

Saudi-Iran Peace Deal: History, Factors Responsible and the Changing Dynamics of West Asia

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Abstract

The study aims to find the reasons for the announcement of the peace deal on the 10th of March 2023 between Saudi Arabia and Iran. It traces the history of the two nations to understand their rivalry by analysing the existing literature. The development was quite unanticipated as the two nations have been bitter rivals for decades and the deal too was mediated by China, a new entrant in the region. The two rivals have fought economically, militarily, and ideologically, making the resource-rich region prone to continued violence. These occurrences have received scholarly attention as they have repercussions for the entire world since the deal has the potential to drive the region of West Asia toward stability. The study collects numerical and non-numerical data, analysing and applying economic concepts and political phenomena to understand the changing dynamics of the region. The major findings reflect that the region of West Asia is witnessing a new sense of reawakening and the states are putting aside their old differences. The Iranian state is intact and is not weakening due to protests and Western sanctions as Iran has been facing and dealing with them for long. The statement of the deal itself indicates that it has been agreed upon by two sovereign states with the goodwill of China.

Keywords: Détente, Peace-Deal, Western sanctions, Geopolitical and Economic rivalry, Sovereignty, Iranian revolution, Sadrist movement, Shale revolution, Security Dilemma, Indo-Pacific, Political structure, Petro-Dollar Deal, Vision 2030

Introduction

Saudi Arabia and Iran represent the two primary power centres in West Asia. The former is a unitary absolute monarchy, and the latter has a presidential system supervised by a Supreme leader (a religious authority), having maintained a rivalry, especially for over the last five decades. Both have Sunnis and Shias as their major population respectively, this schism in the Islamic world is a very old one, which had developed, after the death of Prophet Muhammad himself, over succession issues. The Middle East remains one of the world's most strife-ridden regions, and both Saudi Arabia and Iran have faced allegations of fanning the flames of

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violence. In an unexpected development on March 10, 2023, both nations, with mediation from China, announced a sudden peace deal. This development has garnered substantial scholarly attention due to its potential to reshape the political and economic landscape of the Middle East and leave an imprint on the global stage. Since understanding historical underpinnings is crucial to contextualise contemporary developments in international relations, given their intricate and interconnected nature, along with the multiplicity of underlying factors. This study endeavours to analyse the dynamics between these two nations by delving into their histories to trace pivotal milestones that have generated and cultivated their rivalry. It aims to enquire what are the possible reasons for the deal? How have the changing dynamics of West Asia in the recent past contributed to the deal and explore whether is there a new consciousness emerging in West Asia about their identity and autonomy? The methodology used is a mixed research method, mainly Qualitative research (Content analysis) and quantitative for analysing the relevant data. The objective of the literature review is to comprehensively explore historical progressions from various perspectives.

Brief Historical overview

Before World War II, the two nations had limited interactions, primarily revolving around the revered Muslim pilgrimage undertaken by Iran's Shia population to the cities of Mecca and Medina in Saudi Arabia. This pilgrimage also facilitated some trade, particularly the sale of Persian carpets to Saudi Arabia. While minor boundary disputes concerning the positioning of oilfields did exist, they remained relatively inactive due to the pressing priority of maintaining internal state security. Both Saudi Arabia and Iran depended on British residency in the Persian Gulf to ensure border security (Keynoush, 2016). However, the diminishing influence of the British in the region opened the door for both nations to receive US funding to address the challenges brought about by wartime hardships. (Keynoush, 2016). During this period, the USA supplied arms to both nations intending to contain communism in the Middle East. The acceleration of this arms export occurred in 1971, propelled by the Twin Pillars policy endorsed by US President Richard Nixon. This policy positioned Saudi Arabia and Iran as guardians of US interests in the Persian Gulf. Nixon's doctrine further emphasized the cultivation of regional power brokers, favouring this approach over direct US involvement. (Brannon, 1994).

In 1979, Iran experienced significant societal, political, and constitutional changes during the Islamic Revolution. This revolution, however, can be traced back to unfulfilled promises from the 1905-06 revolution and the resulting constitution, signifying a resurgence of the aspirations

of the Iranian masses rather than a sudden desire to overthrow the rule of Shah Reza, who enjoyed Western support. The 1905-06 revolution pledged greater freedom, resistance against foreign dominance, secularisation, and an improvement in living conditions. The same aspirations for change were evident in 1979.

Both revolutions witnessed substantial contributions from religious Ulema and liberals. The 1905-06 revolution resulted in a constitutional government and adopted liberal principles. The religious clergy then felt betrayed in the aftermath of the 1906 revolution as it felt that it didn't get its desired share and sought a more prominent role in Iran's political structure and the 1979 Islamic revolution came as a panacea for clergy's long struggle for power.

The 1979 revolution shared common grievances, including the aim to enhance living conditions and reduce Western influence.

However, this time, the approach adopted was the Islamization of both politics and society, as opposed to the earlier emphasis on secularisation, which was now seen as a Western concept, not suitable for Iranian society.

Ayatollah Khomeini emerged as a significant leader, and amidst growing discontent due to deteriorating living conditions and increased foreign influence, the clergy successfully mobilised the masses and managed to overthrow the rule of the Shah, though other groups like leftist and communists had a role too in the revolution. But due to the mass appeal of Ayatollah Khomeini, the clergy now occupied the central role in Iran's political structure with Khomeini claiming to rule as Ayatollah (Reflection of God) and promised to free the masses of their problems through sharia law and Islamisation of society. He also promised free urban housing, state distribution of utilities, and employment to accommodate the liberal demands.

Thus, the 1979 Iranian Revolution was not an abrupt event but rather the culmination of long-held aspirations deeply rooted in Iran's history. It marked a shift towards Islamisation and the ascendancy of the clergy, reflecting the changing dynamics of Iranian society and politics.

The leader of the Iranian revolution, Ayatollah Khomeini, expressed a commitment to establish Iran as a hub for Shia theology and to propagate the revolution. In contrast, Saudi Arabia held the revered custodianship of the holy cities of Mecca and Medina, bolstering its standing within the Islamic world. Nevertheless, this equilibrium was disrupted, leading Saudi Arabia to

perceive a threat to its esteemed position, thereby viewing Iran as a potential adversary. Subsequently, religion assumed a pivotal role in shaping the relationship between these two nations. However, despite its significance, religion is not the primary determinant governing their political and strategic interactions. Instead, it represents a variable that frequently wields influence in the pursuit of political objectives. (Keynoush, 2016).

