NEW SAUDI IRAN NEXUS: PROSPECTS AND CHALLENGES FOR PAKISTAN

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Abstract

Diplomatic relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran were severed in 2016. This is the result of the two nations' rapprochement, mediated by China. The two nations have committed to resolving the issues that divide both of them. Pakistan shares strong ties with Saudi Arabia and Iran. Given their proximity to each other and as neighbors, Saudi Arabia and Iran are frequently discussed in Pakistan's domestic and international policy discourses. The recent reconciliation between Saudi Arabia and Iran may signal a dramatic shift in the regional balance of power and have far-reaching effects on Pakistan both positively and negatively. Furthermore, Pakistan has praised the restoration of diplomatic relations between Iran and Saudi Arabia as a noteworthy achievement and has welcomed the pact as a step towards regional peace and stability. In addition to maintaining balanced diplomatic ties with both Iran and Saudi Arabia without feeling pressure to choose a side or mediate a dispute between
them, Pakistan can gain from increased economic collaboration with both countries, especially by participating in the projects and initiatives spearheaded by China. The accord has been praised by Pakistan as a positive step towards regional stability and peace. However, Pakistan has both chances and challenges as a result of the new Saudi-Iranian alliance. On the one hand, the warming relations between Saudi Arabia and Iran may contribute to lowering regional tensions and open up new opportunities for collaboration between neighboring nations. Conceptually it can also result in more rivalry between China and the US for influence in Pakistan and the surrounding area. This study is to investigate Pakistan's opportunities and difficulties in light of the emerging Saudi-Iranian relationship.

Keywords: Saudi-Iran nexus, Reconciliation, Rivalry, Diplomacy, Opportunities, Challenges,

Introduction
For many years, the Middle East has served as a battlefield between major world powers. Since the end of the Cold War, the US and Russia have been vying for influence in the area. Through the Belt and Road Initiative (BRI), China has also been stepping up its footprint in the Middle East in recent years (Cook, 2021). Middle East is Great Power Game for regional and international powers. The two countries Iran and Kingdom of Saudi Arabia (KSA) have been at odds and tension. Since the Iranian revolution in 1979. Islam served as the foundation for the Saudi monarchy, which felt endangered by the establishment of the Islamic Republic of Iran. During the Iran-Iraq War, Saudi Arabia secretly backed Iraq, which caused tense ties that persisted until the 1980s (Nada, 2016). The killing of Sheikh Nimr al-Nimr, a well-known Shia cleric from Saudi Arabia, more recently On January 2, 2016, Saudi Arabia executed him. He was one of 47 individuals executed for their convictions of terrorism-related offences; his primary accusation stemmed from his criticism of Saudi rulers. Diplomatic relations between the two nations were severed as a result of demonstrators in Iran attacking the Saudi embassy in Tehran in retaliation for the execution. As part of an agreement mediated by China, diplomatic relations between Iran and Saudi Arabia have been restored following seven years of animosity as part of the deal, their respective embassies will reopen in two months, and security cooperation mechanisms will be activated. Numerous geopolitical challenges, including sectarian disputes, leadership aspirations, oil export policies, and relations with the United States and other Western nations, have caused strain in the two countries bilateral relations.

