual collapse of the regime of the Syrian President Bashar al Assad could eventually lead to Sunni empowerment in the country and the gravitation of Syria towards Saudi Arabia, Qatar and Turkey. A new Syrian government could hypothetically support the Muslim Brotherhood, which would have a more important role than Hezbollah, potentially reversing the influence of Shia parties in Iraq. After 2014, Iran's allies in Afghanistan could also be weakened if not annihilated by the resurgence of the Taliban. Cole predicts a decline for Iran geopolitically and the rise of a Sunni coalition precipitated with the downfall of the Syrian regime. This remains to be seen but what is certain is that regional countries would not be able to find a coordinated response to restoring order in Syria and preventing further instability precisely because of competing regional interests.<sup>24</sup> The fall of Assad's regime would leave Iran isolated in the region. Saudi Arabia, in tune with its Western allies, would like to see Assad's fall: not only would it yield to greater influence by Sunni communities but it would also contain the Shia revival in the region orchestrated by Iran. It is this desire that led Saudi Arabia to plead for reform and democracy in

<sup>23</sup> Juan Cole, "The Rise of the Sunnis and the Decline of Iran, Iraq and Hizbullah: The Middle East in 2013", *Informed Comment*, January 1, 2013. Accessible <http://www.juancole.com/2013/01/decline-hizbullah-middle.html>.

<sup>24</sup> Mohammad Reza Kiani, "The Syrian Crisis: What is at Stake for Regional Players?", *Open Democracy* 10th September 2011. Accessible <http://www.opendemocracy.net/mohammad-reza-kiani-maysam-behravesh/syrian-crisis-what-is-at-stake-for-regional-players>.

Syria, in marked contrast to the type of governance the Kingdom has practiced itself, and its interference in quashing the uprising in Bahrain.

Iran's rising star in the 2000s may have been aided directly by US actions, but it was also the result of a careful Iranian policy which projected both an offensive strength and a defensive vulnerability. Overall, Iranian behaviour in the region can be explained by what Jamal S. Al-Sawaidi calls reactions to the "sense of historical injustice" that Iran feels it has been experiencing over the past several decades.<sup>25</sup> Iran perceives its position as a Shia Persian speaking country surrounded by Sunni Arabs as a threat, and finds that its rightful place in the region is denied, especially now with the domination in the region of a USA with hostile relations with Iran and warm diplomatic ones with the Arabs. It perceives inequality and injustice instigated by the international system's failure to condemn Iraqi aggression against Iran, including the use of chemical weapons, and the current selective condemnation over Iran's nuclear programme while similar programmes go unnoticed in the region. The insistence on developing its nuclear technology – albeit for peaceful purposes, as Iran officially proclaims – can be seen in light of this: Iran seeks to gain respect and recognition on the international arena and regain its rightful place, but it does so by choosing an avenue that poses more threats to both neighbours and the international community because of the ambiguity of the purposes of the nuclear ambition.

The outcome, perhaps unintended by Iran, has been closer and tighter relations among Gulf countries and between the Gulf countries and the West. Arab countries fear the Iranian leadership's attempts to project domination through military might and cultural and ideological soft power. As perceived by the Arab states of the Persian Gulf Complex, the Islamic Republic of Iran embodies a number of anxieties, or, in other words, threats that may or may not materialize in actual aggression, including:

- The fear of territorial encroachment, exemplified by the disputes between Iran and the UAE over Abu Musa and Greater and Lesser Tunbs Islands in the Persian Gulf, which Iran retook in 1971 after the withdrawal of British forces.
- The fear of conventional military power, with Iran having a deliberate strategy to pursue conventional military capabilities as well as nuclear technology, which Arab states fear would supposedly help it respond to attacks led by the West, Israel or GCC countries, but could also be used offensively.
- The fear of the revival of the legacy of "Khomeinism", a mixture of Islamic revivalism and Iranian nationalism. Not only is the nationalism of Iran a sore point for Arab nations, but so is the self-appointed role of Iran as the protector of Islam. Iran has, after all, been most vocally opposed to the Israeli–Arab peace settlement, the Arab states' intentions to collaborate with the Jewish state and their alliance with the USA on the ground of religious impurity.
- Finally, the fear of Iran destabilizing domestic orders by sponsoring extremist groups or influence minority Shia communities.

Yet, Iran does not have to even act in order to instigate fear: Its very geography and historical legacy is enough to project its potential power. Author/journalist and Stratfor analyst Robert D. Kaplan, in his book *The Revenge of Geography*, argues that Iran has a clear geographic advantage, being the only country that straddles both energy producing areas in the Middle East: The Persian Gulf and the Caspian Sea. This position also allows it to have potential cultural and political influence not only on the Persian Gulf region but also on the Caucasus and Central Asia to its

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<sup>25</sup> Jamal S. Al-Sawaidi, 1996, *op cit*, pp. 280–281.

north.<sup>26</sup> Iran's soft power potential also has to do with what the British historian Michael Axworthy calls the "Idea of Iran", its force of culture and language.<sup>27</sup> Iran is a "civilizational attractor" which can pull other people into its linguistic orbit. It is, unlike the fairly modern creation of Saudi Arabia based on tribes, an ancient civilization rising from the ashes of the Persian Empire, the "world's first superpower". It has, concludes Kaplan, "a far more venerable record as a nation-state and urbane civilization than most places in the Arab world and all the places in the Fertile Crescent, including Mesopotamia and Palestine."<sup>28</sup>

Kaplan warns, however, that the potential of Iran to take advantage of its geography and history will depend on its own internal politics, favourable social conditions, and a peaceful evolution of its regime into a "democratic or quasi democratic Iran". The image of Iran as an aggressive power should also be relativized. Any civil unrest that Iran may supposedly instigate in the bordering countries would inevitably trigger instability among its own multi-ethnic population, e.g. Kurds, Armenians, Azeris, Arabs, Baluchis. The coalition among Arab countries of the Persian Gulf Complex is also neither durable nor robust: It lacks leadership, mutual trust and common interests among its members.

### **The Mother of all Fears: Nuclear Insecurity**

The Iranian nuclear programme started in 1957 under the 'Atoms for Peace' project, led by the US, when Iran signed a commitment not to seek nuclear weapons in its pursuit of peaceful nuclear research. The year 1967 marks the start-up of the US supplied 5 megawatt Tehran Research Reactor (TRR) and the establishment of the Tehran Nuclear Research Centre (TNRC). At the time, the USA was encouraging the Shah to diversify the country's sources of energy, proposing to support the development of nuclear reactors.<sup>29</sup> Iran signed the Nuclear Non-proliferation Treaty (NPT) in 1970 and created the Atomic Energy Organization of Iran in 1974. With the Revolution, the TNRC and the German construction of the Bushehr nuclear power reactors, begun in the mid-1970s, were suspended for a short while on the basis of Ayatollah Khomeini's reservations about nuclear weapons, but was resumed in mid 1980s when Iran launched a centrifuge research and development. In 1990, Iran signed a ten-year nuclear cooperation agreement with China, and in 1995 a contract with Russia to complete its first nuclear power plan, the Bushehr I reactor, officially opened in September 2011. While Iran insists that its nuclear programme development is for civilian, peaceful purposes, the West has been arguing that it is aiming at a full nuclear weapons capacity. The IAEA still remains inconclusive on whether Iran has a secret nuclear weapons programme or not, but in its reports since 2011, it has regularly accused Iran of having undertaken research geared towards the development of nuclear weapons capability, in turns countered by Iran. The UN Security Council, in the meantime, passed seven resolutions imposing sanctions and demanding that Iran suspend its uranium enrichment activities. The possibility of setting a precedent in a dangerous region, Iran's aggressive rhetoric towards Israel, the fear of the Arab countries from the Iranian hegemonic menace and US scepticism and distaste for defiance has prompted an international outcry and the imposition of heavy sanctions against Iran despite the lack of clear proof of manufacturing of nuclear weapons in Iran.

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<sup>26</sup> Robert D. Kaplan, *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate*, Random House: 2012. See also excerpts in Robert D. Kaplan, "The Revenge of Geography", *Stratfor*, September 5, 2012.

<sup>27</sup> Michael Axworthy, *A History of Iran: Empire of the Mind*, New York: Basic Books, 2008, p. 3.

<sup>28</sup> Robert D. Kaplan, 2012, *op. cit.*

<sup>29</sup> Anthony H. Cordesman and Khalid R. Al-Rodhan "Iranian Nuclear Weapons? The Uncertain Nature of Iran's Nuclear Programs", *Center for Strategic and International Studies*, April 12, 2006.

During the years of rapprochement, the Gulf Cooperation Council (GCC) states were silent about the Iranian nuclear programme, with Arab states content with the possibility of a Muslim country to stand against nuclear Israel. But during President Ahmadinejad's presidency, Gulf countries began aligning themselves behind Israel and the USA in fear that Iran could acquire nuclear weapons capacity.<sup>30</sup> Nonetheless, Saudi Arabia started bilateral negotiations with the IAEA to acquire its own nuclear energy programme in 2006.<sup>31</sup> The GCC has also been further studying the possibility of a joint GCC-IAEA initiative for nuclear power since December 2007.

The Iranian side continues its nuclear research and uranium enrichment within the NPT framework, consequent to its claim of peaceful purposes, programme and in defiance of what it perceives as double standards in international relations. Iranian aspirations for developing the nuclear programme are driven by three main factors:

- 1) The stated objective to address the domestic energy needs of the population, pressured as it is to find a cheaper and more sustainable alternative to the oil and gas resources, which are in turn necessary for export to increase foreign reserves.
- 2) The perception that nuclear capability would deter any threats or attacks from the Arab countries, Israel or even the USA, with its heavy presence in military and naval bases in countries and seas surrounding Iran.
- 3) A fundamental sense of pride: Iran not only aspires to become the first nuclear power in its immediate region, ahead of any developments by Arab states, but it is also motivated by the injustice of being banned from developing its nuclear programme while countries such as Israel, Pakistan and India have received their green lights directly or covertly. It is this sense of justice and equitable treatment in international relations that unites Iranians around the nuclear 'right' of Iran; be they supporters of the government or the opposition, inside or outside the country.

## Conceptions of Security and Threat Perceptions

How are threats perceived by the states of the Persian Gulf Complex and what factors go into shaping the national security and defence policies of these countries? Security, in this sub-region, consists of the defence of national interest, values, identity and domestic order. It is encrusted in three different conceptions: 1) *State-centred security* based on national interest (traditional security); 2) Security based on *commonalities and differences in identity* (communitarian security); 3) Security based on threats stemming from *internal stress factors* (human security).

### 1) A State-Centred Conception of National Interest

Iran's national interest, as traditionally defined, is reflected in the defence of its territorial integrity (exemplified in disputes over the three Iranian islands in the Persian Gulf and demarcations around the Shatt al-Arab), against the backdrop of geopolitical realities (defence against an eventual attack against its nuclear facilities, enhancing international stature and interests on the global scenes, etc.). Being surrounded by Arab countries threatened by and threatening to Iran's legacy has meant that different regimes have all tried to allocate much to their military spending. During the 1970s, the Shah acquired the most up-to-date weaponry, aspiring to become the world's 5<sup>th</sup> largest military power.<sup>32</sup> The territorial insecurity of Iran is also

<sup>30</sup> Mohamad Hossein Hafezian, "Iran-GCC Relations Under President Ahmadinejad: 2005-2009", *Iranian Review of Foreign Affairs*, Vol. 1, No.4, Winter 2011, pp. 87–114, at pp.102–103.

<sup>31</sup> Wehrey et al., "Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation and Implications for US Policy", *National Security Research Division (RAND)*, 2009, pp. 1–107, at pp. 68–70.

<sup>32</sup> Willem van Kemenade "Iran's Relations With China and the West. Cooperation and Confrontation in Asia", *Netherlands Institute of International Relations*, November 2009, pp. 1-131, at p. 23.

grounded in territorial claims and disputes over navigation rights in the Shatt al-Arab river (known in Iran as the Arvand Rud), where the control of the waterway and its use as a border have been a source of contention between consecutive Iranian and Iraqi states. In 1937, Iran and Iraq signed a treaty to settle the dispute over the control of the river, which Iran abrogated in April 1969 by ceasing the payment of tolls to Iraq for the passage of its ships. The conflict escalated in the 1970s when Saddam Hussein claimed the entire waterway up to the Iranian shore, and Iran in response cultivated its relations with the Iraqi Kurdish groups fighting for independence from Iraq. The Shatt al-Arab median line, which divided that waterway in half, was subsequently agreed between the two countries in 1975, but again violated by Iraq when it took advantage of the Iranian regime change to launch the eight year war with Iran in 1980.

Since 1979, the defence of the revolution has further become entangled with that of territory. The Islamic Republic perceives its location, sandwiched between Arab countries and the USA in Afghanistan, as a threat to its identity and ideology as well as to its national security, given the tumult of conflicts, instability and uncertainty in Afghanistan and Pakistan. It is in the meantime locked in a verbal war of threats with a country outside the Persian Gulf Complex, Israel, with whom it has been at odds since 1979, and it lives with the threat of being attacked over its nuclear programme either by Israel or the USA. In response, and in anticipation to a strike on its territory, Iran has developed a capability of surveillance and interception in the Persian Gulf and has threatened to close the Strait of Hormuz in a case of confrontation, cognizant that the closure of the Strait would shut off its own oil exports.

The process of foreign policy making in Iran is complex. Decisions on major issues, whether related to domestic or foreign affairs, are not made by one person or a single body, but through consensus, as argued by Hadian and Hormozi, born out of a “rather complex process of political-ideological interactions within and among a composite network of constitutionally-backed formal institutions and bodies and informal networks of influential actors and players”.<sup>33</sup> These decision making actors include the Office of the Supreme Leader, the President, the Supreme National Security Councils, the Armed forces (particularly the *Pasdaran*, the protectors of the country’s Islamic system), the intelligence, the interior and Foreign ministries, the Expediency Council, the Foreign Relations Committee of the Majlis, and the Islamic propaganda organization. The entire dynamism is acting under the ultimate overall authority and blessing of the office of the *Velayat-e Faqih* (Guardian of jurisprudence). In the final analysis, while the President has *de jure* power, *de facto* influence and power belongs to the Supreme leader. Decision-making lines and authority are blurred and perplexed, but the final outcome is supposed to be consensus based.

For the Arab countries of the Persian Gulf Complex as a block, their traditional security concerns stem from the hostility they perceive from Iran, ranging from projection of military power to the use of soft power in trying to influence minorities in the region. The concept of ‘Arab national security’ came to replace that of regional security in the ‘Middle East’, which was a “euphemism for secure spheres of influence for either Moscow or Washington”.<sup>34</sup> Such a conceptualization of ‘Arab national security’ and an ‘Arab regional system’ has two implications:

- 1) The security concerns and interests of Arab states are viewed in relation to one another as different from those of neighbouring non-Arab states (Iran, Israel and Turkey);
- 2) With the inclusion of the appellation ‘Arab’, the conception puts emphasis on the non-

<sup>33</sup> Nasser Hadian and Shani Hormozi, 2011, *op. cit.*, p. 29.

<sup>34</sup> Abdel Monem Said Aly Abdel Aal, “The Superpowers and Regional Security in the Middle East”, in Mohammed Ayoob (Ed.), *Regional Security in the Third World: Case Studies from Southeast Asia and the Middle East*, London: Croom Helm, 1986, p.198, quoted in Pinar Bilgin, “Whose ‘Middle East’? Geopolitical Inventions and Practices of Security”, *International Relations*, Vol 18, No. 1, 2004, pp. 25–41, at p. 30.

military aspects of security, namely identity.

Although the construction of identity and intangible elements such as pride feature into calculations of national interest, both Arab and Iranian policy makers view security primarily from the point of view of the state, and threats as what can endanger the survival of regimes, which are intricately linked to national interest.

## 2) Identity/Ideology Based Conception of Communitarian Security

A second factor that features into the calculation of threats and foreign and defence policy is the role of ideas and ideology, either based on national identity (pride, Arabism or Persian particularity) or Islamism. While the basic realist premise of the centrality of the states and primacy of security concerns remain, cultural and ideational factors also help explain the behaviour of states in the Persian Gulf Complex.

Buzan and Wæver see security interdependence in the Persian Gulf Complex as playing out against two historical dimensions: ethnicity and religion.<sup>35</sup> The *ethnic* dimension translates as Arabs versus others (vs. Jews in the Levant, vs. Turks during the Ottoman Empire, and vs. Iranians in the Persian Gulf Complex). The *religious* dimension is divided into two main core dichotomies: Islam vs. other religions (encapsulated in differentiation with Israel) and Shiism vs. Sunnism (which characterizes the religious competition between Iran and Arab states). Additionally, Shiism in Iran is closely associated with a *nationalist* Iranian dimension, not only a religious one. The Persian Gulf Complex is thus caught between two dynamics: 1) An *Inter-Arab agenda* reflecting the rivalry between Arabs over domination in the region, interpretation of Arabism and more traditional rivalries over territories, water and other natural resources, and 2) an *Inter-Islamic agenda* which delineates differences in the interpretation of Islam by the Iranians that is seen as a threat by Arab neighbours. From this angle, ideological and political influences emanating from abroad, when they find resonance among citizens, pose a more salient threat to the domestic stability of the ruling regimes than do aggregate power, geographic proximity and offensive capabilities.<sup>36</sup>

For Iran and Arab countries, the role of identity and ideology in foreign policy has taken divergent approaches. In the case of Iran, the dominant ideology consists of a hybrid between revolutionary Shia ideology and Iranian nationalism. This hybridity combines perceptions of threats to Revolutionary ideology (values – Islam) and to national interests in the traditional sense (interests – nationalism). The two are not the same thing, and can sometimes even be in contradiction. Iranian scholars Hadian and Hormozi, for example, point to three competing ideological outlooks that have had an influential role in different combinations on shaping national security and defence policy in Iran: Revolutionary Islam, Reformist Islam and Traditional Iranian Nationalism.<sup>37</sup> Different periods have been led by champions of different orientation: The period immediately following the 1979 Revolution, under the guidance of the Supreme Leader Ayatollah Khomeini, can be considered the height of the influence of revolutionary Islam on defence and foreign policy. Under the rule of President Akbar Hashemi Rafsanjani (1989–1997), the country moved towards a more pragmatic approach, but it was under President Mohammad Khatami (1997–2005) that the dominant ideology became engrained in Reformist Islam. The reign of President Mahmoud Ahmadinejad (2005–2013), 30 years after the Revolution, could be considered a period of intensified Iranian nationalism.

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<sup>35</sup> Barry Buzan and Ole Wæver, 2003, *op. cit.*, p. 190.

<sup>36</sup> Gregory Gause III, 2003, *op. cit.*, p. 274.

<sup>37</sup> Nasser Hadian and Shani Hormozi, "Iran's New Security Environment Imperatives: Counter Containment or Engagement with the US", *Iranian Review of Foreign Affairs*, Vol. 1, No. 4, Winter 2011, pp. 13–55, at p. 26.



Even in periods when Islamism moved aggressively on the post-revolutionary Iranian agenda, nationalism, or what Hadian and Hormozi and others call the Iranian (or Persian) 'national pride', has never been abandoned in foreign and defence policy. Nationalism/national pride marks the Iranians "as historical inheritors of an old, millennial civilization with a deeply felt grandiose perception of themselves, their role and power."<sup>38</sup> It is also based on the collective memory of a nation that has been subjected to the invasion of Arabs in the 7<sup>th</sup> Century, the aggression by Iraq in 1980 which started a ten year war, and perceptions of injustice and distrust vis-à-vis the efficiency and motivations of the international system, exemplified by the nuclear regime 'double standards'. When it comes to foreign policy, nationalism and national pride can trump domestic problems, exemplified by the rallying behind the right of Iran to develop nuclear technology even by those fiercely opposed to the regime. The pride then translates into chauvinism and arrogance vis-à-vis the younger neighbours who have made more advances in their GDP, technology and standards of living, such as Turkey, the Gulf countries and some of the Central Asian republics. Having enough natural resources but not the ability to take full advantage of them given the sanctions and lack of access to international markets hurts the Iranian pride. As a result, the ruling elite considers the right to make advances in technology and sciences (including developing nuclear technology) a necessary tool for putting Iran to its 'deserved place' in the rank of other nations in the wider neighbourhood, such as Israel, India and Pakistan.<sup>39</sup> The perceptions of injustice have given rise to the 'Persian exceptionalism' or 'particularism', and the 'responsibility', among the post-revolutionary ruling elite to strengthen Iran's role as the ideological leader not only of the Islamic Ummah but also of post-colonial, non-aligned countries subject to 'global arrogance' (US imperialism) and international Zionism.<sup>40</sup>

Yet, Iran's national interests may in some circumstances be incompatible with its ideological Islamic priorities. Nationalism requires concentration on Iran's own interests and priorities, while its Islamic ideological self-allotted responsibilities must focus on the Ummah's wider interests. Nationalism and Persian pride force Iran to limit itself to aspired leadership among the Persian speakers (Afghanistan and Tajikistan), while the ideological strand projects a wider sphere of influence for Iran, to lead the Ummah in the protest against global injustice (be that against Bosnians, Palestinians, Afghans or others). Furthermore, ideological positioning sees threats emanating from global powers, while from the point of view of national interest, it is the immediate neighbourhood that is threatening. In the final analysis, however, it is this duality – hybridity of nationalism and ideology with its contradictory constraints – that explains Iran's principled pragmatic approach to foreign policy.

Ideational and ideological factors in the Arab world play an even more important role, as they are used to hold the societies together and build alliances among like-minded states. Identity, based on pan-Arabism or Islamism, is a main feature of the security conception in the region.<sup>41</sup> Pan-Arabism and Islamism have also been used by leaders of some states to influence other states, chastise them for deviations, and threaten them by appealing to their citizens.<sup>42</sup> Arab nationalism (or Pan Arabism), which was promoted by the elites of the region to stress the commonality of Arab countries' identity based on similar religion, culture, language and values, also became a cause for inter-Arab rivalry. States had different understandings of Arab nationalism, as was the case with the conceptions of King Hussein of Jordan or that of the Egyptian President Nasser. Arabism also created tensions with the Westphalian order of regional security. Michael Barnett, for example, argues that political projects based on shared Arab identity have been at odds with a

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<sup>38</sup> *Ibid.*, p. 27.

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*, p. 26.

<sup>41</sup> Michael N. Barnett, 1996-1997, *op. cit.* pp. 597–598.