Saudi Arabia perceives Iran as actively promoting Shia Islam within a predominantly Sunni global landscape. Iran's recurrent appeals for Muslim unity exacerbate Saudi concerns, insinuating that Gulf monarchies are ill-equipped for such a role. Conversely, Iran regards Saudi Arabia's stringent adherence to the Wahhabi ideology as a barrier to achieving Muslim unity. Simultaneously, Iran contends that variations in Shia Islamic practices do not impede unity. It posits that Shia Islam's inherent flexibility renders it more adaptable to contemporary circumstances. In contrast, the inflexibility of Wahhabism not only fosters anti-Shia sentiments but also contributes to the radicalisation of the Sunni faith. (Keynoush, 2016)

So, in response to the Iranian revolution to consolidate themselves and maintain their legitimacy, the Sunni Arab states formed the Gulf Cooperation Council. The six Gulf Cooperation Council (GCC) states, which include Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), and Oman, have significant similarities in terms of their socioeconomic and political structures, political culture, and focus on security concerns, albeit with varying perceptions of these threats. The GCC states' conception of security is primarily centred on maintaining the current political regimes. (Al-Hamad, 1997)

These shared elements served as the formal reasons behind the establishment of the GCC in 1981. Article 1 of the organization's Basic Law states that it was formed due to the unique relationships and common characteristics among the six states, grounded in Islamic doctrine. Article 4 of the Basic Law articulates the aim of the council as the complete unification of these six states. (Al-Hamad, 1997)

The rivalry between these two nations can be effectively categorized into two primary dimensions: Ideological and Geopolitical (Mabon, 2016). The ideological aspect finds its roots in ethno-nationalism and religious identities. Throughout history, the relationship between Arabia and Persia has been marked by tension arising from their distinct influences over the region. Both nations harbour separate civilisational linkages, which they deeply value and take pride in. Following the Iranian revolution, Iran began contesting the legitimacy of Al Saud, the

ruling dynasty of Saudi Arabia. This stance extended to challenging Al Saud's role as the custodians of the holy sites of Mecca and Medina, thereby questioning the fundamental basis upon which the Saudi monarchy's legitimacy rests. The geopolitical rivalry, on the other hand, emerges from the shared aspiration to maintain dominance within the region. This rivalry became more pronounced following the decline of Iraq after 2003. The very name of the water body separating these nations is a point of contention: Iran refers to it as the Persian Gulf, while Saudi Arabia uses the term Arabian Gulf. Iran's perspective is rooted in its extensive ancient civilizational history dating back to 700 BC, leading it to view itself as a natural inheritor of the name (Mabon, 2016). This stance contrasts with the notion that other Middle Eastern states are constructs of colonialism. The rivalry's complexity is further compounded by both nations' roles as major oil producers and suppliers. This economic dimension adds another layer to the rivalry, intertwining economic interests with the broader ideological and geopolitical dynamics at play.

Saudi Iran Relations through the prism of Security Dilemma

The notion of the security dilemma began to take shape as early as the 1950s, with contributions from thinkers such as John Herz, Herbert Butterfield, and Robert Jervis. A pivotal work in this realm is Herz's article titled *Idealist Internationalism and the Security Dilemma*. Within this article, Herz lays the foundation for the concept of the security dilemma.

Herz articulates the security dilemma as the apprehension faced by politically active entities—both groups and individuals—regarding the possibility of being targeted, subjugated, or even obliterated by other entities. This prevailing unease compels these entities to strive for safeguards against such potential threats. Yet, given the inherent uncertainties within a world characterised by competing units, complete assurance remains elusive. Consequently, these entities find themselves compelled to continually amass greater power in their pursuit of evading the influence of more dominant powers.

Herz's articulation of the security dilemma stands as a seminal exploration into the dynamics of power, security, and their intricate interplay on the global stage. (Herz, 1950)

Changing dynamics of West Asia

US has been the most active trans-regional power in the West Asia, but certain developments in the recent past have contributed toward changing the geopolitical dynamics of the region. The following factors continue to change the regional dynamics in the West Asia.

Shale revolution in the US

The term Shale Revolution pertains to the fusion of hydraulic fracturing and horizontal drilling techniques, enabling a significant augmentation in the United States' oil and natural gas production. This growth is particularly noticeable in the extraction of oil from tight formations, which presently contributes to 36% of the total U.S. crude oil output. This improved production capability has reduced the nation's reliance on imported oil and has served as a significant economic stimulus during the recovery from the 2008 economic downturn. In 2011, the oil and gas sector accounted for 1.6% of the U.S. GDP and this influence is continuing to expand. The advancement in shale exploitation has been connected with a surge in job opportunities, with the oil and gas industry generating 169,000 new jobs between 2010 and 2012. Currently, the United States holds a prominent position as a major producer of oil and gas, a shift that has led to a broader distribution of global supply beyond the Middle East. This transition to decreased hydrocarbon imports has a positive impact on the U.S. trade balance and serves to diminish direct economic backing for regimes that export oil. (U.S. Energy Information Administration, January 2014)

USA's focus on Indo- Pacific and China's containment

Amidst China's rapid economic growth and increasing global influence, the United States has pivoted its attention towards containing China as a primary objective. This shift was exemplified by former President Donald Trump's decision to engage in a trade war with China. Continuing with the same policy, the current president, Mr. Biden, has initiated numerous security and economic endeavours aimed at redirecting US focus towards the Indo-Pacific region where China is increasingly assertive. The United States has implemented several strategic initiatives in the Indo-Pacific region to respond to China's growing influence. These include the Indo-Pacific Economic Framework for Prosperity (IPEF) to promote economic cooperation, the U.S.-Taiwan Initiative on 21st Century Trade to enhance trade relations with Taiwan, the U.S.-India Initiative on Critical and Emerging Technology for collaboration on emerging technologies, and the Australia – United Kingdom – United States (AUKUS) Partnership, which focuses on security and technological cooperation, particularly in defence and advanced technology domains. These efforts signify a deliberate shift in U.S. strategic priorities towards the Indo-Pacific, aiming to strengthen partnerships, reinforce economic

bonds, and enhance security cooperation in this crucial global arena. (US Department of State, 2023)

Although economic threats, such as potential instability and challenges to energy exports, as well as vulnerabilities of military bases, persist, this contemporary strategy signifies a more refined and effective presence. This approach rests upon two foundational principles. Firstly, it capitalises on the capabilities offered by the drone industry and underscores the maintenance of swift response forces for a higher-quality strategic approach. Secondly, it prioritizes cost-effectiveness through the sharing of security responsibilities with allies like Saudi Arabia and the UAE. Simultaneously, a calculated shift is made to place a portion of the security burden on these traditional partners.

In alignment with these principles, the United States endeavours to limit its direct involvement, reserving intervention solely for situations where its essential interests are directly jeopardized. This strategy aims to strike a balance between safeguarding crucial interests and mitigating the potentially adverse consequences of extensive military engagement.

China's engagement in West Asia

China has not suddenly entered the region, its involvement in the region goes back mainly to the Iran-Iraq war, where it was selling arms to the belligerents, but after the war, its role diminished. (Calabrese, 1990). However, China at large, has adopted a foreign policy of non-intervention in the domestic affairs of other countries. But recently, a significant shift has been observed in its foreign policy. It wants to present itself as a peace broker rather than just a seller of goods, assuming strategic significance at par with economic relevance and this assumption has been institutionalised with the formal announcement of the Global Security Initiative (GSI) (Rajagopalan, 2022). Chinese President Xi Jinping has unveiled a fresh global security proposal that indirectly questions the rationale behind the Indo-Pacific strategy and the Quad, which includes Australia, Japan, India, and the United States. During the annual conference of the Boao Forum for Asia in China on April 21, Xi introduced a new initiative called the Global Security Initiative. While doing so, he criticized Cold War thinking, hegemony, and power politics, labelling them as factors that could jeopardize global peace and worsen security challenges in the 21st century. Xi's vision for this initiative is to uphold the concept of indivisible security, establish a well-balanced, efficient, and enduring security framework, and oppose the construction of national security at the expense of insecurity in other nations. Additionally, Xi stressed the importance of respecting the sovereignty and territorial integrity

of all countries, as well as their right to determine their own development paths and social systems (Rajagopalan 2022). Therefore, after gaining enough economic leverage, it wants to flex its political muscles by mediating between the belligerents, indicating larger global ambitions for China in general and Mr. Xi in particular. China's mediating role in the Saudi-Iran deal is highlighted by two key incidents: Xi Jinping's Saudi visit affirming mutual support and non-interference, and Iran's President Raisi's Beijing visit for sovereignty backing. Emphasizing internal matters signalled to resolve tensions without external involvement, the deal aligns with Xi's leadership and China's alternative global security approach. It counters US hegemony and mirrors the Abraham Accords. China's involvement promotes Middle East stability, contrasting with US disengagement. This underlines China as a peacemaker, while the US neglects its role (Jash, 2023).

