



Middle East  
Centre

# SAUDI ARABIA AND IRAN BEYOND CONFLICT AND COEXISTENCE?



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Iranian President Hassan Rouhani and Saudi Crown Prince Muhammad bin Salman.

# Saudi Arabia and Iran: Beyond Conflict and Coexistence?

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The decades-old Saudi–Iranian rivalry has been once again thrust into the spotlight with political and social upheaval spreading in both countries and the wider region. With each government facing domestic pressure – be it from religious hardliners or civil society activists – their hostile stance vis-à-vis their regional rival may partially be explained by an attempt to rally a fractious country against a national foe. Both remain deeply involved in conflicts outside their borders, each funding proxies and political movements in a bid for influence and regional hegemony. Further afield, global powers including the US, Russia and the EU are important actors and participants in the rivalry, lending support to either side and responding to developments as they occur.

The conflict has often been explained as a function of an allegedly eternal Sunni–Shi‘a schism that mutates into tense proxy wars, sponsored by both countries across the Middle East and beyond. In the hopes of deconstructing this simple and reductionist analytical framework, the LSE Middle East Centre convened a workshop on 8 May 2018, bringing together Saudi and Iranian political, economic and social analysts with other Iran- and Saudi Arabia-watchers. The workshop examined the major dynamics that shape the ongoing rivalry between these regional heavyweights, and the report that follows is a summary of the proceedings of the day’s three sessions. The first featured speakers from each country examining the domestic-level concerns, including societal and elite perceptions of the Saudi/Iranian threat. The second focused on how the rivalry has spilled over and played out in various proxy conflicts in the region. The third looked at how international reactions have moulded and, in some cases, exacerbated the division. The workshop was held on the day US President Donald Trump withdrew from the Joint Comprehensive Plan of Action (JCPOA), with the speed of events serving to underline the need for the expert analysis included herein.

## Saudi–Iranian Rivalry: The Domestic Level

### The View from Saudi Arabia

For conflicts as persistent as that being discussed, competing historical narratives are constructed and advanced by the warring parties. Since 1979, the Saudi narrative has focused on a specific understanding of Iranian ambitions in the region. The Saudi perspective is that they are engaged in a defence of the status quo against a revolutionary, militaristic and expansionist Shi‘a theocracy. In this reading, Saudi Arabia is content to maintain the current regional order, whereas Iran is in its ‘Trotskyist’ stage, seeking to export revolution. Iranian ambitions do, however, precede the 1979 Islamic Revolution, as Henry Kissinger had discussed with Shah Reza Pahlavi (documented in Andrew Scott Cooper’s book *The Oil Kings*) the possibility of the then-key American ally and pre-eminent regional military power taking over Saudi and Kuwaiti oil fields.

The Iranian regime is animated both by this historical memory and a deep enmity towards Saudi Wahhabism. Saudi elites consider Iran an existential threat, as its imperial ambitions involve overturning the ruling order in the Gulf. Thus, Saudi Crown Prince Muhammad bin Salman’s current manoeuvres are to counteract what he sees as a threat that long predates him. Though academics and journalists tend to consider Saudi Arabia

paranoid, Saudi policymakers argue that interventions like that in Yemen are logical, with the Kingdom seeing Iran using the militarily capable Houthi movement to attempt to build a bridgehead in north Yemen and replicate the Hezbollah model on Saudi Arabia's border.

Iran is economically stressed and yet is allocating a disproportionate amount of its reserves to support power projection from Lebanon to Yemen. In doing so, it has proven adept at exploiting fault lines between and within Arab countries. The 'status quo' powers of the Gulf Cooperation Council (GCC) – headed by Saudi Arabia – have sought to respond using increasingly assertive measures. In recent years however, we have seen a schism in the Gulf with regard to Iran, as Oman, Kuwait and – especially since June 2017 – Qatar have struck a more reconciliatory tone. With the American public no longer willing to countenance long-term overseas military deployments, Saudi Arabia has reacted to the withdrawal of the 'Pax Americana' security umbrella by devoting more resources to its own military capabilities. The Saudis have declared that there will be no change in their current posture unless Iran ceases trying to destabilise the region, which the current Saudi leadership thinks may only happen with regime change.