The agreement, which is regarded as a significant diplomatic win for China, comes as diplomats are attempting to put an end to the protracted battle in Yemen, which has firmly entrenched positions for both Saudi Arabia and Iran (Berg, 2023). For Pakistan in particular, the connection will present both opportunities and threats to the entire region. Pakistan is perceived as having a chance to contribute positively to the region and advance peace and stability in the region with the reestablishment of diplomatic relations between Iran and Saudi Arabia (Khan, 2023). Pakistan can benefit from more economic cooperation with both governments, particularly by taking part
in the China-led projects and initiatives, and maintain balanced diplomatic connections with both Iran and Saudi Arabia without feeling compelled to choose a side or mediate a dispute between them. Pakistan has hailed the agreement as a move in the right direction towards regional peace and security, according to Khan et al., 2023. Pakistan may strengthen its energy and commerce relations with both nations. While Saudi Arabia is a major economically with a huge Pakistani diaspora working in the Kingdom, which is a key source of remittances, neighboring Iran has historically been a major trading partner of Pakistan. However, the Saudi-Iran nexus also poses several challenges for Pakistan. According to a report by the Institute of Strategic Studies Islamabad (ISSI), the restoration of diplomatic relations between Iran and Saudi Arabia could have implications for Pakistan’s relations with both countries (Siddiqa, 2023). The report suggests that Pakistan will need to balance its relations with both countries carefully to avoid being caught in the middle of their rivalry. Zehra et al., 2020 propose that Pakistan faces policy problems in relation to its relations with Saudi Arabia and Iran as a result of the Middle East conundrum (Zehra, Imtiaz, & Ahmad, 2020). In broader context, it is important to note that the new nexus has been brokered by The Red Dragon (The China), so the reaction of Uncle Sam (The United States) will be important in upcoming days.

Background
Tension and competition have characterized Saudi Arabia's and Iran's relationship for many years. According to Shahbandarzadeh et al., 2017, at least since the 2003 invasion of Iraq by the United States, Iran and Saudi Arabia, the two main powers in the Persian Gulf, have been involved in a hegemonic struggle for dominance and influence. Different views regarding sectarianism, nationalism, revolutionary ideology, competition for regional hegemony, oil prices, the U.S. military presence in the Gulf, and the Hajj characterize this rivalry (Shahbandarzadeh, 2017). However, following a years-long schism that exacerbated tensions in the Gulf and intensified crises ranging from Yemen to Syria, Iran and Saudi Arabia decided to reestablish diplomatic and business ties in March 2023. Khan et al., 2023 have also agreed to revive a security cooperation pact, resume trade, investment and cultural accords, and work together to resolve regional conflicts. Pakistan, which has welcomed the accord as a positive move towards regional peace and security, has seen this as a significant breakthrough. In terms of challenges and opportunities for Pakistan in Saudi-Iran relations, there are several factors to consider. Nawaz et al., 2021, Since January 2021, the Gulf region's geopolitical environment has undergone major upheaval. Most notably, Iran and Saudi Arabia have agreed to resume diplomatic and business ties. The study comes to the conclusion that Pakistan faces policy problems in relation to its relations with Saudi Arabia and Iran as a result of the situation in the Middle East (Nawaz, 2021).

Another research conducted by the University of Columbia, which indicates that the tense, adverse and troubled history of Iran-Saudi ties (notably after the Islamic Revolution) sectarian war Shia-Suni, Pakistan’s place in the Middle East nuclear dilemma strategies for coping with post 2014 Afghanistan all present challenges to Pakistan. However, the latest development of restoration of diplomatic ties possesses opportunities for Pakistan in three nodes of sectors: oil and
gas, finance, and peace and stability. Khan et al., 2023 contends that the restoration of diplomatic relations between Iran and Saudi Arabia is a significant step forward for Pakistan and has the potential to positively impact regional peace and stability. Zehra et al., 2020 additionally look at Pakistan's role as a go-between for the two states and the potential effects of Saudi Arabia's and Iran's pursuit of regional hegemony on Pakistan and the Middle East.

Research Methodology
This study was carried out using a qualitative, exploratory, and descriptive research technique to analysis new Iran-Saudi Nexus. Data has been gathered from a variety of sources, both primary and secondary. Parliamentary reports and online official government papers are used as primary sources. Books, articles, journals, newspaper articles, electronic sources, and published reports are examples of secondary sources used to gather data to analysis the new Iran-Saudi Nexus and challenges and opportunities for Pakistan.

