

Research Paper

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# Iran and the GCC

## Unnecessary Insecurity

## Summary

- The prospect of an international agreement over Iran's nuclear programme – and of a related easing of tensions between Iran and the United States – has intensified the political tensions between Iran and some of its Gulf neighbours. The 'internationalization' of the conflict in Yemen is only the latest symptom of this.
- Better relations between Iran and the United States could remove one of the long-standing points of friction between Iran, which has styled itself as part of the resistance to the US role in the region, and the Gulf Arab monarchies, which are allied with the United States. Instead, however, the prospect of such a rapprochement is being viewed in the region as a 'zero-sum' game between Iran and the Gulf Arab states.
- This zero-sum mentality partly reflects the conflicts in Iraq since 2003 and in Syria since 2011. In both cases, Iran and key Gulf Cooperation Council (GCC) states have usually backed opposing sides in contexts of extreme brutality.
- Beyond this, the rivalries between Iranian and Gulf Arab leaders – particularly between Iran and Saudi Arabia – are deep-rooted, and their competing claims to a regional role have been fuelled by the pronounced ideological differences of the last three decades.
- Tensions have not always been as high as they are at present. There are some areas of common interest and shared identity that could potentially be built on to facilitate a rapprochement between Iran and its regional neighbours.
- While the GCC governments would prefer the United States to continue policing the Gulf, Iran seeks a regional Gulf security architecture. GCC states fear that this would simply be dominated by Iran, as by far the largest country.
- Gulf security could be reconceptualized as a 'global public good', to be governed multilaterally.
- The P5+1 negotiators have opted to keep the nuclear talks with Iran separate from issues of regional politics. This has helped to insulate the process from various regional risks, and also, crucially, has helped maintain a united front among the P5+1.
- A parallel diplomatic track, focusing on the regional issues, is needed to guard against the benefits of any deal being outweighed by its costs.
- A rapprochement between Iran and the Gulf states could help prepare the ground for the resolution of a number of regional conflicts. Conversely, if key Gulf powers and Iran remain at loggerheads, the prospect of a historic international agreement over Iran's nuclear programme faces the risk of deepening – rather than easing – the conflicts afflicting the Middle East.

## Introduction

The prospect of an international agreement over Iran's nuclear programme, and a tentative rapprochement between Iran and the United States, should represent a valuable opportunity to reduce tensions in the Middle East, where pro- and anti-Western powers have traditionally been polarized over their attitudes to the United States. However, these potentially historic realignments are coming at a time when tensions between Iran and some of its neighbours, especially Saudi Arabia, are running particularly high.

The civil violence in Iraq since 2003 has had a polarizing effect: Iran has become the closest international ally of Iraqi governments that Saudi Arabia has viewed as brutally anti-Sunni; while Iran sees Saudi Arabia as trying to undermine an elected Shia government in Iraq. In Syria, meanwhile, Saudi Arabia and Qatar have since mid-2011 backed armed opposition groups in their fight against the Iranian-backed regime of Bashar al-Assad, and the increasingly violent nature of the conflict there has deepened the bitterness between the external players.

Gulf elites generally interpret the lack of direct US military intervention in Syria as a sign that the Obama administration is seeking to appease Iran. In this context, key Gulf Arab powers now tend to see the possibility of Iran making peace with the United States as a threat to their own interests, rather than as a 'win-win' situation. They perceive Iran as a potential rival not only in the Middle East, but also as a potential competitor for US attention, protection and patronage.

As at mid-2015, in advance of the latest deadline for a nuclear agreement between Iran and the P5+1, the prospect of a historic breakthrough for international diplomacy had thus been clouded by a fresh round of regional conflict. As the P5+1 prepared for talks in Lausanne, Switzerland, in March, the Saudi air force, in conjunction with regional allies, carried out airstrikes in Yemen, targeting the Iranian-allied Houthis as well as forces loyal to former Yemeni president Ali Abdullah Saleh. This represented a major shift in regional security strategy: the Saudi air force has had virtually no engagement beyond its own borders in the past. The 'internationalization' of the conflict in Yemen is, however, only the latest symptom of the rivalry and mistrust between Saudi Arabia and Iran. Furthermore, it may not be the last, if ongoing tensions intensify the two countries' involvement on opposing sides of other regional conflicts, or lead existing conflicts to spread into new arenas.

A number of factors mean that a positive outcome to the nuclear negotiations – if this is achieved – will not in itself address the tensions between Iran and other key states in the region, since the Iranian nuclear programme is not the fundamental issue at stake in this dynamic. First, Iran's military engagement beyond its own borders has been intensifying, as it has actively provided military and paramilitary support to its allies in Syria and Iraq, as well as in Lebanon. Its growing military role in Iraq since 2003, and in Syria since 2011, has fuelled Gulf Arab fears of Iranian hegemonic ambitions, while key Gulf states have sponsored opposing factions in Syria, Lebanon and to some extent Iraq. Second, the contest for regional power and influence between Saudi Arabia and Iran has also played out in rising identity-based rivalries, especially Sunni–Shia but also Arab–Persian. Third, the Gulf states' concerns over Iran's possible rapprochement with the United States reflect their sense of insecurity about the latter's long-term commitment to their own security, given the changes in the world energy market and a shifting US strategic defence strategy. In this highly

charged and competitive environment, the nuclear negotiations are affecting the calculations of both sides.

The nuclear negotiations have deliberately excluded regional political issues from the agenda. The focus has instead been expressly on the international non-proliferation regime, and the US administration in particular has prioritized this approach. This is understandable: expanding the scope of the negotiations to include regional political issues would threaten the consensus that the parties to the process have managed to build among themselves, especially since the United States and Russia have been sharply divided over Syria. Maintaining a relatively narrow focus has helped the negotiations withstand potential spillovers from this and other issues such as Ukraine. However, the prospect of a nuclear agreement represents a critical shift for the region, and if the destabilizing effects on the regional balance of power are not managed through a diplomatic track, the search for a new regional order is likely to play out violently – as is already being seen in Yemen.

The regional fallout from any international deal with Iran should therefore be addressed through a parallel diplomatic track, with international mediation. Any such process could build on the common interest that Saudi Arabia and Iran have in terms of their opposition to Islamic State of Iraq and Syria (ISIS), and the desire to prevent total state collapse in Iraq, Syria and Yemen. One rare positive indication is that, for the first time in decades, there is a government in Iraq that both Iran and Saudi Arabia are happy to deal with. It is also positive that some key voices from Iran and Saudi Arabia have indicated that they would have preferred the nuclear negotiations to encompass regional political issues as well as non-proliferation goals.

In the absence of such a diplomatic track, there will be a fear on the part of Iran's rivals in the region that there has been a trade-off between the United States and Iran whereby a blind eye is to be turned to an expanded role for Iran in several Arab countries in return for acquiescence on the nuclear issue; and they will blame an emboldened Iran on the nuclear negotiations. This is not just at state level: ISIS notably uses virulent anti-Shia and anti-Iranian sectarian rhetoric as part of its recruitment and radicalization strategy. Under such a scenario, Iran will regard its neighbours as would-be spoilers, and will feel all the more justified in pursuing the defence of its limited number of regional allies at all costs. The implications for regional politics are alarming. Existing conflicts could deepen, and could potentially spread into arenas such as Lebanon or the Gulf region itself.

