

MS THESIS
**SAUDI-IRAN RAPPROCHEMENT: CHALLENGES AND
OPPORTUNITIES**



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FINAL APPROVAL

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ABSTRACT

The rapprochement between Saudi Arabia and Iran marks a notable shift in the geopolitical dynamics of the Middle East, challenging the entrenched rivalry that has long defined their relations. Historically, the two nations have been at odds, driven by deep-seated sectarian divides and competing regional ambitions. However, the diplomatic breakthrough, characterized by the agreement to restore diplomatic ties and reopen embassies, suggests the potential for a transformative shift in the region's power landscape. This study examines the underlying factors that have led to this rapprochement, including evolving security concerns, mutual economic interests, and changing regional power balances. By analyzing the implications of this thaw in relations, the research explores how it might influence regional stability, alter the strategic calculations of other key players, and reshape the broader geopolitical order in the Middle East. The findings highlight that while this rapprochement may reduce immediate tensions, it also introduces new layers of complexity to the region's political landscape, offering a glimpse into a potentially more cooperative but still volatile future.

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1. INTRODUCTION

Recent Saudi-Iran thawing in diplomatic relations have marked significant shift in Middle East brokered by China. Historically speaking Saudi and Iran have been developed animosity on ideological, political and geostrategic front and both regional powers have been severely involved in tug of war to maintain dominance in the region especially after Iranian revolution. At tenth of March 2023 world was surprised when Iran and Saudi announced to restore diplomatic relations as a result of new deal mediated by Chinese officials. Hostilities between two nations have made the region very vulnerable while this breakthrough gave opportunity to optimism to regional stability. This development shifted focus from west oriented perspective to China led regional and international arrangement which bestowed China a new leverage in Middle Eastern politics. These Chinese led negotiations are also profoundly affecting regional proxies in Syria and Yaman and these recent diplomatic initiatives are conducive to change regional alliances and power dynamics. Saudi-Iran new bilateral advancements also created a big challenge for U.S. hegemonic role in the region and new horizons are being developed in Middle East. It is important to mention that Saudi-Iran closeness is not only impacting on geopolitical scenario but it is also a golden opportunity to secure energy roots and can enhance geo- economic stability. This rapprochement can enhance broader geopolitical realignments.

With the U.S. gradually recalibrating its role in the Middle East, other powers like China and Russia have stepped in to mediate and influence regional dynamics. The restoration of ties between Riyadh and Tehran could reduce tensions in ongoing conflicts, create opportunities for regional cooperation, and challenge the traditional power structures that have defined the Middle East for decades.

This introduction sets a stage for comprehensive geo-political analysis that weather it is a long- term reconciliation or it is a temporary arrangement. This study will highlight contemporary situation as well as future possible prospects on the political, economic and strategic outcomes of the deal and its impacts on Middle Eastern political landscape in the near future. This paper will also include Saudi-Iran normalization of relations and it's repercussions on recent Israel- Palestine conflict.

1.1 Problem Statement:

The rapprochement between Saudi Arabia and Iran represents a critical turning point in the geopolitics of the Middle East, yet it raises several fundamental questions about the nature and future of regional stability. Historically, the relationship between these two regional powers has been marked by deep-rooted sectarianism, ideological rivalry, and conflicting foreign policies, leading to a persistent state of tension and conflict across the region. The sudden diplomatic breakthrough, resulting in the agreement to restore diplomatic ties and reopen embassies, challenges the established norms of regional politics and security alliances. This study seeks to address the problem of how this rapprochement could alter the strategic dynamics within the Middle East, particularly regarding the balance of power, regional security, and the potential for new alignments among key actors. What factors have contributed to this shift, and how might it impact not only the bilateral relations between Saudi Arabia and Iran

But also, the broader geopolitical landscape of the region, including the influence of external powers such as the United States and China? Understanding these dynamics is crucial for assessing the long-term implications of this rapprochement and its role in shaping the future stability and security of the Middle East.

1.2 Significance of the Study:

The significance of the topic Saudi-Iran rapprochement a geopolitical analysis lays its potential to provide valuable insights in evolving geo-political landscape of Middle East and in broader international arena. Iran and Saudi Arabia has historical rivalry and strategic competition in the region which instigated the conflictual environment of Middle East, this study will describe how Saudi-Iran rapprochement can create stability and can help to mitigate conflicts and how can develop suitable matrix for peace in the region. This study will also explore the security implications of the deal between two big oil producers in the region and its economic repercussions because of political détente between Islamic republic of Iran and kingdom of Saudi Arabia. This study is very important because it will investigate the role of external powers like China and United States, especially emerging role of China as an international mediator and will also explain why U.S.A. is becoming less influential in conflict resolution and peacemaking in Middle East. This paper will also contribute to theoretical research by analyzing the factors driving Saudi-Iran rapprochement, it could contribute to international relations theories, particularly those concerning conflict resolution, diplomacy

and regional power dynamics. It can also help refine theories related to realpolitik, balance of power, and alliance formation.

1.3 Research Objectives:

1. To examine the key drivers and motivations behind the rapprochement efforts between Saudi Arabia and Iran.
2. To evaluate the role of external actors, such as China, the United States, and Russia, in facilitating or influencing the rapprochement process.
3. To assess the potential geopolitical and economic implications of Saudi-Iran rapprochement for the Middle East, including its impact on regional stability and alliances.

1.4 Research Questions:

These questions aim to explore various dimensions of the rapprochement, including historical, political, economic, and security-related aspects, providing a comprehensive framework for geopolitical analysis.

1. What is the current situation of Saudi-Iran new diplomatic engagement?
2. How have external actors, such as China, the United States, and Russia, influenced the Saudi- Iran rapprochement process?
3. What are the potential implications of Saudi-Iran rapprochement on regional stability and security in the Middle East?

2. LITERATURE REVIEW

This literature review highlights the evolving motivations and implications of rapprochement between Saudi Arabia and Iran suggesting significant shift in regional diplomacy influenced by economic drives and geopolitical necessities as well as strategic needs. This literature review illustrates scholarly work done by academics of the field. First of all, it is essential to demonstrate historical explanation of the phenomenon. History of relations of Iran and kingdom of Saudi Arabia elucidates the hostility between both Middle Eastern powers in form of sectarian differences, ideological clash and political antagonism. It is historically evident that [Sunni and Shia] Islam has been dividing both camps particularly after Iranian revolution of 1979. Religious animosity and geo-political opposition increased the gulf between two states (Wehrey, 2019). Both countries have been fighting proxies in many parts of the region like Syria, Lebanon and Yemen which has been escalating the situations and deepening the inflictive conditions (Terrill, 2011). New normal between Iran and Saudi Arabia reflects the shifting trends and new dynamics of external influences in which China emerged as a new powerful player who brokered the deal between them (Fulton, 2023). China is interested in Middle Eastern politics to manage the conflicts along with regional powers because of its vision of Belt Road Initiative B.R.I. therefore she wants to assist for regional stability to materialize her dream. It is worth mentioning that certain events have decreased role of United States as peace broker in Middle East. A vacuum left by U.S. is being filled by China that may help to establish a new multipolar order (Gause, 2019). There are multiple factors which motivated both nations for diplomatic developments in relations. Most important reason behind the inspiration of new deal is economy.

It is particularly true in case of Iran which has been under strict international sanctions which weakened the economy of Iran. Iranian economy may boost by getting new economic opportunities by stabilizing its relations with Saudi Arabia. Some political aspirations also moved two nations to come closer while economic determinants cannot be ignored

(Ehteshami & Zweiri, 2020). Saudi Arabia's vision of 2030 also requires stability in the region and it is necessary for it to advance its diplomatic relations in positive direction so that, it may get more developed in economic affairs because of its oil producing economic sector (Gause, 2019). Scholars say that it is essential for Iran and Saudi Arabia to maintain regional stability especially in Yemen to achieve economic and political objectives (Barzegar & Rezaei, 2017).

This study is theorized in the light of realistic approach of international relations. Theory of realism is fundamental framework in international relations that emphasizes the role of states as primary actors in world politics. International system is anarchic in its nature and it is self- help system of states driven by power politics and self-interest. Realism contends that international system has lack of central authority over the states which may lead to conflicts and struggle for power and survival. Saudi-Iran rapprochement is an adjustment on the regional level for balance of power, as realism believes in balance of power as a strong tendency in international politics (Waltz, 1979). The rapprochement can be seen as a move to create a balance that prevents one country from becoming too dominant. By improving relations, Saudi Arabia and Iran can establish a framework to manage their rivalry without resorting to direct conflict, thus maintaining a regional balance of power (Morgenthau, 1948).

Kenneth Waltz's Neo-Realism (or Structural Realism) is a theoretical framework that emphasizes the anarchic structure of the international system and the distribution of power as the primary factors influencing state behavior. The theory focuses on the survival of states, the pursuit of security, and the balance of power in international relations.

Applying Neo-Realism to the Saudi-Iran rapprochement provides a framework for understanding this geopolitical development as a response to shifting power dynamics and systemic pressures rather than ideological or normative considerations. Here's a geopolitical analysis of the Saudi-Iran rapprochement through the lens of Neo-Realism:

2.1 Anarchic Structure and State Security:

Neo-Realism posits that the international system is anarchic, meaning there is no central authority above states (Waltz, 1979). In this context, Saudi Arabia and Iran have historically seen each other as competitors for regional dominance in the Middle East, particularly in the Gulf. The rapprochement can be viewed as a strategic recalibration to enhance each state's security amid broader uncertainties, such as the potential waning of U.S. influence in the region and the rise of multipolarity. Example: The U.S.'s perceived strategic pivot to the Indo-Pacific and its reduced reliance on Middle Eastern oil may have encouraged both Riyadh and Tehran to reduce hostilities and explore mutual accommodations, ensuring their security and stability in a less U.S.-centric order.

2.2 Balance of Power:

According to Waltz, states seek to balance power to ensure their survival. The Saudi-Iran rapprochement could be seen as an effort to counterbalance external threats and emerging regional power shifts (Mearsheimer, 2001). China's role as a mediator in the rapprochement symbolizes an alternative power center capable of influencing Middle Eastern geopolitics, signaling the decreasing unipolarity dominated by the U.S. and the emergence of a more multipolar world. It can be exemplified in this way that, both Saudi Arabia and Iran may view cooperation as a means to collectively respond to external pressures, such as economic sanctions on Iran or security threats faced by Saudi Arabia from groups like the Houthis, backed by Tehran.

2.3 Regional Hegemony and Strategic Interests:

In Neo-Realist terms, both states are acting rationally to maximize their relative power and position in the region. The rapprochement could allow each to consolidate its influence in respective spheres without the immediate costs of direct confrontation.

Saudi Arabia's Vision 2030, which aims for economic diversification, benefits from regional stability, while Iran, under economic strain, seeks to reduce isolation and sanctions-related pressures. Example: The détente may enable reduced proxy conflict in Yemen, benefiting Saudi Arabia's long-term economic plans and Iran's desire to alleviate economic pressures while preserving its regional influence.

2.4 Influence of Great Powers:

Waltz highlights the importance of great powers in shaping the behavior of smaller states. The active role of China in facilitating the Saudi-Iran rapprochement is a demonstration of how external great powers can influence regional dynamics by reshaping alliances and balances.

The U.S. withdrawal from Afghanistan and its perceived declining engagement in the Middle East create a vacuum that China is keen to fill, offering both Saudi Arabia and Iran. An opportunity to recalibrate their foreign policies. Example: The rapprochement showcases China's growing role as a mediator in the Middle East, marking its bid to challenge the U.S.'s traditional dominance in the region.

3. METHODOLOGY

Research Methodology for "*Saudi-Iran Rapprochement: Challenges & Opportunities*"

3.1 Research Design:

This study employs a mixed-methods approach, integrating qualitative and quantitative methods to provide a comprehensive analysis of the Saudi-Iran rapprochement and its geopolitical implications.

3.2 Data Collection Methods:

1. Primary Sources:

Official government documents, treaties, and agreements between Saudi Arabia and Iran. Public speeches, press releases, and statements from key stakeholders.

Interviews with experts, diplomats, and regional analysts.

2. Secondary Sources:

Academic journals, books, and articles analyzing Saudi-Iran relations.

Reports from international organizations and think tanks.

Media coverage and analysis of the rapprochement process.

3.3 Data Analysis Methods:

Research Design: Qualitative Case Study Approach

This research will adopt a **qualitative case study** approach to explore the challenges and opportunities of Saudi-Iran rapprochement. A case study allows for an in-depth analysis of diplomatic, political, economic, and security-related aspects through multiple perspectives. The study will rely on primary and secondary sources, including expert interviews, official government statements, media reports, and academic literature.

Thematic analysis will be used to identify patterns and insights from the collected data

Sampling Design: Purposive Sampling

The study will use **purposive sampling**, selecting participants based on their expertise and relevance to the topic. This may include:

- Diplomats and policymakers involved in Middle Eastern affairs.
- Experts in international relations and security studies.
- Scholars specializing in Saudi-Iran relations.
- Journalists and analysts covering regional geopolitics.

3.4 Logical Framework:

1. Inductive Reasoning:

Applied to test predefined hypotheses, such as the impact of rapprochement on regional stability or energy markets.

3.5 Sampling Techniques:

1. Purposive Sampling:

Selection of specific documents, media sources, and interviewees relevant to the Saudi-Iran geopolitical context.

3.6 Data Sources:

Qualitative insights from policy documents, expert interviews, and regional case studies.

3.7 Ethical Considerations:

1. Ensuring informed consent for interviews.
2. Protecting the confidentiality of sensitive data.

3. Using credible and verifiable secondary sources.

CHAPTER ONE

HISTORICAL BACKGROUND of SAUDI-IRAN RAPPROCHEMENT

1.1 Introduction

Saudi Arabia and Iran, considered large powers in the Middle East, have found themselves angering each other for years through their complicated interactions. Saudi Arabia is located toward the Arabian Peninsula's heart, part of the Middle East, with Iran on the other side of the Persian Gulf, so both are significant in world politics. For many years, the way the countries interacted was shaped by their close distance, shared cultures, linked economies and religious values, especially starting with the Iranian Revolution in 1979. Though these factors sometimes lead to joint projects, Iran and Saudi Arabia have mainly interacted through rivalry and competition over trying to lead the Muslim community and exert influence across the Middle East.

1.2 Geographical and Economic Situations

Being positioned in the Gulf area makes both Saudi Arabia and Iran important for global trade, the movement of energy and defense matters. Petroleum exports from Saudi Arabia have given it the title of world's largest exporter and Iran, too, is an important actor in the global energy market. Being wealthy in oil, both countries are important members of OPEC and have an active role in regulating how much oil is sold for across the world. Even so, governments' influence on trade is not limited to energy businesses. As Saudi Arabia looks after the holy places of Mecca and Medina and Iran leads the Shia community in the Middle East, both nations are weighted with significance in Islam and, as a result, compete more fiercely politically.

For years, the need for energy has pushed countries to work together from time to time. To illustrate, in the 1970s, OPEC gave Saudi Arabia and Iran the opportunity to help dictate the world's oil prices in their shared role. But disagreements on politics have constantly interrupted the two countries' economic efforts, because their plans in the Middle East were often in conflict. Although Saudi Arabia usually follows the same economic and political strategies as Western nations and the United States, Iran's strategies frequently change, mainly after the 1979 revolution.