Theoretical framework
The Barry Buzan and Ole Waever’s Regional Security Complex Theory (RSCT) in their work 2003 “Regions and Powers: The Structure of international Security (Buzan, 2003) explains new security complexity. Because national security dynamics are linked across the nations, they affect both the domestic and regional levels of security. According to Buzan and Waever, security concerns are essentially regional in scope. This is in contrast to the perspective that was common during the Cold War and contends that security politics are primarily a reflection of the interests of the world's big powers. Buzan and Waever cite the Middle East as an example, where despite the end of the Cold War, the security environment has not changed significantly: Pakistan's foreign and internal security policies are impacted by the relationship between Iran and the Kingdom of Saudi Arabia (KSA). It is important to consider Pakistan's security and stability within the framework of interregional ties. The regional level analysis is predicated on the idea that a state's security is inextricably linked to that of its neighbors. Understanding the dynamics of regional security is necessary to comprehend both the security of the individual units and the process of global power intervention. There have been intense discussions over the sustainability of the latest détente between Saudi Arabia and Iran, which was mediated by Beijing, as well as China's increasing prominence in the area. Even though the Middle East is still a place that is generally unfriendly to outside intervention (Zhou, 2023).

However, Iran and Pakistan's economic ties are not at the necessary level and still need to develop, particularly in light of China's Belt and Road Initiative (BRI). States may encounter both external pressures and internal challenges in the political sphere. Pakistan has encountered both external and internal challenges in forging strong ties with the Kingdom of Saudi Arabia while failing to maintain a healthy balance with Iran. Both the internal and exterior environments might pose a security threat to system. Threats from within could turn into external ones and vice versa. For instance, the conflict between the Saudia and Iran can occasionally have an adverse effect on Pakistan's security by exacerbating the country's sectarian rift. All facets of Pakistan's security are
impacted by the animosity between the Saudi Arabia and Iran; hence it is critical that Pakistan implement a practical strategy that would guarantee a fair and impartial stance towards both countries (Abbas, 2022). According to the realist, there is no permanent foes and friends in the international system. Suzy Kassem quotes: “Today’s foes can be your friends tomorrow. And today’s friends can be tomorrow’s your foes”. So, the new Sadi-Iran nexus can better be understood by apply the regional security complex theory by considering China mediation and US supremacy and Hegemony in the Middle East which is really a security challenges for Middle East especially Iran and Saudia as well Pakistan also.

Hegemonic Race: Power Politics in Middle East
In the Middle East, there is a hegemonic race among international players to gain influence and control over the region. According to an article on the City University of London website foreign policy paths in a number of countries, such as Saudi Arabia, Egypt, Iran, Iraq, Israel, Syria, and Turkey, are influenced by ideological externalization and competitive support-seeking (Stein, 2021). Additionally, the Middle East has some of the greatest oil reserves in the world. This has made it an important region for energy security. Countries like Saudi Arabia and Iran have used their oil wealth to gain influence in the region. Historically, the Kingdom of Saudi Arabia has remained a close ally of the United States; however, Iran since the revolution has estranged relations with the United States. The Middle East's power dynamics have completely changed as a result of the Saudi-Iran Nexus. China mediated a deal to restore diplomatic ties between Iran and Saudi Arabia, but it also raised the question of whether the US is becoming less influential in the region. The relationship between Saudi Arabia and the United States has been strained in recent years, so the answer is complicated. The killing of writer Jamal Khashoggi at the Saudi consulate in Istanbul in 2018 resulted in a notable deterioration of relations between Iran and Saudi Arabia, but it also raised the question of whether the US is becoming less influential in the region. The relationship between Saudi Arabia and the United States has been strained in recent years, so the answer is complicated. The killing of writer Jamal Khashoggi at the Saudi consulate in Istanbul in 2018 resulted in a notable deterioration of relations between the two nations (Stephen Kalin, Summer Said, and David S. Cloud, 2022). The Biden administration has also taken a more critical stance towards Saudi Arabia than its predecessor, particularly on human rights issues (Kalin, Said, & Cloud, 2022). The Biden administration has also taken a more critical stance towards Saudi Arabia than its predecessor, particularly on human rights issues (Falk, 2021).