<sup>42</sup> Gregory Gause III, 2003, *op. cit.*, p. 278.

regional order premised on sovereignty and exclusivity.<sup>43</sup> While sovereignty, as a value, dictates the recognition of countries as independent states, respect for boundaries and refraining from interference into domestic issues of each other, the normative approach of Arabism takes up the defence of the Arab nation as a whole and denies the very basic distinction between domestic and international affairs.<sup>44</sup> Barnett argues that sovereignty ultimately prevailed over Arabism when regional divisions influenced hostile relations between countries. Ruling elites, in their attempt to win the loyalty of citizens, engaged in state building projects at the national level to gain legitimacy within and independence from each other.<sup>45</sup>

The notion of Arabism ultimately found its challenge in two notions: First, in the norm of sovereignty as the basis for regional order and security, which was principally ushered in by the Gulf War. Sovereignty as norm was strengthened with discussions around the legitimacy of the two-state approach to the Israel–Palestinian conflict, and flourished in the lack of support for endangered Arab regimes during the Arab revolutions in the spring of 2011 that finally toppled them. The nail on the coffin of Arabism came with the failure of the Arab League to build support for the vulnerable Arab regimes. The second challenge to Arabism came from Islamism, which posed not only a threat to the stability of regimes, but also became a new prism through which to view state-building in the region. Its different manifestations ranged from the state-backed notion of regional security based on the principles of Islam (exemplified by the Saudi Arabia-backed Organization of Islamic Conference, OIC) to the rallying cry of non-state actors such as Hezbollah, Hamas, or the Muslim Brotherhood striving to create an Islamic state. For the proponents of Islamism, security is defined in relation to two criteria: “the lessening of ‘un-Islamic’ influences [such as Western influence and Arab Nationalism] and the achievement of greater unity of Muslim peoples which would ultimately enable them to be ‘virtuous and powerful’.”<sup>46</sup> While Saudi Arabia tried to maintain and control Islamism as a state ideology, the notion was mostly co-opted by non-state actors with their emphasis on religious identity and other non-military dimensions of security.

### 3) ‘Soft’ Security: Threats Stemming From State-Society Relations

If regime survival is the ultimate goal of the states in the Persian Gulf Complex, taming domestic threats has been as important in the conceptualization of security as the need to defend borders and maintain sovereignty.<sup>47</sup> Regime survival in the region is fraught with a legitimacy crisis due to the lack of elected governments (among monarchies) and widening gaps between governments and people, compounded by a crisis of efficiency, given that the ruling regimes are unable to provide human security to their populations (not only basic needs such as jobs and food, but also dignity and human rights, adequate health, access to education). Instead, the states have concentrated on acquiring military technologies and capacities in order to compete with each other and exercise both distributive and coercive controls over their populations and territories. Yet, legitimacy challenged from within also has impacts on regional interactions, as what happens within one state can affect inter-state relations and changes in the system.<sup>48</sup> For example, domestic disorders and pressures from poor economic performance, demographic pressures, and corruption could have resonance at the regional level in so far as they can impact states’ aggressive and radical foreign policies and hostility towards other countries. Governments are

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<sup>43</sup> Michael N. Barnett, 1996-1997, *op. cit.*, p. 599.

<sup>44</sup> *Ibid.*, p. 600.

<sup>45</sup> *Ibid.*, p. 601.

<sup>46</sup> Pinar Bilgin, 2004, *op. cit.*, p. 37.

<sup>47</sup> Mohammed Ayoob, “Unravelling the Concept: ‘National Security’ in the Third World”, in Bahgat Korany, Paul Noble and Rex Brynen (Eds.), *The Many Faces of National Security in the Arab World*, London: Macmillan, 1993, pp. 31–55.

<sup>48</sup> Gregory Gause III, “Systemic Approach to the Middle Eastern International Relations”, *International Security Review*, Vol.1, No.1, 1999, pp. 11–31, at p. 29.

more likely to engage in adventurous foreign policy actions during periods of domestic turmoil, actions that ultimately impact on regional stability.<sup>49</sup> By way of example, Michael Barnett argues that Iraq invaded Kuwait due to its deteriorating economic conditions after almost a decade of war with Iran and declining revenues from oil. Furthermore, when states' legitimacy is challenged domestically, they cannot relate as equals on the international and regional scene. Such for example is the predicament of the Iranian regime, pressurized from within, from regional countries and from the international system all at the same time. In this case, a *force majeure* situation, such as sanctions imposed by the international community, in effect 'saves' the regime somewhat from domestic criticism when it fails to deliver public goods.

Internal pressure in the Persian Gulf Complex countries comes from the fact that more than half of the Arab population is under the age of 20 while the per capita income has shrunk and unemployment has grown. Gulf Cooperation Council (GCC) countries have been able to buy off their populations, a strategy that has made them politically vulnerable to oil price fluctuations. Arab states' reliance on oil resources, international capital and great power allies has resulted in alienation between regimes and society and resorting to the use of force to repress internal strife. Iran faces an additional problem: Much of Iran's 75 million population is highly educated, and given the country's natural resources, they have expectations of a higher living standard. This creates expectations for economic performance and good governance, while the state is weakened by the sanctions, fledging investments, high inflation, lower oil prices, and overall mismanagement. Economic issues will increasingly exert influence on Iran's future security and defence policies.

### The Iran–Saudi Rivalry Deciphered

At the core of the Persian Gulf Complex stands the complex relationship between Iran and Saudi Arabia; the two being what Mohsen M. Milani characterizes as “neither natural allies nor natural enemies but natural rivals.”<sup>50</sup> Their competition, with a sectarian sub-text, is over dominance in global energy markets and political influence in the Levant, the Persian Gulf and Afghanistan. Both major oil producers and self-proclaimed defenders of Muslims, their rivalry penetrates various aspects of regional security and ideological competition, and is played out against mutual accusations of using various religious proxies against each other, pricing and quota setting in oil production, and a mounting arms race.

Saudi Arabia and Iran were allies during the Shah's reign as regional monarchies, and both enjoyed privileged relations with the United States. By 1971, however, after the withdrawal of British forces from the region, the Shah assumed a position as a regional leader with territorial claims over much of the Persian Gulf, coupled with a memory of a great civilization.<sup>51</sup> The 1979 Islamic Revolution decidedly impacted relations between the two countries, with Iran choosing to pursue a policy of pragmatic non-alignment and national interest under the slogan of “neither West, nor East, only the Islamic Republic.”<sup>52</sup> While Iran was engaged in eight years of war with Iraq, Saudi Arabia seized the opportunity of its unique partnership with the USA to build its military capability.

Iran and Saudi Arabia share similarities in foreign policy. Both are non-aligned in their foreign policy objectives and both strive to promote solidarity among Muslims and maintain cooperation

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<sup>49</sup> Michael N. Barnett, 1996-1997, *op. cit.*, pp. 612–613.

<sup>50</sup> Mohsen M. Milani, 2011, *op. cit.*

<sup>51</sup> Reza Ekhtiari Amiri, Ku Hasnita Binti Ku Samsu, Majid Khorshidi and Daryoush Piri, “Iran and Saudi Arabia Relationship under Iran's Pragmatic Approach (1998-1993)”, *Journal of American Science*, Vol. 7, No. 5, 2010, pp. 856–863, at p. 856.

<sup>52</sup> *Ibid.*, p. 857.

among Islamic countries. But similarities end there and differences are many in foreign policy principles and approaches. Saudi Arabia is deeply influenced and dependent on the US, while Iran pursues a more autonomous foreign policy. Saudi King Abdullah attempted to launch a quasi-independent foreign policy and use oil as a tool to achieve foreign policy objectives over disagreements with the USA on the Arab Spring, Israel–Palestine conflict as well as over Iraq. However, the monarchy soon realized that it is better to cooperate with the USA than to increase divergence in the long-standing partnership. The rivalry became defined by the US strategy, which was to ally with Saudi Arabia in order to offset Iran.<sup>53</sup>

The following sections detail four main areas in which the Iran-Saudi Arabia rivalry plays out: political-ideological leadership of the Islamic world, regional security, political influence in the region, and economic competition, notably by way of energy production.

### 1) Political-Ideological Leadership of the Islamic World

The fundamental area of contention between Iran and Saudi Arabia is politico-ideological rivalry over Islam on two different dimensions: 1) Leadership of the Islamic community and 2) Shia Sunni differences.

The Islamic Republic of Iran and Saudi Arabia are both theocracies with pretensions of leading the Islamic Ummah, each contesting the other's claim. From the Saudi perspective, leadership should rest with the birthplace of Islam, the two holy cities of Mecca and Medina, which it hosts. Saudi clergy, with its Wahhabi/Salafi orientation, has claims on the sole interpretation of the Quran and some go as far as perceiving Shias as non-genuine Muslims. Iran, after the 1979 Revolution, has questioned the legitimacy of Islamic Saudi Arabia on the basis of its close relations with the secular West.

Both states have financed Islamic organizations in neighbouring countries: Saudi Arabia favouring more conservative and Iran supporting more revolutionary groups. Arab States see Iran's close relationship with Islamic groups such as the Hezbollah and Shia minorities as a tool to promote its dominance in the Levant and in the Persian Gulf Complex. Iranians view Saudis' close alliance with Western powers as antithetical to Islamic mores. They also accuse Saudi Arabia of supporting Sunni extremist and jihadist organizations. Various Saudi charity organizations, such as al-Haramain Islamic Foundation, International Islamic Relief Organization and World Muslim League, have been supporting a wide range of militant religious organizations from Northern Africa to the Balkans and Central Asia.<sup>54</sup> Saudis, on the other hand fear Iran's ambition to establish a Shia Crescent over Arab Sunni population of the Gulf at a time when the Shias constitute the largest minority in Saudi Arabia, Iraq, Lebanon, Oman, Bahrain and Kuwait.<sup>55</sup> In addition, they fear the doctrinal influence of Iran on their own citizens. After all, soon after its Revolution in 1979, Iran criticized the Arab monarchies and incited other Muslims to follow suit and overthrow their monarchies. Although the Revolution was not exported to any country, fears of incitement were real: In 1987, the Iranians' calling for Muslim lands to be freed from pagans and infidels led to demonstrations followed by clashes between pilgrims during the Hajj in Mecca, resulting in 400 deaths.<sup>56</sup> The ideological clashes intensified symbolically with the uprisings in the Arab countries in 2011, when the Iranian clergy claimed its own Islamic

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<sup>53</sup> Mohsen M. Milani, 2011, *op. cit.*

<sup>54</sup> "Does Saudi Arabia Fund Terrorism?", *Middle East Quarterly*, Vol. 13, No. 2, Spring 2006, pp. 63–64.

<sup>55</sup> Barry Rubin, "Iran: the Rise of a Regional Power", *Middle East Review of International Affairs*, Vol. 10, No. 3, September 2006, pp. 142–151, at p. 145.

<sup>56</sup> Hossein Sadeghi and Hassan Ahmadian, "Iran-Saudi Relations: Past Pattern, Future Outlook", *Iranian Review of Foreign Affairs*, Vol.1, No.4, Winter 2011, pp. 115–148 p. 123; John Kifner "400 die as Iranians marchers battle Saudi police in Mecca; embassies smashed in Tehran", *New York Times*, August 2, 1987.

Revolution to be an inspiration for the overthrow of the regimes in Tunisia and Egypt, as well as the upheavals among Shia minorities in Bahrain.

A second element of the religious rivalry among the two states is based on the differences within Islam. Sectarian competition has bled into financing for external groups: Saudi Arabia was one of three countries that recognized the Taliban in Afghanistan, whose regime massacred Persian speaking minorities and killed Iranian diplomats in 1998. Iran extends its soft power by influencing Shia minorities in the Gulf countries as well as Persian speaking minorities in Afghanistan by constructing mosques and extending educational opportunities to them in Iran. Most of the Shia parties in Iraq were nurtured, sometimes even created, in Iran, the most important one being the Supreme Council of Iraq (ISCI) founded in 1982 during the Iraq–Iran war, as well as Prime Minister Nouri al Maliki's Dawa party. Iran sends millions of Shia pilgrims to Najaf and Karbala each year, both cities in Iraq which have always been prestigious centres of religious authority for the Shia clergy.

Gulf States resist Shia empowerment as a demonstration of Persian influence and superiority. This largely explains why Saudi Arabia has not only used its military force to crush Shia upheavals on its territory, but also sent its army to support the King of Bahrain in defeating the uprising among Shia communities there in 2011.<sup>57</sup> Accusations of co-option of Shia communities are especially thorny for Saudi Arabia given its own internal sectarian tensions and discrimination. Even though King Abdullah bin Abdul Aziz al Saud has paid special attention to religious tolerance and has tried to bring the Shias and Sunnis together, Saudi Arabia has often been accused of not treating its 10–15% Shia minority as equal citizens and instigating systemic state discrimination in the areas of education, justice, employment and freedom of religion.<sup>58</sup> Major Wahhabi/Salafist clergy frequently accuse the Shias of being apostates with heretic practices, or, in the worse of cases, remote agents of Iran and traitors to the Arab population.

Politically, the use of sectarianism in Persian Gulf Complex serves several purposes: For Iran, it serves to hone in the image of a minority country isolated and endangered by its hostile neighbourhood. By raising alarm about the threat of Iranian influence, Arab leaders deflect attention from the disparity that exists between Shia communities and majority Sunnis in Gulf countries. By taking up an anti-Shia/anti-Iranian agenda, Gulf leaders also reassure the USA and Israel of their relevance and loyalty as well as of their difficulties in struggling against the so-called intrusion of Iran as the 'hostile' regional hegemon. In the final analysis, anti-Shia and anti-Sunni rhetoric directs attention away from internal difficulties and from unpopular leaders, elevating them as gatekeepers that ensure the survival of the Sunni Arab or Persian Shia identities.

## 2) Domination over Regional Security and Mutual Accusations

The Saudi–Iranian rivalry over regional security begins with differences in naming the body of water that separates them: Iranians' insistence to call it the Persian Gulf recalls the historical appellation and domination in the past, while Arabs' tendency to call it the Arabian Gulf since the 1960s harks back to the emergence of pan-Arabism and Arab nationalism. The naming becomes symbolic of a rivalry for dominance over regional security. While the two have roughly equal combined amounts of oil and gas, Saudi Arabia enjoys a dominant position in oil production and trade, whereas Iran has been facing international sanctions affecting its economic performance. The rivalry has led to increased arms purchases by both sides. Saudi Arabia has taken advantage

<sup>57</sup> John R. Bradley, "Saudi Arabia's Invisible Hand in the Arab Spring. How the Kingdom is Wielding Influence Across the Middle East", *Foreign Affairs*, 13 October, 2011.

<sup>58</sup> See e.g. Human Rights Watch, "Denied Dignity: Systematic Discrimination and Hostility towards Saudi Shia Citizens", New York: Human Rights Watch, September, 2009.

of its historical alliance with the USA and its post 9/11 increases in assistance for counter-terrorism to equip its security, army and naval forces with modern arms and military technology. Between 2007 and 2010, for example, Saudi–American arms trade reached \$13.8 billion,<sup>59</sup> while the USA further agreed to sell F-15 fighter jets at a value of \$30 billion to the Royal Saudi Air Force at the end of 2011. Nevertheless, Saudi Arabia does not have the military power to balance Iran, who, despite the US, UN and EU sanctions, has also managed to equip itself with arms, notably by increasing cooperation with other regional actors such as Russia and China.

Iranian foreign policy can be characterized by the pursuit of regional hegemony through the spread of cultural, religious and ideological influence, but more important, by attempts to be relevant, respected and counted as a key actor in regional stability. At the same time, this goal carries with it the desire to quell Western influence in the Middle East, and a secondary rivalry with Israel, the only country in the Middle East to possess undeclared nuclear weapons. As the only non-Arab nations in the region, Israel and Iran may be doomed to a rivalry that has more to do with power politics than ideology.<sup>60</sup> According to Trita Parsi, Iran bought more than \$500 million worth of arms from Israel between 1980 and 1983, in defiance of US policy, while officially holding an aggressive rhetoric and trying to expel Israel from the United Nations. In return, Iran allowed large numbers of Iranian Jews to leave for Israel. After 1992, however, Israel grew more alarmed about the Iranian threat and successfully lobbied the USA to impose economic sanctions in 1995–96. In the meantime, verbal military threats against Iran launched by Israel helps the Iranian regime to divert the public's attention away from its grave domestic problems and mobilize public sympathy for the survival of the threatened nation.<sup>61</sup>

The enhanced role of Iran in the past decade made Saudi Arabia and the Gulf Arab countries anxious about the ‘existential threat’ that Iran posed, something that the WikiLeaks cables revealed was stressed in high-profile meetings with senior US officials.<sup>62</sup> As to whether Iran truly represents an existential threat, experts’ opinions diverge. Max Fisher sees the Iranian growing influence as a myth given its authority is ending in Iraq to its west and in Afghanistan to its east.<sup>63</sup> Others claim that in the wake of the Arab Spring, Iranian support for Islamist groups including the Muslim Brotherhood has been pivotal in changing the tide in the Middle East.<sup>64</sup> Barry Rubin argues that Iran is not a great regional power *per se*, but it became one due to its strategic location, enabling it to take advantage of the power vacuum in the nearby countries.<sup>65</sup>

Given that Tehran and Riyadh see their relationship in terms of a zero-sum game,<sup>66</sup> they have held mutual accusations of sponsoring terrorism against the other. While both Iran and Saudi Arabia can be – and have been – primary targets for terrorists, they have both also supported various militant religious and extremist groups in order to achieve their foreign policy goals. Iran has supported Hamas, Hezbollah and other Shia militant groups in Iraq and Yemen, while Saudi Arabia has recognized the Taliban government in Afghanistan which oppressed the Hazara and Tajik minorities. Saudi Arabia was also unofficially behind the Afghantsi, a transnational network of militant Arabs who were alienated in their own lands and recruited to fight a jihad against

<sup>59</sup> Anthony Cordesman et al., 2011, *op cit.*, p. 19

<sup>60</sup> Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran, and the United States*, Yale University Press, 2008.

<sup>61</sup> Meir Javedanfar, “The grand bargain with Tehran”, *The Guardian*, 3 March, 2009. Accessible <http://www.guardian.co.uk/commentisfree/2009/mar/03/iran-nuclear-weapons>

<sup>62</sup> Ian Black, “Arab States ‘scorn’ evil Iran”, *The Guardian*, November 18, 2010.

<sup>63</sup> Steve Clemons, “Iran’s Logic in Assassinating a Saudi Ambassador”, *The Atlantic*, October 11, 2011.

<sup>64</sup> Robert Tait, “Iran Still Center of Middle East’s ‘Great Game’”, *RFE/RL*, April 13, 2011.

<sup>65</sup> Barry Rubin, *op cit.* p. 142.

<sup>66</sup> Christopher Boucek and Karim Sadjadpour, “Rivals—Iran vs. Saudi Arabia”, *Q&A/Carnegie Endowment for International Peace*, September 20, 2011.



Soviet in the 1990s in Afghanistan, later metamorphosing into al Qaeda in the 21<sup>st</sup> century.<sup>67</sup> Iranian officials have also accused Saudi Arabia (together with the USA and Pakistan) of providing support to Jundullah separatists (operating from the Iranian province of Baluchistan) in their attacks on the Iranian government.<sup>68</sup>

### 3) Political Influence on the Region and Co-option of the Arab Spring

The third area of contention is competition over political influence within the region, with Iran having gained some advantages over Saudi Arabia in the past decade. The fall of Saddam Hussein, who had portrayed himself as a main anti-Western actor in the region,<sup>69</sup> paved the way for Iranian leaders such as President Mahmoud Ahmadinejad to become the voice of the subaltern, those Arabs and non-Arabs dissatisfied with the presence of Western military forces in the Arabian peninsula. Iran's ambition of maintaining its leadership position in the Persian Gulf Complex seems to have been enhanced by the fading of Arab nationalism, the removal of the Tunisian, Egyptian and Libyan regimes during 2011 as well as the disorientation of remaining Arab leaders. The country benefited significantly in the Arab awakening from the chaotic and dysfunctional responses of Arab Leaders as well as the less active involvement of the White House, which was concerned with domestic economic crisis. But the outcome of the Arab Spring on the Saudi–Iran competition is as yet unclear and depends, as discussed above, on the future of Syria. Although Iran significantly increased its influence and importance in the broader Middle East, welcoming regime changes, the fall of the Syrian regime and any eventual replacement of the Alawite regime with a Salafist one would reverse any gains made by Iran and curtail its ability to project its power and influence in the region.

The Iranian clergy saw the uprisings in Tunisia, Egypt and Yemen as the continuation of its 1979 Revolution and hoped for the establishment of new regimes friendly to Iran, sharing the same principles of religious democracy.<sup>70</sup> Iran in fact benefited not only from the removal of the Iraqi Ba'athist regime, but also from the fall of the Mubarak regime in Egypt. For many years, Egypt had acted as a leader of the Arab League and considered itself a founder of Arab nationalism, banning all religious organizations on its territory. Iran had maintained informal ties with the Egyptian Muslim Brotherhood and, after the fall of Mubarak, hoped for a rapprochement beyond the Shia–Sunni strife. While the Egyptian Muslim Brotherhood and Iran have not had formal ties, their ideology has been close: The Brotherhood had ignored Arab nationalism for the sake of Islamic solidarity and had welcomed the Iranian Revolution as an example of the overthrow of a secular regime, in defiance of Mubarak's 2005 proclamation that “most Shias are faithful to Iran, not to their own government.”<sup>71</sup>

While Iran hoped that the Muslim Brotherhood would turn Egypt into its ally due to Islamic leanings, Saudi Arabia pledged \$4 billion to Egypt's military rulers to prevent the normalization of relations.<sup>72</sup> Saudi Arabia was the first Arab country to recall its Ambassador from Syria while Iran became the only defender of Bashar al-Assad. The Saudi response to the uprisings in North Africa and the Middle East was mixed. Saudi rulers feared that the contagion of popular revolt would reach their own disenfranchised citizens and residents, including dissidents, members of minority groups such as the Shias, and foreign workers. The government responded by launching

<sup>67</sup> John Rolins, “Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for US Policy”, *Congressional Research Service*, January 25, 2011, pp. 1–33, at pp.10–13.

<sup>68</sup> Balaji Chandramohan, “Who is Supporting Jundullah's Terror Campaign and Why?”, *Institute for Defence Studies and Analyses*, November 6, 2009.

<sup>69</sup> Barry Buzan and Ole Wæver, 2003, pp. 194–195.

<sup>70</sup> “New Mideast taking shape based on Islamic principles: Cleric”, *Tehran Times*, 29 January, 2011.