### **The View from Iran**

In the Iranian narrative, their country is considered an ancient regional power, historically dominant and impelled to remain so. Governments post-1979 have simply been operators – rather than shapers – of Iran's foreign policy in this regard. Iran engages in power politics like any other state, the difference being that the state in Iran (since 1979) is uninterested in being a member of the international community. Though it desires economic interaction and integration into international trade flows, it draws a distinction between such conduct and political dealings; a reflection of the ruling political Islamist ideology. Neither is it interested in sharing intelligence or capabilities on matters of national security with other countries in the region.

Since its inception in 1932, Saudi Arabia has sought to participate in alliances and coalitions to magnify its regional clout. The Middle East is today similar to eighteenth-century Europe in that there is a surplus of heavyweight rivals (Israel, Turkey, Saudi Arabia and Iran), each aspiring to be the dominant power. Only 6 percent of trade is conducted within the region, guaranteeing perpetual conflict as history teaches that peace relies upon economic interdependency. Iran, seeing this, may seek in the coming decades to 'exit' the Middle East and return to its natural tendency toward looking beyond the region for economic development.

Iran's seemingly dogmatic foreign policy is not born of a desire for isolation or an inflexible ideology, but is due to the constitutional division between the state and the government. The former – the institutions under direct supervision of the Supreme Leader – shapes the general framework of foreign and domestic policy, whereas the elected government is merely in charge of implementing these policies. The current government wants to open up to the international community, but the state wants to maintain the order it has created. Iranian foreign policy is in turn a reflection of domestic politics; only a change in the latter (where soft issues like the environment, education and the inflation rate can pressure the state) will lead to a new direction in the former.

## Regional Unfolding of the Rivalry

### Yemen

The commonly-held perception – particularly widespread in Saudi Arabia – of Yemen's Houthis as Iranian proxies is a gross oversimplification. Yemen has a history of shifting alliances amid interference from outside actors, with relations between Iran and various Yemeni groups no exception. Relations between South Yemen (the People's Democratic Republic of Yemen or PDRY) and Iran changed entirely after the 1979 Iranian Revolution, as they had been on very poor terms with the Shah, later becoming cordial with the Islamic Republic. North Yemen (the Yemen Arab Republic or YAR) had very bad relations with Iran as Yemeni President Ali Abdullah Saleh was firmly on the side of Iraq during the Iran–Iraq War. Then-Iranian President Khatami met Saleh – by this point, President of a unified Yemen – in 2003, and managed to reach an accord, which later deteriorated after the beginning of the Houthi insurgency in 2004. Saleh then invested heavily in portraying Iran as behind the Houthi movement, a narrative that convinced neither the US nor Saudi Arabia at the time.

The conflict in Yemen has never been fought along a clear-cut sectarian axis. Saudi Arabia has supported a variety of groups there, including the Zaidi/Shi'a Imamate of North Yemen in the 1962–70 civil war, and subsequently both tribal groups and the state in order to keep Yemen neither too weak nor too strong to pose a threat. Saudi Arabia even implied it would recognise South Yemen's secession, but relented in exchange for permanent recognition of Saudi ownership of disputed borderland territories after 2000. The most recent Saudi adventure in Yemen, launched by newly-appointed Defence Minister Prince Muhammad bin Salman in 2015, was justified as a mission to restore Yemen's legitimate government. It functioned, however, as a mechanism to strengthen his internal position, bin Salman thinking the Houthis would not last longer than a few weeks against the well-equipped Saudi military. Three years later this has clearly not worked out as planned, with the highly-advanced state having completely failed to defeat a poorly-equipped insurgency. A UN Panel of Experts declared they had no definitive proof that Iran had been providing the Houthis with material support. The Houthis have in any case proven that they are no-one's proxy, having often opposed Iranian diktats, for example moving into Aden against Iranian advice. The Saudi/UAE blockade, instead of preventing military aid from reaching the insurgency, has created a humanitarian crisis. Saudi policy seems unlikely to change as the new Crown Prince brooks no dissent, whereas some debate is permitted in Iran, which may yet affect policy.

