



Iran-Saudi Arabia Rapprochement: A Perspective of Neoclassical Realism



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Abstract: *This paper examines the recent rapprochement between Iran and Saudi Arabia and explores the mediating role of China in the Peace deal. By employing the theoretical framework of Neoclassical Realism (NCR), the research surveys the complex dynamics of Saudi-Iran relations, considering both domestic and international factors. The research discusses the historical context of their strained relationships, driven by geostrategic, geopolitical ambitions and proxy conflicts. China's involvement in brokering the Iran-Saudi Peace deal emphasizes its strategic and security interest in the region and solidifies its use of economic leverage to advance diplomatic objectives. It then delves into the actions and motivations of Saudi Arabia and Iran in pursuing reconciliation. The paper concludes that the Saudi-Iran rapprochement and China's mediation signify a potential breakthrough in the conflicts of the Middle East, offering prospects for stability.*

Key Words: Rapprochement, Geo-economics, Geo-Strategic, China, Iran, Saudi Arabia

Introduction

For the past three decades, the United States has been the primary stakeholder in the Middle East, shaping the region's strategic and political landscape to its liking. However, in the recent thaw of Iran-Saudi relations brokered by China, the Americans find themselves on the sidelines. The rivalries and alliances that have governed diplomacy for ages have been upended at the moment. The agreement has temporarily rendered the US to a peripheral position, making it a mere spectator in the epochal changes unfolding in the region. While China has historically played a relatively minor role in the Middle East, the Chinese government has been carefully calibrating its policy so as to put China

in the most advantageous position to compete with the US in the region and globally. China's ascent to a new power play in the Middle East signals its long-term strategy. The Middle East, once considered the exclusive playground of American hegemony, is now witnessing a tectonic shift as China, with its deep pockets and strategic clout, emerges as a key player in the region's political economy (Ackerman, 2023).

The geostrategic competition in the Middle East region consisted of three main geo-strategic axes: Iran-Saudi Arabia strategic competition, Iran and Turkey competing over leadership in the Islamic world and intra-Arab competition. Iran is a leading country that comprises almost 350 million Shia Muslims accounting for nearly 20 per cent of the world's Muslim population.

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Turkey, Egypt and Saudi Arabia have significant influence on Sunni Islam but none of these countries is leading the sect as Iran (Bechev & Öztürk, 2022). The revolutionary foundation of Iran is a threat to the presence of Kingship in Saudi Arabia. Iran and Saudi Arabia's competition ranges from foreign policy, political systems, economy, technology and socio-cultural elements. According to Karim Sadjadpour, an Iranian-American policy analyst, Iran and Saudi Arabia compete for leadership of the Muslim world and the region and are destined to be political rivals (Sadjadpour, 2015). In 2015, Saudi Arabia launched a war in Yemen that initiated a significant arena for the Saudi-Iranian competition. In January 2016, Saudi Arabia decided to end its relations with Iran, which is an indicator of escalating tensions between both countries. Iran believes that Saudi Arabia lacks the capabilities to protect itself without the assistance of the US. The US policy also unfolded the containment of Iran which was endorsed by Saudi Arabia and UAE. In 2019, Houthis carried out drone attacks on Saudi oil pipelines because Iran adopted a maximum resistance approach in response to Trump's maximum pressure campaign imposed on Iran (Albarasneh, & Khatib, 2019).

With all of this increasing geo-strategic competition in the Middle East, the Iranian-Saudi rapprochement is a miracle. The White House issued a joint statement announcing the resumption of diplomatic relations between Tehran and Riyadh as eye-opening and credited 'the noble initiative' of Chinese President Xi Jinping. John Kirbu, the White House national security council spokesperson, stated that any efforts to de-escalate tensions in the region are in the US interest (Ferran, 2023). In March 2023, the representatives from Saudi Arabia and Iran met in Beijing which led to the normalization of relations. After a 7 year rupture, Iran and Saudi Arabia restored diplomatic relations as a part of the Peace deal. This bilateral agreement is focused on ensuring regional stability in the Middle East and Gulf region. Moreover, it entails mutual assurance for confidence-building steps that neither Saudi Arabia nor Iran will sabotage the national interest of others on a range of issues in security, intelligence, political and media