However, China's mediation in the Riyadh-Tehran peace isn't altruistic but strategically driven due to the Gulf's significance in its economic and energy interests. Gulf nations like Saudi Arabia and UAE are major trade partners with over \$330B in 2021. China invested billions in projects there, crucial for its Belt and Road Initiative. Gulf also supplies China's energy; Saudi is the top oil supplier, and Iran is third despite sanctions. China aims to secure its energy needs and has joint ventures like Aramco-Sinopec. Saudi-Iran deal tests China's mediator role, balancing equidistance between both, aligning with its strategic plan for Middle East influence through GSI, as an alternative to the US. (Ali, 2023)

The ongoing US-China power struggle is unfolding in the Middle East. The US's dominance in the region has centred around objectives such as safeguarding Israel, countering terrorism, curbing nuclear proliferation, projecting military might through bases, and arms sales to allies like Saudi Arabia. China's rising influence challenges the US's established diplomatic and political control. While China's Gulf policy's future remains uncertain, the US can't afford to cede Middle East influence to China. Proactive diplomacy, economic involvement, and conflict resolution through allies are crucial steps for the US. China's expanding presence in the Middle East will increasingly contest US supremacy and its capacity to shape the region's stability and politics, as seen in the Saudi-Iran deal's impact.

Possible reasons for the peace deal between Saudi Arabia and Iran

Western economic sanctions on Iran

US sanctions against Iran have been in place since the Iranian revolution of 1979. Though, there have been times when they were lifted, notably during the presidency of Barack Obama, when a peace deal between P5+1 and Iran was made a party to the Joint Comprehensive Plan of Action (JCPOA) that blocked all the pathways to a nuclear weapon for Iran in return for sanctions relief. The terms of the deal that Iran and US agreed to are given in Figure 1.

Fig.1: Terms of nuclear deal of 2016 (Figure 1)



Source: www.wh.gov/iran-deal

But during the presidency of Donald Trump, US walked out unilaterally out of the deal. This section will look at the performance of Iranian economy since 2015, i.e., when JCPOA came into effect and afterwards.

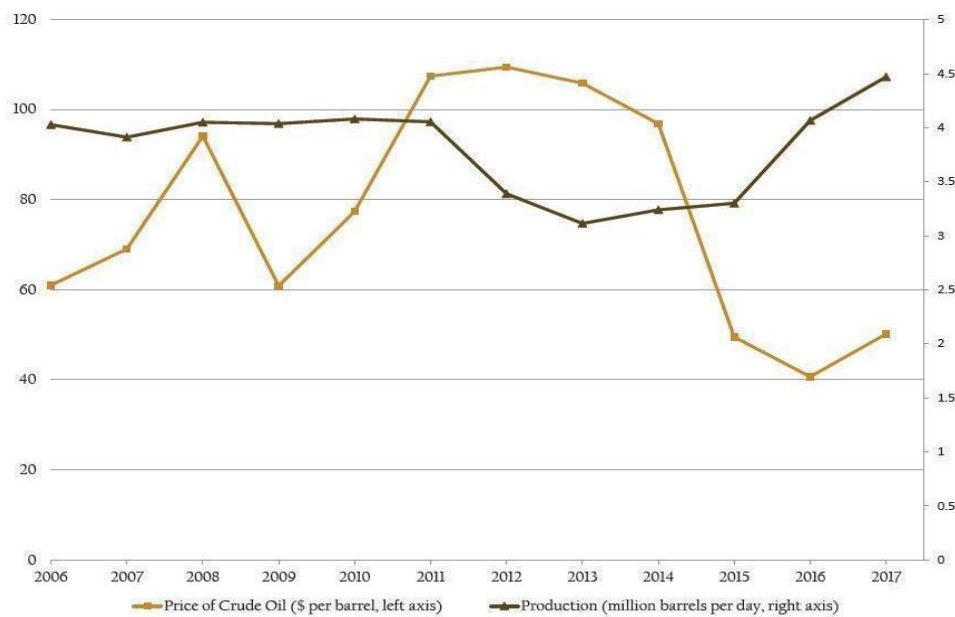
Iranian economy after JCPOA

Oil production

Following the lifting of sanctions in January 2016, Iran's foremost objective was to increase its oil exports to levels comparable to those before 2012 and regain its share of OPEC production. During the period of 2014-2015, the decrease of one million barrels per day (mb/d) in Iran's exports was offset by heightened production in Iraq, Saudi Arabia, and the UAE, which contributed to the international market. As Iran ramped up its crude oil production following the nuclear agreement, it appealed to other OPEC members, including Iraq, Saudi Arabia, and

the UAE, to curtail their surplus production to uphold the overall cap on OPEC production. Nevertheless, these requests were disregarded, but Iran managed to significantly increase its oil output throughout 2016. The average daily exports, which had declined from 2.4 mb/d in 2011 to 1 mb/d in 2013 under international oil sanctions, rebounded to 1.4 mb/d in February 2014 after the relief of sanctions and further surged to 2.2 mb/d in August 2017. The relationship between the crude oil production and the state of Iranian economy is given in figure 2.

Figure 2: Crude Oil Price and Production Data for Iranian economy



Source of data: Statista (price), www.eia.gov (production)

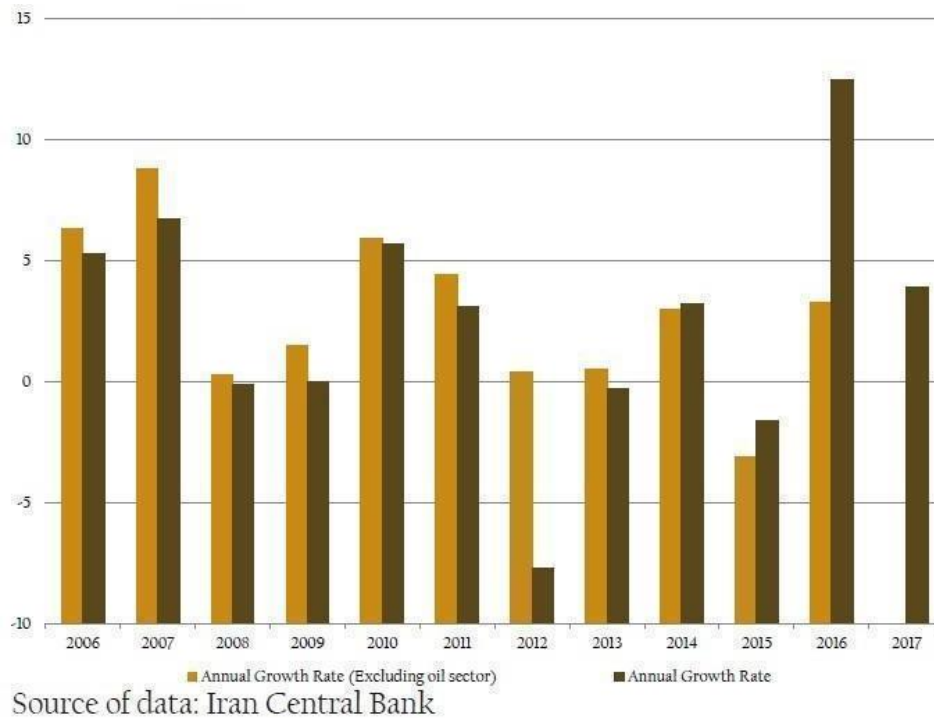
Source: www.eia.gov.