### Iraq

In Iraq, it is easy to overstate Iranian influence, even after the obvious increase in direct intervention since 2014. Iraq remains an extremely weak state, its structural problems stemming from the destabilisation caused by the 2003 US invasion. Though Iran has much more soft power in Iraq than Saudi Arabia, and has benefitted from the US warning the Gulf powers to keep out of Iraq until their withdrawal in 2011, the situation has changed

since then. For decades before that, Iran had successfully invested in Iraqi opposition forces, with Saudi Arabia considering 2003 a catastrophe which realigned the regional order and rendered Iran the dominant decision-maker in Baghdad.

However, around 2010, Ammar al-Hakim's Islamic Supreme Council of Iraq (a powerful Shi'a political party) grew more autonomous and refused to do Iran's bidding, as did the Sadrist movement. To Iran's chagrin, there was furthermore an attempt to reassert Najaf as the centre of the Shi'a world. Iran, as with most neighbouring powers, has an interest in Iraq not becoming a coherent autonomous polity, but despite the commander of Iran's special forces Qassem Soleimani's reputation as a strategic genius, they have blundered in pursuit of this objective. It was Iranian ally and former Iraqi Prime Minister Nouri al-Maliki's policies of oversectarianism that caused the rise of Islamic State (ISIS) and the fall of Mosul. Iran's Shi'a rivals on the domestic Iraqi scene now look set to benefit, as evidenced by Muqtada al-Sadr's Sairoun Coalition's unexpectedly strong showing in the May 2018 parliamentary elections.

Saudi Arabia has had fewer avenues for influence in Iraq. During the 2005 elections, a lot of Saudi money went into supporting the Iraqi Accord Front (Tawafuq), a primarily Arab and Sunni political grouping, to little effect. Subsequently, the Saudis funded Iyad Allawi's electoral vehicles, successfully in 2010 but not since. They have not managed to sustainably fund winners, and have now resolved to back the centrists (i.e. current Prime Minister Haider al-Abadi), hoping that funding statebuilding on his terms may lead to border security. Whether Abadi manages to stay in power after a relatively poor showing in the elections remains to be seen.

## **Lebanon**

Lebanon's military, economic and cultural arenas are each sites of contestation for the competing powers, though methods of asserting influence vary. The country is central to Iranian political and strategic goals, and there has been strong Iranian support for Hezbollah since its inception in 1982. The Lebanese confessionalist system has entrenched sectarian networks and identity blocs, which Saudi Arabia navigates through, inter alia, funding infrastructure projects in Beirut, donating towards reconstruction after the 2006 war with Israel, and providing support for a range of different Salafi groups across Lebanon. Architectural space in Beirut is dominated by Saudi-sponsored endeavours, while Iranian investment is much smaller and focused in poorer southern suburbs of Beirut.

In both cases domestic realities shape how this bid for influence plays out, as investment is typically funnelled through community figures with identity playing an important role. Security is another contested site, with, for example, any variances in levels of Saudi support for the army or Iranian funding for Hezbollah threatening to drastically change the security landscape.

## **Bahrain**

Bahrain is geographically positioned between the two hegemons and is often seen as the epicentre of sectarian and geopolitical competition. After many years of authoritarian rule, the fear among Arab monarchies of further spread of the 2011 uprisings allowed the ruling Al Khalifa family to frame protests along sectarian lines, imbuing sectarian difference with political and security meaning. The securitisation of sectarian difference sought to ensure the regime's survival by maintaining the support of Sunni communities in Bahrain, alongside the continued support of Saudi Arabia. The uprisings were quickly framed as the consequence of nefarious Iranian involvement in Bahrain's sovereign affairs, and the primarily Shi'a protest movement has since been painted as an Iranian fifth column, despite a well-regarded UN Commission of Inquiry finding no evidence of Iranian involvement in the demonstrations.

Iran has previously claimed Bahrain as a historic province, which has naturally caused concern for Saudi Arabia due to the country's proximity, oil wealth and security implications. As such, in response to the 2011 unrest, Saudi-led troops of the GCC Peninsula Shield Force crossed into Bahrain over the King Fahd Causeway, itself designed and built to prevent Iranian expansionism after the Revolution.

## **Syria**

In Syria, the increasing length and brutality of the civil war is a result of Iran and Saudi Arabia (and others) instrumentalising the conflict. However, the Saudi-Iran rivalry has not been the defining feature of the Syrian war. Rather than a country of unique concern for either of the regional hegemons, Syria emerged as merely a central theatre in the battle for control of the broader regional order.