This paper looks at the sources of insecurity and tension between Iran and its Gulf Arab neighbours, examining these in the context of the Gulf states' security dependence on the United States and their concerns about the latter retreating from that role. It outlines Iran's and the GCC members' different positions on regional conflicts, and how these inform wider narratives on shifts in the regional order. Looking beyond the current tendency of 'zero-sum' analysis, it identifies nuances in the relations of the different Gulf countries with Iran, and highlights instances of cooperation or accommodation. Noting that there is often friction between Iran and Saudi Arabia or Bahrain over the position of Shia Arabs in the Gulf monarchies, it argues that the very varied experiences of Shia Arabs and Sunni Persians in business and politics in the monarchies in fact suggests that there is not necessarily a permanent clash of interests on the basis of ethnic or sectarian identities. The paper also identifies some of the areas that might be addressed in any accommodation between Iran and the Gulf states.

## GCC perceptions of US retreat

After a decade of uncertainty as to whether the United States or Israel would attack Iran over its nuclear programme, the prospect of a deal should be good news for the Gulf region as a whole. A receding risk of war between Iran and the United States (and Israel) should have positive political, security and economic implications for the Gulf Arab monarchies. Most have strong alliances with the United States, and host US military bases, and also have Iran as a neighbour and long-term trading partner. The Gulf states have in recent years lived with persistent speculation<sup>1</sup> from a host of mainly Western observers that Iran's nuclear programme could be the catalyst for the fourth interstate war in the region in four decades,<sup>2</sup> and with concerns that such a scenario could trigger Iranian retaliation against Western targets in the Gulf.

However, a number of voices from the Gulf Arab states – especially among the governments, and particularly in Saudi Arabia, the UAE and Bahrain – have expressed profound concern about a rapprochement between Iran and the United States, and about the price at which a deal between the two may come. These concerns centre on the fear that any agreement would be at the expense of Gulf Arab interests by giving Iran a greater say in the security and politics of the Gulf and the wider Middle East region in preparation for a reduced US footprint. (In this respect, the Saudi, UAE and Bahraini positions are close to that of Israel.)

Underlying these anxieties are questions about the long-term viability for the GCC countries of depending on the United States as a guarantor of security. The extent to which US and Gulf interests are aligned is being questioned on both sides, given differences over Iraq since 2003, the Arab uprisings since 2011 and uncertainty about the impact of changes the United States energy supply needs on its interests in the Middle East. The Obama administration's so-called 'pivot to Asia' – suggesting that the Asia-Pacific region would assume greater strategic importance for the United States as it wound down its deployments in Iraq and Afghanistan<sup>3</sup> – compounded the perception that it might be seeking to reduce its footprint in the Middle East in the context of a wider draw-down and restructuring of its military. The current Gulf Arab concerns about the implications of a US–Iranian rapprochement should be viewed in this broader, longer-term context.

The smaller Gulf sheikhdoms have always sought an external 'protector' to guarantee their regional security. Essentially, they have outsourced security to a larger power. Since the end of the British empire in the Gulf, the United States has in effect had the role of protector, and this has been one of the major points of contention between Iran and its Gulf Arab neighbours. Regional perceptions of the implications of a possible US withdrawal from the Gulf are influenced by the memory of the British withdrawal in 1971, which the Gulf's ruling elites generally opposed. The United Kingdom

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<sup>1</sup> See, for instance, Dan Ephron, 'Newsweek's Iran War Game', *Newsweek*, 10 August 2012, <http://www.newsweek.com/newsweeks-iran-war-game-65371>; Judson Berger, 'Worst-Case Scenarios: Possible Strike Plans for Iran Involve Risky Options', *FoxNews.com*, 10 August 2010, <http://www.foxnews.com/politics/2010/08/19/worst-case-scenarios-possible-strike-plans-iran-involve-risky-options/>; Amos Harel, 'Israel and U.S. generals draw up theoretical scenario for attack on Iran', *Haaretz*, May 29 2013, <http://www.haaretz.com/news/diplomacy-defense/israel-and-u-s-generals-draw-up-theoretical-scenario-for-attack-on-iran.premium-1.526562>; Cham E Dallas, William C Bell, David J Stewart, Antonio Caruso and Frederick M Burkle, Jr, 'Nuclear war between Israel and Iran: lethality beyond the pale', *Conflict and Health*, 2013, 7:10, doi:10.1186/1752-1505-7-10.

<sup>2</sup> The other three have all involved Iran or Iraq: the 1980–88 Iran–Iraq war, the 1990–91 Iraqi invasion and subsequent international liberation of Kuwait, and the 2003 US-led invasion of Iraq.

<sup>3</sup> Barack Obama, Speech to the Australian Parliament, November 2011, <https://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

did not withdraw until Bahrain's ruling family was assured that Iran would abandon its long-held territorial claim to the islands, which was formally rescinded after a UN survey. The UAE, for its part, was unhappy about the lack of international support for its claim to Abu Musa and the Tunbs, three islands now occupied by Iran. Crucially, the United Kingdom assumed at this time that Iran would be a key pillar of a regional security arrangement: the Shah would become the 'policeman' of the Gulf, supported from a distance by the West. Events proved otherwise, however. The United States began to step up its own role in Gulf security in response to the 1973 oil shock, and attitudes changed more decisively with the Iranian revolution of 1979. The degree to which the United States had assumed the role of de facto protector was starkly emphasized by its role in the 1991 liberation of Kuwait. The United States currently has some 13,000 ground troops in Kuwait, 3,250 naval personnel with its Fifth Fleet in Bahrain, 8,000 personnel and an airbase in Qatar, 5,000 mostly air-force personnel in the UAE, the use of three airbases in Oman, and 350 personnel (and a CIA drone base) in Saudi Arabia.<sup>4</sup>

Iran has meanwhile continued to aspire to a regional security arrangement, and to the removal of US bases from the region. GCC states tend to regard such a development as code for Iranian dominance of Gulf security, given the demographic and military imbalance between them and Iran; the Gulf states together have a population of some 40 million, of whom around 52 per cent are citizens (the rest being migrant workers). Iran, with a population of almost 80 million, has an extensive army, battle-hardened in the conflict against Iraq in the 1980s. The GCC states have virtually no experience of ground wars, though the Saudi and UAE air forces are better equipped than are their Iranian counterparts, thanks to their alliances with Western powers and as a result of the impact on Iran of the US and international sanctions.

In addition to these structural demographic and military asymmetries, there are specific concerns about current Iranian policies. The UAE, Saudi Arabia and Bahrain in particular see Iran as aspiring to regional hegemony or expansionism, and at least some elements within their ruling establishments regard their own Shia populations as potential pawns in a regional Sunni–Shia 'great game'. After the Iranian revolution, the Islamic republic initially spoke of 'exporting the revolution' and sponsored Islamist groups in the GCC states as well as in the Levant. While these ambitions gave way to a more pragmatic attitude towards its neighbours, Iran actively supported Hezbollah in Lebanon, and to a lesser extent the Palestinian groups Hamas and Islamic Jihad, as part of a self-styled 'axis of resistance' against the US-led regional order in the region; the Iranian stance was characterized by fierce opposition to Israel and a hawkish approach to oil prices. The Gulf states, along with Egypt, were at the forefront of an 'axis of moderation' that supported the US-led order, embracing a two-state solution to the Israeli–Palestinian conflict and a more dovish stance on oil prices. Given that these 'axes' were largely predicated on relations with the US, the prospect of an Iranian–US rapprochement should in theory act to defuse some of the tensions between Iran and the GCC states.