Annual Economic growth rate

In November 2013, Iran obtained partial relief from sanctions by agreeing to certain limitations on its nuclear activities and participating in nuclear negotiations with the P5+1 countries. This period of partial relief lasted until January 16, 2016, when the nuclear agreement officially came into effect. The impact of this partial relief became evident in Iran's increased economic growth rate in 2014. However, in 2015, the country experienced negative economic growth. It is important to note that the economic downturn in 2015 was not solely attributed to the pressure of economic sanctions but also resulted in part from the anti-inflationary policies pursued by the Rouhani administration. The Annual economic growth rate has been fluctuating,

it increased significantly in 2016 (after JCPOA), but declined again in the following year as reflected in the bar graph in figure 3.

Figure 3: Annual Economic growth rate for Iran in percentage



Source: Central bank of Iran

The presence of economic sanctions had a detrimental impact. The combination of restricted oil exports, declining oil prices, and the enduring impact of sanctions eventually culminated in a notable decline in imports in 2015, reaching a value of \$52.4 billion (about \$160 per person in the US).

From July 2015, when the JCPOA agreement was signed, until January 16, 2016, the date of its implementation, Iran embarked on a significant campaign to attract foreign investments and businesses.

Between July 2015 and January 16, 2016, after the signing of the JCPOA agreement but before its implementation, Iran actively sought to encourage foreign governments and international corporations to expand their trade and investment ties with the country. Numerous European and Asian diplomats, as well as trade delegations, visited Iran during this period, leading to the signing of several memorandums of understanding (with implementation dates set after January

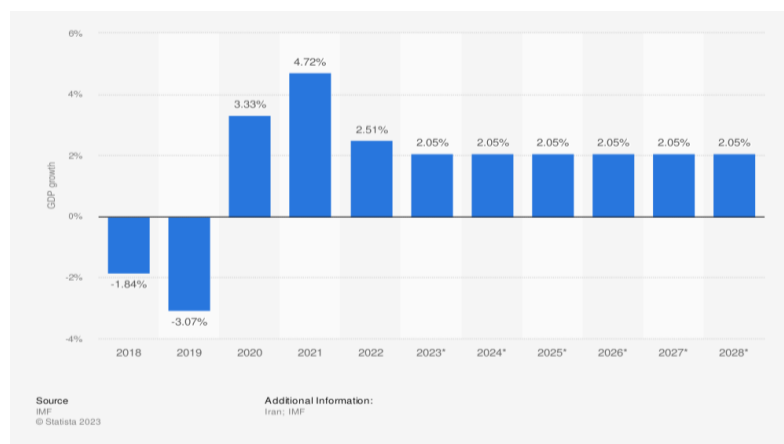
16, 2016). These agreements primarily aimed at re-establishing import and export connections that had been severed during the period of sanctions.

The external trade data for Iran in 2016 and 2017 illustrated that the lifting of sanctions, combined with Iran's re-engagement initiatives since June 2015, resulted in a considerable surge in the volume of imports by 2017. However, the non-oil exports, which were dominated by petrochemical goods, did not experience a significant increase. While Iran's non-oil exports, disrupted by sanctions, were restored in 2016, they faced a moderate decline of 3.6% in mid-2017. During the first seven months of 2017, petrochemical exports saw an increase, but this growth was overshadowed by a decline in exports of other products, such as natural gas condensates.

Iran`s Economic growth after US withdrawal from JCPOA

Iran`s economy registered negative growth rates in the immediate years after the US withdrawal and bringing of sanctions back. But since 2020 it is registering positive growth rates implying that it can absorb economic shocks due to sanctions in the long run. The bar graph in figure four reflects a noticeable growth in 2021, but in 2022, only a modest increase is seen and a growth of only 2.05% is projected in the following years, if the situation of Iranian economy remains the same. Figure 4 projects the expected real GDP growth rate of Iran for the 10 years starting from 2018.

Figure 4: Iran: Real gross domestic product (GDP) growth from 2018 to 2028



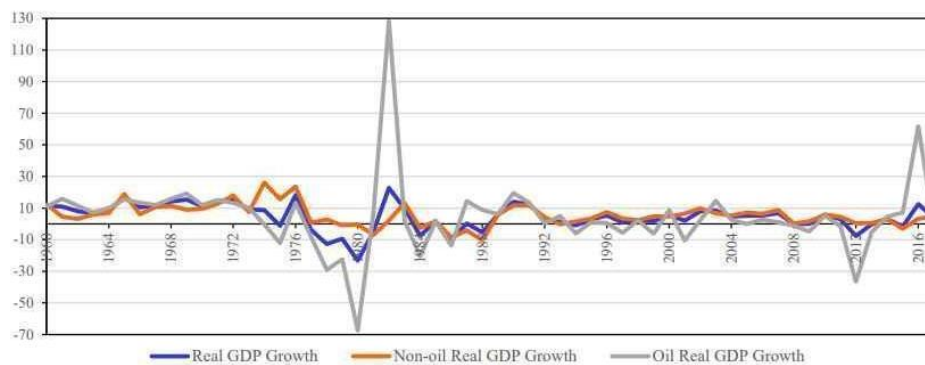
Source: Statista 2023

The relationship between oil revenue and economic growth for Iran

Oil is the life blood of Iranian economy, a major part of government revenues and a basic source of domestic investment. The data shows that economic growth and value added of oil are highly correlated. After the JCPOA, the ability of government to sell oil increased and so value-added of oil increased significantly. (Mahmoudi, n.d)

In 2020, Iran experienced a significant decline in its crude oil production, producing less than 2 million barrels per day (b/d). This was the lowest production level in nearly 40 years for the country. But this cannot be attributed solely to the breakdown of JCPOA, since during this period demand for energy had substantially gone down due to pandemic lockdowns. The line graph in figure 5 depicts that after the withdrawal of JCPOA and subsequent lifting of sanctions, Iran's real oil GDP got a significant boost, indicating that oil revenue is important for Iran's economy.

Figure 5: Oil and non-oil real GDP growth for Iran in the line graph



Source: Central bank of Iran

The weakening of state structure in Iran?

The state is comprised of four elements viz. Population, Territory, Government and Sovereignty. There have been arguments that the Iranian state is facing a series of major potential crises and over the coming decades, these crises will not only affect Iran but will have reverberations across the region. Some of the crises mentioned are Extreme Shiism, Drought and forced migration, Economic and administrative corruption, the decline of culture, Iran's changing political structure, poverty, unemployment, and rising crime (Ziya, 2021). For analysing this argument, an examination of territory, government structure and

its sovereignty is required, since as far as population is concerned, it is not related to the weakening of the state structure.

The political structure

Iran has a political system called the Islamic Republic, established in 1979 through a referendum led by Imam Khomeini. The Leader (Vali-e Faqih) is the head of state and holds significant powers. The President, directly elected by the people, heads the government, but the constitution was amended in 1989, removing the position of prime minister and delegating those powers to the president.

The system relies on public participation, with all positions, from the leader to parliament members, being elected by direct and indirect votes. The Guardianship of Jurisprudent theory is a fundamental aspect, where a just and pious jurisprudent is chosen by the Leadership Experts assembly to lead.

The Executive branch is headed by the President, responsible for implementing the constitution and managing various affairs, including appointing ministers and ambassadors. The current President is Ebrahim Raisi.

