

## SAUDI-IRAN RAPPROCHEMENT: OPPORTUNITIES FOR PAKISTAN

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*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



**Recent agreement between Iran and Saudi Arabia to restore diplomatic relations and economic ties is the latest development in the geopolitical shifts in the Gulf region taking shape since January 2021.**

On 10 March 2023, Iran and Saudi Arabia announced the restoration of their diplomatic ties, the outcome of an agreement mediated by China. The restoration of diplomatic relations was announced through a Joint Trilateral Statement that mentioned that the reopening of Embassies within two months along with bilateral cooperation in different fields will be achieved between the two states.<sup>1</sup> Diplomatic ties between Iran and Saudi Arabia were severed in 2016 after the Saudi execution of Shia cleric Nimr Al-Nimr, which sparked anger and protests in Iran. This latest development is seen as a positive step towards reducing long-standing tensions and moving towards peaceful resolution of conflicts in the Middle East.

<sup>1</sup> "Iran and Saudi agree to restore relations," Al Jazeera, March 10, 2023, <https://www.aljazeera.com/news/2023/3/10/iran-and-saudi-agree-to-restore-relations>.



As part of the agreement reached between the Foreign Ministers of Iran and Saudi Arabia, the two countries will reappoint their ambassadors within two months. However, the most significant outcome of the negotiations was the commitment to comply with and enforce two crucial agreements: the General Agreement for Cooperation in various fields such as the economy, trade, investment, technology, science, culture, sports, and youth, which was signed in 1998 under the leadership of President Mohammad Khatami in Iran and King Fahd in Saudi Arabia; and the Security Cooperation Agreement, signed in 2001. The first formal meeting between the top diplomats of the two nations in seven years took place on 6 April 2023 in Beijing. On the occasion, Iranian Foreign Minister Hossein Amir-Abdollahian and his Saudi counterpart Prince Faisal bin Farhan Al Saud signed a joint statement announcing the resumption of diplomatic relations with immediate effect.<sup>2</sup>

<sup>2</sup> "Iran says rapprochement with Saudi Arabia to positively impact on regional peace, stability," Xinhua, April 10, 2023.  
<https://english.news.cn/20230411/e4b69c84ebe347b8a72452031878c53f/c.html>

Since March 2023, a number of contacts and exchanges have taken place between officials from both countries as part of their efforts to fully restore bilateral ties. These include technical delegations tasked with hashing out details of the agreement. Also, a few days prior to the meeting of the two Foreign Ministers in Beijing on 6 April 2023, President Raisi received a visit invitation from Saudi Arabia's King Salman bin Abdulaziz Al Saud, to which the Iranian President responded by inviting the Saudi King to visit Tehran. A Saudi trade delegation also attended the Iran Expo 2023, which was held in Tehran from 7-10 May 2023.

The decision to facilitate the restoration of diplomatic and economic ties between Iran and Saudi Arabia would have significant regional and international implications because the two countries have been in an adversarial equation on many fronts, both directly and indirectly, including in the context of situations in Yemen, Syria, Iraq, Lebanon and Bahrain.

Over the last twenty years, China has steadily built strong, multi-faceted political and economic relations with all countries throughout the Middle East. China's Belt and Road Initiative (BRI) stands as the most prominent example of the pivotal shift in Chinese foreign policy and focuses on increasing connectivity by opening up avenues for diplomatic and economic activity, as well as cementing trade and commercial ties between China and partner countries. In this regard, over the past few years, China has substantially increased its economic and diplomatic dialogue with countries in the Middle East. In large part, Chinese investment in the Middle East focuses particularly on energy, infrastructure, construction, agriculture and finance. Both sides have mutual interest in integrating the BRI into national regeneration schemes, such as Saudi Vision 2030, the Abu Dhabi Economic Vision 2030, Jordan 2025, Türkiye's Middle Corridor, and Kuwait's Vision 2035.