Moreover, recent years have seen a tense relationship between the United States and Saudi Arabia over oil production. When President Biden's top aides believed the president Biden was organizing a trip to Saudi Arabia and had made a covert agreement to increase oil output through the end of the year, in October 2022. But the agreement collapsed, and tensions between the two nations became much worse (Wong, 2022). Crown Prince Mohammed bin Salman of Saudi Arabia threatened to cut off relations with the US in June 2023 after President Biden promised to inflict "consequences" on the country for reducing oil output the year before (Hudson, 2023). Pakistan historically an ally of the United States, and now a geostrategic partner of China has to take some decisions, Saudi-Iran nexus have brought challenges to Pakistan’s foreign policy. The United States and China are both major players in the region and their influence on Pakistan’s foreign policy cannot be ignored. China's influence and involvement in nations like Pakistan must be carefully considered as the United States leaves Afghanistan and becomes more assertive in its
geostrategic rivalry with China (Younus, 2021).

The United States is worried about the growing relationship between Saudi Arabia and Iran. The US is concerned that this relationship could lead to a new nexus that could threaten the stability of the Middle East. The US is also concerned that Iran may use its relationship with Saudi Arabia to gain access to critical infrastructure in the region and launch attacks against US interests in the region (Jones, 2019). According to The New York Times, the new Iran-Saudi peace deal brokered by China is not in American interests. Mark Dubowitz, the chief executive of the Foundation for Defense of Democracies, a Washington-based research group, said that “Renewed Iran-Saudi ties as a result of Chinese mediation is a lose, lose, lose for American interests”(Hubbard & Bengali, 2023). Therefore, in this critical situation, it is very difficult for Pakistan to openly welcome the new nexus along with maintaining relations with the United States. Moreover, even if the role of United States in the region is ignored, the Saudi-Iran relations itself have remained antagonistic since the last three decades. The “New Saudi-Iran Nexus” has the potential to bring about significant changes in the Middle East. However, it also poses several challenges for Pakistan. Here are three main challenges that Pakistan may face:

1. **Balancing relations with Saudi Arabia and Iran:** Pakistan have traditionally maintained close ties with Saudi Arabia and has been a key ally of the Kingdom. However, Pakistan also shares a long border with Iran and has deep cultural and economic ties with the country. Hence, for exploiting potential benefits, Pakistan will need to balance its relations with both countries carefully (Ali, 2021). In global politics there is no fix period of war and cooperation. Any type of uncertainty between Iran and Saudi Arabia can pose a danger or will be obstacles for Pakistan, if Pakistan not managing balancing relation with Saudia Arabia and Iran. In addition to a war for regional hegemony and strength, Iran and Saudi Arabia are divided on the basis of ideology, religion, and culture. Pakistan is surrounded by Iran on all sides, and its most vulnerable province, Baluchistan, shares a border with Iran. When things got tough, Saudi Arabia and Iran’s never abandoned Pakistan. Pakistan must so constantly work to manage its relations with both states and cannot offend one for the other.

2. **sectarian tensions:** Historically, the enmity and tension between Iran and Saudi Arabia has been largely based on sectarian differences between Sunni and Shia Muslims. Pakistan is home to a large Shia population, which has been targeted by extremist groups in the past. The country will need to manage sectarian tensions carefully to avoid any escalation of violence. After the peace deal, the spoilers may try to find new routes for sponsoring the sectarian terrorism. According to research by Ali et al., 2020, “India has been involved in sectarian terrorism in Pakistan through its intelligence agency RAW” (Abbas & Syed, 2021). Moreover, Noor et al., 2012 states that “India has been accused of supporting separatist movements and sponsoring terrorism in Pakistan” (Noor, Ali, & Ahmad, 2012). Therefore, it is important to curb new possible routes of sectarian terrorism.
3. **Economic implications:** The envy and competition between Iran and Saudi Arabia and has had significant economic implications for Pakistan in the past. For example, when Saudi Arabia imposed an oil embargo on Iran in 2012, Pakistan was forced to cut its oil imports from Iran due to pressure from Saudi Arabia. This had a significant impact on Pakistan’s economy (Shahid, 2012). To bypass such pressure in future, Pakistan must frame economic accords with both nations.