The Legislative branch comprises the Islamic Parliament, Guardians Council, and State Expediency Council. The Parliament enacts laws, supervises the government, and approves international agreements. The Guardians Council ensures laws adhere to Islamic principles. The State Expediency Council resolves disputes between Parliament and the Guardians Council.

The Judiciary, an independent branch, ensures justice, addresses complaints and inequities, and upholds the law. The Judiciary Chief is appointed by the Leader.

The Supreme Council of National Security, led by the President, sets defence-security policies, coordinates various activities, and safeguards national interests.

Iran's political structure is complex, with checks and balances among its branches and councils. (Iran Political Structure, n.d.). This state structure has been in place since 1989 without any change.

Sovereignty of the Iranian state

In Western policymaking, there has been excessive focus on imposing sanctions rather than actively seeking diplomatic solutions to the long-standing issues with Iran. The belief has been that sanctions would compel Iran to yield to US and transatlantic demands, particularly regarding its nuclear program and regional policies in the Middle East. These objectives encompass issues such as Iran's stance on the Palestinian question, its support for Hezbollah in Lebanon, the Assad regime in Syria, and its actions in Iraq, Afghanistan, and Persian Gulf security. However, there is little evidence to suggest that Iran's strategic calculations have shifted due to sanctions. In fact, Tehran has maintained its anti-Western and anti-Israeli policies in recent years (Nejad, 2014).

One argument in favour of sanctions has been that they would raise costs and isolate Iran internationally, leading to internal disagreements among the Iranian elite and eventually prompting a change in Iran's approach to nuclear and foreign policies. However, research by Khajehpour, Marashi, and Parsi, who conducted in-depth interviews with senior Iranian officials, analysts, and business figures in 2013, contradicts this notion. They found that sanctions fostered consensus among Iran's elite, rather than causing dissent. Even the private sector, despite suffering from sanctions and facing competition from state-linked entities, chose to lobby for concessions from the government and the Supreme Leader, rather than advocating for a different nuclear policy that could lead to sanctions relief.

Furthermore, these interviews revealed that Iran's political elite lacked an alternative strategic perspective, which has contributed to the absence of any significant change in Iran's nuclear policy. For example, a well-connected businessman with ties to the security apparatus noted that while some regime members outside the core leadership might have a voice and influence, none of them had a coherent strategy for amending the country's national security policy. As a result, the core group around Ayatollah Khamenei remains not only the most powerful but also the only one with a defined strategy, characterized by a strategic distance and antagonism towards the United States. (Nejad, 2014).

The Political Economy of Sanctions

Sanctions imposed on Iran have a varying impact on different sectors of its economy due to imbalances in the country's domestic power structure. Approximately two-thirds of Iran's economy is controlled by state and semi-state entities. These state-affiliated economic

actors have the means to access state resources, which allows them to mitigate some of the increased operational costs caused by sanctions. They can also bypass sanctions through unofficial channels, particularly in the case of the Islamic Revolutionary Guard Corps (IRGC). Originally established as a defence organization to counter Iraqi aggression in the 1980s, the IRGC has evolved into a vast socio-politico-economic conglomerate with significant economic and political influence in the Islamic Republic (Nejad, 2014).

Although sanctioning countries claimed that smart sanctions would target the IRGC's control over Iran's power structure, an analysis of the sanctions' effects suggests that the IRGC's economic power has expanded in response to sanctions. With much international trade involving Iran rendered illegal due to sanctions and economic actors facing restrictions on importing goods, the IRGC and its economic empire have benefited. Their control over numerous harbours in the Persian Gulf and unofficial airports, along with their presence on Iran's borders, has allowed the IRGC to monopolise imports and profit from increased cross-border smuggling. Consequently, the IRGC, as a semi-state entity, has strengthened its economic dominance relative to the civilian economy, which lacks such privileges. Targeting IRGC-affiliated firms ultimately affects millions of civilians connected to these various sectors, highlighting the substantial impact of even specifically targeted sanctions (Nejad, 2014).

Additionally, the sanctions have significantly weakened the civilian economy, increasing the socio-economic role of the state. Economist Djavad Salehi-Isfahani explains that sanctions are likely to reinforce the authoritarian alliance between conservative political leaders and the economic underclass. Simultaneously, they undermine voices advocating for greater social, political, and economic freedoms. Heavy sanctions tend to empower Iranian leaders who oppose the liberal economic reforms of previous eras and favour a return to a more centrally controlled economy like that of the 1980s, where the government, rather than markets, determined foreign exchange allocation, credit, and even the distribution of necessities. Consequently, sanctions contribute to a more centralised state by enhancing the state's role in providing public services and essential goods. (Nejad, 2014).

Domestic opposition to Iran's foreign interventions

The involvement of Iran in various conflicts in the Middle East, as well as its support for non-state actors, has raised concerns both within the country and among international actors. The United States and Iran's regional adversaries, such as Israel and certain Gulf Arab states, worry about the broader geopolitical consequences of Iran's military interventions. They perceive these actions as attempts by Iran to expand its influence and establish proxy networks in the region. Consequently, these interventions have contributed to heightened tensions and conflicts in the Middle East, often leading to countries taking opposing sides in these various conflicts (Habibi, 2018).

On the domestic front, many Iranians are deeply concerned about the financial costs associated with their country's involvement in these regional conflicts. While precise, official figures regarding these expenditures may not be readily available, the prevailing belief among ordinary Iranians is that these interventions come with a significant financial burden. This perception has fuelled discontent within the Iranian populace because they feel that valuable resources are being diverted away from the domestic economy, which already faces its own set of challenges.

This dissatisfaction with Iran's foreign policy and its economic impact has, at times, led to public protests. During such protests, slogans like *I give my life for Iran, not Gaza, not Lebanon and Let go of Syria, think about us* have emerged. These slogans articulate the frustration of certain segments of the Iranian population who believe that their government's priorities are not aligned with their needs and aspirations. Furthermore, these slogans underscore a broader societal debate in Iran concerning the allocation of resources and the country's role in regional conflicts.

It is important to recognise that Iran's foreign policy decisions are driven by a complex interplay of factors, including strategic interests, ideological considerations, and regional dynamics. While some Iranians oppose these policies due to their perceived financial costs, others may view them as essential for advancing Iran's influence and objectives in the region. As a result, Iran's foreign policy continues to be a contentious and multifaceted issue, shaping both domestic and international dynamics in the Middle East. (Habibi, 2018).

Recent Protests in Iran and response by the Authorities

Max Weber had stated that *The state has the monopoly over violence* in 1919 in his essay (Politics as Vocation) about the monopoly on violence, the idea can be traced back to the early Enlightenment thinkers like Jean Bodin (Six Books on the Commonwealth) and Thomas Hobbes (Leviathan). The data shows that the Iranian state continues to demonstrate this trait of modern states, without any signs of its weakening.

December 2022 protests resulted in store closures and labour strikes. The Iranian government's response, involving the use of force against protesters and internet censorship, drew criticism from the UN, UK, and G7 nations. Although exact figures are unclear, activists reported approximately 19,200 detentions and 537 protester deaths as of April 4, 2023, according to the Human Rights Activists News Agency (HRANA). According to the same agency, in 2022, Iranian authorities carried out 565 executions, with five of the individuals being under the age of 18 at the time they were accused of committing their crimes. From January 1 to May 5, 2023, Iran executed at least 192 people, including eight women. Most of these executions were related to drug offenses and murder cases.