The concern about any impending US military withdrawal from the Gulf is overstated. US interests there go far beyond the direct need to import Gulf oil, and the United States still sees the Gulf Arab monarchies as important allies in terms of global energy security, cooperation in counterterrorism,

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<sup>4</sup> All personnel figures are from International Institute for Strategic Studies, *The Military Balance*, 2015.

and support for a two-state solution, *inter alia*. The ‘pivot to Asia’ which gave rise to this fear has now largely been dropped from US rhetoric; furthermore, the 2012 statement of strategic priorities by the Department of Defense notably emphasized that the United States would continue to place a premium on Gulf security and saw the Middle East as one of the key areas from which cross-border threats to US interests could emerge.<sup>5</sup> Meanwhile, pressing Middle Eastern issues – including the ‘peace process’, nuclear talks with Iran, conflicts in Syria and Libya, and insecurity in Egypt – have continued to draw US attention. Even if the rise of China is the primary issue for US foreign policy, this could in fact make Gulf security all the more important for the United States, as the security of Gulf oil supplies will be a vital factor in China’s own economic stability.

The United States is seeking to reassure its Gulf allies. It has renewed a 10-year defence agreement with Qatar, expanded its military base in Bahrain, and pledged to sell arms to the GCC organization in order to boost collective capabilities. Moreover, in May 2015 President Obama hosted a summit with Gulf leaders at Camp David at which he reassured them of the US commitment to their security. A concluding statement, issued jointly by the US and GCC leaders, made explicit the US guarantee of the security of GCC states against external threats to territorial integrity in violation of the UN Charter.<sup>6</sup> It was also pledged to increase cooperation on border security, against terrorist financing and between special forces; to expedite transfers of security capabilities to the GCC; and to work together to resolve the conflicts in Syria and Iraq. With regard to Iran, Obama said that the GCC and the United States agreed on the need for a comprehensive nuclear deal, as well as on the need for a responsible Iran that resolved differences with its neighbours by peaceful means, and that US–GCC security cooperation was not intended ‘to perpetuate any long-term confrontation with Iran or even to marginalize Iran’.<sup>7</sup> The fact that both the new Saudi head of state, King Salman bin Abdel-Aziz Al Saud, and his Bahraini counterpart, King Hamad bin Issa Al Khalifa, declined their invitation to attend the summit was widely read as an indication of their scepticism regarding the US commitment in the light of the nuclear talks.

There is a deeper structural issue here; outsourcing security to external ‘protectors’ will tend to foster some insecurity as allies’ interests are unlikely to be always identical. The GCC states are seeking to reduce their direct dependence on the United States by diversifying their alliances – both with new allies from emerging Asia and with traditional allies in Europe (chiefly the United Kingdom and France).

However, rising powers such as China and India do not appear interested in siding with the Gulf states against Iran, preferring instead a more neutral role. No Asian country currently has the capacity to guarantee Gulf security – or the motivation to develop such capacity. There is no other major international power that appears likely to take such a strong anti-Iranian position as has been maintained by the United States over three-and-a-half decades. This was underlined by the

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<sup>5</sup> US Department of Defense, ‘Sustaining U.S Global Leadership: Priorities For 21<sup>st</sup> Century Defense’, January 2012, [http://www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf).

<sup>6</sup> ‘The United States policy to use all elements of power to secure our core interests in the Gulf region, and to deter and confront external aggression against our allies and partners, as we did in the Gulf War, is unequivocal. The United States is prepared to work jointly with the GCC states to deter and confront an external threat to any GCC state’s territorial integrity that is inconsistent with the UN Charter.’ The White House, US–GCC Camp David Joint Statement, Office of the Press Secretary, 14 May 2015.

<sup>7</sup> The White House, Remarks by President Obama in Press Conference after GCC Summit, Office of the Press Secretary, 14 May 2015, <https://www.whitehouse.gov/the-press-office/2015/05/14/remarks-president-obama-press-conference-after-gcc-summit>. Obama also noted that the United States believed strongly in the need for more inclusive government in the region, echoing his earlier comment to the US media that the Sunni Arab countries had more to fear from internal political pressures than from Iran.

unanimous decision of Pakistan's parliament in April 2015 to turn down a Saudi request to send troops to fight the Houthis in Yemen; deputies expressed concerns about the implications for the domestic sectarian balance in Pakistan, and also highlighted the risk of overstressing an army that is already tackling an internal insurgency. Pakistan's position was supported by China, which – like Russia – had urged a ceasefire in Yemen. China wants to import oil from both Iran and the Gulf states. India, too, is keen to trade with both sides of the Gulf. The growing role of Asian powers in the Gulf, and the question of whether their increasing economic clout will eventually lead to some involvement in Gulf security, is a long-term mega-trend that both Iran and the Gulf Arab monarchies will need to manage – potentially raising some common interests.

## The regional dimension

The violence in Iraq since the US-led regime change of 2003 has deepened the divide between the GCC countries and Iran. It has also contributed to the regional grievances over the role of the United States – first in backing Iraq in its war with Iran, and then in overthrowing Saddam Hussein against the wishes of most of the Gulf states (with the exception of Kuwait). A common perception among Gulf Arab monarchies is that the 2003 invasion of Iraq handed a key Arab country over to Iran's sphere of influence, whether or not this was intentional, and that US inaction over what the then Saudi foreign minister, Prince Saud Al Faisal bin Abdel-Aziz Al Saud, held to be an 'occupation' of Syria represents an alarming repetition of the same. In discussions with the author of this paper, sources close to the GCC elite have even expressed the view that the US administration is now turning a blind eye to Iranian expansionism, and that if a situation similar to the 1990 Iraqi invasion of Kuwait was to emerge today, it is debatable whether the United States would come to the rescue in the way it did then. This suggests that the Gulf states' trust in their long-time ally is deeply compromised.

There is a widespread view within the Gulf Arab states that the rise of ISIS is simply a reaction to the sectarian policies pursued by Iran and its allies in the Iraqi and Syrian authorities, or that it is even a creation of Iranian intelligence. In one indication of the depth of such anxieties, in May 2015, when ISIS claimed responsibility for a suicide bombing at a Shia mosque in Saudi Arabia, a number of commentators on Gulf television stations suggested that the real culprit was Iran. Meanwhile, mainstream Iranian analysis portrays Saudi Arabia and other Gulf states as the primary sponsors of ISIS and other jihadi groups, given that Gulf governments are supporting Syrian armed opposition groups, private money has flowed from the Gulf to jihadi groups, and that there may also have been covert intelligence support for some of the latter. Regional states should in theory have some common interest in confronting ISIS, but their ability to act together is in reality weakened by this blame game.

