



Iran and Saudi Arabia: Regional rivalry

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Relations between Iran and Saudi Arabia are currently at a low ebb. There have been no diplomatic relations since January – and the two countries are engaged in a war of words and active proxy wars in Syria and Yemen, as well as a bitter fight for influence in Lebanon. This rivalry raises a swathe of questions about the regional balance of power.

Entrenchment of the rivalry

Political and theological gulfs between Iran and Saudi Arabia prevent good relations. These continue a sectarian dispute that has affected the region since the seventh century. Saudi Arabia feels isolated in the region and seeks to rally the assistance of Sunni allies. Both Saudi Arabia and Iran see themselves as regional superpowers and seek to assert their power as well as to defend their respective Sunni and Shia communities. Saudi Arabia is experiencing difficulties in implementing a newly assertive regional policy, though it will not change this approach in the near future. The perception of expanding Iranian influence overwhelmingly shapes Saudi understanding of the region. Feelings of isolation will only exacerbate Saudi assertiveness. It is vital that the United States and the rest of the international community should engage with Saudi Arabia, despite current strained relations.

A pessimistic outlook

The cost of regional involvement is extremely high on both sides. Iran currently spends between 6 billion and 10 billion dollars each year in Syria. Saudi Arabia spends the same per month in Yemen. These are strong economic incentives for de-escalation. However, trust needs to be built first. There is a precedent for high-level Saudi-Iranian cooperation. In 2008, the countries jointly facilitated the Doha Accords in Lebanon, though cooperation has now ceased.

The outlook for renewed cooperation in regional conflicts is pessimistic. The positions of both parties in regional armed conflicts, such as Syria and Yemen, have become entrenched, though the risk of spill-over to the Israeli-Palestinian conflict from Saudi Arabia's Levant involvement is minimal.

The differences

Iranians view Saudi Arabia as their main regional rival, taking issue with a conservative, monarchical form of government similar to one overthrown by the radical Iranian Revolution. As such, Saudi Arabia is a natural ideological target. Iran also objects to Saudi Arabia's management of Islam's holy cities and the *hajj* and its claims of leadership of the Muslim *ummah* and Islamic world. This clashes with Iranian aspirations to lead the Islamic community, dating back to the 1979 revolution. Tehran sees the Saudis as extremists and feels threatened by *takfiri* ideology that came out of Salafism. Iran does not target Sunnis but rather takes an un-nuanced approach to combating what it considers to be Sunni extremism.

Iran seeks to change the international status quo radically and to challenge Western hegemony, while Saudi Arabia upholds it. Regional power struggles are affected by Iran's dislike of Saudi Arabia's position as the largest state in the Gulf Cooperation Council (GCC) and its friendship with the United States.

There are reasons for optimism. Current poor Saudi-Iranian ties sit within the context of a relationship that has oscillated significantly since 1979. Furthermore, many within Iran call for more cordial relations with Saudi Arabia. The Foreign Ministry takes a more temperate approach than the military. Both countries appear unhappy with the current tense state of affairs and would likely take advantage of moves towards easing it. Current disagreements have affected OPEC's ability

to agree on oil production cuts. However, precedent suggests Iran may be willing to relent somewhat during negotiations to facilitate OPEC cuts and decrease tensions.

Q & A Session

Potential oil production cuts

Saudi Arabia may cut its production while allowing Iran an increase, though not to the maximum Iran wants. Before oil sanctions were imposed on Iran, Saudi Arabia had promised the international community that it would fill any output gaps. Iran now wants to recover its previous market share. Saudi Arabia could permit some increase in Iranian output while taking the brunt of the production cuts in any overall agreement. Iran understands that recent changes in the global energy market may require concessions on both sides over production levels regardless of the political situation.

Effect of low oil prices on Saudi Arabia's regional interventionism

Low oil prices have not limited Saudi action in Syria and Lebanon. In Lebanon, Saudi Arabia has negated loans of 4 billion dollars to the armed forces, but for political reasons. In the conflict in Syria, Saudi Arabia is supporting a number of rebels and may extend this in the face of the new, Russia- and Iran-backed government offensive.

Saudi provision of weapons to Syrian rebels

Following the ceasefire breakdown in Syria and the rapidly deteriorating relationship between the United States and Russia, Saudi Arabia will continue to supply rebels with weapons. Intervention will require further coordination with its allies, including the United States, Jordan, Turkey and Qatar.