An Iranian official has noted that the average age of those arrested was 15, raising concerns among UN experts about the use of force against minors and the targeting of minority groups, including the Sunni Baloch community, by Iranian authorities.

Iran contends that international condemnation is hypocritical and alleges that foreign governments, including Israel and the United States, are disseminating misinformation and supporting the protesters.

Numerous foreign nationals have also been arrested on suspicion of involvement, including seven individuals linked to the UK in December 2022. Iran has conducted drone and missile strikes against Kurdish groups in Iraq's Kurdistan region, accusing them of supporting the protests.

Additionally, Iran has accused the UK of interference in its internal affairs. Iranian officials in the UK have been summoned by the UK Government to express criticism of the Iranian Government's response. In November, the UK Foreign Secretary summoned Iran's Chargé affairs to address alleged death threats against certain UK-based journalists. The

Government has also called on Iranian diplomats to denounce the use of the death penalty against protesters. (Loft et al., 2023).

The Sadrist movement in Iraq

Muqtada al-Sadr, who has achieved successive victories, has emerged as a vocal critic of Iran-backed Iraqi groups and Iran's influence within Iraq. This has caused concern in Tehran regarding its relationship with Iraq. While Muqtada al-Sadr's ascent in Iraqi politics hasn't yet significantly impacted Iran-Iraq relations, his leadership of a nationalist movement that opposes foreign interference and aims to strengthen the Shiite community's unity has had repercussions on Iran's position in Iraq (Ershadi, 2022). It has weakened Iran's capacity to exert influence in the same manner it did in the years following Saddam Hussein's regime.

The Sadrist interpretation of Shi'ism differs from Iran's in two significant ways. Firstly, followers of Muqtada al-Sadr hold a distinct perspective on Velayat-e Faqih, a key concept in Shiite governance (Mallat, 1993). The formulation of the Iraqi version of this post-Occultation theory traces its origins to the time of Mohammad Sadiq al-Sadr, whose interpretation of Velayat-e Faqih laid the groundwork for the potential emergence of an Iraqi Wali Faqih. In contrast, Baqir al-Sadr had theocratic views more in line with Iran.

Sadiq al-Sadr chose to reinterpret Velayat-e Faqih, initially formulated by Baqir al-Sadr, to assert that this system of Shiite governance doesn't extend its authority over all Muslims. This marked a clear departure from the Iranian perspective on this religiopolitical theory. A representative of Muqtada al-Sadr attributed the strain in Sadiq al-Sadr's relations with Iran to his proclamation of his version of Velayat-e Faqih, stating that all ties were broken as soon as Mohammad Sadiq proclaimed his Wilayat al-Faqih because... it contradicted Ali Khamenei's Wilayat al-Faqih.... I think that is the reason why Iran shut down al-Sadr's offices in Iran at the time (Cockburn, 2014).

The second area of difference pertains to the political stance of the Sadrists towards Shiite populations in other nations. While Iran has formed a regional alliance that includes Shiites from various Arab countries, the Sadrists have aimed to create political separation from Shiites in other nations, particularly those aligned with Iran. In a 2017 interview, Muqtada al-Sadr was asked about his position in the event of a conflict between Saudi Arabia and Hezbollah in Lebanon. His response was unequivocal: I will side with Iraq, emphasizing

his priority of keeping Iraq out of such conflicts (The Private Office of Muqtada al-Sadr, 2018). Muqtada's stance reflects a long-standing tradition among Iraqi Shiites, who prioritize Iraqi nationalism and local identity over external calls for Shiite unity, notably from Iran.

Muqtada further distinguished himself from Iran by advocating for the withdrawal of Iraqi Shiite militias from Syria and calling for the resignation of Syrian President Bashar Assad, who is Alawite (Al-Sadr, 2019, August 26; Al-Shimmari, 2017). In contrast to many Iraqi Shiites who viewed Iran in the context of Shiite solidarity, al-Sadr regarded Iran as a nationalist entity pursuing its national interests within Iraq.

Saudi Arabia's reasoning to sign the deal

Failure of Petro dollar deal

The petrodollar originated in 1973 following the downfall of the global gold standard established after World War II through the Bretton Woods agreements. These accords also set up the US dollar as the world's main reserve currency. Recognising that the decline of the gold standard system would lead to reduced global demand for the US dollar, the Nixon Administration realised the significance of sustaining demand for the dollar to support the US economy. Consequently, in 1973, the US, under Nixon's leadership, entered an arrangement with Saudi Arabia.

This agreement stipulated that Saudi Arabia would exclusively price all its oil exports in US dollars and consider investing its excess oil earnings in US government bonds. In exchange, the United States would provide weaponry and safeguard Saudi oilfields from potential threats from neighbouring nations, including Israel. From the American perspective, the petrodollar strategy boosts demand for the dollar and US government bonds, allowing the US to acquire oil using a currency it can produce at its discretion. By 1975, all OPEC nations had adopted a similar approach. Ensuring the stability of the petrodollar remains a paramount objective for the United States.

The drone assault on two Saudi Arabian oil pumping stations on May 14, 2019, is believed to have been orchestrated by Houthi forces in Yemen with backing from Iran. This attack, characterised by its complexity, occurred during a period of heightened regional tensions. Despite Iran's disavowal, the incident was seen as a deliberate and well-planned reaction to

the intensified oil sanctions targeting Iran and the maximum pressure strategy pursued by the Trump administration against Tehran. (Salameh, 2015).

The inability of the USA to prevent the Drone attack and no concrete action even after the attack was seen by Saudi Arabia as a failure of the security guarantees by the USA.

Saudi Arabia's Vision 2030

Under the leadership of the Custodian of the Two Holy Mosques, Saudi Arabia launched Vision 2030, a strategic roadmap devised by the Crown Prince. This vision aims to leverage the nation's strategic location, investment potential, and central role in the Arab and Islamic worlds. (An Ambitious Vision for an Ambitious Nation OVERVIEW, n.d.) (**Appendix A**)

Recent developments indicating emerging consciousness in West Asia

The region of West Asia has been under foreign influence since the early 16th century by major powers beginning with the Ottoman Empire. Though, the Ottomans ruled claiming themselves as Caliph (the protector of holy sites of Islam) to gain wider legitimacy in the Islamic world. But the empire had significant population of non-Muslims too. As the twentieth century began, the Arab world faced different influences from three major sources: the dominant European powers, the weakening Ottoman Empire, and various Arab movements centred in Egypt, Syria, Iraq, and the Arabian Peninsula. The European powers had largely cemented their objectives by the late nineteenth century, focusing on establishing strategic positions in anticipation of acquiring Ottoman territories. This strategy was built on a widespread European consensus that believed the Ottoman Empire was on the brink of collapse, or at least that it needed to be expedited towards disintegration to facilitate the redistribution and partition of its lands. Notably, Germany stood apart from this consensus due to its own strategic and self-interests. Germany actively worked to rejuvenate the Ottoman state, channelling investments into new economic ventures, sending military missions to bolster its armed forces, and offering international support to the Ottoman government in opposition to the demands of other European powers. The Arabs never welcomed such dilution of their sovereignty and saw these foreign powers dictating them as oppressors and themselves as oppressed. In this context, Fanon's becomes relevant, as it goes.

In the colonies, the foreigner coming from another country imposed his rule by means of guns and machines... The violence which has ruled over the ordering of the colonial world, has ceaselessly drummed the rhythm for the destruction of native social forms and broken up without reserve the systems of reference of the economy, the customs of dress, and external life... (Fanon, 1968).