In the case of Yemen, the Houthis' capture of Sanaa has led some diplomats and regional analysts to argue that Iran is expanding its role in the Gulf. However, the Houthis' takeover has had more to do with Yemeni domestic dynamics<sup>8</sup> than with Iranian intervention. The Gulf states questioned why

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<sup>8</sup> These include the progress and flaws of the largely elite-level national dialogue process, the desire to influence the outcome of a possible federal division of Yemen, the formation of an alliance of convenience between the Houthis and secularist former president Ali Abdullah Saleh

the United States was not doing more to reverse the Houthi coup, and key members of the Gulf Arab elites took the view that this was because the US administration was accommodating Iran. Saudi Arabia took the initiative in assembling a nine-country Arab coalition to carry out and lead Operation Decisive Storm. The United States, for its part, would have preferred to focus on a political solution arising from UN efforts to negotiate a national unity government under Yemen's internationally recognized President, Abd Rabbu Mansour Hadi. The Obama administration had no inclination to become involved militarily, apparently concerned that Al-Qaeda in the Arabian Peninsula (AQAP) could benefit from direct US intervention. None the less, because Saudi Arabia is a close ally, the US government has reluctantly expressed its support for the Saudi-led airstrikes, even if some officials have leaked criticism of the civilian death toll.

## A seam of identity politics

There is a seam of identity politics that exacerbates the mistrust between Iran and some of its Gulf Arab neighbours. It cannot simply be the case that Arab–Persian ethnic differences, or Sunni–Shia religious differences, mean that these countries are condemned to perpetual enmity; as is explored in more detail below, relations between Iran and the different Gulf states have varied over time, and each Gulf Arab monarchy has its own slightly different relationship with Iran. However, sectarian identities do affect how key decision-makers in each country construct their understanding of the national interest – and how they interpret the behaviour of others. In describing their disputes, officials and analysts from any one side tend to portray the other side as being motivated by a sectarian and expansionist ideology (whether ‘Safavid’ Iranian expansionism, bent on restoring the Persian empire, or ‘Wahhabi’ expansionism, a nickname for Saudi Salafism that Salafists themselves reject). These sectarian narratives tend to be politically convenient: they are used to discredit the other side as ‘irrational’, while mobilizing support from the same ethno-sectarian group with a potent combination of identity-based solidarity and fear. None the less, that they are politically expedient does not necessarily mean that these are not deeply held beliefs.

The 2003 regime change in Iraq, and the subsequent civil violence there, has not only shifted the balance of regional power politics by giving Iran a key Arab ally, but has also contributed to this polarization of narratives. Each side has blamed each other for the violence, based on a selective interpretation of a complex political history that informs two competing and highly divergent sets of collective memory. Within the GCC countries, officials and the media typically portray Iran and the Iraqi leadership as motivated purely by sectarianism – and thus bent on weakening and even killing Sunnis. (In response to the 2011 uprising in Bahrain, state media there stoked fears among the Sunni community that the same thing could happen to them, and this proved to be a politically useful tool with which to discredit the opposition.) The impact of brutal intra-Shia violence is played down in comparison. In Iran and among Iraqi Shia communities, by contrast, more emphasis is placed on the ruthlessness of Saddam Hussein's regime, which was backed financially and politically by most of the GCC countries when it repressed domestic dissidents (who were

and his military allies, and the opportunity that the mass protests over fuel prices in the summer of 2014 afforded the Houthis to expand into the capital.

mostly – though not exclusively – Shia, and some of whom later joined Iraq’s post-2003 government) and in the war with Iran in 1980–88. They also hold the Gulf states responsible for some of the jihadi terrorism that they have experienced. To understand the persistent violence and sectarianism in Iraq requires an understanding of the pre-2003 history. Members of the country’s ruling elite tend to portray themselves as victims of authoritarianism and sectarianism, while others see them as perpetuating both these destructive factors, and these two narratives on Iraq’s recent political past feed into the polarization over current events.

## Beyond zero-sum analysis

The zero-sum analysis whereby gains for Iran could only be the flipside of losses for the Gulf Arab states is not universally shared in the Gulf. There are important differences among the GCC members in terms of their attitude to Iran, their interest in cooperation, and their perception of the influence that Iran has among Gulf Shia populations. This is partly due to differences in size, given the massive asymmetries between the three countries with large populations – Iran, Iraq and Saudi Arabia – and the five smaller Gulf Arab states, which have less than six million nationals between them as well as large resource endowments to protect. Historically, the smaller countries have tended to hedge their bets, seeking to maintain reasonably good relations with all three of the larger powers.<sup>9</sup>

Most striking is the role of Oman, which has a long tradition of maintaining good relations with Iran as well as with the other Gulf monarchies, and which acted discreetly to facilitate secret talks in 2013 between Iran and the United States. In the 1970s Iran under the Shah helped Oman’s new ruler, Sultan Qaboos, to put down the Dhofar uprising, working in cooperation with the British army. Oman did not oppose the Iranian revolution, nor did it join other Gulf states in helping to bankroll Iraq in the war with Iran. Sultan Qaboos has a rare degree of access to the office of Iran’s Supreme Leader, Ayatollah Khamenei; and, seemingly in a show of solidarity with the regime in Tehran, he was the first foreign leader to visit Iran after the disputed 2009 presidential election. (Mahmoud Ahmadinejad’s re-election had given rise to allegations of large-scale vote-rigging, and was followed by mass protests which were put down harshly by the Iranian security forces.) More recently, Oman has concluded a gas supply deal with Iran, and should sanctions on Iran be revoked, Omani officials and businessmen see great potential in developing the country’s trade with its larger neighbour. In line with its general principle of non-intervention in foreign affairs, Oman opted not to send troops to Bahrain in 2011, or to Yemen in 2015.

Qatar, then the poorest of the Gulf states, also avoided taking sides in the Iran–Iraq war. It has since emerged as a more powerful political and financial player, and has continued to maintain reasonable relations with Iran – most prominently when the then emir invited President Ahmadinejad to the GCC summit in Doha in 2007. However, Qatar’s relations with Iran deteriorated sharply from 2011, with the two countries strongly backing opposing sides in Syria, but some renewed outreach is now under way.

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<sup>9</sup> Saudi Arabia’s proposal to deepen the GCC into a Gulf Union is intended partly to address the security fears of the smaller Gulf states, but is unlikely to be realized precisely because some of these fears relate to Saudi Arabia itself (in terms of its propensity to dominate a union in which it is by far the largest player).

Dubai's long-standing business and trade links with Iran have suffered in recent years with the tightening of financial sanctions, and under pressure from both the United States and Abu Dhabi to crack down on sanctions-busting. In 2014 the ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, argued that sanctions on Iran should be revoked, stating, 'Iran is our neighbour and we don't want any problem ... If they agree peace with the Americans and the Americans lift sanctions, then everyone will benefit.'<sup>10</sup>

The different Gulf views of Iran have also varied significantly over time. The states' mutual history offers plenty of material from which narratives of permanent Arab-Persian rivalry can be constructed, but also plenty on Arab-Persian cooperation. Even over the past decade-and-a-half, relations have waxed and waned; efforts at rapprochement – and at developing trade – were made during under the presidency of Mohammad Khatami (1997–2005). Indeed, in 2004 the then Iranian defence minister, Ali Shamkhani, became the only Iranian to receive Saudi Arabia's highest honour, the Order of Abdel-Aziz Al Saud, for his efforts in defusing tensions between Iran and the Arab states. Relations deteriorated again under the presidency of Mahmoud Ahmadinejad (2005–13). That the rapprochement under President Khatami was short-lived has also damaged confidence: Gulf elites take the view that Khatami's pleasant rhetoric essentially masked what was still a hard-line regime, and suggest that Hassan Rouhani, elected to the presidency in 2013, may be offering more of the same. One potential positive is that Rouhani has made Shamkhani the head of Iran's Supreme National Security Council. However, the newly empowered princes of Saudi Arabia's younger generation have for the most part taken a hawkish line on Iran.