<sup>71</sup> Mehdi Khalaj, “Rapprochement Between Sunnis and Shias?”, *Quantara.de*, 17 April, 2009.

<sup>72</sup> Mohsen M. Milani, “Explaining the Iran-Saudi rivalry”, *CNN Global Public Square Blog*, October 12th, 2011

a massive \$130 billion welfare package involving the creation of 60,000 new jobs in the Ministry of Interior, the setting of a minimum wage in the public sector, a one-off bonus for civil servants, and the construction of 500,000 new houses for disadvantaged Saudi youth.<sup>73</sup> At the same time, it showed no tolerance for uprisings, especially if they involved communities which the government suspected were being incited by Iran. In October 2011, the Saudi government issued a statement making it clear that it would use force against Shia minority rallies taking place in its southern provinces and blamed foreign interference in the unrest. In March of that year, Saudi Arabia and the UAE also sent troops as part of a deployment by the GCC to Bahrain to protect the ruling Al-Khalifa monarchy from a Shia-led uprising. Saudi Arabia's intervention with sectarian overtones in Bahrain was decidedly informed by its preoccupation with its rival Iran.

The Arab revolutions, it must be recalled, started out as bottom-up protests and rallies behind the notion of justice, dignity, political and personal freedoms rather than around Arabism and Islamism. In the face of economic stagnation, unemployment and corruption, Arab nationalism and older post-colonial discourses made little sense to the new generations. Qatar, Saudi Arabia and the UAE also have pressures for political reforms, but their oil and gas reserves shield the regimes from the Arab Spring. In the case of Iran, the situation is markedly different. Economic sanctions have weakened the potential of the regime to satisfy the welfare needs of its population. However, since pressure on Iran persists from the international system over what Iranians perceive as international double standards and injustice, and since the threat of attack on the territory is omnipresent, the widespread Iranian sentiment of nationalism shields the regime from destabilizing domestic unrest and from popular demands for political and economic rights.

#### 4) Economic Competition: Oil Production and Pricing

Last, but certainly not least, the competition over dominance of the energy markets is long standing, and in this domain, Saudi Arabia has an advantage. The two countries' combined oil and natural gas reserves are roughly the same, and Iran has the advantage of sitting both on reserves in the Caspian Sea and the Persian Gulf and controlling the Strait of Hormuz through which 40% of the oil traded worldwide is transported. But Saudi Arabia is more competitive given that US sanctions have restricted the market for Iranian oil. As a result, Saudi Arabia is now the leading member of OPEC, a position held by Iran under the Shah, and has much larger foreign reserves and GDP despite being a third of the size of Iran.<sup>74</sup>

Riyadh uses its influence in energy markets to lower prices and limit foreign investment in Iran's oil and gas industries. Gulf states in general need to keep the price of oil prices high (upwards of \$80 a barrel) in order to balance their budgets, especially in order to insulate themselves from the impact of the Arab Spring by increasing their social spending.<sup>75</sup> Keeping Iran isolated so that it could not attract FDI to its oil and gas fields and market its petroleum on global markets therefore suits the Gulf countries well. If the UN and other sanctions were lifted, the overall supply of energy would increase, leading to a drop in the global price, restoring power to Iran but also squeezing social spending in Saudi Arabia and Gulf states, with dire political consequences. Iran, with its huge population and high subsidy bills, would also like to keep oil prices high, but the sanctions are forcing it to sell below market value to buyers willing to risk defying the USA and EU. Neither the West nor Saudi Arabia has been able to persuade China and India to decrease their purchase of energy from Iran.

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<sup>73</sup> Kristian Coates Ulrichsen, *Insecure Gulf: The End of Certainty and the Transition to the Post-Oil Era*, New York: Columbia University/Hurst & Co., 2011; Kristian Coates Ulrichsen, "The Arab 1989 revisited", *Open democracy*, 27 September, 2011.

<sup>74</sup> Mohsen M. Milani, 2011, *op. cit.*

<sup>75</sup> Stephen M. Walt, "Oil, Iran, and Stability in the Gulf: Why the Gulf States Want to Keep Iran in a Box", *Foreign Policy*, December 5, 2012.

Ultimately, the two sides have different visions of the strategic use of oil resources. Iran seeks short-term profits to feed its rapidly growing population needs and has to rely on oil supply to offset its deteriorating domestic conditions. Saudis have a longer-term vision of increasing oil supply when necessary in order to negotiate with non-OPEC producers. With the largest oil reserves in the world, Saudi Arabia can afford to exploit its resources to achieve domination throughout the region. The petro-dollars coming from oil revenues for example allow Saudi Arabia to obtain the most up-to-date military equipment and weapons and defence technologies. The Shah did the same in the 1970s, but contemporary Iran, under sanctions, has been unable to attract sufficient FDI. This, however, does not mean that Iran has lagged behind from energy projects in the region: With its advantageous position as the gateway to the Caucasus and Central Asia, Iran has been actively exploring new regional markets and infrastructure. It has linked up with Central Asian countries through hydroelectric projects and construction of roads and railroads. A natural gas pipe transports Turkmen gas from south-eastern Turkmenistan to north-eastern Iran, freeing up Iran's own natural gas production for export via the Persian Gulf. A similar oil pipeline drawn with Kazakhstan allows for a swap of Persian oil. Iran has also started constructions of the Iran-Pakistan (IP) so-called 'peace pipeline' meant to carry natural gas despite US opposition to the project. Iran remains the fourth largest oil producer in the world and has the second largest gas reserves after Russia.

From a political economy point of view, Saudi options and Iranian deadlock benefit the former. Global responses to the security problem in the region have complicated oil dynamics, however. Although Saudi officials favour a proactive US response to deter Iran from developing its nuclear programme, military action could cause more regional insecurities in the Persian Gulf, which in turn could directly affect the economy of Saudi Arabia. If attacked, Iran has threatened to blockade the Strait of Hormuz, which could lead to increases of oil price up to \$150–200 per barrel. Open hostilities in the region could also increase the influence of insurgency groups.<sup>76</sup>

### From Competition to Cooperation

While rivalry characterizes the current relationship between Iran and Saudi Arabia, it does not have to be a permanent feature. There has been historical precedence of thaw in relations and actual cooperation, even after 1979. Reconciliation between the two started in 1988 with Iran's signing of UN Security Council Resolution 598 putting an end to the Iran–Iraq war and calling for guarantees that Saudi Arabia would not support Iraq against Iran.<sup>77</sup> In a strategy to cooperate with OPEC over oil prices, President Rafsanjani openly supported the territorial integrity and sovereignty of Gulf states and called for collective security in the wake of the first Gulf War.<sup>78</sup>

The policy of détente with Saudi Arabia pursued by Presidents Rafsanjani and Khatami, culminated in April 2001 when the two sides signed a security cooperation agreement on combating organized crime, terrorism and drug trafficking, which also outlined cooperation in economic and cultural spheres.<sup>79</sup> The first term of President Mahmoud Ahmadinejad, elected in 2005, saw continued cooperation and friendly relations with GCC members. It also saw increases in bilateral trade with the UAE which increasingly served as an entry point for trade into Iran and for attracting major Iranian investments. In 2006, for example, in the wake of the UN Security Council's sanctions on Iranian banks, Iranian financial assets moved *en masse* into the Dubai stock exchange market. In 2007, President Ahmadinejad was invited to participate in the GCC Summit in Doha by the Emir of Qatar, a first since the organization's establishment in 1981. The

<sup>76</sup> Jean-François Seznec, "Why Saudi Arabia does not Support a Strike on Iran", *Race for Iran*, March 8, 2010.

<sup>77</sup> Hossein Sadeghi and Hassan Ahmadian, 2011, *op cit.*, p. 124.

<sup>78</sup> Mohamad Hossein Hafezian, 2011, *op. cit.*, p. 92.

<sup>79</sup> Hossein Sadeghi and Hassan Ahmadian, 2011, *op cit.*, p. 128.

final communiqué of the conference failed to include the Iranian proposals for cooperation, however, as the UAE renewed its concerns over the disputed Abu Musa and Tunbs islands and the nuclear programme of Tehran.<sup>80</sup>

The rapprochement of Saudi–Iranian relations, which had slowly picked up decades after the Iranian Revolution, markedly deteriorated ever since the US – the military and economic ally of Saudi Arabia – in 2002 placed Iran on the ‘axis of evil’ along with Iraq and North Korea. Furthermore, with the fall of Saddam Hussein’s regime in Iraq and the Taliban regime in Afghanistan, a gap re-appeared in relations between the two and intensified their competition over domination first in the Persian Gulf Complex and then in the Middle East in general.

It seems most likely that rivalry between Iran and Saudi Arabia will continue to deepen in the energy sector and in political and ideological influence over the region in the coming years. This ultimately implies a relationship mainly characterized as a zero-sum game in the Persian Gulf Complex: a gain for one is perceived as the loss of the other. With increased oil prices, both have more petro-dollars at their disposal to further compete over spheres of influences and try to shape the new Middle East to their advantage. In this contest, they are willingly drawing in global powers, each in their own way.

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<sup>80</sup> “Observation on the 2007 GCC Summit”, *Saudi-US Relations Information Service*, December 11, 2007

## Part II) The Interplay with Global Dynamics

Part I argued that the relationship between Iran and Saudi Arabia is best characterized as rivalry over domination and leadership in the Persian Gulf and broader Middle East. Although both have common religious, economic and historical characteristics, their roads have diverged through the course of history. Post-revolutionary Iran bases its foreign policy on anti-Western sentiments while Saudi Arabia has developed a deep strategic relationship with the US, which it sees as an ultimate guarantor of its own security.

Before the Iranian Revolution, the Persian Gulf Complex followed the simple dominant-power model: Iran was the regional hegemon, largely supported by the United States. Arab countries accepted this and the Soviet Union did not try to resist through counter-balancing and instead tried to build up economic and political relations with the Shah. During the 1950s, the real or imagined fear of communism temporarily brought local regimes under Western dominance through bilateral and multilateral pacts. Saudi Arabia and the USA signed an agreement on the use of the Dahrn Air Base in 1951, while Iran and Iraq signed agreements on military aid in 1954. Iran and Iraq also became members of the Baghdad Pact in 1955 and supported the Eisenhower Doctrine in 1957.

By the time Great Britain decolonized the region in 1971, the USA had replaced Great Britain as the dominant Western Power in the Gulf, and the region had become a third front of competition between USSR and the USA after Europe and Asia. The USA inherited from the UK exclusive relations with the countries of the region, which it pursued in turn with its double interest in oil and in containing the Soviet influence. Both superpowers poured immense financial support into the Gulf to counter each other's activities; the Soviets supporting secular governments, the US favouring traditional monarchies.<sup>81</sup>

Both the USA and USSR failed to influence overtly the 1979 establishment of the Islamic Republic of Iran, however, which in turn adopted its third way, *na sharqi, na gharbi, jumhuriye Islami* ('neither West, nor East, only the Islamic Republic), and became a leader in the non-aligned (NAM) movement. The USA then adopted a policy of dual containment targeting both Iran and Iraq as sources of insecurity in the region in general and threats to US oil interests in particular, which consisted of increasing sanctions on Iraq and tensions with Iran. During the 1980s, the US military and political penetration in the region may have been ineffective in ensuring total American dominance, but it had curtailed the influence of the Soviet Union, which, at the time, had made few friends as a result of its invasion of Afghanistan. The most aggressive US foray into the region came with the first Gulf War in defence of the sovereignty and territorial integrity of Kuwait, and the subsequent invasion of Iraq in 2003, in supposed search for Weapons of Mass Destruction.

The USA tried to bill itself as the arbiter and provider of collective security in the region while reaching its own strategic interests, including maintaining stability in the international oil markets. Yet, as an external power and third-party actor, the USA has not been able to forge peaceful coexistence from outside. Financial incentives have not easily been dispersed to

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<sup>81</sup> Barry Buzan and Ole Wæver, 2003, *op. cit.*, p. 199.

participants of the peace process in the Middle East, and the means by which international agreements are promoted, i.e. sanctions, have created adverse reactions and divisions among the countries of the region. If powers such as the USA, Russia and China cannot provide direct positive incentives for cooperation, they could reduce incentives for competition by refraining from meddling, propping up a regional hegemon and providing unilateral security guarantees that isolate. They could also demonstrate self-restraint in arms exports to the region, cooling down the arms race. In the meantime, regional players themselves have not been clear about how they welcome a strong US presence. While anti-Western sentiments are rife among the population of much of the Persian Gulf Complex countries and not just Iran, the states also use the superpowers to their own advantage against each other.

### **A Convenient Dance: Global Penetration and Regional Competition**

A region rich in energy resources inevitably draws in different global powers. The desire to control oil and gas not only ensured a handing over of influence from colonial Britain to the USA but also the presence of other powers such as USSR/Russia and China. Global competition has affected regional arrangements and has, in turn, been used by Persian Gulf Complex countries to address their own security concerns. The two-way interaction in the Persian Gulf Complex is similar to that found in the Central Asian RSC analyzed in the second case study of this PRIO research project.<sup>82</sup> The interaction is two way, argues Raimo Väyrynen, because major powers “are also affected by peripheral regional conflicts in which they have become entangled in a competitive fashion.”<sup>83</sup> This type of mutually utilitarian interaction also runs its own risks. If a dominant power in the region, propped up by a great power, provides assurances against destabilizing changes, a stable regional order could emerge. However, the opposing great power may try to balance this “sub-imperialist relationship” through its own channels for alignment and influence.<sup>84</sup>

The participation – especially hegemonic – of a great power in any given RSC has a number of impacts. Chief among them, it reduces the possibility of collaboration and the foundation for integration arrangements, as it provides incentives for balancing behaviour and alignments. When it comes to the Middle East and the Persian Gulf Complex, hegemonic influence bears a number of characteristics:<sup>85</sup>

First, it has largely been competitive: The Middle East has been the setting where global powers have gained their strength in the first place in competition with each other, and it has been the successful pursuit of influence and energy resources that has fuelled global hegemony. The USA replaced Great Britain after decolonization and gradually came up against resistance from China and Russia. Temporary uni-polarity after the collapse of the Soviet Union at the beginning of the 1990s saw the further increase of US military presence in the Gulf region with periodic deployment of military personnel and increasing arms trade to the Gulf countries. At the same time, however, Russia as the inheritor of the USSR established a channel of military technology and equipment sales from and to Iran.<sup>86</sup> As concerns competition for access to energy resources, China remains Iran’s largest oil customer and top trading partner, in defiance of the US-led sanctions.

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<sup>82</sup> Tadjbakhsh, 2012, *op. cit.*

<sup>83</sup> Raimo Väyrynen, “Regional Conflict Formations: An Intractable Problem of International Relations”, *Journal of Peace Research*, Vol. 21, No. 4, 1984, pp. 337–359, at p. 337.

<sup>84</sup> *Ibid.*, p. 347.

<sup>85</sup> On these particular points, the author has benefited from the writings of Seyed Kazem Sajjadpour of the School of International Relations, Iran, in the Iranian Diplomacy site, <http://www.irdiplomacy.ir>.

<sup>86</sup> Jamal S. Al-Sawaidi, 1996, *op. cit.*, p. 278.



Second, as an ‘invited hegemon’, the external power takes advantage of strife between countries of the region and divides them further. Conflict in the region may have been inevitable even without the intervention from the global level due to the de-colonization process, including disputes over arbitrary borders. All states in the Persian Gulf Complex have been involved at one time or another in territorial and border disputes as a direct consequence of colonialism and artificial borders. These tensions have resurfaced through foreign provocation.<sup>87</sup> The superpowers’ influence in the region, especially their supply of arms, meant that they shaped the scale of conflicts in the Persian Gulf Complex as well as the distribution of power and levels of forces available to sustain and escalate regional security dynamics. An example is the US using major arms deals to Egypt, Israel and Saudi Arabia as incentives for cooperation in a pro-American coalition, while ultimately the arms deliveries created further tensions between the three. Even though Riyadh is not pleased with the alliance between the USA and Israel, it nonetheless plays host to US military bases and allows naval installations in the Persian Gulf in order to counter Iran’s influence.

Third, related to the above, external powers also become pawns in the ambitions of local states. Since the countries of the Persian Gulf Complex see their competition for leadership as a zero sum game, they use global powers to address their own security concerns and to get recognition for their leadership. States, even Iran, seek to ally with the new global hegemonic power, the USA, as an advantage in their competitive tendencies because of the global power’s ability to create legitimacy for their leadership. This is not new. In the 1950s, Saudi Arabia turned to the USA for exploiting its oil resources and for neutralizing the British presence in the Gulf. American oil companies’ support was crucial for the Saudi pressure on Great Britain, particularly on the question of the un-demarcated frontiers between Saudi Arabia and the British protectorates Oman, Abu Dhabi, and Qatar. The nuclear ambition of Iran is also a means to get recognition from the USA, putting it on par with great powers on the international scene, above the concerns limited to the region, which ultimately ensures Iranian leadership in its own backyard.

Yet, hegemonic influence from outside also has its limitations. Anti-US sentiments are high in the region, and the USA has not been able to count on sustained and overt support, even from its allies. Although the USA and Saudi Arabia see eye to eye in the goal of ensuring the stability of the House of Saud and for the oil markets, the latter had to balance its association with the West with the risk endangering its internal stability. The experience of the Shah of Iran, who fell *because of*, and not in the absence of support of the USA, provided ample lesson.

In the final analysis, external powers have not been able to achieve the ultimate goal of unity and stability. The US attempts to establish a new regional order in the region did not succeed. If the long-term goal of the USA was to promote a rapprochement between Israel and the moderate Arab states, for which the Camp David agreement between Egypt and Israel was supposed to be a catalyst in the 1980s, the failure to sponsor proper peace accords between Israel and Palestine created mistrust. The Arab Spring revolutions may have also served the purpose of democratization that the USA wished for the region, but they also led to the removal of a number of Western allies from the political scene and paved the way for the entrance of Islamic groups over which the USA may not have had control or influence.

## **Divergent Ambitions to Reach Out**

The countries of the Persian Gulf Complex have been exploiting their relationships with global and regional powers, including the USA, Russia and (increasingly) China, in order to further

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<sup>87</sup> Saeed Taeb, “Security Building Priorities in Persian Gulf: An Approach to National Security Policy of Iran”, *The Iranian Journal of International Affairs*, Vol. 20, No. 3, 2008, pp. 27–72.

accelerate their strategic interests. They also understand, however, that their attempts to involve extra regional security players for their security guarantees bring more uncertainty and aggravate the nature of their competitive relationships.

Iran is vocal about its insistence on the need for regional states to be their own arbiters of security arrangements without outside interference. This is mainly a reflection of its own complicated relationship with the USA since the 1979 Revolution. Yet, Iran ultimately seeks a way out of its 30 year isolation, and, at the same time, to be recognized as a major regional power. Since it cannot directly deal with the USA, it pushes its right to develop a nuclear programme – within the framework of the NPT – as a way to be heard. However, what it brings to the table to bargain for its interests is at odds with the security guarantees it would like to offer to the region. Given that its potential nuclear capability, for civil or military purposes, is a global agenda and not a mere regional threat, the nuclear ‘dossier’ puts Iran at a higher level in its negotiations with external powers. It is the global attention on the nuclear programme, coupled with the removal of Iran’s arch enemies in Iraq and Afghanistan, that may have inadvertently *upped the ante* for Iran. Iran is today powerful precisely because of the US. By implication, Arab states that seek to confront Iran become proxies for the US, which Iran is ultimately interested in wooing. One option that Iran would like to explore is the chance to divorce the region, and focus its attention towards the creation of a new identity as part of ‘West Asia’ in order to gain ‘ammunition’ (leadership experience) before or instead of confronting the Arab states. This manoeuvre comes up against a number of limitations, however, including instability in Afghanistan, animosity with Pakistan, and internal pressure to patch relations with the USA.

If Iran’s agenda is assertive and outward looking, Saudi Arabia’s, by contrast, is more minimalist, defensive and inward looking: Its ambition is to gain guarantees for security vis-à-vis non-Arab neighbours, counter what it perceives as Iran’s support for Shia revolutionaries threatening its extended monarchy, and for the survival and longevity of the monarchy. As it relies on the USA for these agendas, it agrees to support the presence of the superpower grudgingly in the region. Yet, this has not been without consequences: Saudi Arabia is seen as the representative of US interests in the region, making it vulnerable to attacks from Islamist groups and scorn by others. This position is considerably more vulnerable than that of Iran, what with the changing tides and fall of allies in North Africa and the Middle East. For Saudi Arabia, a democratic Iran that becomes a strong ally of the USA is a nightmare. At the same time, from the Saudi position, the worst thing that could happen would be a war between the USA and Iran or, alternatively, an Israeli attack on Iran. A war would drastically raise tensions throughout the entire Persian Gulf, affect oil prices, and possibly lead to Iranian retaliatory attacks against Saudi Arabia and its oil fields. Hence, as much as Saudi Arabia doesn’t want Iran to acquire a nuclear bomb, it will do anything it can to avoid a military showdown.

## Between Friends and Foes: the Role of the United States

As summed up by the Washington Institute analyst J. Scott Carpenter in his testimony to the US Congress in 2011, American interests in the region are threefold: 1) guaranteeing a stable flow of petroleum to fuel the global economy, 2) defending Israel’s right to existence, and 3) since 9/11, developing on-going cooperation with the governments of the region to fight terrorism and the ideology that fuels it.<sup>88</sup> In essence, the USA is engaged in a cold war with Iran and a functional, co-dependent partnership with Saudi Arabia. The two countries serve different purposes:

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<sup>88</sup> Statement of Mr. J. Scott Carpenter, Keston Family Fellow, Washington Institute for Near East Policy, in “Shifting Sands: Political Transitions in the Middle East, Part 1”, Testimony delivery to the U.S. House of Representatives Committee on Foreign Affairs Subcommittee on the Middle East and South Asia, Wednesday, April 13, 2011. Accessible <http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg65796/html/CHRG-112hhrg65796.htm>

demonizing Iran justifies the growing military presence and arms sales to the region, and oil rich Saudi Arabia provides access to a stable supply of energy. The two countries in turn use their relationship with the US: The Saudi government relies grudgingly on this partnership as a security guarantor against external and internal threats, despite protest by its Muslim population. Iran also benefits from the ambivalent relationship to *up the ante* in negotiations over the currency that allows it fast track to regional leadership, i.e. global relevance as a state perceived to be on the brink of developing a nuclear programme.