The period from the turn of the century until the eve of World War I saw the emergence of new political alliances. Among these, the most significant was the growing political and military alliance between Great Britain, France, and Russia. These nations formed closer ties to counter the rising power of Germany, which possessed expanding industrial capacity, military strength, and ambitious political aspirations aimed at reshaping the balance of power in its favour. Germany sought to curtail the expansionist ambitions of the British Empire in Europe, Asia, and Africa.

It is essential to note that during this time, the British Empire exerted significant control over global trade routes and could expand its influence through naval power, military bases, colonies, and bilateral agreements. Its mere presence and the implicit threat of military intervention enabled it to acquire new areas of influence, as demonstrated by its actions in Aden in 1839, Egypt in 1881, and the Sudan in 1899. France, on the other hand, was increasingly eager to expand its imperial holdings, aiming to secure Greater Syria as an addition to its substantial North African territories in Algeria and Tunisia.

During this period, a form of Arab identity began to take shape among a new generation of Arabs, including military officers, civil servants, students, journalists, and lawyers. This emerging Arabism aimed to create a sense of unity and community within the Arab world, which had never existed as a nation-state in its long history. While there had been Arab dynasties like the Umayyad and Abbasid empires, these were not true nation-states in the modern sense, and the Arab people had not previously formed a distinct nationality that could be separated from their broader imperial and religious contexts.

To establish Arabism with a well-defined political and historical identity, it was necessary to bring together its various elements and adapt them to contemporary standards. For instance, during the Arab Congress in Paris in 1913, Abd al-Ghana al-Uraysi argued that Arabs constituted a political community and a nation based on factors such as language,

ethnicity, history, customs, and political aspirations. Importantly, this modern conception of Arab nationality included all religious groups, whether Muslim, Christian, or Jewish, marking a significant shift toward cultural debates that emphasized legal and social equality.

It's worth noting that the concept of Ottomanism had previously emerged in the 19th century, aiming to unite the diverse populations of the Ottoman Empire under a single umbrella. However, the failure of Ottoman attempts to execute this concept, especially regarding the question of nationalities, led to the rise of numerous national movements across the empire, including Serbia, Albania, Armenia, and Bulgaria. The Arab population was the last to push for a new political organisation based on a decentralised system of government that would provide equal rights to the two principal national elements of the empire i.e Turkish and Arabs.

By the onset of World War I, the idea of decentralisation had evolved into a call for self-determination. At this juncture, Arabism emerged as a common cultural identity that transcended religious and sectarian divisions. The individuals identifying with this new Arab marker could be Sunnis, Shi'is, Christians, or Jews. Geographically, Arabic-speaking Christian communities were concentrated in Iraq, Greater Syria, and Egypt, while Arabic-speaking Jewish communities had existed for centuries in North African (Maghrebi) societies, Yemen, the Arabian Peninsula, and the Fertile Crescent, with Iraq being one of the sought-after lands for settlement and national affiliation among them. (Choueiri, 2016)

So, the history of the Arab world clearly tells that the Arabs have a sense of Nationalism and a desire to foster their own distinct identity. So foreign intervention is not welcomed by them, whether military, economic or ideological. But even after the two world wars, decolonisation and redrawing of boundaries of the region mainly by the British, hindered their aspirations. The region again became a battleground owing to the beginning of the cold war. The petro-dollar deal, security guarantees by USA to Saudi Arabia and the Iranian revolution that worsened the trust deficit between the major regional rivals, paved the way for increased USA's intervention. Along with that, the creation of Israel and the subsequent issue of Palestinian cause, further deprived the region of its autonomy. Moreover, Iran, as a successor state of the great Persian Empire has its own ambitions in the region, but the region was kept divided by the constant foreign interventions and Saudi-Iran rivalry kept on fuelling the regional violence. So, after decades of rivalry and funding the rival sides for

no gains. The already existing sense of nationalism and resistance to foreign rule seems to be reemerging in the region with Saudi Crown Prince, popularly known as Mohd. Bin Salman (MBS) trying to negotiate with the regional rivals.

Since assuming the title, MBS was seen as a hardliner both in domestic and foreign arena. He was accused of ordering the killing of Journalist Jamal Khashoggi, his critique, imprisoning his domestic rivals on the charges of corruption, intensifying fighting in Yemen, threatening to follow suit if Iran acquires the nuclear arsenal, blockading of Qatar etc. Though, his stance domestically hasn't undergone any change; on the regional front he seems to be coming as a statesman for the region, since he has made constant efforts to negotiate with the Saudi Arabia's traditional rivals.

In August 2017 itself, in leaked emails as reported by Middle East Eye, MBS wanted to end the Yemen war in his talks with USA's officials and was not against Iran's rapprochement with USA. (Jazeera 2017). In January 2021, Saudi Arabia and its allies UAE and Bahrain ended the more than three years of Qatar blockade in a GCC meet and resumed their diplomatic ties (Ramani 2021).

On 19th May 2023, Syria was reinstated to the Arab league in Jeddah itself, offering a warm welcome to its President Bashar Al Asad (Jazeera 2023) and reflected from the joint statements, Saudi was holding backdoor talks with Iran through Iraq and Oman since 2021 itself and the breakthrough announcement came on March 10. So, the détente with Iran is not an isolated development but a part of a chain of events.

The terms of the deal

Both Saudi Arabia and Iran, vowing to resolve their disagreements through dialogue and diplomacy, met in Beijing from 6-10 March 2023. The Saudi delegation was led by Dr. Musaad bin Mohammed Al-Aiban, Minister of State and National Security Advisor, while the Iranian delegation was headed by Admiral Ali Shamkhani, Secretary of the Supreme National Security Council. (Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran, n.d.-b) (**Appendix B**)

Findings

About the Deal: The recent peace deal announced by Saudi-Arabia and Iran is not a sudden development, but a consequence of a mutual desire for securing peace for the respective national interests.

China is willing to emerge as a peace broker in the world as apart from this deal, it has also expressed willingness to broker peace between Russia-Ukraine and on the Palestine issue.

Details of the deal have not been made public, only general statements are reflected.

On the Western sanctions on Iran: The western sanctions on Iran are not found to be a major cause for Iran's desire to conclude a peace agreement with its arch-rival in the region. Iran has been facing sanctions since the Iranian revolution itself with only small periods of relief. Though they contribute to Iran's economic woes as they impede Iran's ability to sell oil which is a major contributor to Iran's economy.

On weakening of Iranian state: The study does not find that the Iranian state is weakening and showing the signs of ageing as the political structure in Iran has remained intact since 1989. In fact, there have been hardliner presidents like Ahmadinejad (2005-2013) and the incumbent president Ebrahim Raisi also belongs to the same category. The institution of Head of Islamic Republic of Iran continues to have wider acceptability, so the post revolution political structure remains intact after the amendment of 1989.

Iran has not shown any greater eagerness to sign a new nuclear agreement on unequal terms, with the western powers to get rid of sanctions. Moreover, the recent peace deal's statement also indicates that the agreement is on equal terms, between the two sovereigns.

Iran has been able to successfully pacify the protests and continues executions which have received condemnation from the west, but they don't concern Iran. The continued protests in Iran for better living conditions and greater personal liberty, indicate the presence of liberal elements in Iranian society which had a role in the revolution of 1979 as well. Iranian state accommodates their demands by free distribution of public goods, free housing and other welfare measures.

Though, it is found that Iran has been facing troubles both domestic and outside due to the economic woes, rising anti-Iran sentiments in Iraq due Al-Sadr movement and continued costs of fighting proxy wars. To avoid further troubles, making peace with Saudi-Arabia is a rational choice for Iran.