Iranian weapons shipments to Huthis in Yemen

There is some Iranian support for the Huthis, which has increased since the Saudi campaign intensified. The Huthis have long been an important regional Iranian ally, sharing ideological principles with Iran's former Supreme Leader, Rohollah Khomeini, and the Iranian Revolution. The Huthis do not depend on Iranian support.

Iranian military capabilities

There are rumours Iran is seeking to buy refuelling aircraft from Russia. However, this is not particularly noteworthy as Iran does not have a significant air force or military hardware. Iran's strength lies in asymmetric warfare. It acted effectively in Syria by mobilising militias and deploying commandos in limited but efficient numbers. Iran continues to develop missile technologies as a deterrent. NATO countries, Israel and other neighbouring countries are potential targets. Iran recently received Russian S-300 surface-to-air missile systems, which could affect the regional balance of power. Effective anti-air systems would make it harder for the United States or its allies to conduct air strikes in the future.

Effect of the rivalry on Saudi domestic political reforms

Decision-making processes now comprise only King Salman, the Crown Prince and the Deputy Crown Prince, in place of wider consultations previously. Saudi strategy has changed since the king came to the throne 18 months ago, moving away from considered quiet diplomacy towards a more active regional role, involving snap decisions. However, a poorly conducted war in Yemen was marketed as a proxy war against Iran, making it difficult for the Saudis to pull out. They also face continuing terrorist threats inside the Kingdom in retaliation for actions in Syria and Iraq. The Saudi domestic reform program is also a cause for concern.

Failure of Saudi military operations

Operations take place under a perception of existential threats. However, the Saudi approach to counter these perceived threats has only worsened the situation and risked further escalation. Neither Syria nor Yemen can be considered successes. Both conflicts are now humanitarian catastrophes.

Effect of the rivalry on Iranian domestic politics

Iranian internal focus is on relations with the West rather than with regional powers. Under President Rouhani, debate has centred on lowering costs for internal development and escaping isolation. Many hoped the nuclear deal would improve Iran's position in the world. However, hardliners, who fear that rapprochement will end Iran's position as a country that stands up to the United States, have successfully dictated limits to the government. There is also a continuing debate over how to rearm and build up the military. This falls within the context of a proposed budget that will cut military spending in the face of low oil prices. Former President Rafsanjani has also made unpopular arguments that diplomacy will be more important than military force in the future. Ultimately, the relationship with Saudi Arabia is not as important a political issue, including for presidential elections due in 2017.

Iranian influence in Bahrain and Oman

Most states in the Gulf are allied with Saudi Arabia though only Bahrain agrees on the extent to which Iran is a major regional threat. Elsewhere in the Gulf, attitudes toward Iran vary significantly between and within states. Oman stands out for its good relationship with Iran.

Possible action of the international community

The European Union and the United States could create a framework for de-escalation, including a track-two diplomatic approach with involvement from moderate Saudi politicians. The EU could also create economic incentives and increase arms control with regards to Syria. Saudi Arabia needs to understand how its policies contribute to the chaos of the region and to be shown a way out. Currently, the largest obstacle to peaceful coexistence is Saudi refusal to acknowledge Iran's regional interests as legitimate.

Islamic Revolution Guard Corps activity

The Islamic Revolution Guard Corps is a well-resourced, elite and high profile force responsible for action abroad, with connections to various militias and insurgent groups. Iran has been reluctant to deploy large numbers of troops and incur wider casualties, preferring to provide financial and material support. Iran also encourages the creation of military-political entities akin to Hezbollah or the volunteer militia units operating in the Iran-Iraq war. Iranian-supported volunteer Shi'a units in Iraq have been an important and effective force in the fight against the Islamic State and in protecting Shi'a communities and shrines. Troops join from as far away as Pakistan and Afghanistan. Iran initially attempted to keep its involvement in Syria quiet, but this has changed, and casualties are now publicly named as martyrs. Iran is unlikely to decrease support, as it believes it is protecting Shia communities from Sunni extremists.

Geographical expansion of rivalry

The rivalry is unlikely to spill over to areas with Islamic militants outside the region, such as in West Africa and South-east Asia. Proxy wars would not stick there as these conflicts take place within nation states and concern regional issues rather than Sunni-Shi'a rivalries.