## US–Iran Relations

Relations between the USA and Iran started with a cordial alignment after the British and Soviet troops left Iran at the end of World War II. The initial interest of the USA in Iran was mainly geopolitical, with Americans valuing the Iranian strategic location bordering with Persian Gulf on one side and the Soviet Union on the other. The interest developed into cooperation around oil until the OPEC oil crisis of 1973. The USA invested heavily in the modernization of Iran, including supporting reforms in its army, police and gendarmerie forces. By 1953, interference in domestic affairs peaked, when the USA and UK restituted the exiled Shah back on the throne after their forces had supported the overthrow of Prime Minister Mohammad Mossadeqh upon his attempts to nationalize the country's oil resources. As a result, the Shah felt indebted to the USA and his dependence deepened to the point of synchronizing his foreign policy to the tune of US foreign policy in the region.<sup>89</sup> Throughout the 1960s and 70s, both Saudi Arabia and Iran became increasingly dependent on bi-lateral American security assurances to combat their external and internal threats. Until 1979 with the establishment of the Islamic Republic, relations between Iran and the USA were, similar to that of US–Saudi relations, based on oil–military cooperation.<sup>90</sup> Relations were subsequently cut with the advent of the Revolution in 1979, the hostage crisis the same year and the anti-American sentiments at the core of the new Iranian foreign policy. The new Iranian government under the leadership of Ayatollah Ruhollah Khomeini carved the ideology of the new Republic as a post-colonial revenge against evil Western powers that had enslaved Iran for many decades and exploited its natural resources. Iranian hostility towards the USA continued with the post-revolutionary government's questioning of the legitimacy of US presence in the Gulf region and its backing for Israel. At the same time, US efforts to politically and economically isolate Iran created a 'victim complex' in the political consciousness of Iran.<sup>91</sup>

Despite the cold war that settled between the two, by the late 1980s, pragmatists in the Iranian government were seeking covert overture with the US. In the summer of 1989, under President Ali Akbar Rafsanjani, taking clue from the proclamation of President George Bush Sr. during his inaugural address that "good will begets good will", Iran assisted with the release of American hostages in Lebanon. It also stayed neutral during the first Gulf War. The Democrats' stance towards Iran was less forthcoming: President Bill Clinton intensified the policy of dual containment targeting both Iraq and Iran which had originated during the Carter Administration in an attempt to change Iran's behaviour through economic sanctions, visa restrictions, etc.

In May 1997, the election of the moderate President Mohammad Khatami created hope for a new bridge between the two estranged countries. Indirect exchanges between Presidents Clinton and Khatami led to open expressions of regret for the 1953 coup and the 1979 hostage taking. The atmosphere of détente changed with the election of President George W. Bush, however, and deteriorated further with September 11, after which neo-conservatives moved to the centre of

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<sup>89</sup> Shaul Bakhash, "The US and Iran in Historical Perspective", *Foreign Policy Research Institute*, Vol. 14, No. 26, September 2009.

<sup>90</sup> *Ibid.*

<sup>91</sup> Jamal S. Al-Sawaidi, 1996, *op. cit.*, p. 282.

policy-making in Washington. Although Iran officially condemned the attacks of 9/11, the launch of the War on Terror created friction. Nonetheless, Iran saw an opportunity of rapprochement with the USA in sharing its intelligence and connections to the Northern Alliance in Afghanistan to facilitate the extermination of the Taliban regime in 2001.<sup>92</sup> By influencing its allies, Iran also cooperated with the UN and the Coalition during the Bonn process in putting together a new government in Kabul. In response, however, George W. Bush's State of the Union address in 2002 paced Iran on the "axis of evil" in line with Iraq and North Korea, which for the Iranians felt like a betrayal.<sup>93</sup>

Iranian reactions to the US invasion of Iraq in 2003 were mixed. Iran was happy to get rid of the Ba'athist regime, with reference to their bitter 8 year war, but was at the same time weary of the long-term security implications. Here too, however, Iraqi factions close to Iran, such as the pro-Iranian Kurds in the north and the Shias of the south, provided support to allied forces in the operation to topple the Saddam Hussein regime.

Despite the previous failed endeavours, officials in the government of President Khatami launched another attempt to restore relations with the USA by proposing a peace process in a letter outlining common interests in Afghanistan and the curbing of illicit drugs trafficking as well as the main issues of contention. Prepared by a former Deputy Foreign Minister with the explicit knowledge of – but not officially approved by – the Khatami government, the letter was covertly sent to counterparts in the USA through the Swiss Embassy in Tehran and held a lot of promises. It contained the details of a peace deal which came to be known as the 'Grand Bargain', with Iran offering to open its nuclear programme to inspections, in full transparency and cooperation with IAEA. It also pledged action and cooperation against terrorists on its territory (above all, al Qaida), and it called on the coordination of Iranian influence for political stabilization and establishment of a secular government and democratic institutions in Iraq. The 'deal' also outlined conditions for Iran's withdrawal of funding for Hezbollah and Hamas, pressure on Palestinians to stop violence against civilians, and acceptance of the 2002 Arab League Beirut Declaration which had proposed the two-state solution and the recognition of Israel's right to exist. In exchange for these concessions, the Iranian side demanded American security guarantees, a halt in US hostile behaviour and interference in Iran's internal and external relations of, lifting of all sanctions and admission of Iran's right for peaceful nuclear programme in the framework of the NPT, as well as full access to peaceful nuclear technology. More tellingly, the proposal also called for recognition of Iran's legitimate security interest in the region, including respect for Iranian national interests in Iraq and religious links to the Shia communities in Najaf/Karbala. Finally, it called on the USA to take decisive actions against anti-Iranian terrorists, above all the Iraqi based Iranian opposition group Mujahedin-e Khalq Organization (MKO) holed up in Iraq. Concretely, Iran proposed the establishment of three parallel working groups on disarmament, regional security and economic cooperation. In perhaps one of the most important missed opportunities in contemporary US–Iranian relations, the Iranian side never got an official response from the Bush administration.<sup>94</sup> The State Department deemed Khatami's reformist government as politically weak, promising more than it could deliver. The White House, also newly victorious in Iraq, saw no need to negotiate with Iran. Hooshang Amirahmadi, founder of a lobby group working to improve US–Iran relations (the American-Iranian Council), nonetheless documented numerous meetings between Iranian and

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<sup>92</sup> Alireza Nader and Joya Laha, 2011, *op. cit.*, p. 8.

<sup>93</sup> Fred Halliday, "Iran and Afghanistan: the Limits of Power", Oslo: Norwegian Peacebuilding Resource Centre (NOREF), September 2009, p. 2.

<sup>94</sup> Janne Bjerre Christensen, "Strained Alliances. Iran's Troubled Relations to Afghanistan and Pakistan", *DIIS Report* 2011:03, Copenhagen: Danish Institute for International Studies, 2011, pp. 9–11; Steven J. Rosen, "Did Iran Offer a 'Grand Bargain' in 2003?", *American Thinker*, 16 November, 2008. For the text of the memo, see [http://www.nytimes.com/packages/pdf/opinion/20070429\\_iran-memo-expurgated.pdf](http://www.nytimes.com/packages/pdf/opinion/20070429_iran-memo-expurgated.pdf)

American officials at Ambassadorial rank between 2001 and 2004, much of it having to do with plans about Afghanistan.<sup>95</sup>

If President Bush had accepted the offer in 2003, it could have strengthened Iran's bargaining power and its relative position in the Middle East. But Iran nonetheless may have won its battle: On-going negotiations with Iran over the nuclear programme, despite periodic threats of attack by Israel and the real damages done by sanctions, means that Iran's importance has grown not only regionally, but also globally. With the removal of the Taliban and the establishment of a pro-Iran government in Iraq, Iran certainly became more influential in the region than it was a decade ago. The US-led wars in Iraq and Afghanistan opened opportunities for Iran to exercise its soft power over Shia minorities and Dari speaking populations. Nonetheless, NATO and US officials tried to downplay the growing Iranian role in regional affairs by periodically accusing the Iranians of providing arms to Shia groups in Iraq and even supporting the Taliban in Afghanistan.<sup>96</sup> As will be discussed in part III of this paper, the Iranians insist that their engagement in the regional security framework is imperative if the USA seeks to win in Afghanistan.<sup>97</sup>

After assuming presidency in January 2009, President Obama declared his administration's intentions to talk to Iran "without preconditions."<sup>98</sup> At the same time, he engaged in hard diplomacy towards the resolution of the deadlock over the Iranian nuclear programme. This approach resonated with the Iranians, who had until now ignored the European carrots-and-sticks methods in the hope for direct contact with the Americans. For the Iranian New Year in March 2009, President Obama sent an unprecedented (but ever since repeated) video message to the Iranian people calling for a "new beginning". He warned that "terror and arms" did not sit well with the "real responsibilities" that went with Iran's "rightful place in the community of nations". Any hopes for reconciliation, however, were shattered by the summer of 2009 with the re-election of President Ahmadinejad which led to the further deterioration of mutual trust. The election was vehemently opposed by the so-called Green movement within Iran, a protest some within the Iranian establishment accused of receiving external support. At the same time, Iran's desire to pursue nuclear capabilities intensified the punitive heavy sanctions. While the USA used sanctions to restrain the Iranian financial ability to foster its nuclear programme as well as to contain its growing influence in the region, Russia and China proved more reluctant to restrain and impose further sanctions on Iran. The challenge remains for the USA, which realizes the importance of Iran for regional security, to include Iran in the regional dialogue without engaging in direct diplomatic relations. The Obama administration has so far pursued a strategy of weakening and isolating Iran through sanctions in order to change its behaviour. While offering negotiations, it still preserved the previous administration's policies to authorize funding geared at destabilizing the Iranian regime.

The 2011 eruption of civil war in Syria created an opportunity for the USA to roll back the regional influence of Iran which had grown inadvertently due to Washington's regime changes in the neighbourhood (Iraq and Afghanistan). Given that the tightening of the sanctions did not force Iran to compromise on the nuclear issue, largely because of Iran's leverage by threatening to close the Strait of Hormuz, the alternative move by the US, according to a theory proposed by Stratfor analysts, has been to weaken the Syrian regime by arming its opposition as part of efforts

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<sup>95</sup> Hooshang Amirahmadi, *Memo to Myself*, June 2004. Accessible [http://www.nytimes.com/packages/pdf/opinion/20070429\\_chronology.pdf](http://www.nytimes.com/packages/pdf/opinion/20070429_chronology.pdf)

<sup>96</sup> See e.g., Chris Zambelis, "Is Iran supporting the insurgency in Afghanistan?", *Terrorism Monitor*, Vol. 7, No. 33, 2009, p. 8.

<sup>97</sup> Andrew C. Kuchins and Thomas M. Sanderson, "The Interests of Iran in the Stabilization of Afghanistan", in "The Northern Distribution Network and Afghanistan. Geopolitical Challenges and Opportunities", *CSIS Report*, Washington, DC: CSIS, 2010, pp. 1–32, at pp. 29–30.

<sup>98</sup> Julian Borger, "Barack Obama: administration willing to talk to Iran 'without preconditions'", *The Guardian*, 21 January, 2009.

to force Iran to negotiate.<sup>99</sup> The USA has also supported the military capabilities of Gulf countries and built a missile-defence radar station at an undisclosed location in Qatar to defend its regional allies against potential Iranian missiles.

Despite tough positioning, the caution with which the USA and Iran guard each other could also be seen as a covert language of negotiations. The US administration realizes the potential of Iran as a stabilizing force in an unstable and volatile region. Yet, it faces internal opposition to the idea of détente, given the memory of the hostage crisis and the strong lobby from the American Israel Public Affairs Committee (AIPAC). Ironically, it is the former Director General of the IAEA, Mohamed El Baradei that has best voiced what Iran wants. Arguing that efforts on Iran had been a failure by 2008, he proposed a new bargain between the West and Iran that recognizes Tehran's role in the region, giving it “the power, the prestige, the influence” that it craves.<sup>100</sup>

### US–Saudi Relations

US–Saudi relations commenced in 1931, when the USA recognized Saudi King Abd Al Aziz as a ruler of the western and central region of the Arab peninsula. The opening of a US embassy in Saudi Arabia marked the beginning of a relationship based on military, political and commercial agreements that developed following the end of World War II. Military relations, including training and military assistance, started with the meeting between F.D. Roosevelt and King Abd Al Aziz in 1945.<sup>101</sup> The relationship ever since has used oil as a currency in political bargaining, with the two sides maintaining cordial relations but differing on reactions to the Israel–Palestinian conflict ever since the USA recognition of Israel in 1948. In connection with both the 1967 and the 1973 Israeli wars, Saudi Arabia retaliated against the USA for its support of Israel by imposing oil embargos, the latter of which created the 1973 oil crisis with repercussions on inflation and unemployment for the USA. King Abdul Aziz used the oil weapon – unsuccessfully – to pressurize Washington to force Israel to return Arab lands it had occupied since 1967.

After Great Britain withdrew its forces from bases East of Suez in 1971, the USA increased its provision of arms and advisory services for Saudi Arabia aimed not only at external defence, but also at maintaining the internal security forces, the Saudi Arabian National Guard. The two states renewed their bilateral agreements on oil and military cooperation, and Saudi Arabia invested oil revenues into modernization efforts. The relationship was maintained by both sides during the Carter and Reagan administrations based on shared dislike of Communism being spread in the Middle East, and the USA steadily expanded its military presence in the region. The rapprochement against new threats was sealed by the 1979 Islamic Revolution in Iran and the Soviet invasion of Afghanistan. In response, President Jimmy Carter launched what came to be known as the Carter Doctrine during his State of the Union Address in January 1980, stating that the USA would use force if necessary to defend its national interests in the Persian Gulf region, a doctrine that still regulates interactions there. From then on, US warships were deployed in the Gulf and the US guarantees for the protection of the House of Saud became militarized. The two countries collaborated in providing funding and arms for the mujahidin in Afghanistan to counter the Soviet occupation, and both also supported Saddam Hussein's regime during the Iran–Iraq war.

For the First Gulf War, following Iraq's intervention in Kuwait in 1990, the USA deployed ground forces on Saudi soil and used Saudi bases for airstrikes against Iraq. This consequently upset

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<sup>99</sup> Stratfor, “Diminishing Iran's Regional Influence”, *Stratfor*, 18 July, 2012.

<sup>100</sup> Borzou Daragahi, “Efforts on Iran a failure”, *Los Angeles Times*, 6 December, 2008.

<sup>101</sup> Christopher M. Blanchard, “Saudi Arabia: Background and US Relations”, *Congressional Research Service*, 16 November, 2009, pp. 3–5.

some of the religious clerics and part of Saudi society, not to mention the followers of Osama Bin Laden, who did not want to see a US military presence in the country that housed Mecca and Medina, the holiest sites in Islam. The troops were withdrawn in 2003, but it was their lingering presence until then that became one of the grievances that motivated the September 11 terrorist attacks. In the meantime, Saudi citizens and charities began financing various religious movements in the region.<sup>102</sup> The 9/11 terrorist attacks in New York City and Washington, D.C. soured relations temporarily when a large number of Saudi citizens were thought to have participated as instigators and planners. Nonetheless, in the aftermath of the attacks, the two countries launched a strategic dialogue and expanded their military cooperation and counter-terrorism efforts.<sup>103</sup>

Unlike with Iran, however, the USA continued to sustain its partnership with Saudi Arabia, gaining privileged access to oil in exchange for security guarantees and military equipment. US–Saudi cooperation in investigation and combating terrorism significantly increased after 2003, when terrorists attacked residential areas of Riyadh and a joint task force on monitoring the financing of terrorism was set up. GCC countries, including Saudi Arabia, have since 9/11 been official and supposedly successful partners of the USA in countering terrorism, even though they may not agree on the definition of terrorism and periodically proclaim the urgency to stop the ‘terrorist acts’ of Israel against the Palestinians. The Saudi government has adopted and ratified the UN Convention on the Suppression of Terrorism Financing but has not been compliant with monitoring closely the charity works carried out by Saudi non-governmental organizations abroad.<sup>104</sup> Furthermore, any proclamation on the need to stop the financing of terrorism conflicts with mainstream Saudi policies to encourage and finance religious schools (madrasas), some of which advocate extreme forms of Islam.<sup>105</sup>

In 2008, the US Congress adopted the Consolidated Appropriation Act, which prohibited the use of US funds for military assistance. By 2010 however, it passed amendments stating that funds could be waived if classified as counter-terrorism.<sup>106</sup> In the same year, the Obama administration requested an additional \$400,000 to continue the enforcement of Saudi capacity in detecting WMD and small arms trafficking under the rubric of counter-terrorism. More than technical support, however, the cooperation is primarily characterized by arms purchases. By 2011, as the Gulf allies became increasingly concerned about Iran’s regional ambitions, weapons sales by the USA tripled to a record high. Despite the global economic crisis, tensions with Iran drove Saudi Arabia, the UAE and Oman to purchase expensive warplanes and complex missile defence systems.<sup>107</sup> A report to the Congressional Research Service, a division of the Library of Congress, claimed the Saudis purchased 84 advanced F-15 fighters, dozens of Apache and Black Hawk helicopters, a variety of ammunition, missiles and logistics support, as well as upgrades of 70 of the F-15 fighters in their current fleet, bringing the overall Saudi purchase of US weapons to \$33.4 billion in 2011.<sup>108</sup> The USA and Saudi Arabia are also collaborating on a regional missile defence system in the Gulf region to protect oil refineries, pipelines and military bases in case of an Iranian attack. Saudis have used their close channel to urge the USA to impose more sanctions on Iran over its nuclear programme, a tactic to conflate efforts towards a *global* problem with the gain Saudi Arabia would make at the *regional* level by curtailing Iran’s desire to dominate.

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<sup>102</sup> *Ibid.*, pp. 5–6.

<sup>103</sup> Alfred B. Prados, “Saudi Arabia: Current Issues and US Relations”, *CRS Issue Brief for Congress*, 24 February, 2006, p. 10.

<sup>104</sup> United States Congress Committee on Foreign Affairs, “US Relations with Saudi Arabia: Oil, Anxiety and Ambivalence”, *Subcommittee hearings on Middle East and South Asia*, 110<sup>th</sup> US Congress, House of Representatives, 18 September, 2007, p. 4.

<sup>105</sup> Christopher M. Blanchard, 2009, *op. cit.*, p. 2.

<sup>106</sup> *Ibid.*, pp. 12–14.

<sup>107</sup> Thom Shanker, “U.S. Arms Sales Make up Most of Global Market”, *The New York Times*, 26 August, 2012.

<sup>108</sup> *Ibid.*



The arms purchases have led to an escalating arms race in the region, however, with instillation of threats and anxiety instead of regional cooperation. Although the USA and Saudi Arabia share worries about the development of nuclear capabilities in Iran, Saudi Arabia has on numerous occasions hinted at its own desire to obtain a nuclear deterrent programme to deal with the potential threat from Iran. The Kingdom is in fact developing its own nuclear energy programme and plans on building 16 nuclear reactors in the future. While Iran has publically supported Saudi Arabia's nuclear energy programme, it fears that the Kingdom would quietly become a nuclear power with the help of Pakistan while the international community is preoccupied with Iran's programme.<sup>109</sup>

Yet, although Saudi Arabia sees the USA as an ultimate guarantor of its own internal and external security in the region, and both share overall strategic goals, the relationship is not founded on similar worldviews. Public opinions in the countries show mistrust of Muslim and American populations, respectively.<sup>110</sup> They have also differed on approaches to the resolution of the Israel–Palestine conflict and to the question of Palestine. The Bush administration, for example, insisted on the diplomatic isolation of Hamas, encouraged the Fatah-led West Bank and supported the government of Mahmoud Abbas. The Saudis, on the other hand, encouraged Fatah–Hamas dialogue in order to reduce the Iranian influence over Palestinians and choke its financial support for Hamas. The installation of a Shia-dominated government after the US-led removal of the Ba'athist regime in Iraq was not welcomed by Saudi Arabia, seeing it as an extension of Iran in Iraq. The two also differed when it came to the response to the Shia uprising in Bahrain. Saudi military involvement in Bahrain demonstrated its ability to diverge from its usual behaviour and pursue an aggressive foreign policy which could even go against American interests in the region. Conceivably, paths could also potentially diverge on Iran: Saudi Arabia tries to contain Iran but refrains from direct confrontation. In the eventuality that the US, prompted by Israel or otherwise, decides to directly engage militarily with Iran, Saudi Arabia's foreign policy would most likely diverge from that of the US.<sup>111</sup>

Despite the conveniences, the House of Saud is increasingly cautious in the relationship, given disagreements over Israel and over the democratic uprisings in its neighbourhood, constant US criticism of the violation of human rights within Saudi Arabia as well as the knowledge that US interests are primarily driven by oil consumption.<sup>112</sup> If US–Saudi relations previously were marked by a partnership to contain the Soviet influence in the Middle East, it has now shifted from like-minded allies to what Gregory Gause calls a 'transactional relationship', based on mutual benefits.<sup>113</sup> This allows some room for Saudi Arabia to position itself as an independent regional player with its own foreign, energy and pricing policy, treating the USA as one of many clients.

Nevertheless, the functional relationship endures: Americans need Saudi oil and Saudis need American security. While the relationship may be strained over rising disagreements on sectarianism, oil pricing and a military attack on Iran, it is unlikely to worsen as neither country sees a viable alternative to cooperation.<sup>114</sup>

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<sup>109</sup> Mohsen M. Milani, 2011, *op. cit.*

<sup>110</sup> United States Congress Committee on Foreign Affairs, "US Relations with Saudi Arabia: Oil, Anxiety and Ambivalence", *Subcommittee hearings on Middle East and South Asia*, 110<sup>th</sup> US Congress, House of Representatives, 18 September, 2007, p. 15.

<sup>111</sup> *Ibid.*, p. 14.

<sup>112</sup> Marina Ottaway, Christopher Boucek, et al, "Ten Years After 9/11: Managing US-Saudi Relations", *Carnegie Endowment for International Peace*, 12 September 2011

<sup>113</sup> Gregory Gause III, "Saudi Arabia in the New Middle East", *Council of Foreign Relations Report*, No. 63, December 2011, pp. 1-43, at pp. 23-24.