spheres. This landmark deal has the potential to modify the Middle Eastern region by replacing the current Arab-Iran divide with a complex interdependent relationship, realigning its major powers and weaving the region with the global ambitions of China. The newly signed Peace deal has the potential to put an end to the most significant rivalries in the region and extend economic relations across the Gulf. The deal has the potential to bring both the rival countries closer to each other and gradually stabilize the regional political scenario. Mohammed al-Jaden, the Saudi finance minister, pledged that if the deal goes as planned then Saudi Arabia can step forward to invest in Iran (Fantappie & Nasr, 2023).

This research article employs the theoretical framework of Neoclassical realism (NCR) to analyse the recent rapprochement between Iran and Saudi Arabia and the mediating role of China in the peace agreement. Perhaps the most troubling dimension of the Rapprochement is the involvement of China. In previous years, China has always been reluctant to get involved in the politics of the Middle East but its flourishing economic interests required taking on a diplomatic role as the region holds significance for China's Belt and Road Initiative (BRI). It can be argued that the current Chinese involvement in the Middle East can be seen to secure its future strategic goals and to replace the US from the leadership of the neo-liberal world order. China needs to ensure that its investment in the energy sector of Saudi Arabia is not threatened by drone or missile attacks by Houthis (Houghton, 2022). China is also interested in expanding its economic footprints in Iran by supporting the Moscow plan on developing a transit corridor that would allow Russian trade to reach global markets through Iran without using the Suez Canal route. At the broader level, the convergence of the strategic interests of Iran, Saudi Arabia and China is likely to serve as the foundation of a new geopolitical reality in the region of the Middle East. While this geopolitical transformation has presented a historic challenge for the United States. This study uses the discourse analysis research method to understand the interactions between social, culture, and history in terms of reshaping the geo-political

and geo-economic landscape Iran-Saudi relations, and China's role in the rapprochement of the latter parties (Wodak and Chilton, 2005). This research paper aims to consider what primary drivers are behind the Iran-Saudi Arabia rapprochement and China's interest in the Middle East region. To what extent does the rapprochement impact the geopolitical and geo-economic landscape of the region?

Theoretical Framework

Within the field of International Relations, foreign policy plays a crucial role in shaping a state's relations with other states and non-state actors. Many IR theories have dedicated significant attention to explaining the behaviour of the state. Following the end of the Cold War, there was a decline in the popularity of neorealism due to its focus on the bipolar system during that period. The emergence of a new international system compelled realists to revise their research leading to the development of the neoclassical realist school of thought in international relations. Neoclassical Realism (NCR) is a theoretical framework that examines the interplay between state-level variables and international systemic factors to explain foreign policy behaviour.

In 1998, Gideon Rose, a political scientist and journalist coined the term NCR in an article for *World Politics*. In his writing, he outlined the fundamental concepts of NCR as a foreign policy theory drawing on the works of Fareed Zakaria, Michael E. Brown, Thomas J. Christensen and Randall L. Schweller. Since then, NCR has evolved into a significant advancement in the theoretical knowledge of International Relations. NCR, belonging to the realist tradition in IR theory, acknowledges the basic assumptions of Realism regarding the anarchical nature of states, the balance of power and the distribution of relative power, however, it rejects the assumption that the sole purpose of a state is to securitize (Edwards, 2013). NCR built on both classical realism and structural realism aims to adopt a multilevel approach that combines both national and international levels and reemphasizes the state-level factors that