1.3 Historical Background: The Difference between Sunni and Shia

Religious differences are the biggest reason for the current state of Saudi-Iranian relations. Sunnis recognize Saudi Arabia as the chief religious center, while the Shiites look to Iran as theirs. It has changed the way political systems are built at home and influenced how they relate to other countries. Because Saudi Arabia looks after the two holiest sites in Islam, Mecca and Medina, it sees its role as protecting Sunni Islam. Differently, Iran considers itself as in charge of the Shia world, trying to boost their values and look after Shia groups in the region.

Before 1979, religious differences led to some tension but was never the main cause of serious problems. While the Shah of Iran was in power, Iran and Saudi Arabia worked closely together, mainly to stabilize the Gulf region because they shared a common interest in oil. Yet, after the Iranian Revolution made Iran move from a secular monarchy to a theocratic Islamic Republic, the region's religious and political systems were revolutionized.

During the revolution, Ayatollah Khomeini took over and he pushed for a government supported by Shia religious ideas. The new focus in Iran, driven by this shift, did more than influence its domestic politics; it actively promoted Shia Islam in the area which Saudi Arabia considered a threat to its standing. A Shia state emerging in a mainly Sunni area disturbed Saudi Arabia because Iran wanted to influence its Shia communities living in Bahrain, Iraq and Lebanon (Amirahmadi, 2022).

1.4 Influence on Local and Worldwide Diplomacy

The major religious changes in Iran after 1979 revolution made a strong impact on both Saudi-Iran ties and Arabian Peninsula affairs. As a result of the revolution, Saudi Arabia and Iran began to relate to one another mainly through the clear division between their Sunni and Shia populations. As a result, the clash influenced politics, military and economic issues as well as religious life. After securing a theocratic government, Iran's leadership tried to use its power to motivate uprisings in neighboring countries. So, Saudi Arabia saw the Islamic Republic trying to gain influence in the region as a danger to both its powerful position and its old relationships with Western countries.

Besides sharing opposite ideologies, Saudi Arabia and Iran also participated in a race for regional leadership. All the involved nations attempted to affect the future of the Middle

East through actions such as funding belligerent sides and trying to direct key alliances. During the Iran-Iraq War (1980-1988), Saudi Arabia stood by Iraq as it fought Iran, worried that Iran's rise and spread would expand Shia fundamentalism throughout the region. Likewise, after the revolution, Saudi Arabia and Iran backed different groups in Syria, Yemen and Iraq, using their influence to try to become the most powerful in the region (Ali, 2021; Sick, 2022).

Saudi Arabia and Iran's rivalry has become a major concern for big world powers trying to protect what matters to them in the area. The United States, who had long supported Saudi Arabia, broke ties with Iran and brought in sanctions following the Iranian Revolution. Over the years, this disagreement has influenced their relationship with leading countries. Because Saudi Arabia continues to be in alliance with the West, while Iran has formed closer relations with Russia and China, there is another layer of complexity in global Saudi-Iran interactions.

1.5 The Pre-Revolutionary Political Ties between Saudi Arabia and Iran

Before the revolution in 1979, Saudi Arabia and Iran mainly interacted based on their shared economic ambitions, concerns about the region's security and connections to Western countries. Owing to their desire to manage key Middle Eastern oil resources and to stabilize the region, both countries became close allies in world geopolitics, mainly during the Cold War, despite their differences. At the same time, there were important differences in ideas between the three countries, mainly concerning their political systems. During the Shah's leadership, Iran moved in a secular, Western direction, but Saudi Arabia kept a firm conservative Islamic style, guided by its care of Islam's holiest sites. Even though they were different, both nations shaped regional balance and together affected the global market for energy.

1.6 Oil and Partnership

1.7 The Forming of OPEC and This Same Vision

Their relationship before 1979 was mainly shaped by world oil prices. Being main oil producers, Iraq and Iran belonged to the Organization of Petroleum Exporting Countries

(OPEC), set up in 1960 to control the oil market and guarantee reasonable prices for countries that shipped oil. OPEC served as a key position for Saudi Arabia and Iran to hold their power as the main providers of energy to the world.

Saudi Arabia and Iran made decisions together about oil output and prices. Because of its large oil reserves, Saudi Arabia sent more oil globally than any other nation and Iran's production helped keep the oil market balanced. Because of their dependence on oil income, a steady and lawful market for oil was very important for Saudi Arabia and Iran. They cooperated with OPEC to maintain prices for oil, earning their economies reliable and decent revenues.

Saudi Arabia and Iran did more than just agree on how much oil to produce. Those involved understood that restricting oil supplies could raise prices worldwide and so affect the global economy. America's enemies Saudi Arabia and Iran relied on OPEC to play a major role in directing policies for oil-producing countries and affecting energy markets internationally.

1.8 Western-Style Decisions in Iran and Saudi Arabia's Conservatism

In the Cold War, the United States worked with both Saudi Arabia and Iran, each for its own motivation. While the country was under the rule of Shah Mohammad Reza Pahlavi, Iran supported friends of the West and tried to pursue economic and governmental changes according to European and American norms. Because the Shah influenced Iran toward modernization and supported secularism, the U.S. regarded him as a key player to stop Soviet influence from reaching the Middle East. Part of Iran's strategy to stay powerful and protect its interests was aligning with the West in a volatile world arena.

Even so, Saudi Arabia, in agreement with the U.S., took a more conservative approach. Since the kingdom was based on Islamic law and custom, its rulers saw protecting Mecca and Medina as their top priority. Since its inception, Saudi Arabia run its foreign policy from religious standing, while its bond with the U.S. was primarily formed around their common interests in oil and maintaining peace. The people of Saudi Arabia and Iran did not agree on religion, but they found similar goals in working with America to limit Soviet influence in the region during the Cold War.

Even though their political ideas were different, the U.S. valued both countries for making the region more secure. Because of Saudi Arabia's valuable place and oil and Iran's importance as both a nation and a military power, the United States relied on both countries

in the Middle East. The new agreements benefited their bilateral relationship, despite problems related to their different viewpoints.

1.9 Security Issues and Religious Diversity

1.10 Fighting Over Differences in Ideology and Local Influence

Even though Saudi Arabia and Iran joined forces with the West, their differing ideas about how the region should be managed were plain to see. Saudi Arabia was at odds with Iran's efforts under the Shah to create a secular government, because Saudi Arabia follows strict Wahhabi Sunni beliefs and had an Islamic government. The ways in which Iran developed more quickly for Western purposes and how Saudi Arabia remained conservative created issues, mainly because both wanted to increase their influence in the Gulf region and beyond.

1.11 How Individuals Practice Religion Formed a Significant Dispute between the Two Countries

In the wake of the 1979 revolution, Iran's Islamic Republic decided to promote a view that empowered Shia Muslims and opposed Sunni-led states in the region. Riyadh felt that Shiism encouraged by Iran posed a clear threat to the supremacy of Sunnism among Muslims. This gap in beliefs was clear in their actions in the Gulf War and the continuing conflicts taking place in Iraq and Syria across the Middle East.

Tensions increased when regional security became a problem. Iran's strong military and influence in the region, shown by its help for Shia militias in Lebanon, Iraq and Bahrain, worried Saudi Arabia. As a result, Saudi Arabia formed connections with other mainly Sunni countries and tried to limit Iran's strong influence. After the 2003 conflict in Iraq, Iran's rising influence clashed with Saudi Arabia's wanting to maintain control for the Sunni sect. Regional security concerns further exacerbated tensions. Iran's military strength and political influence in the region, particularly its support for Shia militias in Lebanon, Iraq, and Bahrain, was perceived by Saudi Arabia as a destabilizing factor. In response, Saudi Arabia worked to build alliances with other Sunni-majority countries and sought to counterbalance Iran's influence. The competition for regional influence was particularly evident in the case of Iraq, where Iran's growing influence post-2003 conflicted with Saudi Arabia's desire to maintain Sunni political control (Abbasi & Jahan, 2020).

In the pre-revolutionary period, Saudi-Iran relations were characterized by both cooperation and competition. On the one hand, the two countries shared mutual interests, particularly in the area of oil production and the regulation of global energy markets. Their alignment with the U.S. during the Cold War and their collective efforts to contain Soviet influence helped stabilize their relationship for a time. However, the underlying ideological differences between Iran's secular monarchy and Saudi Arabia's conservative Islamic governance eventually led to tensions, particularly as Iran sought to expand its influence in the region and promote its Shia ideology. The relationship between Saudi Arabia and Iran during this period thus laid the groundwork for the rivalry that would become much more pronounced following the 1979 Iranian Revolution.

1.12 Impact of the 1979 Iranian Revolution on Saudi-Iran Relations

The 1979 Iranian Revolution in Iran was a transformative event that reshaped not only the political landscape of Iran but also had profound implications for Saudi Arabia and the broader Middle East. Under the leadership of Ayatollah Ruhollah Khomeini, Iran transitioned from a secular monarchy, ruled by Shah Mohammad Reza Pahlavi, to a theocratic republic based on Islamic principles. This ideological shift significantly altered the regional order and dramatically impacted Saudi Arabia's position in the region, especially in relation to its rival, Iran. This chapter explores the consequences of the 1979 revolution on Saudi-Iranian relations, focusing on the transformation of Iran into an Islamic Republic, the deepening sectarian divide between Shia-majority Iran and Sunni-majority Saudi Arabia, and Saudi Arabia's response to the spread of Iran's revolutionary influence.

Tensions were made worse by security challenges across the region. Iran's power and influence in the region, especially its backing of Shia militia groups in Lebanon, Iraq and Bahrain, were seen by Saudi Arabia as risks to stability there. Because of this, Saudi Arabia developed connections with Sunni countries to check the influence of Iran. The struggle for influence in the region was most apparent in Iraq, since Iran's influence after the 2003 conflict opposed Saudi Arabia's wish to keep Sunni political power (Ahmed, 2019).

1.13 Effects of the 1979 Iranian Revolution on Saudi Arabia and Iran

The Iranian Revolution of 1979 changed both Iran's political scene and had a strong impact on Saudi Arabia and the wider Middle East. Leadership from the Ayatollah meant that Iran left its past as a secular monarchy, led by Shah Mohammad Reza Pahlavi and became an Islamic republic.

The ideological transformations greatly changed the regional situation and changed Saudi Arabia's connection with Iran. The chapter discusses how the change in Iran following the 1979 revolution, especially the new party and the religious division and the response of Saudi Arabia to Iran's effect on other nations, influenced relations between the two countries.

1.14 Changing Iran into an Islamic Republic

The result of the 1979 revolution in Iran shaped not only that nation, but also the entire Middle East. After the Shah, a firm ally of the United States and the West, was overthrown and the Islamic Republic of Iran was led by Khomeini, the monarchy in Iran came to an end after more than 2,500 years. Most people opposed the Shah for the way he ruled, his efforts to keep religion separate from society and the strong links he had with Western nations such as the United States (Al-Hakim, 2021). As the lead figure in the Revolution and advocate for Shia-governed Islam, Khomeini brought major changes to the government (both at home and abroad) (Hinnebusch, 2021).

When the Islamic Republic was established, it immediately changed Saudi Arabia which for centuries had been a Sunni monarchy. The Saudi Arabian leadership was directly questioned by the outcome of the Iranian revolution. Because Iran had turned into a theocratic regime, both Saudi Arabia's political power and its security could be threatened and it also worried people that the revolution's ideals would have a similar effect on Saudi Arabia and other parts of the Gulf (Wehrey, 2019).

When Iran underwent important transformations, Saudi Arabia became very wary and worried. Because the Saudi government was founded upon its religious role guarding Islam's key cities, the monarchy considered Iran's change to be dangerous for their position. As a result of the Islamic Republic's efforts to spread Shia political thoughts and urge the end of Gulf monarchies, Saudi Arabia decided to change how it approached foreign affairs (Amirahmadi, 2022).

1.15 Dividing Religious Views and Changing Political Ideas

As a significant result of the 1979 revolution, Iran and Saudi Arabia became even more separated by major differences in their religious communities. Before the revolution, theology and politics kept the two nations apart, but they commonly cooperated by trading oil and taking care of security in the region. Following the revolution, Iran, under Khomeini's rule, made it a goal to share its revolutions ideas and Shia political beliefs with Middle Eastern countries.

Because of this, Iran stood in marked contrast to the conservative Sunni monarchy of Saudi Arabia in the way they followed Islam.

Khomeini encouraged Islamic government loyal to Shia teachings and opposed influence from the West which directly challenged Saudi Arabia's authority. Iran's new government that governed by religion chose to reject monarchies which led to even more disputes with Saudi Arabia, where the royal family was considered chosen by God. Differences between Sunni and Shia Islam became more noticeable and Riyadh grew more concerned about how the Shia population in the Eastern Province could be influenced by the Shia religion (Barzegar & Rezaei, 2017).

Because many Saudi heirs were Shias, the revolution's effects spread to countries where Shia people lived in large numbers. The revolutionary values of Iran encouraged Shia groups and actions in Iraq, Lebanon and Bahrain, where Iran was looking to influence matters and strengthen the standing of its fellow Shia Muslims. This kind of intervention by Iraq worried Saudi Arabia, as it feared that Khomeini's teachings might destabilize its Shia minority and create trouble inside the country (Wehrey, 2019).

In Lebanon, Iran adopted Hezbollah, a Shia militia, as a main element of its strategy with neighboring states. As for Saudi Arabia, it supported Sunni groups across the Middle East and because of the rising conflict between these groups, both Saudi Arabia and Iran would subsequently support enemies in Syria and Iraq. Because of their different religious beliefs, both Saudi Arabia and Iran competed to shape their influence among Muslims of different sects.

1.16 Saudi Arabia's Reaction to the Impact of Iran's Revolution

Due to Iran's rise as a revolutionary Shia state, Saudi Arabia created strategies to stop Iran from spreading its revolutionary message. Because the Saudi monarchy valued its status as leader of Sunni Islam and protector of Mecca and Medina, it regarded Iran's Islamic Republic as a competing force in Sunni Islam and politics. Because Iran could have exported its ideas to Arabian Peninsula, especially leading to changes among the Shiite community in the Eastern Province of Saudi Arabia, the Kingdom took different strategies to keep Iran influence away (Ehteshami & Zweiri, 2020).

One of the main ways Saudi Arabia acted was to build strong partnerships with other Sunniled nations nearby. The country aided Sunni governments in Iraq, Bahrain and Kuwait with its support, as they faced problems from Iran's Shia-backed revolutionaries. Support from the Kingdom for Iraq during the Iran-Iraq War (1980-1988) resulted directly from the Iranian

revolution. Along with the other Gulf States, Saudi Arabia supported Iraq with funding and military aid because it feared a win for Iran would encourage Shia rebellions in the region and threaten the region's monarchies (Hinnebusch, 2021).

Saudi Arabia tried to grow closer to the United States and other major Western nations to help contain the influence of Iran's revolution. Due to Iran's movement to strengthen Shia communities, Saudi officials saw a threat to regional stability and the security of oil supplies. Oil was very important strategically and with Iran becoming more hostile to the West, Saudi Arabia needed to strengthen its relationships with the U.S. and leading Western nations to manage Iran's growing influence (Sick, 2022).