<sup>114</sup> Marina Ottaway, Christopher Boucek, et al., 2011, *op. cit.*

## Russia – the Enemy of thy Enemy

Russia also uses the region to demarcate an approach which differs from that of its rival, the USA. Among the UN Security Council permanent members, Russia is the closest strategic ally of Iran, both suspicious of and prudent against the West. A decade after the disintegration of the Soviet Union, Russian foreign policy was resuscitated, premised on the revival of multi-polarity and containing of American primacy, a goal which overlapped with Iranian anti-Western sentiments. Moscow rejected the US placement of Iran on the 'axis of evil', and downplayed Iranian ties to Hezbollah and Hamas. It has also consistently taken exception to the mainstream belief of the West (US and EU) and Israel about Iranian attempts to obtain nuclear weapons.<sup>115</sup> As the only country that has access to Iranian nuclear power plants, it seeks to reassure the international community of the non-violation of the NPT.<sup>116</sup> Instead, much like the Iranian government, the Russian Foreign Minister Sergey Lavrov has on numerous occasions claimed that the accusations of the violation of NPT were excuses to roll back the rise of Iran as a regional player. Russia has used its ability to block further sanctions against Iran instigated by the UN Security Council, or reluctantly abide by them. In this sense, Iran enjoys protégé status from Russia – as it does from China.

Russo–Iranian relations are mainly based on military cooperation that started during the Iran–Iraq war with the Soviet provision of arm supplies since 1987, further backed by a 1989 agreement.<sup>117</sup> Cooperation also extended into Afghanistan after the Soviet withdrawal, when both supported the Northern Alliance in order to contain the Taliban, allegedly backed by Saudi Arabia and the United States.<sup>118</sup> The military collaboration increased with more arms sales after the collapse of the USSR, when Russia exchanged its vast military reserves for Iranian cash which was then injected into the revival of Russia's transition economy. After 2006, Russia embarked on equipping and modernizing Iran's military and navy.<sup>119</sup> By 2010, however, the new UN sanctions against Iran, which included a ban on the sale of heavy weaponry, resulted in the cancelation of the delivery of S-300 anti-aircraft missile systems, warplanes, helicopters and ships,<sup>120</sup> forcing Iran to increasingly depend on China.

The isolated Iran happily engages with Russia (and China) in order to maintain and further accelerate its regional dominance and military capacity. The mutual interest in alliance is also informed by common geopolitical interests: Both have been blocked from access to pipelines developed with the support of US and EU companies, such as the Baku–Ceyhan pipeline in the Caucasus and the TAPI pipeline project in Central Asia. They also share concerns for the increased presence of NATO in the neighbourhood (Caucasus and Afghanistan), the rise of Islamic radicalism and terrorism at their doorstep, and the illicit drugs trafficking stemming from Afghanistan, uncurbed for the past decade. During the Tajik Civil War (1992–1997), the two sides engaged in mediation, negotiations and exerting of influence; Russia with the former Communist government and Iran with the moderate Islamic groups that formed the opposition.

Common security concerns and China and Russia's lack of concern for conditionalities such as human rights have led Iran to gain observer status in the Shanghai Cooperation Organization (SCO; although as a country under sanctions, Iran will not be able to become a full member). The

<sup>115</sup> Hannes Adomeit, "Russia's Iran Policy: Constructive Engagement or Strategic Challenge?", *Security and Terrorism*, No. 3, July 2006, pp. 1–28, at p. 8.

<sup>116</sup> Willem van Kemenade, 2009, *op. cit.*, p. 91.

<sup>117</sup> Robert O. Freedman, "Russian-Iranian Relations in the 1990s", *Middle East Review of International Affairs*, Vol. 4, No. 2, June 2000, pp. 65–80, at p. 68.

<sup>118</sup> Jahangir Karami, "Peace and Cooperation in Central Eurasia: An Iranian Outlook", *Russia in Global Affairs*, No. 2, June 2009.

<sup>119</sup> Hannes Adomeit, 2006, *op. cit.*, p. 9.

<sup>120</sup> Fred Weir, "Why Russia is cutting off major arms sales to Iran", *Christian Science Monitor*, September 23, 2010.

condition for sustained support for Iran, which costs Russia's reputation internationally, is that of loyalty, something that the Iranians breach occasionally. A case in point is Tehran's reaching out to Turkey and Brazil in the spring of 2010 to broker a fuel swap for its Tehran Research Reactor (TRR). The Tehran Declaration agreed between the three countries was rejected by France, the USA as well as Russia, however, the latter unhappy about an alternative deal involving other countries and downplaying its own mediation ambitions between Tehran, IAEA and the UN.<sup>121</sup> That same year, Russia voted for sanctions through the UN Security Council and slowed down the supply of S-300 ballistic missiles to Iran, crucial for Iranian defence, citing 'technical matters'.<sup>122</sup> In July 2011, Russia instead proposed its own step-by-step roadmap to implement the five permanent UN Security Council members plus Germany's (P5+1's) proposed incentives package, but the proposition was not accepted. In 2012, Russia opposed further sanctions against Iran, claiming that any additional measures would provoke the discontent of the Iranian population. Although the strategic partnership remains intact, the relationship could be challenged by Iranian attempts to diversify alliances by involving other regional and international actors.

While Russo–Iran relations are a marriage of convenience, Russia has also sought to cultivate relations with Saudi Arabia in order to potentially, if needed, downgrade the Iranian leadership position in the region. In 2008, Saudi officials signed a military cooperation pact with the Russians and showed interest in furthering cooperation in the military sphere, frustrated by restrictions on arms sales from US Congress, and eager to diversify its arms supply.<sup>123</sup> By 2009, the prospect of Saudi and Russia reaching a \$2.4 billion arms deal broke the practice of Saudi Arabia which had until then bought virtually all of its military equipment from the West (US, UK and France). It was likely that the Saudi offer had more to do with restricting Russian arms sales to Iran, however (by offering what amounted to a bribe if Moscow scrapped its deal signed in 2007 with Iran to provide S-300 anti-aircraft missile system).

Although Saudi–Russian relations have a conflictual history, recent rapprochement has allowed breathing space for Saudi foreign policy to lessen its dependence on the United States. Previously, the two sides confronted each other in shaping global oil prices. Russia enjoyed its independent position to increasing its own oil production while OPEC countries led by Saudi Arabia agreed to cut theirs.<sup>124</sup> There were also other disagreements on Afghanistan, where Saudis supported the Taliban and Russia endorsed the Northern Alliance. Russia has also blamed Saudi for supporting increased terrorist activities, including suicide bombing, by Islamic guerrillas in Chechnya.<sup>125</sup>

As the USA considered establishing its long-term military presence in the region after the Iraq and Afghanistan operations, and as anti-Americanism grew in the region, Saudi Arabia found itself considering the option of tighter relations with Russia. Such a rapprochement was seen as beneficial to both sides: Russia would seek Saudi pacifying influence over Chechen separatists, while Saudi Arabia could explore its independent partnerships and turn the tide on its dependency on the USA.<sup>126</sup> Cooperation would also benefit both countries in diversifying their trade partnerships, with the Russians hoping to attract Saudi capital in their oil industry and economy. Ultimately, increased Saudi interest in cooperation with Russia serves to distance the latter from Iran and diminishing the Iranian influence in the region, more than it diversifies

<sup>121</sup> Ghoncheh Tazmini, "Russian-Iranian Relations in the Context of the Tehran Declaration", *Iranian review of Foreign Affairs*, Vol.1, No. 3, 2011, pp.7–32, at p. 9 and p. 19.

<sup>122</sup> Mark N. Katz, "Russian-Iranian Relations in the Obama Era", *Middle East Policy Council*, Summer 2009.

<sup>123</sup> John C. K. Daly, "Saudi-Russian Military Cooperation", *Jamestown Foundation: Eurasia Daily Monitor*, Vol. 5, No. 137, 18 July, 2008.

<sup>124</sup> Gawdat Bahgat, "The New Geopolitics of Oil: The United States, Saudi Arabia and Russia", *Orbis*, Vol. 47, No. 3, Summer 2003, pp. 447–461, at pp. 449–450.

<sup>125</sup> Mark N. Katz, "Saudi-Russian Relations in the Putin Era", *Middle East Journal*, Vol. 55, No.4, Autumn 2001, pp. 603–623, at pp. 613–615.

<sup>126</sup> Julien Nocetti, *From Moscow to Mecca: Russia's Saudi Arabian Diplomacy*, Paris: IFRI Russia/NIS Center, June 2010, pp. 9–10.

Saudi partnership away from the West. Saudi Arabia involves Russia to diversify its interests but does not consider it able to replace the American role of a security guarantor in the Middle East. In the final analysis, Russo–Saudi relations are *ad-hoc* and without common stances for a long-term strategic alliance.

## Rising China

Unlike other great powers, China is a relatively late comer to engage with the Persian Gulf Complex. Although relations between China and both Iran and Saudi Arabia have started rather late and were gradual, they steadily progressed to include multiple components of cooperation in oil, arms and trade. Diplomatic relations between China and Saudi Arabia started in 1998 with the two signing a memorandum of understanding on opening trade offices and diplomatic ties.<sup>127</sup> Saudi Arabia is the world's largest oil exporter, with an estimated 262.3 billion barrels of reserves.<sup>128</sup> With rapid economic development and growing population since 1978, it is not a surprise that energy needy China is the biggest importer of Middle Eastern oil. It imports more than 53% of Gulf oil, out of which 30% comes from Saudi Arabia and 23% from Iran. In 2009, Saudi Arabia became a major supplier of oil to China, with Sino–Saudi trade at \$40 billion in 2010 and expected to reach \$60 billion by 2015.<sup>129</sup> The relationship is not limited to trade and economic cooperation, as Saudi Arabia has also showed interest in buying Chinese arms and military technology.

Even if diplomatic relations were not established until the 1990s, defence cooperation had started by the 1980s. China has allegedly based a large number of military advisors at Saudi missile installations and it has offered Saudi Arabia to purchase modern missile systems. Even more notably, in January 2012, China and Saudi Arabia signed an agreement to enhance cooperation in the development and use of atomic energy for peaceful purposes.<sup>130</sup> The agreement was the kingdom's fourth nuclear agreement, following such deals with France, Argentina and South Korea. Despite Saudi Arabia's consistent insistence on its desire to acquire nuclear energy and deterrence technology to guard against the potential Iranian threat, the USA has been determined to discourage the Saudis in order to prevent risk of escalating regional insecurity and nuclear programme race with Iran. The Chinese did not show such concerns. Saudi Arabia has already established a King Abdullah Atomic and Renewable Energy City, which will focus on nuclear technology applications research and where 16 nuclear reactors are expected to be built by 2030, with a budget of \$100 billion.<sup>131</sup> The nuclear cooperation agreements with the Chinese were reached in the midst of intensified sanctions against the Iranian nuclear programme and were severely criticized by US officials. This shows Saudi attempts to launch an independent foreign policy and diversify its security partnerships to suit its goals.

The Saudis value the lack of political pre-conditions on China's part compared to the constant US interference in domestic affairs with its democratization agenda.<sup>132</sup> Furthermore, as most Arabs in the region reject the American partnership with Israel, the Saudi government's regional role in mediating the Israeli–Palestinian conflict is diminished. Both Hamas and Hezbollah have for a long time criticized the exclusive partnership relations of Saudi with the US. As a result, in order to resuscitate its role in the Arab peace initiative and its influence in the Middle East, Saudi Arabia tries to, at least publically and nominally, distance itself from its American partners and

<sup>127</sup> John Calabrese, "Saudi Arabia and China Extend Ties Beyond Oil", *Jamestown Foundation, China Brief*, Vol. 5, No. 20, 2005.

<sup>128</sup> Christopher M. Blanchard, *op cit.*, p.32.

<sup>129</sup> Geoffrey F. Gresh, "China's Emerging Twin Pillar Policy in the Gulf", *Foreign Policy Magazine*, 7 November, 2011.

<sup>130</sup> Summer Said, "Saudi Arabi, China Sign Nuclear Cooperation Pact", *The Wall Street Journal*, 16 January, 2012.

<sup>131</sup> Eman El-Shenawi, "Saudi Arabia Plans to Build 16 Nuclear Reactors by 2030", *Al Arabiya News*, 2 June, 2011.

<sup>132</sup> "Looking East, the Saudis are Hedging their Bets", *The Economist*, 9 December, 2010.

diversify, politically as well as commercially. After tensions increased with the USA over the Arab Spring and Afghanistan, Saudi Arabia therefore reached out to China. And yet, it is unlikely that China would potentially replace the USA as a main ally of Saudi Arabia in the foreseeable future: China is still a modest influential force in the region, while the USA maintains a mature military alliance with Gulf countries and retains a large number of military bases throughout the region.

In the final analysis, Sino–Saudi relations can be explained simply as pragmatism on both sides. Saudi Arabia may seek interactions with China to move away from dependence on the US. China, whose foreign policy is led by the principle of recognition of territorial integrity, sovereignty of nations and non-interference in domestic affairs of others, provides an attractive alternative. Chinese interests are led by economic profit with no political sub-text, but their tendency to crowd the market gains them political points nonetheless. Even though China does not seek a strong military or political influence in the region, such result may be a by-product of Chinese energy security objectives.

While Sino–Saudi relations are relatively new, the Sino–Iranian relations have long-standing roots based on oil and military cooperation. A heavily sanctioned Iran relies on China to break off its isolation and gain military importance in the region. At a historical junction of time, when China was led by Chairman Mao Zedong and Iran by its supreme leader Ayatollah Khomeini, Iran and China both self-identified as anti-Western, anti-hegemonic regimes. Today, Chinese–Iranian relations can be characterized as a cooperative opposition against American hegemony in the region.<sup>133</sup> During the Iran–Iraq war, China, initially neutral, soon stepped in by providing military assistance and arms to Iran, by some accounts reaching \$3.8 billion, in exchange for access to Iranian oil, certainly a move which helped turn the tide for Iran to drive out Iraqi troops from its territory. The USA, in turn, could not openly criticize the Chinese military aid as it was itself supplying arms to the other side.<sup>134</sup>

Ever since those initial days of cooperation, both oil and non-oil trade between China and Iran have grown exponentially. In 2010, China and Iran signed a \$20 billion agreement to boost bilateral cooperation in gas and oil trade, which stipulated a role for leading Chinese energy companies to develop the Iranian gas sector.<sup>135</sup> China has also invested heavily in Iranian infrastructure in the past few years, including the construction of cement factories, a grand Tehran metro system and a car manufacturing plant with a capacity to produce 30,000 units per year.<sup>136</sup> China has also announced its interest in building a railway connecting the Chinese Xinjiang province and Iran, through Kyrgyzstan, Tajikistan and Afghanistan.<sup>137</sup>

There are several main reasons for Iran to involve China in its security agenda: 1) to ally against the US presence in the Persian Gulf and Afghanistan, which it sees as its own natural sphere of interest; 2) to cultivate China as an emerging political and military power which can heavily invest in Iran's modernization; and, finally, 3) to stand behind China, with its veto power in the Security Council, as a chief diplomatic protector against US and UN sanctions.<sup>138</sup> China is against imposing more sanctions as it fears a major loss of revenue from investments in Iran, as well as the disruption of oil supplies from a country providing it with 400,000 barrels a day. After all, Chinese interests in Iran are mainly led by the energy needs of its rapidly growing economy.

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<sup>133</sup> Willem van Kemenade, 2009, *op. cit.*, p. 105.

<sup>134</sup> *Ibid.*, pp. 43–44.

<sup>135</sup> Scott Harold and Alireza Nader, "China and Iran. Economic, political and military relations", *RAND Center for Middle East Public Policy Occasional Paper*, 2012, p. 10.

<sup>136</sup> John W. Garver, *China and Iran, Ancient Partners in a Post-Imperial World*, Seattle: University of Washington Press, 2006, p. 264.

<sup>137</sup> Scott Harold and Alireza Nader, 2012, *op. cit.*, p. 11.

<sup>138</sup> *Ibid.*, pp. 5–6.

But energy is not the only area of common interests. As an emerging power, China is also enjoying the opportunity to influence international relations and set the conditions. China has been a major supplier of arms to Iran despite UN sanctions, with arms deals reaching more than \$4.5 billion to include helicopters and aircrafts. China has also been actively engaged in the development of Iranian nuclear technologies ever since cooperation started by the supply of research reactors and fissile materials and the establishment of the Atomic Energy Organization of Iran in the 1990s.<sup>139</sup> While the West has pressured China to terminate its nuclear assistance, China has served as a key shield in protecting Iran against the sanctions imposed by the UN Security Council. Chinese insistence on negotiations and peaceful settlement of disputes matches its own foreign policy of non-interference and its own strategy to maintain cordial relations between conflicting sides in order to safeguard its economic influence.<sup>140</sup>

The Chinese involvement in Iran has solved a major hurdle for the Iranian economy under the sanctions: It has enhanced the Iranian financial sustainability and decreased the effects of sanctions. Any more sanctions would therefore only push Iran more towards China.<sup>141</sup> The Sino–Iranian growing partnership and natural alignment could be seen as a direct result of the US policy of containing both China and Iran. Furthermore, the alliance is based on the mutual objective of containing Sunni Muslim groups, whether those that threaten the dominance of Iran in the Persian Gulf Complex or the 20 million Uyghur population in the north-western Xinjiang province of China with their separatist tendencies. Both countries are concerned about the security risks related to the spread of extremist ideologies, a grievance that consolidates their bilateral rapprochement.<sup>142</sup>

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<sup>139</sup> John W. Garver, 2006, *op cit.* p. 165.

<sup>140</sup> Erzsebet N. Rozsa, "Iran And China - Looking for an Alliance and Regional Power Status", *Iranian Review of Foreign Affairs*, Vol. 2, No. 5, Spring 2011, pp.117–161, at p. 122.

<sup>141</sup> Hossein Malaek, "Diplomacy and Sanctions: Iran, Russia and China", *Institute for Strategic Research Journal*, Iran, 31 January, 2012.

<sup>142</sup> Nasser Saghafi Ameri, "Challenging Iran-China strategic ties", *Institute for Strategic Research Journal*, Iran, 6 September, 2011.

## Part III) Impact of the Rivalry on Relations with Afghanistan

Part I and II argued that the core of the Persian Gulf Complex is the rivalry between Iran and Saudi Arabia, informed by their respective ambitions to regain the status of regional hegemon, and both pursuing a zero sum security strategy. Saudi Arabia feels threatened by Iran, while Iran seeks to build global legitimacy to transcend the regional security framework. Global powers, especially the US, both impact and are affected by this rivalry, to which they add fuel by pursuing policies of isolation (in the case of Iran) or functional clientelism (in the case of Saudi Arabia).

In this part, the paper examines how the policies pursued by the two states vis-à-vis Afghanistan similarly reflect their concerns with their own security dynamics. Both Iran and Saudi Arabia compete to shape Afghan domestic politics and its possible future governance, much of it through attempting to curb the influence of the other. They do so by using their connections and influence over religious and ethnic groups, propagating their distinct religious doctrines, increasing economic ties and even by attempting to influence insurgency groups. At the same time, they seek legitimacy and relevance by manoeuvring to become part of the solution to the Afghan security problem using diverging strategies: Saudi Arabia tries to increase its bargaining power through careful funding for the Taliban and influencing the insurgency through Pakistan. Iran openly stands against the presence of foreign troops in Afghanistan, while billing itself as a neighbour with natural, long standing ties without which a solution for Afghanistan cannot be found. By doing so, Iran proactively tries to reverse its isolation from where it has been forcibly and symbolically located, a decade ago, on 'the axis of evil'.

### Strategic Interests in Afghanistan

Saudi Arabia is strategically interested in preventing Iran's influence in Afghanistan while keeping itself relevant as an ally to the main actor in the Afghan terrain, the United States. In the long term, it wants to see an Islamic Sunni government in Afghanistan. As Saudi Arabia sees itself as the birthplace of Sunni Islam, it hopes that the future Islamic government of Afghanistan would pledge more allegiance to the nation that shares the same religion than to that which shares the same culture or even geography, namely Iran.

Saudi efforts to counter-balance the Iranian influence include offering to broker negotiations with the Taliban, whose rule during the late 1990s it recognized together with the UAE and Pakistan. However, Saudi Arabia today seems to have limited influence over the Quetta Shura, led by Mullah Mohammed Omar. If, despite its resources and previous contacts, Saudi Arabia has little influence over Afghanistan today, it may also be due to the uncoordinated foreign policy within the Kingdom itself, much of it related to internal competition between Saudi princes as well as periodic – and ineffective – attempts of King Abdullah to distance the Kingdom from the USA and establish a quasi-independent foreign policy. In the meantime, Riyadh views any Iranian influence in Afghanistan as a threat to its own influence in that country.

Iran also has its own agenda behind support for Afghanistan. It is in the Afghan terrain that Iran can gain recognition as a key regional actor with its economic and cultural leadership and where it could, given its common interest with the US, open the way to a constructive dialogue and break its international isolation. At the very least, it can prevent its rivals in the region, i.e. Pakistan and

Saudi Arabia, from gaining the upper hand and using Afghanistan to undermine its standing as a regional power. Furthermore, in consideration of the geographic contiguity, Iran would like to prevent Afghanistan, with its long and lawless border, from becoming a source of intensified narcotics or gun trafficking from where Sunni extremist/separatists, terrorists and drug traffickers would undermine the rule of the Islamic Republic. In the final analysis, it would not want to see Afghan soil being used as a platform from which the territory of Iran is attacked by NATO or US forces. Although the Tehran regime benefited from the removal of the Taliban in 2001, it now finds itself sandwiched between NATO troops in Afghanistan and the US military bases in the neighbouring countries.

Iran's position vis-à-vis Afghanistan is pragmatic, whereas the Saudi one is based more squarely on the ideological stance of sharing religion with the country's Sunni majority. The triumph of pragmatism over ideology in the case of the Islamic Republic has to do primarily with geography: Sharing 936 kilometres of border with Afghanistan is an advantage, as the two countries share a common historical, cultural, ethnic and linguistic past, but it can also be a liability for bleed-over of instability.<sup>143</sup> Nonetheless, Iran has tried to exploit the common legacy and geography proactively, by exerting influence on co-linguistic (Tajik) and co-religious groups (Shia Hazaras), by investing in the economic development of border regions (namely in the province of Herat) and by extending cooperation on such issues as illicit drug smuggling, border control, trade and investment. Both countries have also invested in religious education and Islamic centres.

### Differences in Approaches

The Saudi approach to Afghanistan is characterized by ambiguity and hesitancy. In contrast to the way that Iran has broadened its reach to work with groups beyond the Shias which it supported in the 1980s, Saudi Arabia continues to work timidly with its former allies, and that too mainly in alignment with Pakistan. This hesitancy may be a lesson learned in the past decade, when Saudi Arabia rendered support to the Taliban in the 1990s only to see them turn around and develop ties with the Kingdom's own nemesis, the al Qaeda. In order not to antagonize further, Saudi Arabia is now sitting on the fence, seeking a limited engagement. It can also afford to be hesitant, with its preoccupations laying elsewhere. Afghanistan does not represent as much a priority as does the future of what happens in the Middle East.