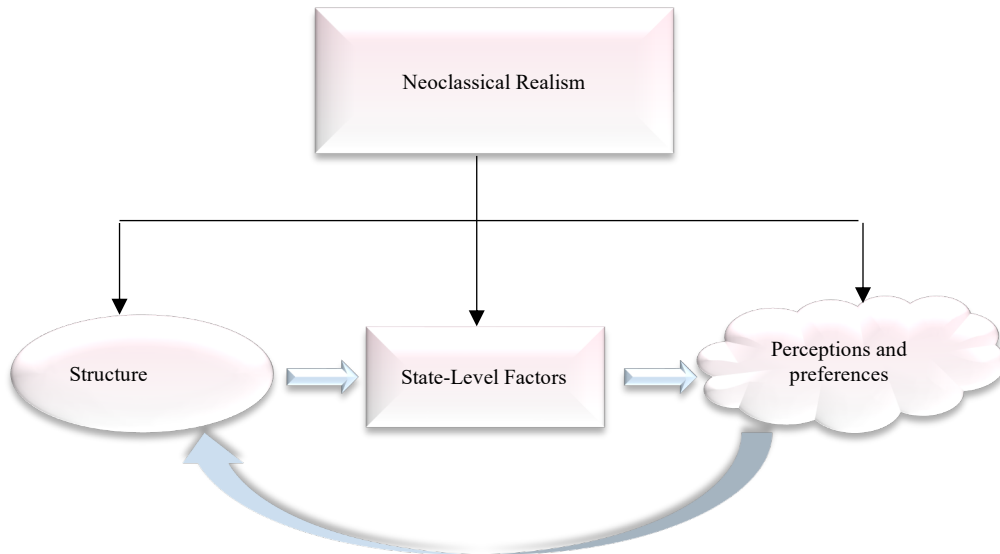
influence the foreign policy decision-making of states.

The theorists of NCR focus on the interactions of the international dynamics of the state and the international system. It attempts to explain the grand strategies of individual countries as opposed to the recurring patterns of international outcomes. According to Gideon Rose, NCR is often wrong because it limits the analysis of foreign policy to systemic causes. Since leaders can be bound by both internal and foreign politics, it is necessary to analyse states' responses to external challenges at the unit level, including domestic state structure and decision-maker perceptions. The core premise of NCR is to explain how, why and under what conditions the internal characteristics of states intervene between the leader's assessment of international opportunities and threats and the actual military, foreign economic and diplomatic policies pursued by the leader. These internal characteristics involve the influence of interest groups and domestic societal actors, the extractive and mobilization capacity of political and military institutions, the level of elite or societal cohesion, and the degree of state autonomy from society. The NCR posits an imperfect 'transmission belt' between the actual military, diplomatic and foreign economic policies states select on the one hand and systemic incentives and constraints on the other.

Neoclassical realism assumes that the ambition and scope of a state's foreign policy are primarily shaped by its relative material power, but it recognizes that the decision-making process is influenced by the perceptions of political leaders and elites, rather than just physical resources or military strength. NCR also takes into account domestic structures and variables to provide a more holistic understanding of foreign policy (Kaarbo, 2015). NCR argues that the international system (structure), characterized by power dynamics among states, is a primary determinant of a state's behaviour and foreign policy choices. However, it also recognizes that state behaviour is influenced by internal/domestic factors (state-level factors) and the beliefs and preferences of decision-makers (perceptions and preferences) as shown in Figure 1.

Figure 1

Key Elements of Neoclassical



The development of Saudi-Iran relations is complex and influenced by a variety of domestic and external factors, making it difficult to attribute to any single factor. However, it is not necessary to list every potential factor that could affect their relationship. NCR provides a useful framework for analyzing Iran-Saudi relations, as it examines how the two countries' foreign policies are shaped by both international and domestic factors. It is important to investigate how these factors have contributed to the shift in the two countries' relationship towards each other.