The Saudi government worked to keep its own Shia community loyal, since they had been encouraged by Iran's revolution. Developing the economy in Shia areas was the government's priority to discourage any possibility of protests. Saudi leaders were especially worried that Shias inspired by Iran's revolution might rise up in the Kingdom and cause chaos.

In foreign affairs, Saudi Arabia also acted in response to Iran's being carried by revolution. To separate Iran from Arab nations, the Kingdom alleged that Iran was a troubling force in the region. Putting pressure in the Gulf Cooperation Council (GCC) and OPEC allowed Saudi Arabia to keep Iran from having too much power in the region. With Saudi Arabia in the lead, the Gulf States worked to improve their security by making new military alliances with major Western countries like the United States, hoping to keep the region's oil safe and prevent Iran from acting.

The Iranian Revolution in Iran in 1979 started a change in how Saudi Arabia and Iran interacted. When Iran became a revolutionary Islamic Republic following a secular monarchy, the changes affected Iran and had major effects on the whole region. Iran's leaders boosting Shia Islam's political strength created division between Shia Iran and Sunni Saudi Arabia which together came to dominate the politics of the Middle East for many decades (Ali, 2020).

The Saudi reaction to Iran's revolution included containing Iran and building up its influence as a counterbalance to whatever influence Iran had in the region. Differences in world views and rival regional interests between the two countries have made their relationship a main focus of the politics in the Middle East. Even now, the results of the 1979 revolution are felt, as Saudi Arabia and Iran are locked in competition, including proxy fights in Yemen, Syria and Iraq and their strife in the global oil industry.

1.17 Disputes between Saudi Arabia and Iran Based on Faith Beliefs

The dispute between Saudi Arabia and Iran includes major differences in both religious beliefs and ideologies. Since both countries are predominantly Sunni or Shia and politically different, their rivalry has gone on for a long time and made an impact on the region's international politics. Both nations have competed in proxy wars, fought each other directly and discussed different ideas, each aiming to affect the Muslim world. It analyzes the main reasons for the Saudi-Iran conflict, looking at the division between Sunni Saudi Arabia and Shia Iran, the differences between monarchy and theocracy and the various proxy battles between them.

1.18 Religious Related Fighting and Proxy War

1.19 A Historical Look at the Sunni-Shia Difference

Saudi Arabia and Iran's rivalry mainly stems from the serious sectarian difference between Sunni and Shia Muslims. From its early days, Islam saw the two branches form as a result of people disputing who should succeed the Prophet Muhammad. Both Sunni and Shia Muslims follow the same basic faith, yet they have disagreements over who should lead Muslims, as Sunnis prefer a caliph to be decided by group agreement and Shia believe the Prophet's family, represented by Ali ibn Abi Talib and those he was related to, ought to lead Islam (Arouri, 2022).

Because Islam began in Saudi Arabia, it holds special religious value as it watches over the two sacred cities, Mecca and Medina that are respected by Sunnis everywhere. By contrast, Shia Islam is central to both Iran's identity and politics, unlike in most other nations. Because Saudi Arabia and Iran both want to direct the Muslim world, this sectarian split has a major impact on Middle Eastern politics.

The increase in political Islam in recent times has enhanced the tension between the two countries, as people's religious beliefs have been used to encourage supporters. After the 1979 Iranian Revolution put Ayatollah Khomeini in power and created an Islamic Republic, Iran and Saudi Arabia's relationship changed. Because the revolution supported Shia-led Islamic government and did not welcome Western influence, it opposed the Sunni-led authority in much of the Middle East, led by Saudi Arabia (Wehrey, 2019).

1.20 Proxy Wars and Conflicts of a Regional Kind

In the region, Saudi Arabia and Iran have mainly fought their sectarian battle directly,

backing distinct factions fighting each other. As a result of these conflicts, Sunni and Shia Muslims have become even more divided, since every country supports its own views in regional battles. In Yemen, Iraq and Syria, Saudi Arabia and Iran have taken part in proxy wars over who controls the region (Barzegar & Rezaei, 2017).

1.21 Yemen: Warfare Played Through Proxies

The conflict in Yemen is, above all, an illustration of a proxy war between Saudi Arabia and Iran. The fighting started in 2015 when Saudi Arabia started assisting President Hadi, a Sunni Muslim, but Iran is accused of backing the northern Houthi rebels, a Shia group. The Houthis, holding to the Zaidi Shia sect's beliefs, captured Sanaa and announced they were the proper government of Yemen, with backing from Iran regarding the military.

The government in Saudi Arabia regards the Houthis, who receive support from Iran, as a threat to its southern border and to its role in the wider region. Iran uses its help for the Houthis to push back against Saudi influence and remain noticeable in the Arabian Peninsula. Yemen is experiencing one of the greatest consequences of the Saudi-Iran conflict, thanks to the war and the thousands killed or forced to move (Barzegar & Rezaei, 2017).

1.22 Iraq: Growing Shia Power and Resistance from Sunnis

Sectarian fighting in Iraq has for a long time featured Saudi Arabia and Iran as enemies. When the U.S. led an invasion of Iraq in 2003, the government controlled by the Sunnis, under Saddam Hussein, fell and the Shia majority became politically prominent. Iran, thanks to its close relationships with Iraq's Shia parties, has grown into a key influence on postinvasion politics in the country. Because Iran supports Shia groups and militias, it has become stronger in its influence over the country.

Even so, Saudi Arabia worries about Iran getting more influence in Iraq, particularly with the rise in Shia party involvement. Saudi Arabia has helped Sunni groups in Iraq because they fear the power of Shia militias with Iranian backing and a possible "Shia crescent" from Iran to Iraq, Syria and Lebanon. Violence based on religion grew in Iraq after the war, mainly because both Saudi Arabia and Iran were backing different groups in the fighting (Hinnebusch, 2021).

1.23 The Conflict in Syria: A Fight between Sunni and Shia Groups

The fighting in Syria since 2011 has increased the rivalry between Saudi Arabia and Iran. Saudi Arabia is backing Sunni groups who want to end the rule of President Bashar al-

Assad, who is an Alawite and part of the Shia sect. In contrast, Iran has stuck with Assad, offering him support, sending funds and supplying Shia groups from Iraq, Lebanon and Afghanistan who fight for him. The conflict in Syria is now a setting where Sunni and Shia Muslims compete for power (Berg, 2020).

Along with its regional allies, Saudi Arabia, Gulf States and Turkey have aided groups that aim to get rid of Assad, while Iran and its ally Hezbollah have backed the regime. Besides widening the disagreement between sects, the conflict has added to the battle between Saudi Arabia and Iran for influence in the region. Both Arab nations care about Syria's importance because Saudi Arabia needs it to reduce Iran's power and Iran tries to project authority in the region using its alliance with Assad (Fulton, 2023).

1.24 Essential Difference: Theocracy vs. Monarchy

1.25 Sunni Saudi Arabia: Protector of the Sacred Places of Islam

The Kingdom of Saudi Arabia proudly aligns its politics with Sunni Islam and is best known for the strain of Wahhabi ideology it follows. Since Saudi Arabia safeguards the most sacred cities in Islam, Mecca and Medina, the country is seen as having really as a religious leader (Chubin, 2019). This post has supported Saudi Arabia's influence in national and outside affairs.

For years, Saudi Arabia has promoted itself as the main leader in the Sunni Muslim world because of its religious significance and key role in controlling events in the Middle East. The kingdom's acceptance comes from its up keeping of religious traditions and care of Islam's holy places. The kingdom's policies at home and overseas are influenced by the role of the nation's leader, whose actions are guided by Islamic law (Sharia) and mainly directed toward Iran. Saudi Arabia's efforts in foreign policy can be largely explained by the wish to confront any threats to Sunni Islam coming from Shia-led, Iran (Sadat, 2020).

1.26 Shia Iran is known as the Defender of Shia Islam

After the 1979 Iranian Revolution, Iran moved from a Sunni monarchy to a government ruled by Shi'a clerics. Thanks to Ayatollah Khomeini, there came about the Islamic Republic, a government guided by Shia rules. Vilayat-e-Faqih forms the basis of Iran's political system which gives top political power to the Shia clergy.

For decades, Iran has tried to be seen as the protector of Shia Islam. Ideas about setting up Shia Islamic governments through revolutionary action are fundamental to Iran's foreign

policy. In countries such as Iraq, Lebanon and Bahrain, Iran has green lighted the work of Shia political and military groups, wishing to grow its influence and help Shia Muslims. So, in addition to trying to lead in the region, Iran and Saudi Arabia also vie for the leadership of the Muslim world, each claiming to be the protector of its main Islamic sect (Karagiannis, 2003).

Saudi Arabia and Iran's ideological and sectarian conflict is still a main feature of Middle European politics. Because Iran is Shia and Saudi Arabia is Sunni, with different methods of running their governments, the countries have long battled using proxies, joined regional conflicts and fought over ideology. While both countries want Muslim peoples and are competing for supremacy, they rely on their Sunni-Shia divide to inspire supporters and make important foreign decisions (Esfahani, 2021). This competition goes on without weakening, so its effects on the Middle East and the whole world will likely carry on for years.

1.27 Attempts to Reconcile: Saudis and Iranians in the 1990s

Religious, political and ideological disagreements led to serious escalation in the Saudi Arabia–Iran rivalry in the 1990s. The situation changed after a decade of clashes and hostilities, mainly following the Iranian Revolution of 1979 and the two wars and Gulf crisis around the 1980s and 1990s. As a result, both states realized they needed reconciliation to protect their economic interests and local security. The section covers Saudi Arabia and Iran's attempts at reconciliation in the 1990s, giving emphasis to the 1991 agreement, their shared economic interests in OPEC and cooperation despite disagreements related to politics and religion (Fathi, 2020).

1.28 Tensions from the Past Prior to the 1990s

Before exploring how the two countries tried to settle their disagreements, you should study the history of Saudi-Iran relations up to the 1990s. Ever since the Iranian Revolution in 1979 overthrew the Shah, Saudi Arabia and Iran have consistently faced strong tensions. The new structure in Iran, along with its revolutionary statements, created a direct issue for the Saudi monarchy that is led by Muslims from the Sunni tradition. In addition, both countries were fighting on different sides in the Iran-Iraq War (1980-1988) and Saudi Arabia backed Iraq because it worried that Iran's shift to Shia rule might reach the Gulf (Gause, 2019).

When the 1990s got underway, the rivalry between Germany and France had taken a toll. When Saudi Arabia helped the United States fight to defend Kuwait from Iraqi attacks in 1990- 1991, this complicated not only their connection with the U.S., but also their relationship with Iran (Hafez, 2019). These deep disagreements aside, both Washington and Moscow started

to notice that it was becoming more important to cooperate with the shifting settings around the globe.

1.28 The Reconciliation of 1991: A Rebirth

Relations between Saudi Arabia and Iran improved greatly in 1991 when the countries resumed diplomatic contacts. This change happened because of the end of the Iran-Iraq War, the finish of the Gulf War and a changing of priorities in the region. By 1990, both the US and USSR understood that their persistent competition was not good for their lasting stability or economic status (Sadat, 2020).

The 1991 agreement wasn't just about starting diplomatic relations again; it also showed that both sides wished to work on common issues together for a short time. Because of the Middle East's uncertainties, both nations had to focus on making the region stable and encouraging economic partnership. Having overcome the Iran-Iraq War, Iran was looking for peace, while Saudi Arabia, fresh from leading the Gulf War coalition, wanted to keep its place in the region (Hinnebusch & Imami, 2021).

1.29 Tensions from the Past Prior to the 1990s

The economic interests that OPEC created were a key reason both countries started reconciliation efforts. Because Saudi Arabia and Iran are among the world's greatest sources of oil, they saw it in their own best interests to join forces in controlling oil production and market prices. Economic growth in both countries depended a lot on the stability of oil prices in the market (Al-Saud, 2022).

At that time, members of OPEC such as Saudi Arabia and Iran, were struggling with changing oil prices and the need to decide on quotas for production. Because of its great oil reserves, Saudi Arabia had always been OPEC's main leader, but Iran, ravaged by years of fighting, hoped to regain its rank among world oil exporters. Realizing how working with Iran could boost the Saudi economy, the Gulf state wanted to improve its relations for improved OPEC cooperation and a steady oil market (Karagiannis, 2003).

Sometimes there were obstacles, since their economic goals within OPEC were still quite different. As a result of seeing how important OPEC's role is in controlling oil output, Saudi Arabia and Iran were able to cooperate. Both countries held talks on diplomatic issues to make sure their oil production helped stabilize the market and benefited them both (Fulton, 2023).

1.30 A Common Threat to Regional Security

Reconciliation was also helped along by a common worry about regional safety and stability. Both Saudi Arabia and Iran were greatly affected by both the Gulf War and the Iran Iraq War. When the conflicts ended, both countries realized they had to join forces on regional security to avoid further instability (Kausch, 2020).

U.S. plans to be more involved in the Gulf after the Gulf War worried Saudi Arabia and Iran. As an ally of the U.S., Saudi Arabia backed the country's military in the region, especially to guard against danger from Iraq. While Iran had long opposed an American military presence abroad, it eventually realized that regional security mattered in response to Iraq's aggression.

Although they disagreed over the U.S. military bases in the region, realizing that both countries benefitted from Gulf stability helped them work more closely. The Gulf War made Saudi Arabia and Iran worry about additional fighting in the region and led them to act to ease tensions afterward (Wehrey, 2019).

1.31 Religious Diplomacy and the Vulnerable Peace

Even though both Saudi Arabia and Iran worked toward mutual interests, their religious differences remained a problem in their relationship. Because Saudi Arabia looked after Mecca and Medina which are Islam's most sacred cities, it enjoyed great authority among Sunni Muslims. Right after the revolution in 1979, Iran stepped up to defend Shia Islam against rival groups (Sadat, 2020).

Although differing in their ideologies, both nations tried to practice religious diplomacy in the 1990s. While Saudi Arabia understood Iran's important role among Muslims, especially in Shia regions of the Middle East, Iran acknowledged that Saudi Arabia looked after the two important Muslim cities (Khatami, 2021). Even though their versions of Islam continued to cause problems, the respect between the countries made it possible for diplomacy.

1.32 The Use of Diplomatic Channels and Talks between Just Two Countries

In the 1990s, the countries of Saudi Arabia and Iran met repeatedly to try to solve their disagreements and create a more collaborative relationship. The countries talked about various matters, including safety and trade and hosted summits meant to boost their diplomatic bonds.

In 1997, Saudi King Fahd and Iranian President Mohammad Khatami had a summit in Tehran to talk about common goals. At the summit, both leaders made it clear they wanted to improve relations between Saudi Arabia and Iran. Even though formal contracts were not created at the summit, the event marked a big step forward in cooperation between the two nations, as their deep-seated beliefs are very different (Al-Rasheed, 2023).

1.33 Reconciliation is hindered by Ongoing Disagreements in Ideas

The positive actions toward settling disputes were hampered by the ongoing difference in ideology between Saudi Arabia's Sunni leadership and Iran's Shia government. Saudi Arabia kept watch over Iran, since its plan was to raise Shia Islam as a political influence among Middle Eastern nations. Saudi Arabia's close relationships with the U.S. worried Iran, particularly as Washington continued its military operations in the Gulf (Khosravi, 2021).