Even under the Ahmadinejad presidency, Bahrain initially sought a long-term gas import deal with Iran, and Ahmadinejad visited Bahrain in 2007 to sign a framework agreement for this. After Ahmadinejad's disputed re-election in 2009, the Bahraini information ministry briefly suspended the publication of the country's oldest newspaper, *Akhbar Al-Khaleej*, which had run a column that was fiercely critical of Khamenei, and Bahrain's foreign minister met with the Iranian ambassador to smooth ruffled feathers. In 2012, by contrast, at a time when tensions with Iran were running high, the author of the same column was made Bahrain's information minister.

While disputes between Iran and the GCC states are often portrayed in regional and international analysis as being motivated by sectarian or ethnic difference, in reality they also have shared identities that they can build on when it suits them to do so. Above all, they share an Islamic identity. Iran and Saudi Arabia may compete over their interpretation of Islam, but when they want to reach out to each other, Islamic identity is important avenue – as was seen when Ahmadinejad and the then King Abdullah were photographed holding hands at the 2011 Islamic Summit in Saudi Arabia. They also share identities as Middle Eastern powers and as countries with a long history of trading and migration around the Gulf waterway – even if they cannot of course agree on its name. Many families have cross-Gulf links, including Persian business communities (Sunni *huwala* and Shia *ajam*). As the above analysis has outlined, each of the Gulf Arab countries has a different relationship with Iran, indicating that relations are not simply determined by religious or ethnic difference.

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<sup>10</sup> Simeon Kerr, 'Dubai keen to capitalise on Iran opening', *Financial Times*, 21 January 2014, <http://www.ft.com/cms/s/0/4acb7a40-7f6b-11e3-b6a7-00144feabdco.html#axzz3eeUVPEA4>.

Beyond the sphere of government, there are also many analysts and politicians in the Gulf Arab region who are critical of the US footprint in their countries, are sceptical about the track record of Western military intervention in the Arab world, and who argue that too large a share of the region's financial resources are being committed to Western-manufactured armaments. Saudi Arabia is now the world's biggest arms importer by value, with defence imports of \$6.5 billion in 2015 according to IHS Jane's data.<sup>11</sup> Most GCC countries spend more on defence than on health and education combined. While the Gulf Arab states source most of their weaponry from Western countries, Russia has used the April 2015 Lausanne framework agreement on Iran's nuclear programme to justify revoking its ban on the sale of anti-aircraft missiles to Iran. Reducing tensions between the Gulf Arab states and Iran could eventually allow for some of the countries' resources to be redirected from defence spending to more productive investments.

However, the tendency towards zero-sum thinking – not just among governments, but also in public opinion – is being accentuated by the brutal violence in Syria and Iraq. For the Gulf Arab countries, that the United States is doing little to prevent the mass slaughter there adds to their scepticism about its commitment to regional security, and is frequently interpreted as an indication that the US administration is inclined to appease Iran. While both Iraq and Syria are Arab countries, the role of Iran in backing both governments is emphasized in Gulf Arab depictions of the conflicts there, and there is a heavy focus on 'Shia' (often conflated with Alawi and other non-Sunni) violence against Sunnis. This is of course only a partial picture of the complex violence. But, crucially, the abuses by Iran's allies have damaged perceptions of Iran not only among regimes and elites but also among the people of Arab countries, and have compromised the credibility of Iran's claims to stand up for human rights elsewhere.<sup>12</sup> Data on public opinion in the Gulf are very limited, but surveys in Qatar show that perceptions of Iran have become much more negative over the past few years. In 2010, for example, the Social and Economic Survey Research Institute (SESRI) at Qatar University asked a sample of Qataris which country they believed posed the greatest threat to Qatar. In that year just 17 per cent named Iran, while 50 per cent argued that no country posed a threat. By 2012, however, 50 per cent cited Iran as the biggest threat.<sup>13</sup> The survey findings did not elaborate on why this was the case, but the change in perception is likely to relate to Iran's policies on the Syrian uprising, which have been highlighted on a daily basis by the Qatari and wider Gulf media.

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<sup>11</sup> Niall McCarthy, 'Saudi Arabia Has Become The World's Largest Arms Importer', *Forbes*, 10 March 2015, <http://www.forbes.com/sites/niallmccarthy/2015/03/10/saudi-arabia-has-become-the-worlds-biggest-arms-importer-infographic/>.

<sup>12</sup> In 2007, for instance, the elected chamber (mostly comprising Sunni MPs) of the Bahraini parliament voted unanimously that the country should not allow the United States to use bases in Bahrain for any attack on Iran – an important symbolic gesture, although non-binding. Such a vote would be highly unlikely to pass today. Public support for Hezbollah also seems to be much reduced since the height of the movement's popularity in late 2006.

<sup>13</sup> Chatham House Middle East and North Africa Programme, Workshop Summary, 'Regional Tensions and Community Relations in the Gulf', September 2014, [http://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20140926RegionalTensionsGCC.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140926RegionalTensionsGCC.pdf).

## Interstate tensions and internal community relations

The political situation of Shia communities in the Gulf Arab countries can be another source of friction, and there are also some issues around the position of Sunni Muslims in Iran. Some GCC governments – chiefly in Saudi Arabia and Bahrain – periodically accuse Iran of stoking unrest among their Shia populations, while Iran, for its part, criticizes its rivals in the Gulf for repressing Shia religious and political rights. Yet Oman and Kuwait, where Shia minorities are better integrated, are less fearful of Iran using their Shia communities as an entry point for fomenting dissidence. Indeed, the fact that there are Arab Shia, as well as Sunni Persians, playing an important role in politics and business in at least some of the Gulf Arab states indicates that narratives of an essential or permanent clash of interests between supposedly monolithic Sunni–Shia or Arab–Persian populations are off the mark.

Overall, the influence of Iran over Shia communities in the Gulf is overstated both by Gulf Arab governments, who are anxious about this, and by Iran, which has an interest in talking up its role. The extent of Iranian influence is complex, multidimensional (religious, political, social, media, etc.), and varies between countries and over time. In terms of religious influence, the majority of Gulf Shia look to Najaf rather than Qom. As elsewhere in the Shia world, the Iraqi cleric Ayatollah Ali Al Sistani, who takes a more quiescent view on the role of clerics in politics, is a more popular *marja'* than is Ayatollah Khamenei. There are also substantial Shirazi communities, especially in the Eastern province of Saudi Arabia (including that area's most influential cleric, Hassan Al Saffar), as well as other, smaller communities (including Zaydis, Shaykhis and Ismailis). The extent to which Iran has political influence does not correlate exactly with the extent to which Khamenei has religious influence. Neither does sympathy among some Gulf Arab Shia with the Iranian political system necessarily mean disloyalty to their local regimes. However, Shia communities often sympathize with other Shia populations in the region in the face of a sense of shared threat: during 2015, for example, several prominent Shia in Kuwait and Bahrain have been arrested for tweeting criticisms of the Saudi-led airstrikes in Yemen. Many Shia in the Gulf are also concerned about the local social impact of the heightened anti-Shia rhetoric that is being used to mobilize public opinion against Iran and the Houthis in much of the Gulf Arab media.