Saudi Arabia took the opportunity to try to reverse the post-2003 order and assert itself more strongly in Syria and Lebanon. The Kingdom wanted to weaken Iran through Syria, but there was also a strong intra-Sunni rift, with Qatar supporting Muslim Brotherhood-aligned groups, and Saudi Arabia and the UAE diverting funds to rival opposition formations. The Saudi objective in Syria was to spur a full US intervention and so they constantly tried to keep the Americans on board.

Iran saw the 2011 uprising against their ally as an existential threat, though rather than treating Saudi Arabia as their primary adversary, they instead focused on the US and Israel, who they believed to be using the Kingdom as a tool. Iran reasoned that an uprising supported by Gulf powers was a precursor to regime change in Iran itself. The government felt particularly precarious so soon after the 2009 Green Movement and before the 2015 JCPOA, or Iran nuclear deal, would lead to the lifting of sanctions.

The key regional conflict in Syria is now between Iran and Israel, not Iran and Saudi Arabia, as the latter has withdrawn to focus elsewhere. This is due to a commitment gap between the two: Iran is fully invested in the battle, with the elite Quds force and Hezbollah on the ground incurring many casualties, and the Iranians effectively creating non-state actors to buttress Assad. The Saudis, soon realising sufficient American support was not forthcoming, calculated that the cost for further involvement would be too high for any potential gain.

Today, Assad wishes to once again have control over his state and is not happy with how strong and entrenched the Iranians are. The Saudis, having withdrawn, now think Assad may actually offer the best possible chance for diminishing Iranian influence.

## International Responses to the Rivalry

### Europe

Europe has recently played a secondary role in regional developments despite having much at stake in the Middle East, its interests including security, economic links, energy-related concerns and the desire to prevent nuclear proliferation. In Europe's relative absence, others have taken the lead. The Iran-led regional bloc has been empowered due to support from Russia, and events in Syria have now starkly clarified the regional dividing lines. Much of Muhammad bin Salman's bellicosity is a result of uncritical American backing since President Trump's election. Europe is well-resourced, economically comparable with the US and militarily comparable to Russia. However, the main reason Europe is a secondary player is due to a lack of political cohesion. The so-called E3 (France, the UK and Germany) were the main drivers of what became the JCPOA, having laid the groundwork for the final treaty.

Given the pursuit of the JCPOA provided Europe some political leverage in Iran and the wider region, defending the agreement – after the American violation of its terms – is Europe's prime interest. Whether the deal can be saved remains to be seen: some in Europe (particularly France and Britain) have tended towards the strategy of mollifying Trump, though this has proven to be ineffective and even counterproductive. Many of those involved in crafting the agreement recognise that it is not simply a key non-proliferation agreement, but a political platform on which the EU could build a working relationship with Iran.

This goes hand in hand with recognising that regional instability is not solely the result of Iranian interference beyond its borders, as Israel and Saudi Arabia also bear much responsibility in this respect. A dialogue over Yemen has recently been launched between the E3/EU and Iran, which may serve as a platform for further cooperation. Any robust security governance system would naturally have to be based on Saudi–Iranian coexistence.

## United States

The US under Trump views all engagement in the region through an anti-Iran prism, with Trump's decision to renege on the JCPOA very much in keeping with such an approach. This has been driven by Obama's legacy and Trump's desire to undo it, with the US now fully embracing Saudi Arabia and Israel in their counter-Iran push. Comparing the policy decisions of each president, it is clear that Obama had an uncertain approach to the upheavals of 2011 and was seen as soft on Iran, whereas Trump has opted for embarking wholeheartedly upon a set of alliances without a coherent plan.

Criticism of Obama focused on his supposed singlemindedness regarding Iran, but he reasoned that the dramatic slowing of Iranian nuclear capabilities would require a drawback of focus on other factors, including Iran's activities beyond its borders. The deal was not negotiated in a vacuum, but while the region was in crisis on multiple fronts. US policy in 2011 unnerved the Saudis, who worried about the possible fall of the Bahraini monarchy and accused the US of being insufficiently supportive of its regional allies. As Obama left office, his parting words – urging the rival blocs to 'share the neighbourhood' and making oblique references to the Gulf potentates as 'free riders' – gave the impression that the US had abandoned its traditional partners.