Constant problems between Muslim groups, mainly in Iraq and Bahrain because Saudi Arabia and Iran supported different groups, kept the split between the nations clear. Baghdad's increasingly powerful Shia leaders, who were often backed by Iran, threatened Saudi Arabia's influence over the political world of Sunni-majority Arab states, according to Wehrey (2019).

1.34 Working Together Over a Broader Economic Range

Besides oil, both sides acknowledged that working together in different areas mattered too. Officials from Saudi Arabia and Iran looked into new trade and investment possibilities, mainly in infrastructure, transport and energy. Although they suffered from political and religious problems, both Turkey and Syria realized that cooperation on economics could support stability and economic growth around them (Khosravi, 2021).

Iran wanted Saudi investment in its oil and infrastructure businesses and Saudi Arabia hoped to take advantage of Iran's large consumer market. They worked together in agriculture and manufacturing which made their economic connections stronger (Gause, 2019).

1.35 How the United States Takes Part in Bringing Wounded Nations Together

The region's diplomatic climate was strongly affected by the U.S. while it did not take part directly in the reconciliation. Saudi Arabia and the United States were long-time allies and US forces in the region helped protect Saudi Arabia. Since the revolution in Iran in 1979, the country had no contact with the U.S. and continued to question the U.S. policies in the Middle East.

They both realized that their links with the United States influenced their overall standing in the region. Saudi Arabia relied on building good relations with the U.S. for reasons of security and finances. Iran's goal was to forge better ties with Saudi Arabia so it could rejoin Western countries and raise its influence in the region.

1.36 Reconciliation is Difficult to Maintain

Both Saudi Arabia and Iran put effort into rapprochement in the 1990s, because they

shared interests in the economy, security and collaborated during diplomatic talks. Still, the ongoing differences in their beliefs and groups caused problems in their relations. The 1991 understanding, work within OPEC and bilateral discussions promoted better relations, but their different views, faiths and regional interests continued to make it hard to sustain close friendship (Khosravi, 2021).

It is still very difficult to fully restore relationships among nations in the Middle East because the political situation is so complex. Still, activities in the 1990s paved the way for ongoing attempts to control the region's problems and deal with growing conflicts between Saudi Arabia and Iran.

1.37 Changes Made Since 2000

Since the start of the 21st century, there have been major changes in how Saudi Arabia and Iran relate to geopolitical shifts due to events throughout the Middle East and around the world. Factors affecting their competition now include foreign influence by the United States, the impacts of the Arab Spring, continuous proxy fights and each country's changing purposes. The way Saudi Arabia and Iran connect is also shaped by domestic decisions, especially Saudi Vision 2030, as well as China and Russia's expanding influence in the region. Here, we will consider the roles of these items in building the current state of SaudiIran relations (Mansouri, 2020).

1.38 Impact of American Involvement on Saudi-Iran Relations after the 2003 Iraq War

Saudi-Iranian relations changed dramatically because of the 2003 Iraq War. Because of the U.S. invasion of Iraq, Saddam Hussein, who was an enemy of Iran for years, was overthrown. Iran saw a chance to expand in Iraq after Saddam Hussein was removed, since his departure opened the door for Iran to help Shia political groups and insurgents. Saudi Arabia worried more and more as there was a shift to Shia leadership in Iraq because Iran's influence in the Arab world had long made Saudis uneasy (Gause, 2019).

Saudi Arabia worried about Iran's impact on Iraq ever since the U.S. invaded Iraq and made its presence stronger. While Saudi Arabia trusted the United States as an ally, steps it took in Iraq ended up boosting Iran and fueled divisions between Shiites and Sunnis. Because Saudi

Arabia is mainly Sunni, its leaders worried that a Shia government in Iraq would strengthen Iran's influence and cause the Shia communities in nearby countries to grow bolder.

So, because of the Iraq War, both Saudi Arabia and Iran fought harder for leadership in the Gulf and strengthened the divide between their followers (Al-Saud, 2022).

In addition, after the U.S. pulled out of Iraq and shifted its attention toward Asia under Obama, a gap appeared in the Middle East that the countries of Saudi Arabia and Iran were eager to fill. The Saudi government believed that Iran would be able to extend its influence in the Middle East now that an expanding role by the U.S. in the region seemed unlikely (Sadat, 2020).

1.39 The Outcome of the Arab Spring (2010-2011) and Proxy Conflicts

Saudi-Iranian relations became more complicated when the Arab Spring took place in 2010 and moved across the Middle East in 2011. It was common for the two nations to be positioned against each other in important upheavals. Because of the Arab Spring which removed several Arab rulers, the already tense situation in Arab nations became even more unstable (Zubaida, 2021). Because of its revolutionary thinking, Iran wanted the uprisings to spread across countries with major Shia populations, notably Bahrain, while Saudi Arabia worried about how these events would impact its Sunni government (Al-Rasheed, 2023).

Most of the major proxy conflicts between Saudi Arabia and Iran during this time have taken place in Yemen, Syria and Iraq.

1.40 Yemen: A War That Affects More than the Participating Countries

The conflict in Yemen that began in 2015 demonstrates the most clearly how Saudi Arabia and Iran are fighting each other through third parties. The government of Saudi Arabia has backed President Hadi, who represents Sunni interests, while Iran has allegedly helped the Houthi rebels, who are Shia and took over Yemen, along with its capital, Sanaa. Many people have suffered from the conflict, facing famine, many diseases and thousands of losses. For Saudi Arabia, the Houthis are thought to be controlled by Iran in order to disrupt the region, but from Iran's perspective, its support of the Houthis is simply intended to increase its role along the border with Saudi Arabia (Barzegar & Rezaei, 2017).

1.41 Syria: The Gap between Different Religious Communities is Widening

Saudi Arabia and Iran have been competing intensely in Syria since the war began in 2011. Saudi Arabia has helped Sunni groups trying to remove Alawite President Bashar al-Assad from power in Syria. Meanwhile, Iran has been Assad's most loyal ally by giving military support and funding with troops and support from Shia militias in Iraq, Lebanon and

Afghanistan. It has turned into a place where Sunni and Shia groups fight and it also shows just how the Saudi-Iranian power struggle affects the region (Wehrey, 2019).

1.42 Vision 2030 in Saudi Arabia: How the Domestic Policy Affects Foreign Relations

With Vision 2030 in 2016, Saudi Arabia began working to lessen its dependence on oil and become a top country in areas such as tourism, technology and renewable energy. Under Vision 2030, Saudi Arabia wanted to increase connections with the world, helping foreign policy become modern and more cooperative within the region (Al-Saud, 2022).

According to Vision 2030, Saudi Arabia decided to build stronger bonds with important regional countries and wean itself away from Western dependence. Changes in foreign policy were also related to Saudi Arabia's struggle against Iran. The Vision 2030 plan by Saudi Arabia is closely linked to its safety and peace in the region, places that are affected by the country's competition with Iran. The government is striving to move the kingdom into a modern age while maintaining its position as a regional power, a role that always competes with Iran's goals (Mohammadi, 2019).

Under the terms of Vision 2030, Saudi Arabia is dedicating more effort to economic diplomacy, although it has also been challenged by tensions with Iran in several regions. Saudi Arabia seeks to reduce Iran's influence in the region and keep the Kingdom important in Middle Eastern economics and politics (Fulton, 2023).

1.43 The Influence of China and Russia in the World

During the past two decades, China and Russia's growing activities in the Middle East have made it harder for Saudi Arabia and Iran to work together. With Chinese economic growth reaching further into the region, thanks to the Belt and Road Initiative, both Saudi Arabia and Iran have improved their ties with Beijing. Saudi Arabia has long been close to the United States and other Western nations, but it is now looking to China as a main trade partner in energy. Because it wishes to maintain regional stability, particularly regarding oil and energy, China is an important part of Saudi-Iran relations (Sadat, 2020).

With President Putin, Russia has become key in the area, mainly by supporting Iran and Assad's government during the war in Syria. By becoming involved in the Syrian war, Russia made its mark in the Middle East and helping Iran has increased the deep divide between Sunni Saudi Arabia and Shia Iran. Yet, Saudi Arabia tries to even out its relations with Russia by cooperating on oil policies, especially under OPEC+ rules to maintain the pace of oil production worldwide (Gause, 2019).

1.44 The Results of America's Foreign Policy

Since the 2000s, the way the U.S. deals with the Middle East has played an important role in shaping Saudi Arabia and Iran's ties. After Saddam Hussein was ousted from power in Iraq by the U.S. in 2003, Iran could increase its influence in the country. Before, the U.S. goal in Saudi Arabia was largely to support security and the economy, but the Obama administration's new policy in the Middle East, including reaching out to Iran and agreeing to a new nuclear arrangement, created friction between the U.S. and Saudi Arabia. Riyadh saw the U.S. dealings with Iran as a danger to its regional policies (Al-Rasheed, 2023).

Under Trump, relations with Saudi Arabia grew stronger as they made new agreements for arms and shared a view that Iran's influence in the region was a threat. Since the Trump administration moved out of the JCPOA and started "maximum pressure" against Iran, Saudi Arabia and Iran grew even more competitive, leading to engagement in more regional conflicts and battles for influence (Zarei & Rahimi, 2021).

1.45 Dynamics and Relationships in the Contemporary Region

Over the past two decades, changes in Saudi-Iran relations have come from many different internal and external factors. Although efforts were made for reconciliation and improved cooperation decades ago, the fact that these countries remain rivals is still a major aspect of Middle Eastern politics. The Iraq War, uprisings in the Arab Spring, continuous proxy conflicts in Syria, Iraq and Yemen and China and Russia's rising role in the region have changed the relationship between them (Zarei & Rahimi, 2021).

Saudi Arabia's Vision 2030 targets domestic change, one aspect of which is reshaping how the Kingdom deals with Iran in its foreign affairs. The role of China and Russia on the world stage makes it tougher for Saudi Arabia and Iran to agree. The conflict still defines much of the region's power and ongoing changes in diplomatic, economic and security areas will affect their politics. Understanding these advances is very important for discovering how the Middle Eastern scene is shaped by the fierce competition between Saudi Arabia and Iran.

CHAPTER TWO

CONTEMPORARY SITUATION AND EVOLVING TAPESTRY

2.1 Relations between Iran and Saudi Arabia in Recent Two Years

This chapter provides meticulous examination of current scenario of Saudi-Iranian ties from landmark Beijing agreement in March 2023, which also investigates important developments in last two years. It dissects diplomatic maneuvers, key state visits, and highly strategic activities. That has defined the significance of this political initiative and diplomatic engagement. Moving beyond the initial melting of the ice in relations, this chapter also analyzes further conditions of reopening of diplomatic channels, political re-engagement and efforts to reduce escalations and conflicts. Chapter also argues that this rapprochement would lead to improve strategic de-escalation and economic cooperation to stabilize security landscape.

The contemporary trajectory of Saudi-Iranian relations from March 2023 to 2025 is a testament to the power of pragmatic diplomacy over historical animosity. The initial Chinabrokered agreement has evolved from a symbolic gesture into a functional and resilient framework for managing a complex bilateral relationship. The period is marked by a deliberate series of state visits, high-level meetings, and a shared commitment to de-escalate conflicts in Yemen and navigate regional crises without direct confrontation. However, it is crucial to recognize that this is a relationship of “strategic hedging.” Both nations maintain their independent foreign policy goals, and deep-seated ideological and strategic divergences persist. Saudi-Iranian dynamic recent relationship is not a full-fledged alliance while it is a best possible diplomatic architecture to mitigate hostile environment and strategic move on the chess-board to obtain desired objectives of foreign policy of both regional players. This state- to-state diplomatic initiative with mediation of China is taken to attain economic goals and to lessen regional conflicts. The future prospects of relations and Middle Eastern landscape depends on mutual commitment, dialogues, and capacity to establish new platforms to gain tangible economic interests and security cooperation. The story of SaudiIranian re- establishment of relations could be microcosmic model and new case-study for coming times, but it tells that both nations have new opportunities to gain and dynamic challenges to face (Jash, 2023).

2.2 Diplomatic Resurrection

The announcement on March 10, 2023, of the resumption of diplomatic relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, brokered by Peoples Republic of China, was

a profound geopolitical significance. It signaled a deliberate and calculated effort to end upheavals between two regional powers which have been lingering on since the dawn of Iranian revolution of Iran. A period that had been characterized an intense and costly proxy rivalry which had been destabilizing factor in the region by damaging geopolitical landscape of Middle East (Areej Et al., 2024). This diplomatic rebirth was a result of lengthy, often covert, back-channel diplomacy facilitated by regional mediators, most importantly Iraq and Oman, which laid the groundwork for more high-profile Beijing agreement (Carnegie Endowment for International Peace, 2023). The motivations for this historic shift were deeply rooted in the domestic and strategic imperatives of both Riyadh and Tehran. For Saudi Arabia, the pursuit of Crown Prince Mohammed Bin Salman's "vision 2030" made necessary a stable regional environment to attract foreign direct investment and pivot away from its traditional oil-based economy. The draining military campaign in Yemen and the perceived re-prioritization of U.S. foreign policy away from the Middle East further incentivized a deescalatory approach (Farouk, 2023). On the Iranian side the burden of international sanctions and mounting internal socioeconomic pressures created a powerful incentive to come out from regional isolation and find avenues for economic development and security enhancement. The strategic alignment of these interests, validated by China to secure its energy supplies and expand its influence through Belt and Road Initiative, provided the necessary framework for this diplomatic breakthrough (Nawaz et al., 2023).

2.3 State Visit and Strategic Dialogue

Following the Beijing agreement started a new age of strategic dialogues and state to state engagement between Iran and Saudi Arabia, to conduct diplomatic negotiations and political arrangements to materialize the dream of peace and settlement in political arena of Middle East. This period was delineated by a series of symbolic and substantive gestures aimed at mutual confidence building. Within the period of two months, both nations reopened their respective embassies, Iran's embassy in Riyadh and Saudi Arabia's in Tehran to resume operations. This crucial step was followed by exchange of ambassadors in September 2023, with Alireza Enayati arriving in Riyadh and Abdullah Alanazi commencing his duties in Tehran (Gulf Research Center, 2024). This re-establishment of diplomatic relations was swiftly followed by high state officials to underpin the process of détente. In November 2023, Iranian president Ebrahim Raisi was invited to, and attended summit of Organization of Islamic Cooperation (OIC), which was major symbolic gesture of reconciliation. This was first state visit by an Iranian president to Saudi Arabia in over decade and demonstrated a willingness of both sides to engage on shared issues of concern, especially in cataclysmic situation in Ghaza and other parts of Middle East (Arab News, 2023). Furthermore, the official visit of former Foreign Minister of Iran, Hossein Amir-Abdollahian to Riyadh August 2023, where he met his counterpart Prince Faisal Bin Farhan and Crown Prince Mohammed Bin Salman, pointed out

significant milestone for re-establishing direct line of communication at the highest levels of government. The most tangible outcome of this period was notable de-escalation of proxy conflicts.