The extent to which the various Shia communities in the Gulf actively support their governments is largely affected by local factors. In Kuwait Shia form a substantial minority of the population, are well integrated into the local economy, and include many of Kuwait's wealthiest merchants. They tend to be broadly supportive of the government; for instance, in the 2012 parliamentary elections, which were widely boycotted by the (mostly Sunni) opposition, there was a disproportionately high turnout in Shia areas. By contrast, the majority of the population of Bahrain are Shia, and there are wealthy Shia merchant families, but they are subject to significant economic discrimination; most support opposition groups of various stripes, and in the 2011 parliamentary by-elections, which were boycotted by the (mostly Shia) opposition, turnout in the majority Shia districts was just 17 per cent. Oman, meanwhile, also has a wealthy and well-integrated Shia minority.<sup>14</sup> It is largely

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<sup>14</sup> Many are called *lawatiya*, originally from India, a community that has been given the status of an Arab tribe with the Arabized tribal surname Al Lawati.

local political circumstances, including the opportunities that local political systems afford for the inclusion of their Shia populations, that determine these differences in political behaviour.

Such behaviour changes over time. In the early years of the Iranian revolution, the Iranian example inspired other Shia revolutionary movements in the Gulf, including in Bahrain, Kuwait and Saudi Arabia, building on the pre-existing political and religious beliefs of Shia activists from Iraq (especially the Dawa party) and elsewhere. From the late 1990s, the opening of more space for political participation by Shia activists within Saudi Arabia and Bahrain encouraged the development of Shia reformist movements, such as Al Wefaq in Bahrain and Islahiyya in Saudi Arabia, that focused on working within their national political systems. The Iranian government, for its part, has since tended to avoid acting in ways that would bring it into overt political confrontation with Saudi Arabia, and in 2011 Tehran prevented Iranian student activists from taking an ‘aid flotilla’ to Bahrain. But in Iran’s factionalized political system, there may be different – even contradictory – policies being pursued simultaneously by the foreign ministry and by elements in the Revolutionary Guards.

There are substantial elements within the ruling establishment in both Saudi Arabia and Bahrain who tend to view their Shia nationals as having at best questionable loyalty to the state, and at worst as being a ‘fifth column’ for Iran.<sup>15</sup> This is manifested, for instance, in the exclusion of Shia from most security jobs. However, the risk to the governments in Riyadh and Manama is that over time the sustained rhetoric questioning Shia loyalty runs the risk of becoming a self-fulfilling prophecy.<sup>16</sup>

There appear to be some parallels in terms of the situation of Sunni citizens in Iran, although this is largely beyond the scope of the research conducted for this paper. There is no permanent Sunni mosque in Tehran, according to Human Rights Watch research,<sup>17</sup> and Sunni religious leaders are appointed by Shia officials. Beyond the religious sphere, Sunnis rarely hold senior political positions in Iran (the deputy oil minister is a rare exception). Rouhani has pledged to work towards equality for Sunni and Shia Muslims before the law, but elements among the Iranian authorities appear to view Sunni Iranians as particularly susceptible to dissent. Again, the possibility of a self-fulfilling prophecy arises.

Strikingly, an online survey of 1,600 nationals from four GCC countries (Saudi Arabia, Kuwait, Bahrain and Oman), examining the relationship between political views and sectarian affiliation, found that the majority of respondents agreed that the foreign policies of the United States, Iran and Saudi Arabia all contributed to increasing sectarian tensions in the GCC countries. Shia respondents were more likely to sympathize with Iranian policies, and Sunni respondents with those of Saudi Arabia, but the overall consensus was that both Iran and Saudi Arabia were

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<sup>15</sup> This has become particularly ugly in Bahrain since the 2011 uprising, when the main focus of state propaganda against the opposition was the narrative that these were Iranian-backed agents seeking to impose a Shia Islamic state – although Bahrain was unable to show any evidence of this to its Western allies, to the UN or its own international lawyers.

<sup>16</sup> While Bahrain’s claims of Iranian meddling in 2011 lacked international credibility, the UK defence establishment now suspects that there is an Iranian link to some recent discoveries of explosives. Radicalization is certainly taking place in Bahrain, and it is quite possible that elements of the opposition, seeing few international supporters willing to help the country’s peaceful protest movements, want outside assistance in obtaining weapons.

<sup>17</sup> Human Rights Watch, ‘Iran: Lift Restrictions on Sunni Worship; Keep Promise to Allow Sunnis Religious Freedom’, 9 November 2013, <http://www.hrw.org/news/2013/11/09/iran-lift-restrictions-sunni-worship>.

contributing to sectarianism.<sup>18</sup> Thus, the outcome of the current zero-sum mentality may be a ‘lose-lose’ situation for both countries.

## What would a rapprochement look like?

At present, the tensions between Gulf Arab states and Tehran appear only to be intensifying, given their opposing stances on Yemen as well as the ongoing conflict in Syria. Yet there are some voices on both sides that argue that Iran and Saudi Arabia, the two largest countries in the Gulf region, need to resolve their differences – and that failure to do so may risk a sectarian conflict that could last for decades. It is also noteworthy that some key Saudi and Iranian voices have suggested that regional issues should be included in the international talks over Iran’s nuclear programme, while various GCC officials have emphasized their view that the GCC should have been included at the negotiating table. This implies that they recognize a need for the regional order to be negotiated politically, although they will have different ideas of what this means. Iranian decision-makers regard their country as a power that is now in the ascendant after a long period of unfair isolation and repression, led by the United States and supported by regional powers who between them bankrolled Iraq’s war against Iran. Saudi Arabia regards Iran’s reasserted influence as illegitimate expansionism. Riyadh has repeatedly articulated a desire for regional stability, preserving a broadly pro-Western order in which it has enjoyed a generally secure and prosperous position. In both cases, however, the national interest of each country may be evolving, and may be redefined by relatively new leaders. If Iran does make peace with the United States, this will be a step change for a revolutionary regime that has founded much of its foreign policy on resistance to that power. The Supreme Leader has therefore adopted the rhetoric of ‘heroic flexibility’ to describe this shift, portraying the negotiators as cleverly extracting the maximum concessions from the United States, rather than making compromises. The extent of the *volte-face* that will be required, and the internal political divisions inside Iran over such a strategy, implies that even if a détente with Washington is achieved, it may take a long time for this to become a ‘warm’ peace.

The accession of King Salman, in February 2015, has meanwhile given rise to a broader transition in Saudi policy-making, with a new generation of princes and technocrats brought to the fore. The newly appointed foreign minister, Adel Al Jubeir, was previously Saudi Arabia’s ambassador to the United States, where he is believed by the Saudi authorities to have been the target of an assassination plot sponsored by Iran’s Revolutionary Guards in 2011; this hardly bodes well for relations between Riyadh and Tehran. The intervention in Yemen suggests that the newly empowered princes (especially the king’s son Mohammad bin Salman, who holds the defence portfolio as well as being deputy crown prince and head of the royal court) want to strike a more activist stance in the region – so far manifested in a heavy emphasis on military might. This appears to have garnered popular support (as far as it is possible to tell in Saudi Arabia, where openly criticizing the war is risky), but sustaining such support will also require the military element to be backed up by political and diplomatic achievements – whether finding a political conclusion to the war in Yemen, or consolidating opposition gains in Syria.