The hesitant engagement is also compounded by a lack of coordination within the Kingdom. As Christopher Boucek notes, the lack of a unified approach across the Saudi government is a reflection of royal court politics.<sup>144</sup> The Afghanistan portfolio belongs to Prince Muqrin bin Abdul Aziz, until 2012 the head of the General Intelligence Directorate, the Saudi foreign intelligence agency, and after July 2012 Special Envoy to King Abdullah on South East Asia. A close ally to King Abdullah, Prince Muqrin sought to broker talks between the Afghan government and Taliban leaders in 2008, in a way continuing and maintaining previous contacts with the Taliban leadership. But he is not the only one in the Kingdom responsible for Afghan affairs. Other ministries also follow Afghanistan: the Ministry of Interior as the agency in charge of counter-terrorism for its interest in pursuing al Qaeda, the Ministry of Foreign Affairs, the Saudi Development Fund, and a wide array of Saudi religious figures, with or without court backing. As a result of this myriad of different interests and actors, the approach towards Afghanistan has been uncoordinated, *ad hoc*, and lacking in coherent strategy.

<sup>143</sup> On Iranian-Afghan relations, the author has benefited from the writings of and discussions with Abbas Maleki (Assistant Professor at Sharif University, Tehran, research fellow at MIT and Harvard, and former Iranian Deputy Foreign Minister, 1988-1997).

<sup>144</sup> Christopher Boucek, "Saudi Arabia", in Ashley J. Tellis & Aroop Mukharji (Eds.), *Is a Regional Strategy Viable in Afghanistan*, Washington DC: Carnegie Endowment for International Peace, 2010, p. 47.



Saudi support to Afghanistan comes from multiple sources in pursuit of one agenda. In the case of Iran, however, there seems to be competing centres of power pursuing different policies. Iran employs various tactics to demonstrate its influence and relevance, ranging from playing the role of mediator or spoiler to deploying soft power to influence events. Although Iran would prefer to have its co-linguist allies (the Tajiks) in power, it hopes that the more realistic outcome, i.e. a Pashtun-led government, would pave the way for a fair representation by non-Pashtun ethnic minorities. As a result, even though Iran is against the US presence in the region, it does not want to completely jeopardize the Coalition's stabilization efforts given that a total collapse of the Karzai government, followed by the impending triumph of the hostile Taliban, would not be in the interest of Iran.<sup>145</sup> At the same time however, Iran would not want to see the soil of Afghanistan be used as a launching pad for an attack against its territory. It also would like the region to solve its own problems without interference from global powers. These reasons combine to position Iran against the long-term presence of US troops in Afghanistan.

Iran also has another strategic interest in mind: It uses Afghanistan as a bargaining tool to strengthen its own position vis-à-vis the West in response to the sanctions and forced isolation. After all, Iran has accumulated a capacity to play on both fronts, as a mediator and supporter of the peace process, as well as a spoiler. On the one hand, it can provide extensive experience and cooperation on a number of fronts, such as in curbing the production and trafficking of narcotics. It could also provide access to NATO supply routes through its port at Chabahar. On the other hand, it could play the role of spoiler in negotiations, if its interests are not taken into account, by potentially using its extensive influence over the Shia Hazara and the Persian Dari speaking Tajiks which together comprise approximately 45% of the Afghan population. Even though ethnic minorities do not have much power or influence in shaping domestic politics, the development of close ties with these underrepresented communities gives Iran considerable leverage over domestic politics in Afghanistan. During the 1980s, Iran already widened its support towards the Tajik dominated Jamiat-e-Islami, the majority of which practice Sunni Islam. To widen its options, Iran has cultivated ties to some Pashtun elements in Afghanistan, including support for the Pashtun President Karzai, and by some accounts, contacts with the Taliban in recent years.<sup>146</sup> It has also cultivated contacts within the Afghan government and the Parliament in order to deter any anti-Iranian propaganda and action. In 2010, it became known that Iran had allegedly financed the Afghan President's expenses with as much as \$1 million at a time.<sup>147</sup> By developing a strategy of multiple alliances and investing in a spectrum of actors, irrespective of their political, ethnic and sectarian affiliation, Iran is hedging its bets in order to maximize utility in case of uncertainty. Consequently, Iran's active engagement in Afghanistan also presents an opportunity to break out of isolation and become part of the new regional security architecture, whether it is being concocted by the USA and European members of NATO, or by the region itself within the Turkey-led 'Istanbul Process'.

In the final analysis, Afghanistan remains an arena for both Saudi Arabia and Iran to promote their national interests. The difference, however, is that in that theatre of operation, Saudi Arabia sees an opportunity to curb the influence of its rival Iran. The latter, on the other hand, projects an ambition that transcends the Persian Gulf region. It projects its soft power to gain influence over events in Afghanistan as a counterweight to American efforts but seeks at the same time legitimacy and recognition globally from Western allies to be counted in the solution to stabilizing Afghanistan. It stands against a permanent presence of US and NATO troops in the region, yet it

<sup>145</sup> Roberto Toscano, "Iran's Role in Afghanistan", *CIDOB Policy Research Project Paper*, January 2012, p. 3.

<sup>146</sup> According to Waheed Muzhda, a Kabul based analyst and a senior official in the Taliban Ministry of Foreign Affairs, a Taliban delegation attended the Islamic Awakening Conference hosted by Iran in September 2011, which was also, incidentally, attended by Burhanuddin Rabbani in his last trip before his death. See Mujib Mashal, "Former Taliban' in the Afghan Peace Puzzle", *al Jazeera* online, 3 January 2012.

<sup>147</sup> Dexter Filkins, "Iran Is Said to Give Top Karzai Aide Cash by the Bagful", *The New York Times*, 23 October, 2010

does not want the departure of said troops before stability is regained, in fear of contagion. Ultimately, Iran wants the USA to recognize Iran's vital help in stabilizing Afghanistan, reversing what happened in 2001 when Iran played a constructive role in the alliance's efforts to remove the Taliban only to be rewarded by the President George W. Bush placing the country shortly after on the 'axis of evil'.<sup>148</sup>

How do the two countries compete concretely on the Afghan terrain? This paper details five distinct areas: 1) buying of influence through aid, 2) Influence on the political process and negotiations with the Taliban, 3) support for ethnic groups, 4) competition over religious ideologies, and 5) geographic contiguity-related factors such as access to water, drug trafficking, and the flow of refugees and migrants.

### 1) The Politics of Aid and Buying Influence

The practice of aid provided to Afghanistan by the two states reveals much about the differences in their priority, strategic goals and methods.

After reopening its embassy in Kabul in 2002, Saudi Arabia announced \$230 million for humanitarian assistance, which placed it on the list of major donors in Afghanistan. Overall, the Kingdom had contributed at least \$500 million to reconstruction, social and economic projects and infrastructure development by 2010.<sup>149</sup> However, the impact of Saudi aid is hard to assess due to its *ad hoc* financing, large off-budget spending, as well as different sources of funding (including private charities, donations of the Saudi royal family, private businessmen).<sup>150</sup> When money flows from numerous sources in Saudi Arabia to various destinations in Afghanistan, it is difficult to extrapolate the impact of the funds.

Despite its own economic difficulties and isolation, Iran proved to be one of the most efficient donors in Afghanistan.<sup>151</sup> Concentrating mostly on building infrastructure – roads, schools and hospitals – Iran has given more than \$710 million in aid and reconstruction and \$300 million in loans to the Afghan government.<sup>152</sup> It invested heavily in opening up access for the landlocked country to the Persian Gulf through its Chabahar port, with help from India, and completed the Milak Bridge over Helmand River, shortening trade routes from 1450 to 950 kilometres to the port of Bandar Abbas.<sup>153</sup> It is also in the process of constructing a railway that connects Herat in Afghanistan to Khaf Station in Iran, linking Northern Afghanistan routes to Central Asia and China.<sup>154</sup>

Much of Iran's investment has gone into the Herat region, where it has drawn electricity grids, set up a car manufacturing plant, built roads, infrastructure and opened a chamber of commerce. Investing in such projects and focusing mainly in Herat is indicative of Iran's interest in hedging its bets while getting recognition at the same time. First, under heavy international sanctions, Iran seeks to develop alternative routes for regional trade and investment. Second, by investing heavily in the Herat region, it hopes to create a buffer zone that would protect it in case the Taliban take over southern and central Afghanistan. If stability ensues in Afghanistan, Iran could

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<sup>148</sup> Fred Halliday, 2009, *op. cit.*, pp. 1–2.

<sup>149</sup> Greg Bruno, "Saudi Arabia and the Future of Afghanistan", *Council on Foreign Relations*, 11 December, 2008.

<sup>150</sup> Christopher Boucek, 2010, *op. cit.*

<sup>151</sup> On Iranian aid to Afghanistan, the author benefited from discussions with Seyed Rasoul Mousavi, former Director General of the Institute of Political and International Studies (IPIS), Iran (2004-2009) current Ambassador to Finland

<sup>152</sup> Janne Bjerre Christensen, 2011, *op. cit.*, p. 16.

<sup>153</sup> Andrew C. Kuchins and Thomas M. Sanderson, 2010, *op. cit.*, p. 27.

<sup>154</sup> *Ibid.*

carve itself a role in reconstruction efforts by providing linkages to Central Asia and Pakistan. In case the situation worsens, it would have created for itself an autonomous buffer zone to protect its investments in the western part of Afghanistan.

So far, Afghanistan has not been central to Iran's economic development, although this may change as the sanctions continue to take their heavy toll on the Iranian economy. This does not mean that the economic factor is not important for Iran, however, but economic prospects have so far suffered from the on-going tension with the USA and EU over the nuclear programme. One example was the US forbidding contractors paving the Kabul–Kandahar road from purchasing asphalt from Iran which would have been considerably cheaper and would have lowered construction costs tremendously. The potential of the Chabahar route for US and NATO troop transit is also not explored because of sanctions politics, despite offering a cheaper alternative than the current Pakistan and Central Asia routes.

Yet, Iran has used economic means towards its political goals of stability, influence and opportunity on its borders. The opening up of the route to the Chabahar port is poised to allow Iran bargaining power over Pakistan and its ports of Karachi and Gwadar for exporting the extractions from the newly explored Afghan mining industry. Iran spends \$100 million a year in Afghanistan, much of it on the media, education and civil society projects. Nearly a third of Afghan media is allegedly backed either financially or content-wise by Iran. Afghanistan's domestic intelligence agency, the National Directorate of Security (NDS) has accused Iran of financially supporting the newspaper *Ensaf* and the TV channels *Tamadon* and *Noor*.<sup>155</sup> Through its influence on the media and on the Parliament, Iran is said to be propagating its own pro-Iranian, anti-US and anti-Zionist propaganda to counter Western influence. The media is a lively, yet divided, sphere where allegations of espionage, bias, intimidation and propaganda fly. Although financing for the media and civil society is seen as perfectly normal when funnelled through the UN or USAID or other Western donors, sensitivities are heightened when it comes to Iran, both by the USA and its allies and by Afghans who deplore interference of their neighbours, especially Pakistan and Iran.

While Afghans and Western forces worry about the growing influence of Iran, the two countries' historical ties, long borders and the Afghan dependency on Iranian fuel means that economic relations will continue to grow, despite pressure from international sanctions. Trade with Iran apparently is composed of a little less than half of the entire Afghan economy and it is increasing.<sup>156</sup> As Afghanistan's commerce Minister admitted in 2012, Afghanistan does not have much of an alternative.<sup>157</sup>

## 2) Influence on the Political Process and Negotiations with the Taliban

Saudi Arabia and Afghanistan have maintained a longstanding relationship since the formation of the modern Saudi state in 1932. The strength of the political and ideological element within this relationship became visible during the Soviet era, when the Saudis supported the mujahidin against the spread of communism on Afghan territory in the 1970s, followed by generous support for the Taliban during the Afghan civil war.<sup>158</sup> By some accounts, Saudi aid to the mujahidin and the Taliban during the 1970s and 1980s amounted to \$4 billion.<sup>159</sup>

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<sup>155</sup> Amie Ferris-Rotman, "Insight: Iran's 'Great Game' in Afghanistan", *Reuters*, 24 May, 2012.

<sup>156</sup> Joshua Hersh, "Afghanistan's Trade Deal with Iran Complicates U.S. Aims", *Huffington Post*, 9 May, 2012.

<sup>157</sup> Viola Gienger, "Afghanistan Needs Leeway on Iran Sanctions, Minister Says", *Bloomberg*, 4 April, 2012.

<sup>158</sup> Christopher Boucek, 2010, *op. cit.*

<sup>159</sup> Greg Bruno, 2008, *op. cit.*

Although Saudi Arabia was one of three countries that recognized the Taliban government, relations soured in 1998 after the attacks on the US embassies in Tanzania and Kenya and suspicions of Osama bin Laden planning attacks on the kingdom directly. As Saudi specialist Robert Lacey writes in his book *Inside the Kingdom*, Mullah Omar and his second-in-command, Mullah Mohammed Rabbani had pledged loyalty to the Saudis, including through Prince Turki al-Faisal, promising to watch over the behaviour of their 'guest' bin Laden. Consequent negotiations in persuading Mullah Omar to relinquish bin Laden showed the limits of Saudi leverage, even though they were bankrolling the Taliban via the Pakistani Inter-Services Intelligence agency.<sup>160</sup> Diplomatic relations were officially terminated two weeks after September 11, 2001, when the Saudi embassy was closed in Kabul and the Saudi Ministry of Foreign Affairs publicly condemned the Taliban for not paying "attention to the calls and pleas of the Kingdom of Saudi Arabia to stop harbouring, training and encouraging criminals".<sup>161</sup>

After the withdrawal of the Soviet Union in 1989, Saudi strategic interest in Afghanistan went from containing the expansion of the Soviet atheist ideology to that of the rapidly growing Iranian influence and Shia doctrine. Funding switched from directly supporting insurgency proxies to opening madrasas and radical religious education centres in bordering Pakistan provinces which actively recruited Afghan youth, in the hope that such tactics could play a counter-weight to the Iranian influence in Afghanistan. Witnessing the development of Iran's close relations with the Lebanese Hezbollah, southern Yemeni political opposition, and the newly elected Shia government in neighbouring Iraq after the fall of Saddam Hussein, the Saudi leadership feared the impact of the rising Shia domination in the region on the empowerment of its own Shia minority. Support for the religiously and ideologically 'friendly' Taliban, including more covertly after they were deposed by the US-led international Coalition in 2001, thus represented a key means of countering Iranian moves.

Between 2006 and 2010, more than \$1 billion was allegedly transferred to Afghanistan from Saudi Arabia via Pakistan, according to the Afghan Financial Intelligence Unit (FinTRACA): Saudi riyals had found their way to Waziristan, were further transferred to Peshawar, exchanged for dollars or local currency and subsequently recycled into cash channels through Afghanistan.<sup>162</sup> Various US government reports also claimed that private Saudi backers, using government sanctioned charities to transfer money to militants disguised as pilgrims during the hajj pilgrimage, were the chief source of financing for the Taliban and the Haqqani Network. The Taliban have also been supported by members of al Qaeda in the Arabian Peninsula, which, in turn, has relied on wealthy Saudis for its funding.<sup>163</sup> According to cables appearing in WikiLeaks in 2009, a secret paper signed by the US Secretary of State Hillary Clinton claimed that Saudi Arabia was "the world's largest source of funding for Islamist militant groups, such as the Taliban", but that the Saudi government was reluctant to stop the flow of money.<sup>164</sup> She also cited Qatar, Kuwait and the UAE, all of which happen to be in the Persian Gulf Complex, as being home to wealthy private donors willing to payroll militant groups, and to local front companies prone to money laundering for the Taliban and the Haqqani networks. These take advantage of the Gulf countries' – especially UAE – lax border controls, weak financial regulations, relatively open economies, and large Pashtun (Afghan and Pakistani) communities.<sup>165</sup> In response, Saudi authorities launched a campaign to crack down on funding of extremist militant groups, condemning unlawful

<sup>160</sup> Robert Lacey, *Inside the Kingdom: Kings, Clerics, Modernists, Terrorists and the Struggle for Saudi Arabia*, New York: Penguin Books, 2009.

<sup>161</sup> "Saudi Arabia Breaks off Relations with Afghanistan", Press Release, 25 September, 2001, Ministry of Foreign Affairs of Saudi Arabia. Accessible <http://www.saudiembassy.net/archive/2001/press/page7.aspx>.

<sup>162</sup> "Saudi Fund Fuelling Terror in Afghanistan: Afghan Intelligence", *The Hindu*, 1 June, 2010.

<sup>163</sup> Douglas Farah, "Report: Terror funds flow through Saudi Arabia", *The Washington Post*, 16 October, 2002.

<sup>164</sup> Declan Walsh, "WikiLeaks cable portray Saudi Arabia as a cash machine for terrorists", *The Guardian*, 5 December, 2010.

<sup>165</sup> "US embassy cables: United Arab Emirates and terrorist funding – the Pashtun connection", *guardian.co.uk*, 5 December 2010.

donations.<sup>166</sup> In order to manifest its interest in being an international partner in the fight against terrorism, Saudi Arabia then sponsored the opening of the Counter Terrorism Centre at the United Nations in 2011 to promote international and regional cooperation.

While the role of direct and indirect financial support for the Taliban in Afghanistan remains murky, the history of close relations and ties developed between the two made Saudi Arabia a prime candidate for facilitating negotiations between the Taliban and the Karzai government. The public initiative took place in Riyadh in October 2008, during an invitation to an Iftar dinner for Ramadan which brought together Afghan officials and the former Taliban ambassador to Saudi Arabia. The meeting failed to transform into official talks, however, as there was no unanimous appetite in all capitals for launching peace talks, especially with the involvement of Saudi Arabia, and neither was the Kingdom's own ambition to lead the process ascertained. Two years later, at the 2010 London Conference, President Karzai sought out Saudi leadership to assume the role of mediator and chief financier of peace talks with Taliban. By then, however, Saudi Foreign Minister Prince Saud al-Faisal conditioned their involvement on proof of the Taliban's willingness to break all ties with al Qaeda and a statement declaring their strong intention to participate in the peace talks. President Karzai's plea with the Saudis caught Coalition forces off guard. US Officials had by that time developed a strategy of wooing lower and middle level insurgents, and consequently played down the influence of Saudi Arabia over the Quetta Shura. US Officials were also weary of Saudis' vested interest in prompting the Taliban to curb the influence of Iran and their unilateral potential influence on the future of the Afghan government, uncoordinated as it was with the others in the region. While President Karzai continued to enthusiastically court the Kingdom to broker reconciliation, US officials and the Taliban began a series of unofficial meetings by the end of 2011 in another, more 'friendly' Persian Gulf state: Qatar.

The Qatar venue for initial secret talks, followed by the opening of a representation 'office' by the Taliban in Doha by the beginning of 2012 not only served to ultimately sideline Karzai's government in the negotiations, but also considerably offset the involvement of Saudi Arabia in the process. By then, not only was Qatar rising (and being supported) as a new donor in regional and international projects, without the strict control and conditionalities of Saudi Arabia, but the latter had started to break tide from its alliance with the USA in light of uprisings in the Arab countries. In the final analysis, Saudi Arabia's foreign policy towards Afghanistan – and its role in influencing the political process – can be characterized as cautious, unclear, and informed by a separate agenda of checking the influence of Iran in its own backyard, the Persian Gulf Complex.

If Saudi Arabia could potentially influence the Taliban with which it shared ideology and previous contacts, Iran by contrast was predisposed to disfavour any openings with the Sunni extremist group, which had been particularly hostile to Iran during its reign. After all, the Taliban had killed a number of Iranian diplomats in Mazar-i Sharif in 1998, prompting Iran to send 200,000 soldiers to its borders. Iran historically supported Persian speaking Tajik political groups or Shia Hazaras. In 2001, during the initial assault on the Taliban and during the Bonn conference, Iran even lent support to Coalition and UN efforts, despite its conflict with the USA, by pressuring its allies in the Northern Alliance to compromise and support what became the Karzai-led government.

Yet, while Iran has repeatedly objected to the 'Talibanization' of Afghanistan, its main concern is the permanent presence of foreign troops in the neighbouring country, and the potential use of Afghan soil by US forces to conduct attacks on its territory. In conjunction with a pragmatic approach that dictates a new look at the Taliban as potential players in the future of Afghanistan, this has meant that despite its historical and ideological differences with the Taliban, Iran has

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<sup>166</sup> Christopher Boucek, "Terrorism Out of Saudi Arabia" *Q&A, Carnegie Endowment for International Peace*, 12 September, 2011.

gradually moved to open new venues for contacts with them. Unlike the case of Saudi Arabia, however, the contacts cannot be openly flaunted. They are also not instrumental tools in the Iran–Saudi rivalry but an opportunity for Iran to hedge its bets in Afghanistan and at the same time send a message to US and NATO troops that they would be targeted as part of Iran’s retaliation for a potential attack on its nuclear facilities. By some accounts, Iran even allowed the Taliban (Quetta Shura) to open an office in Zahedan near the Afghan border and US intelligence reported about plans to provide insurgents with surface-to-air missiles.<sup>167</sup> Although this was an unproven speculation, numerous NATO and US reports, including a 2011 report by the Rand Corporation, had periodically accused Iran’s Qods Forces of providing measured support to the Taliban.

If there indeed is any Iranian support to the Taliban, it is as an alliance of convenience against a common enemy. Status Quo under the government of President Karzai being preferable, Iran has been proactively lobbying for the establishment of a secular government in Afghanistan. In 2011, while the USA was seeking to launch negotiations on the integration of the Taliban in Afghanistan with the mediation of Qatar and President Karzai was attempting to bring Saudi Arabia into the equation for its influence over the Taliban, Iran launched a series of meetings in Tehran dedicated to the recognition of the constitution and secular governance.<sup>168</sup> At the same time, Iran refused to participate in the London Summit in 2010, criticizing the American-led attempts at negotiations with different strata of the Taliban, which it saw as a violation of Afghan sovereignty. Yet, unlike Saudi Arabia, which has not made attempts to go beyond its traditional allies, Iran’s strategy has been to develop a multi-player policy in Afghanistan in order to exploit all available options to secure its interests. What a relationship between Iran and the Taliban entails, is open to speculation, though any support given to the Taliban is risky, given their potential threat to Shia minorities or to Iranian efforts in countering the flow of narcotics from Afghanistan.

### 3) Support for Ethnic Groups

Support for ethnic groups, as a proxy for the Sunni–Shia rift, is a second area where the rivalry between Saudi Arabia and Iran gets projected onto Afghanistan.