In Yemen, the cessation of Houthi cross border attacks on Saudi territory became demonstrably consistent, a direct and crucial dividend of the rapprochement. This provided a new momentum to peace talks which was facilitated by Oman and supported by both parties (Arab News, 2023). It is worth noting, a pivotal moment came with high-profile visit of Defense Minister of Saudi Arabia Prince Khalid Bin Salman to Tehran in April 2025. As the highest-ranking Saudi official to visit Iran in decades, his trip was laden with strategic significance. He delivered a letter from King Salman to supreme leader Ayatollah Ali Khamenei, a gesture that underscored the importance Riyadh places on direct communication with Iran's highest authority (BIC-RHR, 2025). During his visit, Prince Khalid reportedly discussed bilateral security and latest nuclear talks between Iran and U.S., a remarkable instance of Saudi Arabia directly engaging it had a file it had long sought to undermine. This signaled a strategic recalibration by Riyadh, recognition that direct engagement with Tehran, even on sensitive security issues, was more effective path to regional stability than continued confrontation (Young, K., 2025).

2.4 Unlocking Economic and Strategic Avenues

While geopolitical de-escalation has been the most visible outcome, the period from 2023 to 2025 has also cautious but tangible steps towards broader cooperation. The reactivation of 1998 security and 2001 economic agreement has laid legal foundation for future collaboration. Although major Saudi investments in Iran have been limited by the persistence of international sanctions, both sides have publicly expressed their willingness to explore economic opportunities once allow (ORSAM, 2023). The rapprochement created more favorable environment for investments and economic cooperation, not only for Iran and Saudi Arabia but also for whole region for trade. A stable gulf region, where maritime security is no more under threat by Saudi-Iran rivalry, is significant prerequisite for the success Arabia's mega-projects and its ambitious tourism goals. Furthermore, both countries, as key members of OPEC+, have found renewed bases for coordination on oil production and pricing, a development that could enhance blocks market influence (Bourse and Bazaar

Foundation, 2025). The potential for collaboration on security issues, particularly in the realm of maritime security in the Strait of Hormuz, has been a topic of nascent discussion, moving from a position of mutual threat to one of potential joint responsibility (Special Eurasia, 2025). Saudi-Iran re-establishment is also fostering economic ties, although there are many

obstacles in the way of geo-economics breakthrough. The period of last two years has seen a foundational rebuilding of diplomatic trust, paving of potential economic relations, rather than full-fledged economic boom. However, reopening of diplomatic missions and improvement in economic relations, and political détente is immensely enhancing business climate and conducive atmosphere for further investment (Bourse and Bazaar Foundation, 2025). Overall trade volume between two nations remains relatively modest as compare to their economic size, there has been notable increase from a very low pre-rapprochement baseline. For instance, Iranian non-oil exports to Saudi Arabia reportedly surged by 99 times from March 2024 to December 2024 (Tehran Times, 2024).

Both Iranian and Saudi official have expressed aspirations to significantly increase bilateral trade, with targets of reaching \$1 billion and potentially \$2 billion in the medium term, focusing on goods such as agricultural products, construction materials, and some industrial goods (Tehran Times, 2025). Both countries have actively worked towards operationalizing joint economic commissions and trade conferences and seminars. These initiatives are crucial for identifying specific opportunities, facilitating business-to-business connections and addressing any trade barriers (Tehran Times, 2023a, 2024b, 2025c). There is also theoretical potential for joint ventures for petrochemicals and refining, leveraging Iran's vast gas reserves and Saudi Arabia's oil dominance (Bourse and Bazaar Foundation, 2025). It is important to mention that the reduction of geopolitical tensions could unlock significant regional transport and infrastructural projects, particularly those aligned with China's Belt and Road Initiative. It also includes improving land trade routes connecting Persian Gulf to Central Asia and beyond, enhancing regional stability in Iraq, Syria, and Lebanon, and potentially attracting GCC investments into these areas (Middle East Briefing, 2023). There is also great potential in tourism and pilgrimage sector, by re-establishing flights, both nations can get more economic objectives and can improve religious and social solidarity. Foreign direct investment of Saudi Arabia is very limited in Iran because Iran has been and is still facing U.S. sanctions which is a big hurdle in way of economic integration between two oil rich economies. Economic opportunities can also be hindered due to certain regional instability like recent Iran Israel war of June, likewise, these conflictual movements can jeopardize strategic conditions in Middle East (Bourse and Bazaar Foundation, 2025).

2.5 Saudi-Iran Diplomatic Relations during Iran Israel Conflict in June 2025

The June 2025 conflict between Iran and Israel tested the diplomatic rapprochement initiated in 2023, but it ultimately proved resilient. Rather than aligning with either sides, Saudi Arabia maintained carefully balanced and strategically neutral stance. This approach was

characterized by public calls for de-escalation, a rejection of direct military involvement, and a continuation of diplomatic engagement with Iran in the conflict's aftermath. Throughout the hostilities, Saudi Arabia's primary focus on regional stability and risk mitigation. The Kingdom publicly condemned both Israel's attacks on Iranian soil and Iran's subsequent retaliatory strikes, framing both as "blatant aggressions" and "flagrant violations of international law" (Al-Monitor, 2025; Dawn, 2025). By doing so, Riyadh avoided taking a side and instead positioned itself as diplomatic force committed to preventing a wider regional war. This strategic non-alignment was further demonstrated by its reported refusal to allow its airspace to be used for military operations and its rejection of U.S. requests for access to military bases for operations against Iran (Arab News, 2025; Bourse and Bazaar Foundation, 2025). The conflict did not halt the progress of the Saudi-Iran rapprochement. In fact, a high-level meeting took place shortly after ceasefire. On July 8, 2025, Iranian Foreign Minister Abbas Araghchi met with Saudi Defense Minister Khalid Bin Salman. This was first senior bilateral engagement since the cessation of hostilities on June 24 and signaled a shared desire for continued dialogue and cooperation on regional security (Special Eurasia, 2025;

The Media Line, 2025). Discussions reportedly covered bilateral cooperation, regional security, and humanitarian issues, including those in Yemen and Palestine. Iran's Foreign Minister also "expressed his gratitude" for Saudi Arabia's condemnation of Israel's actions (Al-Jazeera, 2025; Dawn, 2025). This post-conflict engagement emphasized the rapprochement was a long-term strategic decision by both nations to manage their rivalry through diplomacy, not a temporary convenience.

Saudi Arabia's actions during the conflict can be understood as an extension of its broader foreign policy shift under vision 2030, which prioritizes economic development and stability. A regional war would jeopardize its ambitious mega-projects and its ability to attract foreign investment. By acting a stabilizing force and maintaining lines of communication with both Iran and its western partners, Saudi Arabia seeks to enhance its own influence and strategic autonomy in a multipolar world (Al-Monitor, 2025; Bourse and bazaar Foundation, 2025). The resilience of Saudi-Iran ties during the crisis demonstrated that both countries see greater value in a functional diplomatic relationship than in a return to open hostility, especially when facing external pressures.

The brief account of Saudi Arabia's posture during the June 2025 Iran-Israel confrontation (presented above) captures the immediate diplomatic maneuvers and the July follow up meeting in Riyadh. The remainder of this section elaborates those events in greater analytical depth, places Riyadh's conduct in the context of domestical and regional politics, and

examines the concrete and longer-term implications of the confrontation for the Palestine issue. The analysis that follows is organized into four sub-sections: (a) Saudi strategic calculus and domestic constraints; (b) diplomatic mechanics and crisis management (including the July 8 meeting); (c) effects on Palestinian diplomacy, humanitarian action, and reconstruction; and (d) likely regional trajectories and policy recommendations.

(a) Saudi strategic calculus and domestic constraints

Saudi decision-making during the June 2025 crisis reflected a complex balancing act between three core imperatives:

1. Preserving national security and economic projects associated with Vision 2030.
2. Managing powerful domestic and transnational public sentiment in favour of the Palestinian cause.
3. Maintaining strategic relationships with external partners (notably the United States and China).

As the thesis already notes, Riyadh's Vision 2030 priorities make a large-scale regional war an obvious strategic risk because such a war would imperil mega-projects, inward investment, and long-term diversification goals (Bourse and Bazaar Foundation, 2025). At the same time, the Saudi leadership could not appear indifferent to a conflict that directly affected Muslim-majority populations and Muslim holy sites. Public opinion across the Arab world—and within Saudi Arabia—places intense moral and political pressure on governments to demonstrate visible solidarity with Palestinians and to condemn acts perceived as aggression against Muslim population or Muslim lands (Al-Monitor, 2025). These domestic and reputational constraints discouraged Riyadh from supporting any hard military action against Iran while simultaneously requiring assertive diplomatic signaling in favor of Palestinian welfare. The result was the calibrated non-alignment described earlier: strong public calls for de-escalation coupled with humanitarian concern for Gaza and condemnation framed in legal terms (i.e., references to violations of international law) rather than overtly partisan support for military retaliation (Dawn, 2025; Al-Monitor, 2025).

(b) Diplomatic mechanics and crisis management

Riyadh's immediate crisis instruments were diplomatic restraint, active mediation channels, and multilateral institutional engagement. First, the Kingdom publicly refused to

facilitate kinetic operations through its territory or airspace—a decision that reduced the risk of the conflict rapidly widening to include Gulf States and helped deny the United States or Israel a proximate staging ground for escalatory strikes (Arab News, 2025). Second, Saudi officials kept bilateral lines open to Tehran even during the height of the hostilities; the post-ceasefire meeting between Iranian Foreign Minister Abbas Araghchi and Saudi Defense Minister Kalid bin Salman on 8 July 2025 illustrates how bilateral, high-level engagement functioned as an immediate de-escalatory mechanism (Special Eurasia, 2025; The Media Line, 2025).

According to the reporting cited in this thesis, the July discussion explicitly included regional security, humanitarian cooperation and Palestine among their agenda terms, suggesting Riyadh and Tehran used the encounter both to cool tensions and to coordinate on shared regional concerns (Al-Jazeera, 2025; Dawn, 2025). Third, Riyadh amplified multilateral diplomacy. The Kingdom used its convening role in the Organization of Islamic Cooperation (OIC) and in the Arab league forums to frame the conflict in normative and humanitarian language, pushing for ceasefire appeals, humanitarian corridors into Gaza, and rapid emergency assistance to civilian populations. This multilateral posture allowed Saudi diplomats to signal solidarity with Palestinians while remaining within the legal and institutional language that avoided a direct military confrontation with Iran (Al-Monitor, 2025). In short, Saudi crisis diplomacy combined practical de-escalatory steps (airspace denials, confidential channels) with public, normative pressure intended to protect Palestinian civilians and pressure Saudi credibility in the Muslim World.

(c) Effects on the Palestinian issue: humanitarian, diplomatic and political dimensions

The June 2025 confrontation created immediate and medium-term consequences for Palestinians in three political domains.

Humanitarians: Saudi diplomatic posture increased the visibility and credibility of calls expanded humanitarian access to Gaza. Riyadh’s public denunciations of attacks that harmed civilians and its behind-the-scenes contacts with Tehran helped open political space for emergency relief coordination (Dawn, 2025). The practical outcomes included Saudi offers (bilateral and through OIC mechanisms) to finance medical aid and reconstruction planning, and Saudi support for UN humanitarian initiatives. While the scale of assistance required in Gaza vastly outstrips early pledges, Saudi involvement served to mobilize additional Arab and Muslim donor attention and to legitimate international relief coordination.

Diplomatic leverage: The Saudi-Iran détente—tested but durable during the crisis—created

the rare possibility that two influential regional players (one Sunni, one Shia) could converge rhetorically on Palestinian protection. If sustained, such convergence raises the political cost for any external actor seeking to ignore Arab-Muslim demands for a cessation of hostilities and a political settlement. In practice, Riyadh's ability to transform rhetorical convergence into concrete pressure on Israel is constrained by its evolving (and delicate) relationship with United States and by the uncertain state of any Saudi-Israeli normalization track (Henderson, 2024). Nevertheless, the resumed Saudi-Tehran dialogue increases the salience of the Palestinian question as a diplomatic test: cooperation over humanitarian access and reconstruction could become an initial, practical "confidence-building" dossier where both capitals can demonstrate regional leadership.

Political pathway to statehood and reconstruction: Short-term crisis diplomacy does not automatically translate into an advance toward Palestinian statehood. However, the June events clarified a pathway in which the Palestinian issue could become a renewed diplomatic nexus: (i) Immediate ceasefire and humanitarian relief, (ii) coordinated Arab planning for post-conflict reconstruction (with Saudi financing capacity central to that calculus), and (iii) renewed international mediation (OIC/UN/EU) that pushes incremental political measures—e.g., strengthened rights protection, humanitarian corridors, and reconstruction oversight arrangements that include Palestinian stakeholders. The thesis already signals how the Palestinian issue is likely to re-emerge as a diplomatic focal point for Saudi foreign policy (see Chapter 4.8). The June crisis accelerated that dynamic by demonstrating that Saudi Arabia values both domestic legitimacy (showing solidarity with Palestinians) and regional stability (avoiding wider war) and is prepared to use its diplomatic capital accordingly (Bourse and Bazaar Foundation, 2025).

(d) Regional trajectories and policy implications

The June 2025 confrontation produced three plausible medium line term scenarios for the Palestinian dimension of Middle Eastern politics:

1. Institutionalized humanitarian diplomacy (most likely, short term). Saudi and Iranian cooperation over immediate humanitarian measures become routinized through OIC and UN channels, coordinated relief, shared reconstruction task forces (Arab-led, with Saudi financing), and joint public statements demanding respect for international humanitarian law. This outcome preserves the rapprochement and channels popular mobilization into institutional aid rather than armed escalation.
2. Diplomatic pressure for a negotiated halt to hostilities and limited political concessions

(contingent). If Riyadh leverages its renewed ties with Tehran and its influence among Arab states to build a unified diplomatic front, there is potential for coordinated international pressure on Israel to accept a time bound cessation of hostilities and limited measures (e.g., expanded Palestinian self-governance in specific territories, donor-backed reconstruction plans). Realization of this scenario depends heavily on Saudi-U.S. Coordination and Israel's domestic political calculus.

3. Instrumentalization and fragmentation (risk scenario). The Palestinian issue could be instrumentalized by completing external actors to expand influence: Iran using Palestinian solidarity to deepen ties with non-state actors, and Israel continuing hardline policy that resists external pressure. This scenario would leave Palestinians politically marginalized and prolong humanitarian suffering.

Policy recommendations for Riyadh (summarized)

- Prioritize multilateral humanitarian mechanisms: channel Saudi assistance through OIC-UN coordination bodies to insure neutral, transparent delivery and to reduce politicization of aid. Use Saudi-Iran communication channels to institutionalized de-confliction and humanitarian coordination in Gaza and neighboring territories; convert ad hoc crisis meetings (e.g., July 8 meeting) into formalized crisis-management protocols where feasible (SpecialEurasia, 2025).
- Lead an Arab reconstruction compact with transparent donor governance and strong Palestinian representation—Saudi financing capacity is essential but must be linked to Palestinian agency and international oversight to avoid perceptions of external paternalism.
- Avoid the securitization of Palestinian diplomacy (i.e., resist converting humanitarian support into proxy competition). Riyadh should emphasize humanitarian and development objectives while keeping security escalation off the bilateral agenda wherever possible (Bourse and Bazaar Foundation, 2025).
- Leverage China's mediator role selectively: invite Chinese facilitation for technical, non-security issues (logistics, reconstruction financing frameworks) while keeping core political negotiations within Arab, Palestinian and UN channels to preserve regional ownership (Carnegie Endowment for International Peace, 2023).