Trump's embrace of Saudi Arabia's impetuous new ruler is driven by developments on the ground that have given the opportunity for a return to normalcy in their relations. Quite early on, the US gave up on the idea of regime change in Syria and Egypt, where they made their peace with President Sisi's post-coup government. The US has also exerted little pressure upon Riyadh to scale back its military action in Yemen.

The debate on differences between Trump and Obama illustrates a fundamental point: the US is in retreat in the region. The post-9/11 mindset prioritises counterterrorism and homeland security – this dominant force guiding US decision-making drove the anti-ISIS efforts. Trump does not want to be entangled in the region any more than Obama did, and the former's airstrikes in Syria were not followed by a change in stated policy on a US troop withdrawal. The US has very few tools beyond sanctions to effect a rollback of Iran and so this is left to regional actors.

## Russia

Russia's approach under Putin has been to never side with third parties against each other, nor to remain neutral. The doctrine is instead to cooperate with both sides so as to incentivise each to give Russia reason to support them, with this playing out again in the Saudi–Iranian rivalry. Russia does value relations with both and wishes for this to continue. A common anti-Western line has, for now, united Russia and Iran, in addition to a pronounced alarm at the Sunni militant trend. Since the 1980s and its war against a transnational *mujahideen* in Afghanistan, Russia has looked at Saudi Arabia much as the US looks at Iran, not as a conservative autocracy but as an exporter of terrorism. Based on this premise, Russian and Iranian interests align most closely in Syria.

However, Russia is also keen on improved ties with Saudi Arabia, encouraged that an important US ally is willing to cooperate with them. The fear of Saudi Arabia has led Moscow to cooperate and appease it, while also supporting Riyadh's regional adversaries to keep them in check. There has been decades-long cooperation on oil, with the 2016 cutback on oil prices a Russian concession to Saudi Arabia in the face of a common threat from American shale oil. Saudi Arabia did view Russia as commercially-motivated and supposed that they could supplant Iran once Tehran was seen to have outlived its usefulness. Bin Salman has now understood that this approach does not work with Putin and has since announced that Saudi Arabia will buy weapons from Russia (including the advanced S-400 missile defence system, Russia having only sold Iran the older S-300 model) even if they continue to do business with Iran.

A complicating factor is that – in addition to Russia, Saudi and Iran – there are also 'fourth parties' involved, such as Syria, Bahrain and Yemen. Russia is opposed to Saudi Arabia in Syria, but Putin has been very supportive of the Bahraini monarchy, which is an attempt to show the West that this – shoring up an autocratic, but reliable, ally facing a domestic threat – is an appropriate approach. In Yemen, Russia deals with the internationally-recognised Hadi government, which places them squarely in the Saudi–UAE camp, but the Houthis also travel to Moscow for talks. Putin's even-handed approach does not imply his ability to solve a conflict, but Moscow is not interested in this. Their definition of peace in Syria, for example, implies international actors working together to fund reconstruction, as Russia does not have the resources to do so. Russia is now very close with Israel and Iran, but in balancing these foes Putin may unintentionally provoke conflict, the last thing he wants.

## Conclusion

The Saudi–Iran rivalry is characterised by competing legitimacies. Each is Islamist in devising its political purpose, both having used that to oppose rival ideologies. Both sides wish – against the backdrop of what looks like a wider secular shift of global power – to shape a regional order that will promote their interests and guarantee their domestic security at a moment when they probably only have enough power to procure disorder. There is no natural balance of power in the Middle East, and there will not be a spontaneously generated grand accord or a *Pax Russica*. In the end, the problems of the region can only be addressed by fully functioning and resilient states under the cover of a collective security regime.

Neither Saudi Arabia or Iran has the power to truly marginalise or defeat the other, but though each face political and economic difficulties, they are sufficiently well-equipped to perpetuate this rivalry through diplomatic, economic and even military means. The future of the Middle East is held hostage to this persistent conflict. It would be a mistake, however, to see the division as ancient, rooted in sectarian hatreds or even irresolvable. It remains unclear at this juncture how far we are from a *détente* or a resolution, and indeed we instead seem further from reconciliation between these two dominant powers than ever before.