Saudi Arabia’s political *raison d’être* is based on Wahhabi (Salafist) Sunni ideology, and the Kingdom aims at regaining control over the interpretation of Islam. This explains its financial support to various Muslim movements throughout the world, including in Afghanistan where a symbiosis of Salafist and Deobandi thought has taken root historically. If the Kingdom is wary of the threat of sectarianism and of Shia domination, as explained in Part I, it is because the Sunni-dominated state has a large Shia population which are treated as second class citizens, even though Saudi Arabia strives to implement inclusive policies by encouraging them to participate in domestic policy-making.<sup>169</sup> Shia states like Iran and non-state groups like Hezbollah represent a danger inasmuch as they can influence internal politics by inciting political aspirations for freedom, rights and political influence.

On the Afghan scene, this sectarianism translates into support not necessarily to the mainstream Sunni groups (such as most of the Tajik-dominated parties) but to those that would ensure the enforcement of an Islamic morale of governance and the establishment of the Sharia as the basis of legislation in the country. Currently, such an ideology is mainly pursued by the Taliban or the Hezb-i Islami, mostly populated by Pashtuns. By extension, Saudi Arabia has cultivated very little

<sup>167</sup> Robert Dreyfuss, “Iran Hedges its Bets in Afghanistan”, *The Diplomat Blog*, 7 August, 2012. See also Maria Abi-Habib, “Tehran Builds on Outreach to Taliban”, *Wall Street Journal*, 31 July, 2012.

<sup>168</sup> Ellen Laipson, *Engaging Iran in Afghanistan*, Washington, DC: The Henry L. Stimson Center, March 2012, pp. 7–8.

<sup>169</sup> United States Congress, 2007, *op. cit.*, pp. 11–12.

contacts with other ethnic minority groups, including Hazara Shias, even Sunni Tajiks, for their perceived closeness with Iran given the common language. The Taliban, if they can unite Afghanistan, deserve support if they can create a responsible Islamic state that would consolidate Sunni ruling, Salafist ideology and Sharia as the basis of law, and not necessarily a multi-ethnic state as is the wish of Iran.<sup>170</sup> From the Saudi point of view, negotiations with the Taliban in order to include them in the government are therefore more important than overall national reconciliation in Afghanistan. In the final analysis however, the Saudi policy of expanding Salafism and supporting efforts towards unifying Sunni Muslims is informed more by a defensive fear of Iranian influence than by a proactive wish to spread sectarianism.

If the Pashtun-dominated Taliban share ideology with the Arabs of Saudi Arabia, as opposed to sharing ethnicity, the situation is mixed when it comes to Iran and ethnic groups it supports actively. Ethnic Hazaras, who live in the central parts of the country, share the Shia faith; the Sunni Tajiks, residing in Northern Afghanistan, share ethnicity and linguistic affinity with the Iranians if not religious doctrine; and Northern Afghanistan's Uzbeks share neither linguistic nor ethnic affinity, but cultural and historical ties with Iran from having been under the Persian Empire in the past.

Iranian support for ethnic groups in Afghanistan stems from three ambitions: The first is to exploit cultural and linguistic affinity for increased influence. Western Afghanistan in particular is considered by Iran historically and culturally to be part of its own territory, and Iran even tried to reclaim Herat during the 1856–1857 Anglo–Persian war.<sup>171</sup> Today, a significant part of Afghan population still follows Persian cultural traditions (such as Nowruz, the Persian New Year) and Dari, a dialect of modern Persian, is one of the official languages of the country. Iran's soft power and cultural influence gets projected through support to television, radio and printed media,<sup>172</sup> textbook publication and the education system, both secular and religious.

The second ambition is to ensure that Shia minorities are treated adequately, as Iran considers itself the guardian of Shiism worldwide. While Iran supports the establishment of a multi-ethnic government with an independent foreign policy, friendly towards Iran, it realizes that Afghanistan will most likely remain under Pashtun-led government. Hence, it advocates for national reconciliation and ensuring of power sharing among ethnic minorities through a secular system to ensure equal participation and rights.

The third interest echoes back to the rivalry with Saudi Arabia: The desire to strengthen and unite the Shia Hazaras and the Tajik Persian speakers, which combined could comprise 45% of the population, as a counterweight to anti-Iranian, pro-Saudi, pro-Pakistani elements among Afghan Pashtuns. This also explains Iran's special interest to focus its trade and investment in border areas in Western Afghanistan, namely in the province of Herat, as a way to protect itself in case of the establishment of a regime hostile to Iran in Kabul.<sup>173</sup> In 2009, Iran opened a Chamber of Commerce in Herat and connected the region to its electricity grid, which led to an economic boom of the region.<sup>174</sup>

These efforts are not always welcomed by the Afghans – including many Tajiks and Hazaras – who deplore the cultural imperialism of the Iranians; nor always by the Karzai government, which

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<sup>170</sup> Greg Bruno, 2008, *op. cit.*

<sup>171</sup> Alireza Nader and Joya Laha, 2011 *op. cit.*, p. 3.

<sup>172</sup> Andrew Houk, "Appendix: The Shia Factor for the Stabilization of Afghanistan", in Ellen Laipson, 2012, *op. cit.*, p. 16 (first appeared as Spotlight on Stimson Website, 27 September, 2010).

<sup>173</sup> Roberto Toscano, 2012, *op. cit.*, p. 7.

<sup>174</sup> Janne Bjerre Christensen, 2011, *op. cit.*, p. 17.

views Iranian investments in Western Afghanistan as a way to weaken the central government. Fear of cultural domination and warnings against cultural hegemony are periodically expressed among intellectual circles, accusations which find even more fodder in the discrimination that Afghan refugees and migrant workers experience across the border.

#### 4) Ideological Competition

As discussed in Part I, the rivalry within the Persian Gulf Complex also encompasses ideological differences over interpretations of Islam. On the Afghan terrain, this ideological rivalry has seen both countries putting their weight and finances behind competing religious movements. Saudi past support for Taliban, for followers of the Salafi school and for Deobandi madrasas in Afghanistan and Pakistan has come from a variety of sources, ranging from the Saudi royal family to private charities. Despite Saudi hopes, however, the Taliban neither evolved into a responsible Islamic state nor did they obey the Kingdom by handing over Osama bin Laden. The other Sunni Wahabbists were also not united, as manifested in the split between Gulbuddin Hekmatyar and Abdul Rasul Sayyaf.

In an interview conducted with Kristian Berg Harpviken of PRIO in 2010, Prince Turki recalled that Afghans are largely followers of the Hanafi School with a strong element of Sufism. The Kingdom, he admitted, would find it difficult to reconcile itself with such a school of thought, particularly Sufism. Saudi Arabia is more in line with the ideology of the Taliban, which is more inspired by Salafist thought.

Saudi Arabia seeks a government in Afghanistan that would enforce a strict Islamic moral. Iranians, by contrast, advocate for a secular government that protects the rights of minorities. This because of the historical path of Islam within Iran: Even though the Islamic Republic of Iran is today a theocratic state, Islam has taken a unique path since it was imposed by the Arab conquerors in the 6<sup>th</sup> century: It was in Iran that Shiism was founded as a Persian particularity within Islam and in that region where Sufism flourished, all as alternatives to the strict orthodox version that came from Arab lands. Iran's support for national reconciliation in Afghanistan not only stems from the common cultural and ethnic affinities it shares with Afghans, but given its own experience with nation-building in a multi-cultural and multi-ethnic setting.

Although Iran has pursued a strategy of supporting Afghan minorities, both Shia and Sunni, this is not to say that it has not lent particular attention to its co-religious 'brothers'. During the 1980s, Iran supported the "Tehran Eight", an alliance of Shia mujahidin factions, most of which united into the Hezb-e Wahdat-e Islami, and gradually tilted towards its Hazara ethnic support base. Since 2001, Iran has actively supported the major Shia clerics in Afghanistan, including the Ayatollah Muhammad Asif Mohseni, a Tajik Shia from Kandahar who runs a radio and television station (Tamadon); as well as a highly conspicuous religious seminary along the main road to Kabul's Karte-Se block, the Khatam-al Nabyeen University and Mosque. Although the exact amount of financial support from Iran to the TV station and the University is unclear, Iranian influence is apparent in the programmes, religious content, curriculum, textbooks etc. And yet, the closeness of Ayatollah Mohseni with the Iranian Marjah, the top religious leaders who recognize him as a Grand Ayatollah, is controversial. Afghanistan's Shia community is divided over whether to follow the Iranian clergy and recognize the Iranian Revolution's guiding principle of following a supreme leader, who today is Khamenei, or to follow the grand Ayatollahs of the other religious centre, Najaf in Iraq, who do not recognize the *Velayat-e Faqih*, the Guardianship of the Islamic Jurisprudent, of Iran.

The mere existence of the Khatam al-Nabyeen Islamic University prompted Saudi Arabia to become more active and vocal about its support, which had gone into hiatus after the defeat of the



Taliban. At the end of October 2012, the Afghan government announced that Riyadh would build an Islamic complex in Kabul, expected to cost between \$45 million and \$100 million. The project would be a rival to the \$17 million Khatam al-Nabyeen funded by Iran and opened in 2006. The opening of the Saudi complex and the potential rivalry over Islamic universities – and Islamic education – led to a heated debate on Afghan blogs and in newspapers at the end of 2012. Bloggers recalled that Afghanistan needed more support for mainstream and professional education instead of more Islamic education. Among other arguments raised, many against the opening of the Saudi complex, bloggers noted that the Khatam al-Nabyeen University had been created for the Shias of Afghanistan, taking into account the local beliefs and practices of at least a minority of Afghans. The Afghan version of (Sunni) Hanafi Islam, on the other hand, does not have any affinity with the Wahhabi kind, especially not the Salafist orientation practiced in Saudi Arabia. If the Saudi-backed complex was being built as a university for all Muslims and not just those of Afghanistan, writers wondered about the capacity of the Afghan government in controlling the inflow of Islamic students into the country. They recalled the infiltration of Afghan Arabs during the Soviet occupation of the 1980s, which helped the resistance but created a distinct, global, more networked and ultimately uncontrollable jihad. Others recalled that, in any case, opening an Islamic university in Kabul was better than sending students to Pakistan, where there would be less control over what they learn.<sup>175</sup>

While the opening of educational centres and mosques seems harmless, the rivalry between the two countries could raise the potential for sectarian tensions when projected onto Afghanistan, whose population is estimated to be about 80–85% Sunni and 15–19% Shia.<sup>176</sup>

## 5) Security Concerns Related to Geographic Contiguity

The engagement of Saudi Arabia and Iran in Afghanistan cannot be limited to the rivalry between the two and their own security dynamics within the Persian Gulf Complex, for that would leave out a very important security factor, especially for Iran: Geography. The 900 kilometres Iran–Afghanistan border plays an important part in Iran’s security calculations, and introduces a complex relationship related not least to the distribution of water resources, trafficking of illicit drugs, and refugees and migrant workers.

One of the most potentially challenging issues on the future Iran–Afghanistan agenda is the distribution of water resources, i.e. the Helmand River, which starts from the Hindu Kush Mountains and passes through the Afghan–Iranian borders. In 1973, the two sides signed a treaty stipulating the allocation of 26 cubic metres of water per second to Iran.<sup>177</sup> The agreement has never been fully observed by the Afghan side, however, for a number of reasons, chief among them the consecutive droughts, the Soviet invasion and the civil war. During the rule of Taliban government, the water delivery was so drastically cut that it caused damage to the local ecological system. While the waters of the Helmand River are essential for farming in Afghanistan, they are also supposed to irrigate land in one of the poorest provinces of Iran, Sistan va Baluchistan, which relies heavily on agriculture that feeds more than 4.4 million Iranians.<sup>178</sup> In 2002, the two sides reached a new agreement of sharing the river’s water resources, also yet to be fully implemented. With the growing need of water for reconstruction projects in Afghanistan, mismanagement and

<sup>175</sup> Kabmiz Rafi, “Daneshgah-e So’oudi dar Kabul”, *Jawedan online*, 9 November, 2012.

<sup>176</sup> Country Profile, Afghanistan, the Library of Congress, 2008. [http://en.wikipedia.org/wiki/Shi'a\\_Islam\\_in\\_Afghanistan](http://en.wikipedia.org/wiki/Shi'a_Islam_in_Afghanistan); The CIA estimates 80% Sunnis and 19% Shias in its 2012 *World FactBook* profile of Afghanistan, accessible <https://www.cia.gov/library/publications/the-world-factbook/fields/2122.html?countryName=Afghanistan&countryCode=af&regionCode=sas&#af>.

<sup>177</sup> Janne Bjerre Christensen, 2011, *op. cit.*, pp. 21–22.

<sup>178</sup> Andrew Houk, “Appendix: Transboundary Water Sharing: Iran and Afghanistan” in Ellen Laipson, 2012, *op. cit.*, pp. 19–20 (first appeared as Spotlight on Stimson Website, 22 March, 2011).

redirection towards electricity production, water streaming towards Iran is less likely to materialize in the future. This could lead to de-stabilization of Eastern Iran, an area already strained by water scarcity, along with problems of coping with refugees, drug trafficking, unemployment, and food insecurity. Iran has responded by allegedly putting pressure on India to halt the funding for the construction of the \$150 million Salma Dam 112 kilometres from Herat, which would further reduce the flow of water into Iran. While Iran and Afghanistan have a stable bilateral relationship, and Iran has demonstrated the use of its soft power in Afghanistan, water resources and the up-stream position give Kabul a decent leverage over Iran, making the latter vulnerable and dependent on the former's decisions.

Understandably, Iran is concerned about the uncontrolled drug trade across the border, with Afghanistan faring as the by far biggest opium producer in the world for many years. According to UNODC, Afghanistan cultivated 123,000 hectares of opium and opiates in 2011, while the second largest, Myanmar, cultivated only 38,000 hectares.<sup>179</sup> At its peak in 2007, 93% of the world's total production of opium was cultivated on 193,000 hectares in Afghanistan.<sup>180</sup> Despite the \$700 million spent by Coalition forces on counter-narcotics programmes, opium cultivation continued unabated in the decade since the Taliban were removed. Between 30 to 50% of narcotics produced in Afghanistan pass through the Afghan–Iranian border on their way to Europe and beyond. Iran has the highest proportion of opiate addicts, and by some estimates, up to 4 million heroin addicts.<sup>181</sup> UNAIDS also estimates that the spread of HIV/AIDS has doubled since 2001 to 91,000 registered cases, more than half owing to the sharing of needles for intravenous drug consumption.<sup>182</sup> As Iran has been directly affected by the sharp increase in drug consumption among its youth and because its territory provides the main route for exporting Afghan narcotics to the West, it is sharply critical of the Coalitions' failure to curb the production, much as Russia has been. Iran is also concerned about the uncontrolled connection between drug smuggling and terrorism in the tri-border area between Iran, Afghanistan and Pakistan. On the Iranian side of the border, the area is home to the Jundullah group, the terrorist labelled Sunni secessionist and separatist group operating in the Sistan va Baluchistan province. According to Iranian officials, more than 3,700 border agents have been killed and 12,000 wounded since 1979 as a result of operations to counter armed smugglers.<sup>183</sup> The government is annually spending approximately \$600 million on anti-drug campaigns and an additional \$1 billion on the construction of physical barriers such as trenches and canals on its border with Afghanistan.<sup>184</sup> As Iran shares this concern with Pakistan and the USA, there is ground for further collaboration. However, while Iran shares the Coalition's concerns for the destabilizing effect of increased drug smuggling in the region, prospects of cooperation on the ground with the NATO forces remain dim given the dispute over the Iranian nuclear programme.

Finally, Iran's interest in the future of Afghanistan also stems from its own problems managing between one and three million Afghan refugees and migrant workers who have moved to Iran in various waves for the last four decades and continuing today primarily for employment opportunities. Starting in the 1970s, a number of Afghans moved to Iran as a result of the droughts, and consequently were granted refugee status *in situ* by 1980. The next waves came in the 1980s during the Soviet occupation, in the 1990s during the Afghan Civil War, and after the

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<sup>179</sup> United Nations Office of Drug Control, *World Drug Report 2011*, Vienna: UNODC, 2011.

<sup>180</sup> Afghanistan Drug Market, *GlobalSecurity.org*, 2010. Accessible <http://www.globalsecurity.org/military/world/afghanistan/drugs-market.htm>.

<sup>181</sup> Alireza Nader and Joya Laha, 2011, *op. cit.*, pp. 13–14.

<sup>182</sup> "Islamic Republic of Iran. Progress Report on Monitoring of the United Nations General Assembly Special Session on HIV and AIDS", UNAIDS, March 2012, p. 11.

<sup>183</sup> Andrew Houk, 2012, *op. cit.*, p. 18.

<sup>184</sup> Alireza Nader and Joya Laha, 2011, *op. cit.*, pp. 13–14.

2001 invasion and the fall of the Taliban regime in Afghanistan.<sup>185</sup> Iran today hosts approximately 900,000 legally registered refugees and more than 1.5 million non-registered migrants from Afghanistan. Their situation in Iran leaves much to be desired, however. The initial 1980s refugee wave was not confined to camps like in Pakistan, but was encouraged to assimilate with the local population and work because of the demands created by the shortage of manpower due to the Iran–Iraq war. Iranian planners hoped that Afghans would return to their homeland after 2001, worried about the competition over scant jobs and rising crime associated with illegal migrants. Some indeed did go back, but many of those returned back to Iran after not being absorbed in the urban Afghan economy after 2001 or facing prejudice for being educated in Iran. By then, Iranian policy makers began using their advantage to influence policy decisions made in Kabul by threatening – and at time practicing – forced repatriation.<sup>186</sup> One blatant example was in 2012, when Tehran's ambassador to Afghanistan, Abu Fazel Zohrawand threatened to expel Afghan refugees if the “Enduring Strategic Partnership Agreement” with the USA was not rejected. Iran periodically uses the threat of closing borders with Afghanistan as leverage, a move which could result in the strangling of trade and the economy for the Afghan side. Afghanistan is heavily dependent on the estimated \$500 million in annual remittances from migrant workers in Iran. The forced repatriation of refugees can have disastrous effect on the Afghan economy and deprive hundreds of thousands of families of their major source of income. In 2007, Iran did in fact begin deporting refugees – estimated between 250,000 and 490,000 – back to Afghanistan.<sup>187</sup> In 2010, a number of Afghan prisoners were charged and executed for narco-trafficking in Iran, prompting angry demonstrations in Afghanistan. Similar to the case of the water disputes, the refugee issue has contributed to mutual dependency between Iran and Afghanistan. Although refugees and migrant workers pose a challenge for integration and employment in Iran, they are also used for the purpose of achieving the national interest of Iran. Vis-à-vis Afghanistan, they are tools for cultural hegemony and for influencing decisions in Kabul; globally, Iran's continued assistance, despite receiving little international aid to help house and educate Afghan refugees, serves as a source of recognition as a key supporter of Afghanistan. By the same token, threats of massive repatriation signal to the USA that Iran could also be a destabilizing force that could jeopardize the success of Coalition efforts. Iran has ultimately used the issue of refugees in the international arena to increase its own importance as well as to openly criticize the inadequate and unsuccessful policy choices made in Washington, especially the failure to reconstruct the economy's ability to absorb manpower necessary for the voluntary return of refugees.

## Interactions with the “Other” in Afghanistan

### Vis-à-vis the USA

Despite the alliance between the USA and Saudi Arabia, their interests do not necessarily converge in Afghanistan. The US main agenda is combating militant insurgency, investigating their illegal funding routes and rebuilding the Afghan state. The Saudi focus, however, is on reconciliation with the Taliban and the establishment of an Islamic state in Afghanistan. As WikiLeaks documents showed, the USA is doubtful of Saudi Arabia's cooperation on counter-terrorism, especially the half-heartedness of its efforts to curb the financing of terrorism. The Saudis, on the other hand, fear a potential rapprochement between Washington and Iran, which would be detrimental to a Saudi Arabia that perceives its relations with Iran as a zero-sum game.<sup>188</sup>

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<sup>185</sup> Janne Bjerre Christensen, 2011. *op. cit.*, pp. 23–26.

<sup>186</sup> Andrew C. Kuchins and Thomas M. Sanderson, 2010, *op. cit.*, p. 26.

<sup>187</sup> Janne Bjerre Christensen, 2011, *op. cit.*, pp. 24–25.

<sup>188</sup> Christopher Boucek, 2010, *op. cit.*, p. 48.

Iran's strategic location ensures that it remains relevant to peacebuilding efforts in Afghanistan. During the Bush administration, Iran was relegated to the so-called 'axis of evil' and accused of undermining the Coalition's efforts. The Obama administration, when it came on board, initially expanded the AfPak regional approach and saw the importance of involving Iran for the stabilization of Afghanistan, hinting at the possibility to initiate talks in the Afghan context. Iran was invited to high profile international meetings on Afghanistan, and contacts were made between Iranian and US diplomats during the 2009 International Conference on Afghanistan in the Hague and in the couloirs of the Moscow Meeting of the SCO in the same year, where joint cooperation on combatting drug trafficking was discussed.<sup>189</sup> Iran also actively participated at the Istanbul and Bonn meetings in 2011, marking a decade of international intervention in Afghanistan. By the second round of Obama's presidency, however, relations had soured once again due to the breakdown of negotiations over the nuclear programme.

From the Iranian point of view, it is clear that the USA needs Iran for Afghanistan.<sup>190</sup> The Americans need to recognize Iran as a legitimate regional actor, separate the Afghanistan dossier from other ones such as the nuclear and human rights, and devise a policy of selective partnership on an evolving range of issues, starting with combatting narcotics trafficking. Iran can also be approached for reaching out to members of the Northern Alliance to encourage national reconciliation. If Iran was hoping for such an approach back in 2001 when it helped the Coalition, the Axis of Evil speech set efforts back. By now, similarly, the room for collaboration has narrowed, with the defiance of Iran to continue with its nuclear programme, the intensification of sanctions under Obama's watch, the latter's rejection of overtures, domestic pressure in both the USA and Iran not to reinstate diplomatic relations, and covert war played out in the cyber world. Iran feels especially vulnerable to hostility and a possible attack on its soil, precipitated by the Strategic Agreement signed by Afghanistan, which extends the foreign military presence in the neighbourhood.