The June 2025 Iran-Israel confrontation constituted an acute stress test for the Saudi-Iran rapprochement; that test, however, demonstrated resilience rather than collapse. Riyadh's calibrated neutrality-underpinned by public humanitarian emphasis, closed tactical military

options (e.g., airspace denials), and durable communication with Tehran— allowed it to preserve its Vision 2030 imperatives while satisfying domestic and regional expectations of solidarity with Palestine. Importantly, the crisis confirmed that the Palestinian issue remains a central diplomatic lever in the Middle East: it can be a source of mobilization that compels state action, and it can also function as a pragmatic platform for cooperation (humanitarian relief and reconstruction) if major regional actors choose de-escalation over competition. The challenge for Saudi policymakers is to convert episodic crisis diplomacy into enduring institutional mechanisms that protect civilians, empower Palestinian actors politically, and channel reconstruction funds through accountable, Palestinian-led process—thereby turning the Palestinian issue from a source of recurrent conflagration into a possible (though contested) axis of regional stabilization. Saudi-Iran Rapprochement and Role of Super Powers: With Special Reference to China

The Saudi-Iran rapprochement, formally announced in March 2023 through a China brokered agreement, signifies a notable shift in Middle Eastern geopolitics. This reconciliation between two long-standing regional rivals has implications for stability and power dynamics, with superpowers, particularly China, playing a significant role.

2.6 The Role of Superpowers in the Saudi-Iran Rapprochement

2.6.1 China's Pivotal Role

China's mediation was instrumental in facilitating the Saudi-Iran rapprochement. While some analyses suggest that both Iran and Saudi Arabia has their own motivations for seeking reconciliation prior to Beijing's direct involvement, China provided a crucial platform and impetus for the breakthrough (Ali et al., 2023; Safronova, 2023).

- **Economic Interests:** China's deep economic ties with both Saudi Arabia and Iran are a primary driver of its involvement. China is the largest trading partner for several Middle Eastern states, including Saudi Arabia and Iran, and relies heavily on energy imports from the region (Pakistan Languages and Humanities Review, n.d.). Instability in the Middle East could disrupt energy supplies and hinder China's Belt and Road initiative (BRI) projects, making regional stability a key strategic interest for Beijing (Pakistan Languages and Humanities Review, n.d.; Toossi, n.d.).
- **Neutrality and Trust:** Unlike the United States, China has historically maintained a more non-interventionist foreign policy in the Middle East, allowing it to act as more neutral and trusted mediator for both Riyadh and Tehran. This neutrality, combined

with its significant economic leverage, positioned China uniquely to bring the two sides to the negotiating table (Al Jazeera, 2023; Georgetown Journal of International Affairs, n.d).

- **Rising Diplomatic Influence:** The successful mediation of the Saudi-Iran deal bolstered China's diplomatic standing on the global stage, showcasing its growing capacity as a peace broker beyond its traditional economic focus. This represents a broader sign of a changing global order and the diminishing unipolarity that characterized the post-Cold War era (Al Jazeera, 2023)

2.6.2 The United States' Position

The Saudi-Iran rapprochement, particularly with China as the mediator, has been viewed by some as a setback for the United States' long-standing dominance and influence in the Middle East (Humanity Publications, n.d; International Journal of Contemporary Issues in Social Sciences, 2023).

- **Shifting Alliances:** For decades, the US has been a primary security guarantor in the region, often aligning with Saudi Arabia and other Gulf states against Iran. However, perceived shifts in the US commitment to regional security such as the Trump administration's response to attacks on Saudi oil fields, may have prompted Riyadh to seek alternative diplomatic avenues and diversify its partnership (Al Jazeera, 2023; Pakistan Review, n.d.).
- **Limited Mediation Role:** The US's close ties with Israel and Saudi Arabia, coupled with its confrontational stance towards Iran, have historically made difficult for Washington to play a neutral mediating role between Riyadh and Tehran (Al Jazeera, 2023).

2.7 Implications of the Rapprochement

The Saudi-Iran rapprochement has several key implications for regional power dynamics:

- **De-escalation of Regional Tensions:** The agreement has already led to a de-escalation of tensions in various proxy conflict zones, such as Yemen, where both Saudi Arabia and Iran had supported opposing factions (Middle East Council, 2024; International Crises Group, 2023). This has the potential to reduce the likelihood of wider regional conflicts.
- **Increased Regional Dialogue:** The rapprochement could open doors for broader

security dialogues, among Gulf Arab states, Iran and Iraq, fostering greater stability and cooperation (International Crises Group, 2023).

- **Diversification of Foreign Policy:** The deal suggests that Middle Eastern actors are increasingly pursuing more independent foreign policies, less reliant on a single Superpower and instead leveraging competition among great powers to their advantage (Institute of Policy Studies, 2023; international Affairs, 2024).
- **Impact on Internal Conflicts:** While the rapprochement may lessen the intensity of regional competition, it does not guarantee swift solutions to underlying internal conflicts within countries like Iraq or Syria, which have been exacerbated by the Saudi-Iran rivalry (International Crises Group, 2023).

2.8 The Ripple Effect: De-escalation in Regional Proxy Theaters

Beyond the direct bilateral benefits, the most profound impact of the rapprochement has been observed in the gradual calming of proxy battlegrounds across the Middle East. For years, these conflicts served as the primary venues for Saudi-Iran competition, exacting a devastating human and economic toll (Wehrey, 2019). The diplomatic thaw has created a new political reality, altering the strategic calculus for both state sponsors and their local partners.

In Syria, the rapprochement has accelerated a political realignment that was already underway. Saudi Arabia which had been a key backer of Sunni opposition groups seeking to oust President Bashar al-Assad, has significantly softened its stance. This shift was instrumental in Syria's readmission to the Arab League in May 2023, an event that would have been unthinkable just a few years prior. By re-engaging with Damascus, Riyadh aims to counterbalance Iran's deep- rooted influence and encourage a political settlement that secures its own interests, namely curbing drug trafficking across its borders and limiting the permanent presence of Iranian- backed militias (Fulton, 2023). For Tehran, a more stable Syria, recognized by its Arab neighbors solidify the survival of its most crucial ally (Katzman, 2025).

In Iraq, the détente has helped to lower the political temperature between the country's rival factions. For years, Iraqi politics has been a zero-sum game between blocs supported by either Riyadh or Tehran. The rapprochement has facilitated a more constructive environment, enabling the government of Prime Minister Mohammed Shia'Al Sudani to pursue a policy of balancing relations with both powerful neighbors. This has reduced the risk of Iraq becoming a direct battleground and has allowed for greater focus on internal economic and security challenges. Both Saudi Arabia and Iran now see a stable, sovereign Iraq as more beneficial to their long-term interests than a perpetually fractured one (Hinnebusch, 2021).

The situation in Lebanon also presents an opportunity for positive change. The country has been paralyzed by a presidential vacuum since 2022, largely due to the inability of the two main political camps --- one backed by Saudi Arabia and the West, the other led by the Iranallied Hezbollah --- to agree on a consensus candidate. The renewed dialogue between Riyadh and Tehran could create the diplomatic space needed for a breakthrough, potentially allowing the election of a president who can begin to steer the country out of its profound economic crisis (Katzman, 2025).

2.9 Navigating a New Geo-Political Triangle: Rapprochement and the Abraham Accords

The Saudi-Iranian rapprochement does not exist in a vacuum, it intersects with another major geopolitical development --- the Abraham Accords, which have seen several Arab nations normalize relations with Israel. This creates a complex triangular dynamic, forcing Riyadh to perform a delicate balancing act. On one hand, the United States continues to push for Saudi-Israeli normalization, which it views as the ultimate prize of Abraham Accords, and a cornerstone of a regional anti-Iran security architecture (Henderson, 2024).

On the other hand, the deal with Tehran is a clear move by Saudi-Arabia to de-escalate tensions and pursue a more independent foreign policy, reducing its reliance on the U.S security umbrella. From Iran’s perspective, the Abraham Accords represent a direct threat, an attempt by its primary adversaries to encircle it. The rapprochement with Saudi Arabia is therefore a major strategic victory for Tehran, as it fractures the potential for a unified ArabIsraeli front against it (Sadeghi & Ahmadian, 2022).

This has positioned Saudi Arabia in a powerful but challenging position of “strategic hedging”. By engaging with both Iran and keeping the door open to Israel, the Kingdom maximizes its strategic autonomy. It signals to Washington that it has other options and will not be locked into a purely confrontational stance with Iran, while also signaling to Tehran that normalization with Israel remains a possibility if its security concerns are not addressed. This multifaceted diplomacy reflects the ambitions of Vision 2030, which requires a stable and predictable regional environment that cannot be achieved through perpetual conflict (Henderson, 2024).

2.10 Securing Vital Waterways: Maritime Cooperation in the Persian Gulf

A critical, albeit nascent, area of potential cooperation is in maritime security. The Persian Gulf and the Strait of Hormuz are vital arteries for the global economy, through which a significant portion of the world's oil supplies transit (Amirahmadi, 2022). In previous years, the Saudi-Iran rivalry played out dangerously in these waters, with a series of tanker attacks, drone strikes, and vessel seizures that threatened to escalate into a wider conflict.

The rapprochement has opened the door to discussions about creating a region-led security framework. In mid-2023, Iran announced its intentions to form a joint naval alliance with Saudi Arabia, the UAE, Qatar, Bahrain and Iraq to ensure maritime security. While this proposal has been met with caution, particularly from the U.S, it marks a significant rhetorical shift from confrontation to cooperation (Ramani, 2025). A successful regional maritime security initiative would reduce the pretext for the presence of external naval forces, thereby enhancing the strategic autonomy of all Gulf States. For China, which brokered the deal, ensuring the security of these shipping lanes is paramount for its own energy security and the success of its Belt and Road Initiative (Pakistan Languages and Humanities Review, n.d.). While deep military integration remains a distant prospect, even basic de-confliction mechanisms, intelligence sharing on threats like piracy and smuggling, and joint search- and rescue drills would represent a major step forward (Ramani, 2025).

2.11 The Regional Response: Reactions from Key Middle Eastern Powers

The Saudi-Iran détente has sent shockwaves across the region, eliciting a range of reactions from other key players whose interests are intertwined with the rivalry.

- **The United Arab Emirates (UAE) and Oman:** Both nations strongly welcomed the agreement. Oman, along with Iraq, was a crucial and patient mediator in the years of secret talks leading up to the Beijing deal, and its success serves as a validation of their diplomatic approach. The UAE, which had initiated its own de-escalation with Iran in 2019 after the attacks on its shipping, saw the deal as aligning perfectly with its pragmatic, economy-first foreign policy (Cook, 2024).
- **Qatar:** For Doha, the rapprochement was a significant strategic boon. Having endured a blockade led by Saudi Arabia and the UAE from 2017 to 2021, in part due to its warmer ties with Iran, the deal helps to finally mend the intra-GCC rift and normalizes the policy of engagement that Qatar has long advocated.

- **Turkey:** Ankara's reaction has been more circumspect. While officially welcoming the de-escalation, Turkey as another major regional power with its own ambitions in Syria, Iraq and wider Muslim world, may view a consolidated Saudi-Iran axis as a new competitive bloc that could potentially limit its own influence (Cook, 2024).
- **Israel:** The reaction from Israel was one of the profound alarm. Its government had invested heavily in a diplomatic strategy centered on building an anti-Iran coalition with Sunni Arab states through the Abraham Accords. The Saudi-Iran rapprochement was seen as a major setback to this strategy, potentially derailing the prospect of normalization with Riyadh and signaling a perceived weakening of the regional front against Tehran (Henderson 2024).

Conclusion

Saudi-Iran rapprochement, brokered by China is very positive diplomatic engagement in Middle Eastern political landscape. This re-establishment could be significantly stabilizing factor for regional geopolitics. It is important to say that reopening of diplomatic communication between Iran and Saudi Arabia has altered the geopolitical conflicts, as cessation of Houthis in Yemen against the Kingdom. Geo-economics opportunities are also being created because of diplomatic re-engagement of Saudi Arabia and Iran. It is also worth mentioning that China is playing assertive role in geopolitical dynamics of Middle East as a hegemon, but Chinese contribution is more facilitating and productive in the region as well as in international political affair.

CHAPTER THREE

IRAN-SAUDI RAPPROCHEMENT: A NEO-REALIST ANALYSIS OF SHIFTING POWER AND PRAGMATIC SURVIVAL

The unexpected diplomatic rapprochement between Iran and Saudi Arabia, formally initiated under Chinese auspices in March 2023, represents one of the most significant geopolitical realignments in the contemporary Middle East. For decades, the two regional behemoths had been entangled in tense, multifaceted rivalry, characterized by proxy conflicts in Yemen, Syria, Iraq, and Lebanon, alongside deep ideological and sectarian divide. This pervasive antagonism fueled across broader Persian Gulf region, drawing in external powers perpetuating cycles of violence. All these above-mentioned ailments demand rigorous theoretical perspective, in which these dramatic upheavals and political determinants are to be analyzed.

This chapter argues that the détente of Iran and Saudi Arabia is to be examined with of framework of neo-realism, a prominent structural theory of international relations. Neo realism posits that states, as primary actors in an anarchic international system, are fundamentally driven by the pursuit of security and survival. Their foreign policy choices are largely shaped not by internal characteristics or ideological preferences, but by the distribution of power (capabilities) among the states and inherent uncertainties of a self-help environment. By applying Neorealist principles, this analysis will unpack systemic pressures that compelled the both Riyadh and Tehran to engage in this strategic re-evaluation, examine the enduring challenges inherent in their relationship from a structural perspective, and identify the opportunities for enhanced state security and capability accumulation that such a pragmatic shift affords. This chapter includes defining security quagmire, complexity of conflicts of relations, and possible uncertain conditions in the light of Neorealism paradigm. It will also explain that diplomatic engagement is a viable political and security option for the balance of power and regional stability, according to lenses provided by Neorealist approach.

3.1 Key Tenants of Neorealism and Saudi-Iran Rapprochement

At its core, Neorealism, particularly as articulated by Kenneth Waltz in his famous 1979 book, “Theory of International Politics”, offers a parsimonious yet powerful framework for analyzing international politics. Unlike classical realism, which often attributes state behavior to human nature or lust for power, Neorealism shifts the focus to the structure of the international system. Key principles of this theory comprehend the inherent conditions of this rapprochement by delving deep into the phenomenon. Important points are following: 1 International system lacks a central, legitimate authority capable of enforcing rules or providing security guaranties to states. This absence of supranational government means that states exist in a condition of anarchy, where each state is ultimately responsible for its own survival. 2 Neorealism simplifies the complex internal workings of states by treating them as unitary actors. While acknowledging internal politics, it asserts that states, in their external behavior, generally act rationally to pursue their national interests, foremost among them being survival (Waltz, 1979). 3 In an anarchic environment of international politics, the fundamental objective of a state is to ensure its own survival, and to maintain its territorial integrity and political independence. All other goals are secondary or instrumental to this primary aim. 4 States accumulate maximum power by establishing and developing their military capabilities and strengthening their national economic wealth. It is also necessary according to Neorealism to get modern technology to make the state secure because without advancement of technological power states cannot survive in this age of cyber –security and artificial intelligence. Only by this way, state will be able to have or use its diplomatic influence in international by arena. By the advocates of theory, this is the only approach to maintain security and to avoid potential threats of the state (Maresheimer, 2001).