Applying this lens to the China-mediated peace deal between Iran and Saudi Arabia on March 10, 2023, we can analyze the motivations and actions of the involved states, as well as the potential outcomes of the agreement (*Timeline: Iran and Saudi Arabia, from Rivalry to Rapprochement*, 2023). From a neoclassical realist perspective, Iran, Saudi Arabia, and China all have unique systemic and domestic factors that influence their foreign policy behaviour. Iran and Saudi Arabia are both regional powers in the Middle East with a history of rivalry and proxy conflicts and have been jockeying for regional dominance for decades. The U.S.'s waning

influence in the region has opened up space for other external actors, such as China, to step in and mediate conflicts (Edwards, 2013). In the case of the Chinese-mediated Saudi-Iran peace deal, neoclassical realism suggests that all three actors had strategic motivations for agreeing to the deal. For Iran, the lifting of sanctions and the potential for increased economic cooperation with Saudi Arabia would provide much-needed relief for its struggling economy. Iran's strategic partnership with China and its pursuit of economic diversification in the face of US sanctions are the domestic considerations that have influenced its willingness to engage in rapprochement. For Saudi Arabia, the peace deal would reduce its dependence on the U.S. and other Western powers for security, and potentially open up new economic opportunities. The desire of Saudi Arabia's leadership to diversify its security partners and seek alternative alliances demonstrated a shift in approach. For China, the deal would demonstrate its growing influence in the Middle East and bolster its strategic interests in the region. The Chinese involvement is driven by its economic interests and also provides an additional layer of security and enhances the bargaining power of both Saudi Arabia and Iran. However,

neoclassical realism would also predict that the success of the peace deal would depend on the domestic politics of Iran and Saudi Arabia. For example, if hardliners in Iran opposed the deal, or if there were factions within Saudi Arabia that did not see the value in rapprochement with Iran, the agreement could falter. Moreover, neoclassical realism would suggest that any improvement in relations between Iran and Saudi Arabia could have wider regional implications, including the ongoing conflict in Yemen.

China's Middle East Policy

During the Cold War, China's relations with the Middle East were characterized by mutual hostility. China associated the Gulf states with anti-communism and Western imperialism. In the 1980s with the end of the Cold War, the geopolitical order was overturned as the Arab order was challenged by the Iran-Iraq war. Between 1984 and 1990, China established its diplomatic relations with Qatar, UAE, Bahrain and Saudi Arabia. China's engagement in the Persian Gulf, which was once the peripheral region in the international strategic calculation of China, is unrecognizable compared to a few decades ago. The Persian Gulf governments had just granted China diplomatic recognition by 1990, and today China is the region's main trading partner. China established extensive ties with Gulf nations during the 1990s, establishing a position for itself as a major investor, energy importer, and infrastructure builder (Calabrese, 1998). Since 2013, the Chinese extensive mega-project Belt and Road Initiative (BRI) has become a significant node in the China and Persian-gulf relations. The Chinese engagement with this region comes with a catch as the regional situation is rife with insecurity based on intense mutual securitization and intra-regional threat perceptions. The root cause of regional unrest continues to be the competition between Saudi Arabia and Iran. This competition has produced a culture of reciprocal violence and mistrust that permeates Middle Eastern foreign relations.

China has taken a non-interventionist stance and adopted a watchful attitude in accordance with the principle of non-interference in other

people's domestic affairs. urged the promotion of peace negotiations as conditions in the Middle East changed. In addition to encouraging peace negotiations to end disputes, China has attempted to bring the sides together. The principle of non-interference has retained the most significant policy of China's diplomatic ideas and thoughts. China's relationship with the Middle East has improved as a result of upholding this ideal, which has garnered the Middle Eastern nations' appreciation and tremendous respect (Zheng, 2016). Additionally, China has adopted positive behaviour to project a mature image and make a difference. China has helped the region's situation move in the direction of tranquillity and stability. China has played a role in mediating negotiations and maintaining calm during the political transitions in Egypt, Libya, Yemen, and Tunisia. China supported the mediation efforts of the concerned parties to resolve disagreements through consultation and dialogue. China has acted responsibly as one of the major countries and made an attempt to protect the fundamental principles of international relations. In the case of the UN Security Council resolution to create a 'no-fly area' in Libya, China abstained from voting based on the principle of non-interference in other national affairs and respect for national sovereignty. The situation worsened when the US and other Western nations consented to the use of a significant airstrike on Libya. China opposes violent acts, the use of force, and other actions that violate the UN Charter's fundamental principles. China has put out a six-point proposal of potential political options to address the Syrian conflict. China has been urging all parties to fully support the Arab League's efforts at mediating the Syrian conflict. With a total of 30 million Yuan offered, China has concentrated on providing humanitarian aid to the people of Egypt, Tunisia, and Syria (Akil and Shaar, 2021). China has supported the maintenance of healthy bilateral ties with the Middle East. The unrest in the Middle East has continued for decades but it has not affected the relations of both countries. A steady growth momentum has become apparent as the high-level officials frequently visited each other.