Iranian authorities have been successfully cracking down on the protests and hence the state structure in Iran doesn't show the signs of weaknesses. Since the Iranian state continues to commit violence, an attribute of the state.

On reawakening among the Arab states: The developments indicate towards a possible consensus in the Arab world to rid themselves of foreign dictates. They have shown increased willingness to underneath their differences and to counterbalance the foreign powers operating in the region for their own good.

On Saudi Arabia's willingness to sign the deal: The Saudi Arabia's commitment to realise its Vision 2030, for making Saudi a tourist hub and diversify its economy is found to be a reason to sign the deal. A détente with Iran may help it secure peace in the region and attract foreign investments for infrastructure development and for assuring the safety of tourists.

The feeble response of USA to Drone attacks on Saudi's oil fields, its increasing focus on Indo-Pacific, troops withdrawal from Afghanistan, no military footprint in case of Russia's invasion of Ukraine indicates the deepening of USA's policy of no military footprints on foreign soil. Observing this policy of USA, Saudi Arabia couldn't expect USA to fight directly on its side, in case of a direct conflict with Iran. Thus, making peace with Iran, fits well in Saudi Arabia's strategic calculations from a realist perspective.

Limitations

The study has not explored the effect of economic sanctions on Iran's health and education sector which are also crucial for understanding the overall effect of sanctions. The implications of Taliban coming to power in Afghanistan as Iran has a border dispute with Afghanistan as well, fragility of peace deals between Saudi Arabia and Iran and the role of other states in the region like Qatar and Oman which have a significant stake in the relations between Saudi Arabia and Iran haven't been explored. These areas can be potential topics

for further studies on analysing the reasons for this peace deal to bring a comprehensive picture about the development.

Conclusion

The long rivalry between Saudi Arabia and Iran is suggestive of the multiplicity of factors that come into play, including geopolitical and economic. In which the religious (Shia-Sunni) divide has been well exploited for making political gains within and outside the territories. This rivalry has been mutually destructive due to funding of proxy wars, hindered trade, sanctions, etc. leading to economic and political volatility in the region and providing a fertile ground for foreign powers to exploit the region for their interests. Due to the complex nature of the rivalry, the reasons for the peace deal (which is the focus area of this study) are also varying, ranging from geopolitical to economic and psychological. The changing picture and the recent developments in region demonstrate a psychological will to overhaul the region like the hosting of the FIFA World Cup by Qatar, reforms in Saudi Arabia like allowing women to drive, protests for better living conditions, peace negotiations in Stockholm for stopping the civil war in Yemen to name a few. The concluded peace deal reinstates this analogy as such important developments in international politics have both tangible and intangible factors. The deal, if materialised can bolster the intra-region trade, facilitate oil exports at the time of soaring energy costs due to sanctions on Russia, and hence this resource-rich region will be able to realise its full potential. Moreover, it can also act as a catalyst for promoting peace as Saudi Arabia can act as an intermediary for a renewed nuclear deal between Iran and USA, minimising the risk of a nuclear arms race in the region and ending civil wars in Yemen, Syria and political instability in Iraq, facing humanitarian crises.

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Appendix A

Overview of Vision Statement 2030 of Saudi Arabia 2030

Under the guidance of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz al Saud, we embarked on a journey towards a brighter future with the launch of Vision 2030. Conceived by His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, this roadmap leverages our God-given strengths, including our strategic location, investment power, and centrality in the Arab and Islamic worlds. Our leadership is fully committed to realizing our ambitions and maximizing our potential.

Since the launch of Vision 2030, we have laid a solid foundation for success by implementing unprecedented reforms in the public sector, the economy, and society as a whole. Despite challenges, we have gained invaluable experiences and strengthened our resolve to reach our goals. Our efforts have led to improved government efficiency, new growth and investment opportunities, greater global engagement, and enhanced quality of life for our citizens. These achievements belong to all the people of our great nation.

As we continue this transformation, we remain steadfast in our commitment to achieving our goals by 2030. We will empower citizens and businesses to reach their full potential, diversify our economy, support local content, and create innovative growth opportunities. This will be accomplished by creating a favourable environment for local and foreign investments, and through the development and unlocking of new sectors by the Public Investment Fund.

The progress we have made and the success we strive to achieve is a result of the tireless efforts of our citizens and partnerships with the private sector and non-profit sector, working together towards elevating the Kingdom's position in the global arena.

Source:<https://www.vision2030.gov.sa/en/vision-2030/overview/#:~:text=Vision%202030%20is%20creating%20a,and%20providing%20effective%20social%20services.>

Appendix B:

Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran

In response to the noble initiative of His Excellency President Xi Jinping, President of the People's Republic of China, of China's support for developing good neighbourly relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran;

And based on the agreement between His Excellency President Xi Jinping and the leaderships of the Kingdom of Saudi Arabia and the Islamic Republic of Iran, whereby the People's Republic of China would host and sponsor talks between the Kingdom of Saudi Arabia and the Islamic Republic of Iran;

Proceeding from their shared desire to resolve the disagreements between them through dialogue and diplomacy, and in light of their brotherly ties;

Adhering to the principles and objectives of the Charters of the United Nations and the Organization of Islamic Cooperation (OIC), and international conventions and norms;

The delegations from the two countries held talks on 6-10 March 2023 in Beijing - the delegation of the Kingdom of Saudi Arabia headed by His Excellency Dr. Musaad bin Mohammed Al-Aiban, Minister of State, Member of the Council of Ministers, and National Security Advisor, and the delegation of the Islamic Republic of Iran headed by His Excellency Admiral Ali Shamkhani, Secretary of the Supreme National Security Council of the Islamic Republic of Iran.

The Saudi and Iranian sides expressed their appreciation and gratitude to the Republic of Iraq and the Sultanate of Oman for hosting rounds of dialogue that took place between both sides during the years 2021-2022. The two sides also expressed their appreciation and

gratitude to the leadership and government of the People's Republic of China for hosting and sponsoring the talks, and the efforts they placed towards its success.

The three countries announce that an agreement has been reached between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, that includes an agreement to resume diplomatic relations between them and re-open their embassies and missions within a period not exceeding two months, and the agreement includes their affirmation of the respect for the sovereignty of states and the non-interference in internal affairs of states. They also agreed that the ministers of foreign affairs of both countries shall meet to implement this, arrange for the return of their ambassadors, and discuss means of enhancing bilateral relations. They also agreed to implement the Security Cooperation Agreement between them, which was signed on 22/1/1422 (H), corresponding to 17/4/2001, and the General Agreement for Cooperation in the Fields of Economy, Trade, Investment, Technology, Science, Culture, Sports, and Youth, which was signed on 2/2/1419 (H), corresponding to 27/5/1998.

The three countries expressed their keenness to exert all efforts towards enhancing regional and international peace and security.

[Issued in Beijing on 10 March 2023]

The statement was co-signed by Representative for the People's Republic of China Wang Yi, Member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Foreign Affairs Commission of the CPC Central Committee, Representative for the Kingdom of Saudi Arabia Musaad bin Mohammed Al-Aiban, Minister of State, Member of the Council of Ministers, and National Security Advisor, and Representative for the Islamic Republic of Iran Ali Shamkhani, Secretary of the Supreme National Security Council.

Source:https://www.fmprc.gov.cn/eng/wjdt_665385/2649_665393/202303/t20230311_11039241.html#:~:text=The%20three%20countries%20announce%20that,and%20the%20agreement%20includes%20their