The distribution across the international system is what defines its structure, either it is unipolar, bipolar or multipolar. 5 Another very important aspect of international system according to Neorealism is security dilemma, which means security of one state is insecurity of the other. A perpetual challenge in international anarchic system is called security dilemma. Actions taken by one state to enhance its own security for instance, building up its military, forming alliances, and developing its economic power are often perceived as threatening by other states, compelling them to respond in kind. This can lead to arms races and escalating tensions, even when no state initially intends aggression (Jervis, 1978). This inherent mistrust makes deep cooperation difficult and temporary.

From this structural perspective, state behavior is largely a function of the systemic constraints and opportunities presented by the distribution of power. States engage strategies like balancing, forming alliances against dominant power or rival or “bandwagoning” (aligning with stronger side) to enhance their security. The Iran-Saudi rapprochement, therefore, can be interpreted as a sophisticated form of external balancing and a pragmatic response to a changing balance of power, both regionally and globally (Gulf Strategic Center, 2025).

3.2 The Genesis of Dialogue and Neorealism

The pivot from antagonism to dialogue between Tehran and Riyadh was not an impulsive decision but calculated move by both capitals, driven by fundamental shifts in international system that impinged directly on their security. A critical systemic factor which heavily influenced both states was the evolving perception of United States’ role in the Middle East. For Saudi Arabia, a long-standing U.S. security partner, the silence of American on the attacks on Saudi oil refineries (suspected by Iran’s proxy) raised profound questions about the reliability of U.S. security guaranties. Similarly, U.S. administration’s main focus on Asia instead of Middle East increased further concerns for Saudi government (Bourse and Bazaar Foundation, 2025; Research Gate, N.D.). From a Neorealist standpoint, this created a security vacuum or, at minimum, uncertainty in the external balancing support previously provided by the hegemon. This situation enforced Saudi Arabia to enhance its capabilities and she decided to give a chance to diplomacy, by critically analyzing its potential of backdoor channels to work in this (self-help) international anarchic system. This mistrust on Superpower provided an alternative situation for Saudi Arabia to mitigate hostilities with Iran and it decided to choose negotiations to de-escalate the uneasy environment for its security and regional stability and peace (AlJazeera News, 2025).

Another very significant reason, under the pressure of long-standing proxy conflicts in Yemen, Syria, Iraq, and Lebanon had paved a way for both states to come on the table. For Saudi Arabia war in Yemen became a paranoid nightmare, draining vast financial resources, effecting badly to reputation, and failing to achieve decisive strategic objectives. Iran, inspite of its strategic gains through its “Axis of Resistance,” also faced heavy economic and human costs, hugely influenced by international sanctions. Neorealism emphasizes that states are rational actors concerned with efficient resource allocation for survival. The continuation of these high-cost, low-return rivalries began to undermine both nations’ capabilities. The rapprochement allowed them to re-evaluate their cost-benefits calculus, aiming to re-allocate resources towards more essential

domestic priorities, such as Saudi Arabia's vision 2030 economic development plan and Iran's efforts to mitigate its economic hardships under sanctions (Vision 2030, N.D.; Clingedael, 2025).

Emergence of China as a willing and capable mediator is a key structural development in the region as an alternative hegemon, which can also be examined in light of Neo-realism that theorizes this concept as a balance of power, a regional and global shift in international politics. China, as rising a new great power with significant energy interests in the Middle East and a noninterventionist foreign policy, offered a neutral platform for dialogue that had been absent under single U.S. hegemony. For both Saudi Arabia and Iran, engaging China provided an opportunity to diversify their great power relationships, reduce over-reliance on single patron, and enhance their strategic autonomy in an increasingly multipolar world. China's capacity and interest of brokerage demonstrated its growing diplomatic leverage and offered a template for regional dispute resolution outside traditional western frameworks, a new structural opportunity for states seeking alternative balancing partners (Modern Diplomacy, 2025; Pakistan Languages and Humanities Review, 2024).

Another geopolitical factor, in Middle Eastern politics is direct tension and war between Iran and Israel in June 2025, (which culminated hypothetically) likely played a role in Saudi Arabia's calculations. From Neo-realist perspective, Iran deeply embroiled in direct conflict with Israel could destabilize the entire region, potentially drawing in Saudi Arabia and jeopardizing its ambitious development plans. De-escalating tensions with Iran on the hand while maintaining a strategic distance from Iran-Israel confrontation on the other, allowed Riyadh to manage its security environment without being forced into an untenable alignment (Bourse and Bazaar Foundation, 2025).

3.3 Challenges of Rapprochement in Light of Neo-Realism

Despite the breakthrough, the path forward for Iran-Saudi rapprochement remains fraught with challenges, many of which are deeply rooted in the persistent logic of the anarchic international system and the omnipresent security dilemma. Pervasive mistrust and security dilemma is arguably the most structural impediment. Decades of zero-sum competition and proxy warfare have instilled deep-rooted mistrust between Riyadh and Tehran. In an anarchic system, states can never be entirely certain of another's true intentions. Actions taken by Iran to enhance its defensive capabilities for instance, (missile programme, drone technology proliferation) are viewed as offensive threats by Saudi Arabia, forcing Riyadh to seek countermeasures, whether through defensive procurements or closer security ties with external partners.

Conversely, Saudi Arabia's increased military spending or its engagement in regional security dialogues is seen by Iran as an attempt at encirclement.

This perpetual cycle, a hallmark of the security dilemma, makes genuine security cooperation beyond basic de-escalation exceptionally difficult (Gulf Research Center, 2024; INSS, 2025a). The recent, albeit hypothetical, Iran-Israel conflict in June 2025, while showing Saudi neutrality, underscored the inherent volatility of the region and how quickly perceptions of threat can resurface. Neorealism posits that states in an anarchic system are inherently concerned with **relative gains** – that is, who benefits more from cooperation, thereby gaining power relative to the other. If one party perceives that the other is disproportionately benefiting from the rapprochement (e.g., Iran breaking its international isolation and improving its economic standing, or Saudi Arabia gaining regional leadership and attracting greater foreign investment for Vision 2030 without Iran receiving reciprocal benefits), it could lead to a breakdown of cooperation and a return to competition (Semantic Scholar, 2024). The zero-sum mindset, ingrained by decades of rivalry, is hard to shed, while both states have expressed a desire to reduce proxy conflicts, controlling and disarming various non-state actors that have historically served their strategic interests is immensely complex. Groups like the Houthis in Yemen, Hezbollah in Lebanon, and numerous Iraqi militias often possess their own organizational interests, command structures, and degrees of autonomy.

From a Neorealist perspective, these proxies are valuable instruments of state power in a competitive environment. Divesting from them entirely, especially without an absolute guarantee of mutual disarmament or a clear alternative security framework, remains a significant challenge. Their independent actions, such as the Houthi attacks on Red Sea shipping, can create friction despite official rapprochement (Bourse & Bazaar Foundation, 2025; ORF, 2025). The interests of other powerful international actors, particularly the United States and Israel, continue to exert pressure on the rapprochement. U.S. sanctions on Iran, rooted in its non-proliferation and regional behavior concerns, fundamentally limit the scope of economic cooperation and investment between Iran and Saudi Arabia. This external constraint on Iran's capabilities directly impacts the potential for deeper engagement, reinforcing the perception of Iran's continued isolation despite the Saudi détente (Number Analytics, 2025). Saudi Arabia must carefully balance its new diplomatic engagement with Iran and China against its long-standing security partnership with the U.S., navigating the complexities of an evolving multipolar world. Any perceived shift in the

regional balance of power resulting from the rapprochement could provoke counter-balancing actions from these external actors.

3.4 Balancing Strategies Revisited: A Shift from External to Internal Imperative

A deeper Neo-realist analysis reveals the rapprochement as a sophisticated recalibration of balancing strategies by both Riyadh and Tehran. Historically, Saudi Arabia predominantly engaged in external balancing, relying almost entirely on the United States as an external security guarantor to contain Iran. However, the perceived unreliability of this security guarantee, as discussed earlier, forced a strategic pivot. The rapprochement does not signal an abandonment of external balancing but rather its diversification --- engaging China as a diplomatic balancer --- and, more importantly, a renewed emphasis on internal balancing. From a Neo-realist perspective, internal balancing involves enhancing a state's own capabilities to cope with threats. For Saudi Arabia, the Vision 2030 initiative is the ultimate internal balancing project. Its success, however, is contingent on regional stability, which the costly rivalry with Iran directly undermined. Therefore, de-escalating with Iran is not a sign of weakness but a rational, strategic choice to reallocate resources from costly foreign interventions to building domestic economic and Technological power, which is the foundation of long-term security and survival (Snyder, 2024). For Iran, burdened by sanctions, the logic is similar: reducing regional tensions allows it to focus scarce resources on strengthening its battered economy, a critical component of its own internal balancing effort against overwhelming external pressure.

3.5 The Systematic Shift: Navigating the Transition to a Multipolar Middle East

The Iran-Saudi détente is a textbook case of state behavior adjusting to a major shift in the international system's structure – specifically, the transition from a post-Cold War unipolar moment dominated by the U.S. to an increasingly multipolar order. Neo-realism posits that the polarity of the system is the primary variable influencing state strategy. In unipolar system, regional powers often align their policies with the single hegemon. The Saudi-Iran rivalry was, for decades, filtered through the prism of U.S. regional policy.

The rise of China as a credible economic and diplomatic pole, and the reassertion of Russia, has created a new systemic reality. This multipolar structure provides regional states like Saudi Arabia and Iran with greater latitude and strategic autonomy. They are no longer captive to a single

great- power dynamic but can maneuver between multiple poles to maximize their interests (Ikenberry, 2025). Engaging with China as a mediator allowed both states to signal to the U.S. that they have alternative partners, thereby, increasing their own bargaining power. This diplomatic flexibility is a direct consequence of the changing distribution of global power, forcing regional rivals to engage with each other more directly as they can no longer rely on a single external power to definitely manage their disputes.

3.6 Offensive versus Defensive Realism: A Pivot from Hegemony to Security

The rapprochement can also be analyzed through the internal debate within Neo-realism between Offensive Realism and Defensive Realism. Offensive Realism, most associated with John Mearsheimer, argues that the anarchic system compels states to maximize their relative power with the ultimate goal of achieving regional hegemony to ensure their security. For years, the Iran- Saudi rivalry appeared to follow this logic, with both states seeking to maximize their influence and undermine the other across the Middle East in a relentless quest for dominance. However, the immense costs and ultimate stalemate of this strategy suggest a pivot toward the logic of Defensive Realism, as articulated by Kenneth Waltz. Defensive Realists argue that states are primarily security-maximizers, not power-maximizers. They contend that the pursuit of hegemony is strategically foolish, as it provokes other states to form counter-balancing coalitions. Both Saudi Arabia and Iran seem to have concluded that their offensive strategies were yielding diminishing returns and creating unacceptable risks to their own security and survival (Taliaferro, 2024). The war in Yemen became a security drain for Saudi Arabia, not a power-enhancing project. For Iran, regional-over extension invited crippling sanctions and the threat of a broad anti-Iran coalition. The détente, therefore, represents a pragmatic shift from a failed pursuit of hegemony (Offensive Realism) to a more calculated focus on securing the state and stabilizing its environment (Defensive Realism).

3.7 Re-evaluating State Capability: The Primacy of Economic Power for Survival

Finally, the rapprochement reflects an evolving understanding of state capability, a central concept in Neo-Realist thought. While military power remains a crucial component, both Riyadh and Tehran have demonstrated a clear recognition that in the 21st century, economic strength, technological advancements, and internal stability are the ultimate guarantors of state survival and

influence (Brooks & Wohlforth, 2025).

Saudi Arabia's Vision 2030 is an explicit acknowledgement that an oil-dependent economy is a long-term vulnerability. To build its comprehensive national power, it must transform into a diversified technologically advanced hub. This goal is impossible to achieve in a state of perpetual regional conflict. The détente is a necessary precondition for achieving the Kingdom's primary strategic objective: securing its future through economic capability. Similarly, Iran facing immense economic hardship due to sanctions, understands that its ability to survive and resist external pressure is fundamentally tied to its economic resilience. By reducing regional hostility, Tehran hopes to attract investment (particularly from China) and create pathways for economic recovery, thereby bolstering its overall state capability. This shared focus on the economic dimension of power created a powerful, structurally-driven incentive for both states to set aside ideological rivalries in favor of pragmatic survival.

CHAPTER FOUR

SAUDI-IRAN RAPPROCHEMENT: FUTURE PROSPECTS

4.1 Introduction

The relationship between Saudi Arabia and Iran has historically been characterized by rivalry, mistrust, and proxy conflicts, significantly contributing to instability across the Middle East. However, a landmark agreement brokered by China in March 2023 saw the two regional powers agree to restore diplomatic relations after a seven-year rupture. This rapprochement has been widely hailed as a crucial step towards de-escalation and has sparked considerable discussion about its potential future prospects of regional stability and cooperation. This chapter will delve into the multifaceted implications of this diplomatic thaw, exploring the opportunities it presents for a more stable Middle East, while also acknowledging the inherent challenges that could impede its long-term success.

4.2 Historical Context of Rivalry

For decades, Saudi Arabia and Iran have been locked in a geopolitical struggle for influence, rooted in a complex interplay of political, ideological, and economic factors. The 1979 Iranian Revolution, which ushered in an anti-Western, revolutionary Shi'ite government, fundamentally altered the regional balance and posed a direct challenge to Saudi Arabia's conservative Sunni monarchy (Sadeghi & Ahmadian, 2022). This ideological divergence fueled proxy wars in various theaters, including Yemen, Syria, Iraq, and Lebanon, where both nations supported opposite factions, leading to widespread human suffering and destabilization (International Crises Group, 2024). Economic competition, particularly concerning oil policy within the OPEC, and differing alignments with global powers (e.g. Iran's anti-U.S. stance versus Saudi Arabia's long-standing security partnership with the U.S.) further exacerbated tensions (International Crises Group, 2024; Wikipedia, n.d.).

4.3 The Rapprochement: Drivers and Initial Outcomes

The decision of Riyadh and Tehran to restore ties was driven by several factors. For Saudi Arabia, a desire to cool regional tensions and focus on its ambitious Vision 2030 development program, which

requires a stable environment for foreign investment, played a significant role (International Crisis Group, 2024). Iran, facing ongoing international sanctions and seeking to alleviate its isolation, also saw benefits in de-escalation and potential economic gains (Bourse & Bazaar Foundation, 2025). China's diplomatic mediation was instrumental, highlighting its growing influence in the Middle East and its interest in securing stable energy supplies (Pakistan Review, 2024).