**Geoeconomics: The New Alliances**

Saudi Arabia’s foreign policy has shifted from geopolitics to geo-economics in recent years. This shift is primarily driven by the country’s Vision 2030 initiative, which aims to transform the Saudi state and society through comprehensive economic and social reforms (Farouk, 2021). The initiative seeks to diversify the country’s economy away from oil and gas and towards other sectors such as tourism, entertainment, and technology. The new Saudi Arabia-Iran nexus is a result of changing geopolitical dynamics in the Middle East. The two countries have been rivals for decades, but they are now seeking to cooperate on issues such as oil production and regional security. According to a recent article by the Carnegie Endowment for International Peace, “the new Saudi-Iranian relationship is driven by a combination of economic and security factors” (Alotaibi, 2023). The article goes on to explain that “Saudi Arabia is seeking to diversify its economy away from oil, while Iran is looking for new markets for its non-oil exports”.

The Saudi-Iran rivalry has had a significant impact on Pakistan over the years. Khan et al., 2017 explained that the Middle Eastern rivalry has had an adverse impact on Pakistan’s internal security. According to the argument of article during the past few decades, Afghanistan has suffered as a result of the rivalry between Saudi Arabia and Iran. The interests of Pakistan will be harmed by any fresh proxy conflict in Afghanistan. India and Saudi Arabia's rivalry has historically had a big influence on Pakistan. In Pakistan, the rivalry has resulted in economic and security issues as well as sectarian conflict. The Middle Eastern rivalry has also had an adverse impact on Pakistan’s internal security (Qadir & Rehman, 2016). Pakistan has been involved in settling the dispute between Iran and Saudi Arabia. The leadership of Pakistan is committed to keeping tensions between the two nations from rising (Ibrahim, 2022). Following years of hostility, Iran and Saudi Arabia decided to mend their diplomatic relations in March 2023, ending a years-long split that had heightened tensions in the area. Khan et al., 2023 claims that Pakistan will gain a great deal from the current diplomatic development between Saudi Arabia and Iran. Pakistan, being the neighbor of Iran, the partner of Saudi Arabia, and the principal ally of China, can take advantage of its advantageous location and strong economic connections with both nations. In addition, Pakistan has been able to maintain good relations with both Iran and Saudi Arabia despite their rivalry. This has allowed Pakistan to play a constructive role in regional affairs and avoid being drawn into the conflict between the two countries.

However, it is important to note that Pakistan has traditionally been closer to Saudi Arabia than Iran. Although Pakistan and Iran have strong economic relations following the 2015 signing
of the Joint Comprehensive Plan of Action on Iran's nuclear programme, Pakistan's strong military and economic ties to Saudi Arabia guarantee that, in the event that it had to choose a side, it would probably choose Saudi Arabia over Iran (Panda, 2019). The new Saudi-Iran nexus has positive implications for Pakistan in terms of stability and economy. Pakistan can also enhance its connectivity with both countries through the China-Pakistan Economic Corridor (CPEC) (Siddiqa, 2023). Furthermore, the rapprochement between Iran and Saudi Arabia can reduce the sectarian strife and violence in Pakistan, which has been fueled by their rivalry. It can also create a conducive environment for regional peace and cooperation, especially in Afghanistan, where Pakistan has a vital interest (Fatima Raza, 2016).

**The Three Nodes of benefits for Pakistan**

1. **Oil and gas:** Pakistan can get benefit from both Iran and Saudi Arabia in the energy sector and long-term economic cooperation. Pakistan has been facing chronic energy shortages and has been importing oil and gas from Saudi Arabia at concessional rates. However, Pakistan also signed a bilateral natural gas pipeline deal with Iran in 2013, which has been stalled due to U.S. sanctions and Saudi pressure. The peace deal could pave the way for the completion of the pipeline, which would provide Pakistan with cheaper and cleaner energy (Siddiqa, 2023). Moreover, Pakistan could also participate in the China-led projects and initiative that aim to invest in the oil and gas sectors of both Iran and the Saudi Arabia (Burki, 2023).