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<sup>18</sup> Survey carried out by the Gulf Centre for Development Policies, Gulf University for Science and Technology, Kuwait. Cited in ‘Regional Tensions and Community Relations in the GCC’.

There are a few voices in Saudi Arabia arguing for a new approach in relations with Iran, although these currently appear to be in the minority and are largely outside foreign policy decision-making circles. For instance, the new information minister, Adel Toraifi, also appointed in 2015, wrote his PhD thesis on the history of the Iranian–Saudi rapprochement. He argued at the time that the rapprochement of 1997 showed that the two countries have the potential to overcome structural causes of rivalry and achieve normalization; that the usual explanations given for their rivalry failed to explain why relations had gone through periods of improvement and periods of tension; and that there were plenty of precedents showing Saudi Arabia improving its relations with countries with which it had significant ideological differences, including China.<sup>19</sup>

There has been high-level diplomatic engagement between Iran and some of the Gulf states since Rouhani's election as president in June 2013. Iran's new Minister of Foreign Affairs, Javad Zarif, visited the UAE, Qatar, Kuwait and Oman in November–December of that year; and also in late 2013 the Qatari foreign minister, Khalid Bin Mohammad Al-Attiyah, stated that while Qatar and Iran were at odds over Syria, Qatar did not consider Iran its enemy and was saddened 'by the current tendency ... to create a virtual enemy'<sup>20</sup> – rhetoric that contrasted with much of what was coming out of Saudi Arabia. The Saudi and Iranian foreign ministers met on the sidelines of the UN General Assembly in September 2014, but attempts to bridge the gap between the two states were weakened by the military escalation by the Houthis in Yemen at this time.

It is likely that Iran and its Gulf Arab neighbours will remain divided in their respective world views, ideological stances and visions for the region. Beyond their rhetorical positions, they may none the less be able to find some common interests, notably: avoiding worsening conflicts between Sunni and Shia across the region – including possible sectarian conflicts involving minorities within their own territories; preventing Syria and Iraq being havens for militant groups; and protecting the territorial integrity of the existing states, including their own.

A rapprochement would need to address mutual fears, even though it may be difficult for either side to see the other's concerns as realistic or genuine. For Saudi Arabia, the UAE and Bahrain, the chief preoccupations are that their sovereignty is being undermined through the stoking of internal dissent, and the risk of being encircled by pro-Iranian forces. Iran also fears encirclement, both by US bases and by jihadi groups that it regards as proxies of Gulf states.<sup>21</sup> Resolving the crisis in Bahrain will require that the government in Manama addresses the fundamental local issues over the distribution of power and wealth, and this should be negotiated among Bahrainis themselves.<sup>22</sup> But such a process would be helped by an understanding between Saudi Arabia and Iran that Bahrain should not be another arena for proxy conflict between them, as this might jeopardize broader Gulf security to the detriment of both countries. In the Gulf itself, the issue of the three disputed islands claimed by the UAE and Iran needs to be addressed. It could potentially be

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<sup>19</sup> Al Toraifi, Adel (2012) 'Understanding the role of state identity in foreign policy decision-making: the rise of Saudi-Iranian rapprochement (1997–2009)', PhD thesis, The London School of Economics and Political Science (LSE), <http://etheses.lse.ac.uk/683/>.

<sup>20</sup> Speech at Chatham House, 4 December 2013.

<sup>21</sup> Iran blames Saudi Arabia for the growth of jihadi movements in Syria and Iraq, arguing that Saudi intelligence is repeating the strategies that it previously used in Afghanistan, and that it is playing a sectarian card for political advantage. Saudi security officials, meanwhile, argue that Iran is indirectly responsible for inciting sectarian jihadi groups to enter Syria, on the basis that the involvement of Iranian forces in support of an Alawite regime against a largely Sunni uprising was itself a sectarian policy.

<sup>22</sup> This is explored in detail in Jane Kinninmont, *Bahrain: Beyond the Impasse*, Chatham House MENA Programme, June 2012, <http://www.chathamhouse.org/publications/papers/view/183983>.

referred to an international tribunal, as was the case with Bahrain's border dispute with Qatar over the Hawar islands (resolved by a judgment of the International Court of Justice in 2001).

More broadly, the increasing interest of rising Asian powers in securing the free flow of oil through the Gulf could represent an opportunity to reconceptualize Gulf security not as the burden or asset of a superpower, but as a 'global public good' that should be governed multilaterally. It is already noteworthy that while Iran has found it useful to make occasional threats about closing the Strait of Hormuz, such an action would today have more of an adverse impact on its ally China than on the 'Great Satan' – making this a profoundly risky tactic for Iran to deploy. There are questions and uncertainty for both Iran and the GCC states about how the shift towards Asia will be managed, and both sides could benefit from a dialogue on how the region might approach new partners with at least a somewhat less disunited front. In this regard, a multilateral framework may allow the countries to move beyond their existing positions – that Gulf security is the either business of the GCC, or of a GCC-plus-Iran – to look at how Iran and the GCC could co-operate in conjunction with other international powers to lessen the Iran–GCC asymmetry.

A basic accommodation on mutual security interests could be backed up by the promotion of trade and economic cooperation. There are already tourism, pilgrimage and flight connections between the two sides of the Gulf. Iranian officials have stated that the number of GCC tourists to the country has risen since Rouhani's election.<sup>23</sup> A UAE-based hotel group, Rotana, announced in December 2013 that it planned to open hotels in Tehran and Mashhad in 2015; this would make it the first international hotel group to open new businesses in Iran since 1979. State-owned airlines from the Gulf monarchies, such as Emirates and Etihad, already operate regular services to cities in Iran. (Bahrain's Gulf Air suspended flights for political reasons in 2011, but has gradually resumed services.) An estimated 500,000 Iranian pilgrims visit Saudi Arabia for *umra* each year, although there are sometimes arguments over *hajj* visas or the treatment of Iranian pilgrims. In April 2015, for example, Iran suspended *umra* flights to Saudi Arabia after claims that Saudi police had sexually harassed two Iranian pilgrims, but it was considered that the action probably reflected wider political tensions.

Concerning the Gulf waterway, GCC states and Iran could also seek to work on developing common interests – and technical cooperation – in areas such as nuclear safety, cooperation against drug-trafficking, and protecting the waters and marine life of the Gulf against pollution and environmental damage. Multilateral forces could partner with both Iran and the GCC on such activities.

In the wider region, Saudi Arabia and Iran are backing different sides in Syria, Lebanon, Yemen and in the Palestinian territories, as well as having different views on Iraq. Tehran and Riyadh do not necessarily hold the solution to all of these situations, but they could help to de-escalate them. Taking any opportunity to pull back from this Saudi–Iranian 'cold war' would make it easier to resolve these other conflicts. To find solutions, however, both countries – and other international and regional powers – should emphasize the primacy of local, national actors in each case.

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<sup>23</sup> Yeganeh Salehi, 'Shift in political climate brings GCC tourists back to Iran', *The National*, 19 January 2014, <http://www.thenational.ae/world/iran/shift-in-political-climate-brings-gcc-tourists-back-to-iran>.