Since the March 2023 agreement, both countries have taken tangible steps, including naming ambassadors and reopening embassies. Initial outcomes have included a reduction in cross border attacks from Iranian-backed groups on Saudi territory and de-escalation of tensions in Yemen (Bourse & Bazaar Foundation, 2025; International Crisis Group, 2024). This has allowed Saudi Arabia to reallocate resources towards domestic priorities and provided Iran with a degree of regional legitimacy (Bourse & Bazaar Foundation, 2025).

4.4 Future Prospects and Opportunities

The Saudi-Iran rapprochement holds significant potential for fostering greater stability and cooperation in the Middle East.

- **Regional De-escalation:** A primary benefit is the potential for further reduction of proxy conflicts in the area like Lebanon, Syria and Iraq, which have long been battlegrounds for Saudi-Iranian rivalry. This could lead to greater security and reduced humanitarian crises in the nations (Bourse & Bazaar Foundation, 2025).
- **Economic Cooperation:** Improved relations could unlock greater economic engagement, including non-sanctioned trade, commercial flights and potentially joint ventures. Both countries, with their substantial populations and resources, could form a significant economic powerhouse (Pakistan Review, 2024). Opportunities for enhanced transport connectivity, particularly for China's Belt and Road Initiative, also exist (Bourse & Bazaar Foundation, 2025).
- **Enhanced Regional Dialogue:** The détente could pave the way for a broader security dialogue among Gulf Arab states, Iran and Iraq, allowing for discussions on shared security concerns and potentially leading to collective security mechanisms (International Crisis Group, 2023).
- **Reduced External Interference:** A more stable regional environment, less prone to internal conflicts fueled by external rivalries, might lead to a reduced reliance on external

powers for security, potentially altering the traditional role of the United States in the region (International Affairs, 2024; Pakistan Review, 2024).

- **Benefit for Third-Party States:** Countries like Pakistan, which have historically walked a diplomatic tightrope between Riyadh and Tehran, stand to gain significantly from improved relations, allowing them to pursue broader economic and diplomatic interests without being forced to choose sides (IPRI, n.d.).

4.5 Challenges and Limitations

Despite the promising outlook, several formidable challenges could hinder the sustained success of the rapprochement:

- **Lingering Mistrust and Historical Grievances:** Decades of animosity, rooted in sectarian differences, regional competition, and historical grievances, have created a deep trust deficit that will take considerable time and consistent effort to overcome (International Crisis Group, 2024; MECouncil, 2024). Recent escalations, such as reported Iranian missile strikes, can quickly widen this gap (GulfIF, 2025).
- **Unresolved Core Issues:** Fundamental disagreements, particularly concerning Iran's nuclear program, its missile capabilities, and its support for regional militias, remain significant points of contention (International Crisis Group, 2024; MECouncil, 2024). Saudi Arabia seeks serious commitments from Iran to cease interference in Arab internal affairs (GulfIF, 2025).

External Pressures and Regional Dynamics: The broader geopolitical landscape, including ongoing tensions between Iran and the United States and Israel, could strain the rapprochement. Any major escalation involving Iran could put Saudi Arabia in a difficult position (GulfIF, 2025). The normalization of relations between Israel and some Gulf states also remains a sensitive issue for Tehran (MECouncil, 2024).

- **Internal Political Considerations:** Both Saudi Arabia and Iran have internal political dynamics that could influence the pace and extent of rapprochement. Leadership changes or shifts in domestic priorities could impact foreign policy orientations (GulfIF, 2025).
- **Pacing of Progress:** While initial steps have been taken, significant tangible progress in improving political and economic relations beyond the exchange of ambassadors has been slow (GulfIF, 2025). Building comprehensive cooperation will require patience and sustained commitment.

4.6 The Prospects of a New Regional Security Architecture

Looking ahead, the most significant opportunity lies in transforming the current de-escalation into a durable, region-led security framework. For decades, Gulf security has been outsourced to external powers primarily the United States. The rapprochement creates the political space to envision an indigenous architecture build on dialogue and mutual interests. Future prospects in this domain could include several concrete steps:

- **Confidence Building Measures (CBMs):** Establishing a direct military-to-military hotline to prevent accidental escalations in the Persian Gulf, creating a joint crises management center and ensuring pre-notification of major military exercises would be critical first steps.

A Regional Security Dialogue: The détente could serve as the cornerstone for a broader Gulf-wide security conference, inclusive of Iran, Iraq, and all six Gulf Cooperation Council (GCC) states, such a forum could address shared threats like terrorism, piracy, and drug smuggling.

- **Maritime Security Corporation:** Moving beyond rhetoric, a tangible future prospect involves creating a joint task force for securing vital shipping lanes in the Strait of Hormuz, shifting the paradigm from mutual threat to shared responsibility (Ulrichsen, 2025).

Successfully establishing such a framework would reduce regional reliance on external powers and anchor the rapprochement in a stable, institutionalized structure, making it more resilient to future political shocks.

4.7 Cooperation on Energy Transition and Climate Change

While Saudi Arabia are historic competitors within OPEC, the global shift away from fossil fuels present a shared existential threat that could foster unprecedented cooperation. The future prosperity and stability of both nations depend on their ability to navigate the energy transition.

This shared vulnerability opens new avenues for collaboration that were previously unthinkable:

- **Renewable Energy Ventures:** Both countries have immense potential for solar power. A key future prospect is the establishment of joint ventures for developing solar technologies, manufacturing panels, and creating integrated regional power grids.
- **Climate Change and Water Scarcity:** The Middle East is a global hotspot for climate change, facing extreme heat and critical water shortages. Future cooperation could focus on sharing technology and best practices in water desalination, sustainable agriculture, and combating desertification (El-Katiri & Colombo, 2025).

By framing these issues as matters of collective survival rather than zero-sum competition, Riyadh and Tehran could build a powerful new pillar for their relationship, grounded in the scientific and economic relations of the 21st century.

4.8 The Palestinian Issue: A Future Diplomatic Nexus

The Palestinian issue remains a central and deeply resonant cause across the Muslim world. The future of Saudi-Iran relationship will invariably impact its diplomatic trajectory. This could evolve in two distinct directions:

1. **A Point of Convergence:** A potential positive prospect in the formation of a more unified diplomatic front. If Riyadh and Tehran coordinate their positions, they could exert significantly more leverage on the international stage to advocate for a two-state solution and Palestinian rights, potentially reviving a moribund peace process (Khalidi, 2024).
2. **A Point of Contention:** Conversely, the issue could remain a key vulnerability in the relationship. Saudi Arabia continues to weigh the strategic benefits of normalizing relations with Israel, a move Iran views as a profound betrayal of Palestinian cause and a direct security threat. How Riyadh navigates this delicate balance—between its potential ties with Israel and its détente and Iran—will be a critical test for the long-term sustainability of the rapprochement.

4.9 From Proxy Wars to Reconstruction Projects: The Economic Peace Dividend

A crucial future prospect for solidifying the peace is to transform former battleground into zones of economic cooperation. The wars in Yemen, Syria and Iraq have not only caused immense

human suffering but also created a massive reconstruction deficit. The post rapprochement era offers a chance to pivot from funding militias to funding development.

This could involve tacit or explicit coordination on reconstruction efforts, Saudi Arabia with its vast financial resources and the Public Investment Fund (PIF), is uniquely positioned to be a major investor. Iran, with its deep political influence and on-the-ground networks in these countries, could facilitate a secure environment for such investments (Al-Marashi, 2025). This complementary relationship could create a powerful peace dividend, where both nations gain economic influence and regional stability by rebuilding what their rivalry helped destroy. Such a move would provide tangible benefits to war-torn populations and give both Riyadh and Tehran a shared stake in lasting peace.

4.10 The Role of Soft Power: Fostering Cultural and Religious Rapprochement

Finally for the détente to be truly transformative, it must move beyond the government level and permeate the societal and cultural spheres. Decades of state sponsored hostile rhetoric have deepened the Sunni-Shia sectarian divide. A vital future prospect is a conscious effort to deescalate this ideological war through soft power initiatives:

- **Religious Tourism (Hajj and Umrah):** Facilitating and expanding access for Iranian pilgrims to Islam's holy sites in Saudi Arabia is a powerful tool for building goodwill and fostering people-to-people connections (Nakash, 2024).
- **Cultural and Academic Exchanges:** Future initiative could include joint university programs, student exchanges, art exhibitions, and sports tournaments to help bridge the cultural divide and humanize the other side.
- **Media De-escalation:** A commitment from both states to rein in hostile rhetoric in their official and semi-official media outlets would be essential to changing public perceptions and overcoming the deep-seated mistrust that challenges the relationship.

Building these cultural and religious bridges is a long-term project, but it is indispensable for creating a genuine and lasting peace between the two regional giants.

CONCLUSION

The landmark diplomatic rapprochement between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, brokered by the People's Republic of China in March 2023, represents one of the most significant geopolitical realignments in the 21st-century Middle East. It is an event that challenges the prevailing narrative of immutable and escalating sectarian conflict, offering instead a tentative blueprint for a new regional order. This thesis has argued that this *détente* is not the product of a sudden ideological reconciliation or a fundamental change in nature of either regime. Rather, it is a pragmatic and calculated recalibration of grand strategy, compelled by powerful structural forces within the regional and international systems. The rapprochement is best understood as a sophisticated act of statecraft rooted in the enduring logic of survival, power, and security. By tracing a historical arc of the rivalry, analyzing the contemporary dynamics of the agreement, applying the theoretical lens of Neo-realism, and projecting future prospects, this study concludes that the Saudi-Iran agreement is a rational response to a shifting balance of power, a testament to the primacy of national interest over ideological fervor, and fragile but foundational step toward a potentially more stable, self-reliant Middle East.

The historical analysis presented in Chapter 1 established the profound depth and complexity of the antagonism between Riyadh and Tehran. The relationship was not always defined by hostility; in the pre-revolutionary era, shared interests as major oil producers within OPEC and alignment during the Cold War fostered a degree of pragmatic cooperation. However, the 1979 Iranian revolution served as a tectonic geopolitical event, transforming the relational landscape and injecting a potent ideological and sectarian venom in the relationship. The clash was no longer simply between two neighboring states but between two competing visions for the leadership of the Muslim world: a revolutionary, Shia-led theocracy versus a conservative, Sunni-led monarchy. This fundamental schism fueled decades of mutual suspicion, hostile rhetoric, and most devastatingly, a series of brutal proxy wars that tore at the fabric of nations like Iraq, Syria, Lebanon and Yemen. The failure of previous reconciliation attempts, such as those in the 1990s underscored the immense difficulty of overcoming this deep-seated rivalry, demonstrating that any *détente* would require a fundamental shift in the underlying strategic calculus of both nations.

Chapter 2 situated the 2023 agreement within this contemporary strategic context, identifying the precise drivers that made this attempt at reconciliation different. For Saudi Arabia, the rapprochement is an indispensable geopolitical enabler for its ambitious Vision 2030. The Kingdom's leadership recognized that its economic transformation from a petro state to a diversified, global investment hub was impossible amidst a state of perpetual conflict that drained resources and deterred foreign investment. For Iran, years of crippling international sanctions and growing domestic unrest created a powerful imperative to break its regional isolation and seek economic relief. The convergence of these vital national interests created fertile ground for diplomacy. Crucially, the emergence of China as a credible and neutral mediator provided the platform that had been missing. Unlike the United States, which was deeply entangled in the region's security dynamics and viewed as a partisan actor, China's primary economic interest and its policy of non-interference allowed it to be an honest broker. The initial outcomes of this deal—the reopening of embassies, high-level diplomatic exchanges, and a tangible de-escalation of the conflict in Yemen—have demonstrated that this is more than a symbolic gesture; It is a functional process of rivalry management.

The theoretical core of this thesis presented in Chapter 3, argued that Neo-realism provides the most compelling and parsimonious framework for understanding the “why now?” of the rapprochement. From a Neo-realist perspective the actions of states are shaped primarily by the anarchic structure of the international system and the distribution of power. The *détente* was not a choice born of goodwill but a necessity dictated by a changing structure. The key systemic pressures identified were, first, the perceived strategic withdrawal of United States from the Middle East, which eroded Riyadh's confidence in its external security guarantor and thrust both nations into a more acute self-help environment. Second, the exorbitant human and material costs of the proxy wars began to severely undermine the core state capabilities of both nations, forcing a rational cost-benefit analysis that favored de-escalation. Third, the transition from a U.S. - dominated unipolar order to a multipolar one, marked by the rise of China, provided both states with greater strategic autonomy and a viable alternative partner to facilitate dialogue. This analysis further revealed a sophisticated pivot in state strategy from a costly and ultimately failed pursuit of regional hegemony, characteristic of Offensive Realism, to a more pragmatic focus on stability and security maximization, consistent with the logic of Defensive Realism.

Building on the analysis, Chapter 4 explored the future prospects, opportunities and inherent limitations of the rapprochement. The potential for a more stable and prosperous Middle East is significant. The opportunities include a continued de-escalation of proxy conflicts, the unlocking of economic cooperation and investment, and, most consequentially, the potential for the creation of a new, region-led security architecture that could reduce the need for external military intervention. Furthermore, the détente opens novel frontier for collaboration on shared threats like climate change and water scarcity and creates a new dynamic for addressing long-standing issues like the Palestinian cause. However, optimism must be tempered by a sober assessment of the formidable challenges that remain. The deep-seated mistrust cultivated over four-decades will not dissipate overnight. The agreement strategically sidestepped the most contentious core issues, including Iran's nuclear program, its ballistic missile capabilities, and its entrenched network of non-state allies. These unresolved issues remain potent spoilers that could easily derail the process. Moreover, the interests of external actors, particularly United States and Israel, are not fully aligned with a deep Saudi-Iran entente, and internal hardliners between both countries may work to undermine the agreement. The rapprochement is therefore best understood as a fragile process, the success of which is far from guaranteed.

This study while comprehensive, is not without limitations. Its reliance on Neo-realism as the primary analytical framework provides a powerful explanation for the state-level strategic calculations but pays less attention to other factors. It could be seen with a Constructivist approach that could offer valuable insights into how ideational and identity-based factors, particularly the Sunni-Shia narrative, might evolve in response to the détente. Similarly, a Liberalist framework could be used to test the proposition that growing economic interdependence might, over time, be able to pacify the deep-seated security competition.

In conclusion, the Saudi-Iranian rapprochement is a pivotal and precarious moment in the history of the modern Middle East. It is a calculated wager on pragmatism over ideology, on economic development over military adventurism, and on regional diplomacy over external dependency. This thesis has demonstrated that the agreement was not a historical anomaly but a logical outcome of shifting systemic pressures, as explained by the enduring tenets of Neo-realist theory. It reflects the rational choice of two rival powers who concluded that their long and costly conflict was threatening their most fundamental national interest: their own survival and

security in a changing world. The path forward is laden with obstacles, and a return to open hostility remains a distinct possibility. Yet, for the first time in decades, a different path has been opened. The deal has fundamentally altered the region's strategic landscape, creating the possibility— however remote—of a future where Middle East is defined less by its conflicts and more by the capacity of its own powers to manage them. The ultimate success or failure of this momentous diplomatic initiative will not only determine the future of Saudi-Iranian relations but may very well shape the contours of the Middle East for generations to come.

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