2. **Finance:** Pakistan can benefit from improved financial relations with both Iran and Saudi Arabia, which are important sources of trade, investment, and remittances for Pakistan. According to Business Today, Pakistan received $8 billion in financial support from the Saudi Arabia in May 2022. Pakistan's declining foreign exchange reserves have been supported by the Kingdom of Saudi Arabia, which has also strengthened security ties between the two nations. Pakistan has been dealing with a number of economic issues, including rising inflation, declining foreign exchange reserves, an expanding current account deficit, and a weakening currency. Saudi Arabia pledged in April 2023 to finance Pakistan in order to facilitate an agreement with the International Monetary Fund (IMF) (Shahzad, 2023). Pakistan’s trade with Islamic Republic of Iran has been hampered by U.S. sanctions and banking restrictions, while its trade with Saudi Arabia has been affected by the COVID-19 pandemic and the oil price slump. The peace deal could boost bilateral trade and investment between Pakistan and both countries, as well as facilitate regional connectivity through the CPEC and the BRI (Burki, 2023). Additionally, Pakistan could also benefit from increased remittances from its expatriate workers in both countries, who contribute significantly to Pakistan’s foreign exchange reserves (Siddiqa, 2023).

3. **Peace and stability:** Pakistan can benefit from a more peaceful and stable region, as the peace deal could reduce sectarian violence, cross-border terrorism, and proxy wars that have plagued Pakistan and its neighbors for decades. Pakistan has been a victim of sectarian violence by extremist groups backed by both Iran and Saudi Arabia, as well as cross-border terrorism by militants based in Iran or Afghanistan. Pakistan has also been involved in
proxy wars in Afghanistan and Yemen, where it has supported Saudi Arabia against Iran-backed forces. The peace deal could ease these tensions and conflicts, and allow Pakistan to focus on its own security and development (Khan, 2023).

**Conclusion and Recommendations**

In conclusion Pakistan finds it difficult to strike a balance in its relations with Iran and Saudi Arabia on a variety of issues pertaining to Saudi Arabia and Iran. The Middle East is regarded as the hub of global politics. It is one of the areas in the world where there isn't a state that doesn't have a rival. The adage "one can choose his friends, but not his neighbors" is well-known. This is the conundrum that determined the rivalry between Saudi Arabia and Iran for nearly a century. The significant developments that deepened the rift between Saudi Arabia and Iran were the sectarian rift and formation of the Islamic military counterterrorism alliance in 2010 under the leadership of Saudi Arabia and the Yemen conflict in 2015. Pakistan faces both prospects and difficulties from the recent peace agreement between Saudi Arabia and Iran. Although the reestablishment of diplomatic connections between Iran and Saudi Arabia is a noteworthy advancement for Pakistan, it also presents policy quandaries concerning Pakistan's dealings with both Saudi Arabia and Iran. This new nexus will bring not only economic and energy development between Pakistan and Kingdom, but also play a key role to slowing down the sectarian issues between Shia's and Suni’s. However, Pakistan might gain from more trade and be able to mediate disputes between these two nations if efforts are made to strengthen ties between them. Uncle Sam doesn't seem to be delighted that China mediated the deal. The Hill writes that worries about the US's position in the Middle East have returned due to an agreement reached by Saudi Arabia and Iran to restore relations. Beyond the carrot and stick approach of providing assistance and exerting pressure, a stronger economic connection with the United States may surely help to increase Pakistan's strategic alternatives, according to a Stimson Centre analysis.

In a nutshell, it will become very difficult for Pakistan to take open stance if this deal goes against American interests. As Pakistan is currently facing an economic crisis that has caused severe economic challenges, it will become a challenge for Pakistan to openly welcome China's brokered deal. However, it is still too early to predict the future of the peace deal between Iran and Saudi Arabia. The situation is still developing, and it remains to be seen whether the two countries can overcome their differences and work together for peace in the region. The friendly ties between Islamic Republic of Iran and the Kingdom of Saudi Arabia have a profound connection to the stability of the region known as the Middle East. As a result, it is both ought to concentrate on finding solutions while taking into account the strategic and economic constraints. Pakistan, an enduring friend of both nations, needs to demonstrate, resolve, and adopt a sensible strategy that will help in closing the disparity. Saudi Arabia, Pakistan, and Iran would do well to fortify the Organization of Islamic Cooperation (OIC) and bring other Muslim nations together, to establish their place as leaders.
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