China has been strengthening its economic ties with Iran and Saudi Arabia, as both are major oil suppliers to the world's second-largest economy. However, this effort to douse political rivalries in the Middle East is the first time China has directly intervened in the region's politics. On 21 February 2023, the Chinese Ministry of Foreign Affairs released the "Global Security Initiative" (GSI) concept paper, which *inter alia* declares that Beijing will promote the political resolution of regional conflicts by encouraging the countries involved to resolve their disputes through dialogue and communication.<sup>3</sup>

The normalization of ties between Iran and Saudi Arabia entails positive implications and promising opportunities for Pakistan -- being Iran's immediate neighbour, Saudi Arabia's long-standing partner,

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<sup>3</sup> "Iranian-Saudi Detente and the Asianization of the Persian Gulf: China Fills the Gap," Middle East Institute, April 5, 2021.  
<https://www.mei.edu/publications/iranian-saudi-detente-and-asianization-persian-gulf-china-fills-gap>.

and China's strategic partner. Pakistan was one of the first countries to welcome this move towards reconciliation and rapprochement between Saudi Arabia and Iran. "Pakistan firmly believes that this important diplomatic breakthrough will contribute to peace and stability in the region and beyond," the Foreign Office said in a statement hours after the landmark development.

In previous years, Pakistan had made efforts to play a mediatory role between Iran and Saudi Arabia and bring both states to the table. In 2016, the then Prime Minister Nawaz Sharif called mediation between the two countries a "sacred mission".<sup>4</sup> In 2019, the then Prime Minister Imran Khan visited Saudi Arabia and Iran and offered good offices for facilitation of dialogue between both states.<sup>5</sup> However, these efforts did not yield concrete results, although they were viewed positively by both Riyadh and Tehran. Even earlier, in 1997, a historic meeting between then Iranian President Rafsanjani and Saudi Crown Prince Abdullah took place in Islamabad on the side-lines of OIC Summit marking the Golden Jubilee of Pakistan.

For obvious reasons, Pakistan has a huge stake in a successful Iran-Saudi rapprochement. Besides reinforcing the objective of regional peace and security, the normalization of ties between Iran and Saudi Arabia presents massive opportunities for trade and energy ties. Pakistan can benefit from increased economic cooperation with both states. Neighbouring Iran has always been an important trading partner of Pakistan, and Saudi Arabia is very important economically, with a large Pakistani diaspora working in the Kingdom, which is a major source of remittances.

Additionally, Pakistan and Iran are already part of China's Belt and Road Initiative (BRI) and with this agreement Saudi Arabia, too, can become a key partner in related projects. There are now prospects for Pakistan to increase cooperation in food and energy security - through participation in the China Pakistan Economic Corridor (CPEC)'s energy and infrastructure projects and Special Economic Zones (SEZs).

Furthermore, in the backdrop of this agreement, there are increased opportunities for a Pakistan-Iran-Saudi trilateral in terms of counter-terrorism cooperation. Sharing of intelligence information among the three countries can result in increased collaboration for countering terrorism threats, specifically targeting outfits such as Al-Qaeda and ISIS. In Pakistan's domestic context, the normalization of ties between Iran and Saudi Arabia has the potential to lessen sectarian tensions and foster greater harmony.

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<sup>4</sup> "Pakistan to name focal person for resolving Saudi-Iran conflict," Tribune, January 19, 2016.

<https://tribune.com.pk/story/1030399/pm-nawaz-army-chief-arrive-in-tehran-after-saudi-visit>

<sup>5</sup> "Khan Arrives In Iran amid Reports Of Possible Mediation Role," Radio Liberty, October 13, 2019.

<https://www.rferl.org/a/pakistan-khan-travels-saudi-arabia-iran-possible-mediation/30213924.html>

In the broader context, the reconciliation facilitated through China's diplomatic efforts suggests a potential shift in the power dynamics of the region. It is evident that there is growing interest in China's expanding influence in the Middle East and its impact on the region's future. While China has achieved significant success by taking a practical and non-interfering approach, it could face challenges in navigating its relationships with rival powers in the region's complex and intricate political landscape. Pakistan has a history of supporting peaceful resolution of differences and disputes in the Middle East through dialogue and diplomacy. Accordingly, Pakistan has consistently reinforced efforts to bridge gaps and divides among regional countries. With the imminent restoration of diplomatic ties between Iran and Saudi Arabia, it is vital for Pakistan to continue this supportive role and contribute to a more stable and peaceful Middle East, while simultaneously strengthening its position as a regional player.