From the Iranian perspective, three possible options exist for US involvement in Afghanistan, each with different outcomes for Iran. In option one, the USA leaves the region with an exit strategy and Iran is left to deal with the aftermath in the region. This requires that Iran develops its own – yet missing – long-term strategic plans for peace and coexistence in and around Afghanistan, concerned as it is with the projection of its leadership on the Persian Gulf Complex. This seems to be a risky peace strategy as there is no guarantee that Pakistan will not try to gain leverage in Afghanistan to the detriment of Iran after the US departure.

Option two is the *status quo*: The USA extends its presence in the region and the new government post-elections in Afghanistan – whether it is a continuation of the Karzai line or even includes elements of the Taliban – is essentially friendly towards Iran. This is the option that the Iranians seem to be working on and which explains its double game of supporting both the Karzai government and opening lines of communication with elements within the Taliban for a worst case scenario. This scenario depends on whether peace and stability would prevail after the elections in Afghanistan, however. In case instability continues, Iran actually prefers US troops to stay in Afghanistan: Not only would they be weakened by the growing insurgency and bogged down sufficiently not to venture into a new war, but they would also keep the Taliban busy and at bay from Iran, while any influence Iran can have on elements of the Taliban would serve as a source of leverage against the USA.

<sup>189</sup> Jillian Border, "Iran's offer of help to rebuild Afghanistan heralds new age of diplomacy with the US", *The Guardian*, 1 April, 2009.

<sup>190</sup> Nasser Saghafi Ameri, "America Needs Iran in Afghanistan", *Eurasia Critic*, June 2009.

In option three, the most optimistic scenario, cooperation with the USA is expanded: Iran is assured that there would not be an attack on its territory, while US and NATO forces become convinced that Iran wants an independent and stable Afghanistan and that it will not interfere. Assuming that such guarantees can even be given on both sides, any potential cooperation between Iran and the USA would have some prerequisites: For the USA it would mean accepting Iran as a legitimate player with influence and leverage over certain Afghan actors and population groups. For Iran, it would mean working pragmatically with the West on issues of border control and drugs smuggling, accepting a future Afghanistan free from foreign domination, including limited Iranian influence. Yet, this is also an *unrealistic* scenario in the current situation, for a number of reasons: The first and obvious one has to do with the nuclear standoff which colours relations between the two, even if there is ground for cooperation over Afghanistan. Furthermore, the US–Afghan Strategic Partnership Agreement provides no guarantees for Iran, the continuation of sanctions precludes any potential cooperation, and mounting anti-Iran rhetoric and support for regime change or threats of a strike against Iran by Israel do not give confidence for cooperation in the short or medium terms. Iran is likely to continue to use Afghanistan to balance other regional players, gain recognition by international partners, and make sure that its neighbour to the east in turn is not used to strengthen its regional rivals.

In the final analysis, Iran's major interest is to have stability in Afghanistan in order to ensure its own safety. But if stability there means that the USA and its NATO allies would then be able to move their attention to a new war, Iran feels the danger of Afghan soil being used against it. At the same time, since it seeks recognition as a key regional player, Iran will continue to use Afghanistan as a means to engage with regional and international actors.

Clearly, confidence building is necessary in order to restart a dialogue, including and especially on cooperation over Afghanistan. A third party may have to be involved to achieve this, a role which the Afghan government has tried to play itself with no success, given its own vulnerability and lack of credibility. Hostility between the USA and Iran has created difficulties for Afghanistan, which has to handle relations with both, maintaining US support without alienating Iran. It feels constrained by USA to limit cooperation with Iran, who in turn demands guarantees against US actions against it, which Afghanistan is in no position to deliver. If a US–Iran dialogue could start, it would be necessary to separate and single out issues of common interest and integrate successes in trust building into more contentious issues. However, the areas of common interest, such as halting the narcotics trade, economic reconstruction, infrastructure, trade and transit, are mostly issues that are inevitably in deadlock as a result of economic sanctions. What Iran seeks, and Saudi Arabia fears, is respect for its leadership in the region, something that cannot be granted given the US allies there, starting with Saudi Arabia but also including Turkey. The vicious cycle needs an entry point but is hard to pierce in a hostile environment where the nuclear dossier has overtaken other areas of concern. The diplomatic breakthrough may not come with the election of presidential elections in Iran in 2013, as the foreign policies of both sides concerning each other have more to do with regional conglomerations than with personalities and domestic constituencies.

### Cooperation with Other Regional Actors

Besides the USA, Iran and Saudi Arabia have to appease regional heavyweights – India, Pakistan, Russia and China – in their multi-layered approach to promote their interests in Afghanistan. Two sets of countries are especially important for Iran's strategic goals: The first set includes Afghanistan and Tajikistan, which Iran tries to unite on the basis of common language and culture, and extend into an opportunity to increase trade, transport and energy swaps in the areas of hydroelectricity, oil and gas. The Tripartite Commission known informally as the 'Persian Alliance' between Iran, Tajikistan and Afghanistan has considered concrete projects such as

linking railways, importing Tajikistan's water and electricity into Iran via Afghanistan, launching a joint TV station, etc. But, as argued in the paper on Central Asia produced for this project,<sup>191</sup> Central Asian countries are keeping themselves on the margins of geo-political dynamics by choice and it is unlikely that a Persian Union would gain geo-strategic currency.

Since the Central Asian countries bear little potential on the regional scene, Iran sees the necessity of enforcing cooperation with a second set of countries: India, Pakistan, and Afghanistan, on countering security issues of regional importance such as borders and illicit drug smuggling. While Iran sees Pakistan as a rival in the sub-complex,<sup>192</sup> relations with India are smoother. Despite the sanctions, India has surpassed China in importing Iranian oil. The two countries are engaged in active trade and military cooperation, a relationship which India exploits in order to contain Pakistan. The cooperation has also extended onto the Afghan terrain, where India has contributed to the development of the 218 kilometres Zaranj–Delaram highway connecting itself to Iran through Afghanistan in order to increase trade and decrease the influence of Pakistan.<sup>193</sup>

While Pakistan also understands the need for cooperation with Iran in order to counter the security problems both share as a result of their immediate neighbourhood with Afghanistan, relations stay tense. Iran remains the only country in the region that has successfully been able to balance the Pakistani influence in Afghanistan.<sup>194</sup> Both countries engage in Afghanistan over their common problems associated with insecurity in their respective provinces of Baluchistan. On the Pakistani side, sectarianism and terrorism have claimed thousands of lives in Baluchistan. The capital of the province, Quetta, has served as an alternative capital to the Afghan government-in-exile, led by the Taliban ever since they moved there in 2002. The Quetta Shura is also considered to be the ideological and intellectual foundation of the Taliban insurgency.<sup>195</sup> On the Iranian side, Sistan-va-Baluchistan is its poorest and most deprived region, and home to the Sunni Jundullah (Army of God) separatist group which has used terrorism, financed by arms and drugs smuggling, to defend the rights of the Baluch people.

Pakistan and Iran were united, though for different reasons, in their opposition to the New Silk Road project proposed by the Americans as a precursor to the Istanbul process for regional cooperation.<sup>196</sup> But common concerns over Afghanistan do not alleviate the mutual distrust between Iran and Pakistan. Their relationship suffers from a number of stumbling blocks, among them differences in interpretation of Islam and rivalry for leadership of the Ummah, the problem of Baluchi separatism in Iran which it accuses Pakistan of fuelling, the close relationship between Pakistan and Saudi Arabia, competition over influence on the future of Afghanistan, as well as the history of alliance between Pakistan and the USA in supporting fighters in Afghanistan, hostile to Iran.

Even though relations between Pakistan and Iran are tense and involve mutual accusations of fuelling sectarian violence on each other's territory, there are potential areas of cooperation. Engagements in countering extremism and in combating illicit drug smuggling on their shared borders with Afghanistan are two such areas of potential common grounds. The Tripartite Commission set up between Pakistan, Iran and Afghanistan has also considered the construction

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<sup>191</sup> See Shahrbanou Tadjbakhsh, 2012, *op. cit.*

<sup>192</sup> For more analysis, see Shahrbanou Tadjbakhsh, 2011, *op. cit.*

<sup>193</sup> Harsh V. Pant, "Pakistan and Iran: A Troubled Relationship", in Kristina Zetterlund, *Pakistan – Consequences of Deteriorating Security in Afghanistan*, Stockholm: Swedish Defence Research Agency, 2009, pp. 157–158.

<sup>194</sup> The Hollings Center for International Dialogue, *Afghanistan's other neighbours: Iran, Central Asia, and China*. Conference report, The American Institute of Afghanistan Studies, February 2009, p. 5.

<sup>195</sup> Mokhtar A. Khan, "Quetta: The Headquarters of the Afghan Taliban", *CTC Sentinel*, vol. 2, No. 5, May 2009, p. 5.

<sup>196</sup> For more analysis on the dynamics of the Istanbul regional process, see Shahrbanou Tadjbakhsh, 2012, *op. cit.*

of the Iran–Pakistan–India Pipeline as well as cooperation on extremism, terrorism, weapons trafficking and financing. The trilateral relations between these countries on shared security concerns can be the basis for a genuine regional approach to provide an alternative vision of the future of Afghanistan provided that security trumps over ideological differences. Further rapprochement with Pakistan can also pave the way for Iran to be able to break from its security dynamics within the Persian Gulf Complex and concentrate on those of an alternative sub-region, that of West Asia. As Pakistan becomes increasingly unstable from within, it also moves away from the orbit of the United States into that of China, opening the path to potential changes in the Iran–Pakistan relationship in the future as well.

The one other country which presents an opportunity for cooperation with both Saudi Arabia and Iran and which has played an active role in fostering regional cooperation in Afghanistan is Turkey. Turkey's *modus operandi* has been to balance between the demands of the Muslim world, which look to it as the model of Muslim but secular government, and those of Western countries, who see Turkey as an ally and a bridge to the East, despite lukewarm reactions to Turkey's wishes for EU membership. Turkey needs gas from Iran but does not want to alienate Pakistan. It also wants to come off as a good NATO member but cannot afford to alienate Iran and therefore voted against the UN sanctions. For these reasons, Iran willingly participated in the Turkish efforts to jumpstart a regional effort around Afghanistan through the Istanbul process in November 2011. With the two countries taking opposing sides in the Syrian context, however, the situation has changed. The outcome of the conflict in Syria may have repercussions on Iranian–Turkish cooperation in Afghanistan.

### **Regionalism for Afghanistan as an Opportunity?**

Part I of this paper argued that given the rivalry between Saudi Arabia and Iran, a common regional security architecture or organization could not spring up organically in the Persian Gulf Complex. The Afghanistan mini Regional Security Complex, to use Buzan's term, presents an opportunity for multilateral and regional cooperation, precisely because it is a stand-alone RSC with one core, that of stability/instability in the heart of its sole country, which inevitably affects the surrounding RSCs. In this sense, it may be possible to propose that multilateralism or regional cooperation is more successful around the question of Afghanistan than it is within each of the different RSCs surrounding it, i.e. the Persian Gulf, South Asia and Central Asia. Regional cooperation institutionalized through organizations may be more suited in uniting like-minded or concerned countries around the stabilization of Afghanistan than in solving rivalries and competitions that lie at the core of each RSC.

In addition to the Tripartite Commissions involving Afghanistan, a number of regional organizations may also be considered for this task. Among them, the Shanghai Cooperation Organization (SCO) presents an opportunity to bridge the differences between the core countries of each of the three RSCs while charting out future areas of cooperation around Afghanistan on (trans)border and terrorism issues in the region. Iran, although at the moment an observer, will most likely not be able to adhere to a regional concert until UN sanctions are lifted. But when and if it does, the SCO would be a vehicle through which Iran could pursue its rapprochement with Asia and West Asia, leaving behind the rivalry with the Arab world.

The Economic Cooperation Organization (ECO) includes Afghanistan, the CA republics and Iran, but not Saudi Arabia. Headquartered in Tehran, ECO serves to highlight the role of Iran in promoting regional cooperation, with President Ahmadinejad having called for the establishment of an inter-ECO barter system, a free trade zone, single currency and facilitation of trade and transport. The 2009 Summit was attended by the President of Iraq and the Emir of Qatar as special guests, the 2010 one by the same plus the Syrian President. The post-Ba'athist regime in

Iraq formally applied to join ECO in 2010, now that it has moved closer to the orbit of Iran than that of Persian Gulf countries. ECO is important for trade purposes of the Gulf Cooperation Council (GCC) states, and Iran could potentially act as a corridor between the GCC states and the ECO's landlocked Central Asian states.<sup>197</sup>

The Organization of Islamic Cooperation (OIC) is the only one in which Saudi Arabia and Iran share membership. The 57 member body has the potential to defend the collective voice of the Muslim world, and its fourth Summit held in Mecca in August 2012 became an occasion for Pakistani and Afghan presidents to make pleas for promoting peace and stability in Afghanistan. The presence of both within the same organization means that the OIC has not been able to effectively diffuse tensions in the Muslim world, especially as to what concerns differences centred on interpretations of Islam in everyday life. Differences arose during said summit when the pan-Islamic body voted to suspend the membership of Syria despite objections from Iran. The OIC has lately been called upon to collaborate with the UN in brokering peace in Afghanistan.

At the moment, NATO is in a dire position given the failure to complete the job in Afghanistan and its foray into North Africa, and discussions about supporting Turkey against any strikes from Syria. It has in the past considered collaboration with Iran over Afghanistan, however, and held a few meetings with Iranian officials to discuss the possibility to use the Chabahar road for transiting out of Afghanistan. However, with the hardening of the US, EU and UN sanctions against Iran, this possibility has been effectively closed. The future of collaboration with NATO directly depends on movements in the US–Iran dialogue, lifting of the sanctions and resolution of the nuclear programme deadlock.

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<sup>197</sup> Kaveh L. Afrasiabi, "Iran Ready to Aid Afghanistan", *Asia Times*, 13 March, 2009.



# Conclusion: Towards a Regional Security Architecture in the Persian Gulf Complex

While cooperation around Afghanistan can unite individual members of the different neighbouring RSCs, the dynamics of competition and rivalry within each of them present tangible challenges to long-term institutional collaboration. The fragile regional security architecture in the Persian Gulf Complex embodies this difficulty, with its countries caught between the immediate competitive arrangements and the need for longer-term cooperation frameworks.

The response of the Arab countries within the Persian Gulf Complex to tensions within was to enhance their security through alliances and arms imports. After the first Gulf War, they leaned towards competitive security and opted for bi-lateral security pacts with and guarantees from Western countries. As such, they displayed more trust in actors external to the region than in each other. Their provision of US access to military bases in exchange for these security guarantees and military hardware and technology contributed further to the consolidation of competitive security in the region. As a result, border disputes and regional rivalries resurfaced. Saudi Arabia increasingly became perceived as a budding hegemon propped up by its alliance with the USA. Iran, which insisted that Persian Gulf security was premised on mutual security, paradoxically engaged in various competitive and provocative actions, starting with the military takeover of three islands claimed by the UAE, and ending with verbal threats towards Israel and insistence on developing its nuclear programme, albeit for civilian purposes.

The role of external actors in the Persian Gulf Complex has been to both ride on and further deepen the differences. Saudi Arabia and Gulf states aligned with the USA, while Iran strengthened its relations with Russia, China and India as the remaining clients for its oil after sanctions. Yet, even relations with external allies are not necessarily stable: The USA is conflicted about the Arab Spring, especially the rise of the Muslim Brotherhood, and has had to balance between its realist need for long term and stable relations with Saudi Arabia and its idealist/liberal stand on the need for democratization and reforms in the Middle East.

In essence, the two possible paths for strategic stability in the region are through cooperative or competitive security.<sup>198</sup> A first choice is the intensification of competitive security, which could see states relying on internal mobilization, external alignments and strategic alliances to maintain inter-state stability.<sup>199</sup> The result would lead to a classical security dilemma and a zero sum conception of security, where, in Henry Kissinger's classic phrase, "The desire of one power for absolute security means absolute insecurity for all the others."<sup>200</sup> The conception of the future as a zero sum security dilemma in the Persian Gulf Complex has already led to the development of offensive strategies, rapid militarization, and the pursuit of nuclear technology and possibly weapons capacity. In the meantime, external partners continue to benefit from increased arms trade to the region.

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<sup>198</sup> Michael N. Barnett, 1996–1997, *op. cit.*, p. 606.

<sup>199</sup> Kenneth Waltz, *Theory of International Politics*, Reading, MA: Addison-Wesley, 1979.

<sup>200</sup> Henry Kissinger, *A World Restored*, New York: Grosset and Dunlop, 1964.

The alternative choice is for a conscious effort at building cooperative security arrangements in the Persian Gulf Complex, based on the understanding that unilateral moves that generate security dilemmas reduce rather than increase security. Cooperative strategies could include the development of institutions and norms to encourage trust and cooperation. These would mean not only organizations that gather around cultural or ideological similarities, as those would in fact reinforce the divide between Iran and Saudi Arabia as the core of the Persian Gulf Complex, but those that could encourage more cooperation, coordination and trust between neighbours which share the same security concerns. Although such avenues exist through fragments of different existing institutions, cooperation needs to be genuine and not, as Barnett notes, “speak the language of cooperative security but act according to the logic of competitive security”.<sup>201</sup>

The most constructive way forward for the Persian Gulf Complex would be a cooperative security system that stems from the RSC members themselves. That requires four reinforcing pillars, however, none of which seem to be readily available in the region for the moment.<sup>202</sup> First, there is a need for broad organizing principles for interstate behaviour that foster a regional order, essentially boiling down to the question of sovereignty. Yet, when states are under the heavy influence of external actors, the question of sovereignty is nevertheless shaky. Consequently, a second requirement would be the absence of the involvement of external actors which feeds on rivalries and intensifies divisions. A third prerequisite is the existence of cooperative security arrangements to encourage strategic stability and mutual assurance. The current absence of such institutional mechanisms to coordinate common security matters is a problem. The final pillar would be domestic conditions favourable to cooperative security arrangements, which is also difficult to fulfil as of now, as the Persian Gulf Complex states all suffer from lack of legitimacy and receptivity to the demands of their citizens. All the states have an interest in countering extremism and terrorism on their own territory as well as in regime stability. Common fears of domestic instability could, in theory, lead to cooperation towards a more stable regional order. However, given the history of these states using their influence on co-ethnic, co-linguistic and co-religious groups residing in other states as a threat to destabilizing their rivals, internal pressure from dissatisfied populations does not become a good enough reason for external cooperation. In fact, owing to their suspicion of linkages between domestic and external groups, the more the states feel threatened from domestic factors, the less incentive they have for external cooperation.

Dialogue and strategic cooperation are needed on agendas such as security, arms control, the environment, and water resources among Arab and non-Arab countries alike. In realistic terms, however, The Persian Gulf Complex states manifest stronger tendencies towards competitive than towards cooperative security arrangements, with leaders seeking outside patrons even while deploring outside interference, which in turn encourages more competitive postures.

### **Security Factors for the Immediate Future**

In the current context, three factors in particular will be instrumental to the security dynamics in the region: Islamism, Syria, and Afghanistan.

First, the rise of the Muslim Brotherhood in North Africa and the Middle East as well as the potential return of an Islamic government under – or at least heavily influenced by – the Taliban in Afghanistan, brings forth the question of Islam in the region. In the worst case scenario, sectarian tensions will rise between Shias and Sunnis not only in the Persian Gulf Complex but also in Pakistan and increasingly in Afghanistan. States of the region would need to curb their

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<sup>201</sup> Michael N. Barnett, 1996-1997, *op. cit.*, p. 608.

<sup>202</sup> *Ibid.*, pp. 616–617.

religious clerics' and media's calling on sectarianism and refrain from using this card against each other. Beyond the sectarian division, however, the question of how Islam can be used as a basis for governance and social justice in everyday lives of people in the region needs to be opened up for scrutiny by states and societies. The experience of different models of Islamic governments in the region could serve as examples to avoid or follow for societies grappling with their identity, be that in Iran, Saudi Arabia, Afghanistan, or other states.

Second, the potential fall of Syria's Bashar al-Assad's regime could substantially weaken the Iranian position in the Middle East and its regional alliance with Hezbollah and Iraq. If the collapse of the Alawite regime means the empowerment of Syria's Sunni majority, we may see the emergence of a power bloc linking a Sunni Syria with Sunni parts of Iraq in search of autonomy. Iraq and Iran fear the emergence of a Sunni Syria under the influence of Ba'athists, Salafists or other groups with militant Islamic jihadist tendencies. The involvement of Western powers in supporting the opposition, the Free Syrian Army, can be seen as an attempt to further isolate Iran. In this, they are being opposed by new and dissenting global powers, particularly Security Council members Russia and China. Syria, in other words, itself embodies all the security dynamics of the Persian Gulf Complex.

A final game changer is the future of Afghanistan, where once again Persian Gulf Complex countries and their allies are projecting their security and geo-political rivalries. Should the Taliban return to rule and should they do so in a way that will prove discriminatory towards Tajik and Hazara minorities, the influence of Saudi Arabia will rise in Afghanistan, and that of Iran would most likely fade or be challenged. If, however, a compromise is found for a moderate outcome, Iran could reach its objective of opening a line of communication with the USA. The future of the region will also very much depend on the division of oil, gas and mining resources in Afghanistan and Central Asia between the USA, China and Russia. In that case, the petroleum fields of Iran and Saudi Arabia would no longer attack as many clients, leaving the two to sort out their relationship without the oil curse.



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# The Persian Gulf and Afghanistan: Iran and Saudi Arabia's Rivalry Projected

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Towards the end of 2012, the Afghan government announced that Saudi Arabia would build an Islamic complex in Kabul. The project was to rival the Khatam al-Nabyeen Islamic University, allegedly built with the support of Iran in 2006. This raised a question in many Afghans' mind: Were these two countries ultimately interested in Afghanistan for the sake of peace and stability or for curbing each other's influence? From a *realpolitik* perspective, Iran and Saudi Arabia arguably seek increased influence on the Afghan political process in order to ensure, at best, a future

government friendly to their interests, or, in the worst case scenario of a renewed civil war, to protect their interests, investments, and, in the case of Iran, potential incursions in its territory. This final paper, in a series of four devoted to the security complexes surrounding Afghanistan, is concerned with the dynamics within the Persian Gulf region: What shapes the rivalry, how global powers impact on and are impacted by tensions and competition between Saudi Arabia and Iran as the two main players, and how the long-standing rivalry between

these two informs their relations with Afghanistan.

Cooperative security arrangements in the region require elements that do not seem readily available at the moment: respect for sovereignty; non-interference by externals; inclusive institutional mechanisms and favourable domestic conditions. Along with the developments in Syria and the future of Islam as a system for governance, the author argues that Afghanistan represents an opportunity for regional cooperation – despite the neighbouring countries having their security focus elsewhere.