Iraq represents a particular opportunity in this respect. One of the many issues dividing Iraq's political factions since 2003 has been whether the country should be more oriented towards Iran (which has close relations with the prime minister's Dawa party and other Shia Islamists) or Saudi Arabia (given that not only Sunni factions, but also the secular Shia leader Iyad Allawi, have called for Iraq to give primacy to its Gulf Arab neighbours).<sup>24</sup> Saudi Arabia has largely seen this as a zero-sum game: its reluctance to deal with the government in Baghdad is emphasized by the fact that it has not had an embassy there since 1990, although US officials have repeatedly advised Saudi Arabia that if it does not engage with Iraq, the latter will have no other option than to remain close to Iran. There is now a window of opportunity to build a more constructive relationship following the 2014 departure of Nouri Al Maliki, whose personal relationship with the late King Abdullah was poor. Saudi Arabia welcomed the arrival of the new Iraqi premier, Haider Al Abadi, while Iran stopped backing its former ally Maliki when it saw the extent of both domestic and international opposition to him in the wake of the seizure of Mosul by ISIS.

In Abadi, for the first time in some years, Iraq has a prime minister with whom both Iran and Saudi Arabia think they can work. Saudi Arabia notably invited Iraq to join a regional alliance against ISIS, and in June 2015 appointed an ambassador to be based in Baghdad for the first time since Saddam Hussein's 1990 invasion of Kuwait. The willingness of GCC leaders potentially to cooperate with Abadi indicates that changes in key officials – and not just structural differences – can be one of the factors determining relations at both country and personal level. However, Saudi Arabia and other Gulf Arab countries are worried by the growth of Iranian-backed Shia militias, in the form of the Hashd al Shaabi, in Iraq. Iran, for its part, is likely to feel vindicated in its support for these militias as they have helped recapture the city of Tikrit from ISIS, and such actions have encouraged some opinion-formers in the United States to see Iran as a potential ally against the greater enemy of ISIS. But if Iran wants to strengthen the Iraqi government, it can only do so by giving primacy to indigenous forces that include more Sunni Iraqis; Iranian-backed militias may help Abadi's government militarily, but they weaken it politically in terms of its ability to form a compact with the many Iraqis who fear Iranian intervention in their country. So far, there is no indication that Iran is supporting a more inclusive, cross-sectarian and national approach, and without this the Hashd al Shaabi and ISIS are likely to confront each other in an increasingly polarized and sectarian environment.

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<sup>24</sup> Jane Kinninmont, Omar Sirri and Gareth Stansfield, *Iraq on the international stage: Foreign policy and national identity in transition*, Chatham House MENA Programme Report, July 2013, <http://www.chathamhouse.org/publications/papers/view/192895>.

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## Regional conflict resolution: A parallel track to the nuclear negotiations

Opinion-formers in Iran have apparently tended to assume that a rapprochement with the United States would naturally lead to a rapprochement with the Gulf countries. This fits with the Iranian revolutionary narrative that the Gulf monarchies maintain their power mainly through Western backing, but are brittle, ageing and lacking in domestic legitimacy. However, the Saudi and UAE stance on Syria and Yemen may signal to them that Saudi or UAE policy does not necessarily follow a Western lead. Many Iranian analysts also interpret recent Saudi policy on the oil market (i.e. deciding not to cut production despite a sharp fall in global oil prices) as motivated by a desire to put pressure on Tehran.

If Gulf Arab countries do not trust the United States to represent their interests adequately in any putative rapprochement with Iran, and if Iran no longer thinks that the United States will bring the Gulf countries on board with it, it would be logical for both Iran and the GCC states to represent their interests themselves through high-level dialogue on the issues at stake between them. Gulf countries have maintained diplomatic ties with Iran, but there has not been the sustained dialogue at senior level as is usually required to make meaningful progress in regional diplomacy. In April 2015 Iran's Javad Zarif called for a regional dialogue under UN auspices 'to begin to address the causes of tension in the wider Persian Gulf region', starting with Yemen.<sup>25</sup>

The P5+1 negotiators have opted to keep the nuclear negotiations with Iran separate from issues of regional politics, an approach favoured by the United States. This has helped to insulate the process from various regional risks, and also, crucially, has helped maintain a united front among the P5+1; it is hard to imagine the United States, Russia and China being able to make such common cause throughout the process if the issue of Syria was also on the table. None the less, the nuclear negotiations are likely to alter the regional balance of power. A parallel track, focusing on the regional issues, is needed to guard against the benefits of the deal being outweighed by its costs. This need not aim to find a resolution to all the conflicts in which Iran, Saudi Arabia and some of its Gulf allies are at odds, since, as already stated, each of these will need a different, localized solution led by domestic players. But such a track could seek to achieve a detente between Iran and its Gulf neighbours, and this could help to unwind these other conflicts.

The process could potentially be facilitated by northern European (e.g. Nordic) countries that have less historical 'baggage' in the region, are seen as neutral brokers and are not involved in the nuclear talks; or it could be facilitated in partnership with non-aligned rising powers, such as Brazil or South Africa. (Brazil was in fact involved, with Turkey, in an early effort to mediate a nuclear deal between Iran and the West in 2010, which was rejected at the time by the United States.) The United States, the European Union, Russia and China could pledge to respect the outcomes of this parallel track.

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<sup>25</sup> Mohammad Javad Zarif, 'A Message From Iran', *New York Times*, 20 April 2015, [http://www.nytimes.com/2015/04/20/opinion/mohammad-javad-zarif-a-message-from-iran.html?hp&action=click&pgtype=Homepage&module=c-column-top-span-region&region=c-column-top-span-region&WT.nav=c-column-top-span-region&\\_r=1](http://www.nytimes.com/2015/04/20/opinion/mohammad-javad-zarif-a-message-from-iran.html?hp&action=click&pgtype=Homepage&module=c-column-top-span-region&region=c-column-top-span-region&WT.nav=c-column-top-span-region&_r=1).

Without a diplomatic process, there is a high risk that the differences between Iran and key GCC states over the emerging regional order will continue to play out violently in various countries in the region, and could potentially spread beyond these borders. This conflict will not be limited to state actors: it is unleashing wider social and sectarian conflicts. ISIS is already capitalizing on Sunni fears of Iranian dominance, deploying a virulently anti-Shia narrative, while a growing number of different Shia militias demonize ‘Wahhabis’. Iranian officials have accused Gulf countries of creating ISIS, but while there is certainly private Gulf funding for the group – and while it is possible that some covert government support for rebels in Syria has ended up in its hands – the group is not under Gulf control, and indeed has attacked both Saudi Arabia and Kuwait. Meanwhile, a growing number of Iraqi Shia militias are springing up beyond Iranian control, and rivalries between Iran and GCC states may fuel a sectarian conflagration beyond the control of any of these countries. Deepening tensions between Iran and the Gulf Arab states can only add to the risks of instability and conflict in the region – risks that need to be accorded higher priority by the countries pushing for a nuclear deal.

## About the author

Jane Kinninmont is senior research fellow and deputy head of the Middle East and North Africa Programme at Chatham House. She has been researching political and economic trends in the Gulf Arab countries since 2003. Her previous positions include associate director for the Middle East and Africa at the Economist Group, Middle East and North Africa editor and economist at the Economist Intelligence Unit, and managing editor for Middle East and Africa at *Business Monitor International*. Since 2011 she has been based at Chatham House, with a research focus on the dynamics of change in the Gulf, Gulf relations with Iraq and Iran, the political and socio-economic drivers of sectarian politics and conflict, and international policy towards the Middle East.

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