China has steadily expanded its influence across the Middle East region for more than a decade. It has grown to be the largest trading partner of the region through huge investments through BRI. China has avoided entangling itself in the sectarian rivalries and messy politics of the region. These actions appear to reflect the new strategy of China which is characterized by a more aggressive foreign policy that suits its own interests and also provides a larger role on the global level. This new Chinese strategy has raised two questions: what is driving the evolving interest of China in the region? And does China hope to supplant the US role as the diplomatic heavyweight in the region?

China's interest in the Middle East region is transforming. The country's relations with the Arab world consisted of economics and trade. However, the shift has been made in terms of geopolitical and strategic concerns. China continues to play a fundamentally different role in the Middle East as compared to the US. China has shown no will to offer the military sources provided by the US government nor it can ensure it is the primary security guarantor in the region. Moreover, the China arms trade to the Arab region is a small fraction as compared to the US arms trade.

China's Protracted Balancing Strategy: between Saudi Arabia and Iran

China's transition from being a passive observer of foreign policy to being an active participant should not come as a surprise. The Global order is transforming as new dynamics are being shaped between the Arab world and the two superpowers. China is increasing its ties with the Middle East region, as the US is widely perceived to be retreating from the region with its shifting focus to the Indo-Pacific region. China's bilateral trade with Saudi Arabia has grown three times from \$418 million in 1990 to \$65.2 billion in 2020 (Houghton, 2022). China's growing economic ties are underpinned by strategic imperatives. The economy of China relies heavily on oil imports and the Arab region is seen as an energy-rich region and a crucial supplier when oil demands bounce back after three years of COVID-related restrictions.

China realizes a significant potential in the Middle East region to invest in the energy sphere, critical infrastructure and export more of its technologies. The middle east region has an attractive market without the political and regulatory restrictions that the technology firms of China have to face in the US and Europe. At the same time, China has been maintaining its political relations with the region. The Atlantic Council Report 2019 documents that China has surged comprehensive strategic partnerships with the UAE, Saudi Arabia, Egypt, Iran and Algeria (Fulton, 2019). This level of regional partnership maintains the full pursuit of development and cooperation in regional and international affairs. Moreover, China maintains such partnerships with eight other regional countries. Meanwhile, the US policies under Biden's administration with its traditional partners and allies i.e. Saudi Arabia, Egypt and the UAE are all strained. When the US imposed sanctions on Russia for the invasion of Ukraine, not one of these partner countries agreed to back it.

With the significant growth of China's economic interests abroad, it has leveraged its economic power to advance its diplomatic objectives. President Xi's new approach is not so much a dramatic change in the global power dynamics as it is a transformation in China's perception of its international role.

Iran-Saudi Arabia Relations

The bilateral relations between Saudi Arabia and Iran have been strained over several geopolitical issues ranging from oil export policy, aspiration for regional leadership and relations with the US or other Western nations. Both countries are major exporters of gas and oil and have clashed over the energy policy. Saudi Arabia has a greater interest to focus on the long-term view of the global oil market on moderate prices with its large oil reserves and little population. Iran is compelled to focus on a short-term goal of higher prices due to low living standards after the decade-old war with Iraq.

For the last three decades, Iran and Saudi Arabia have been regional rivals. The Saudi-Iran tensions date back to the Iranian Revolution of

1979. The relations deteriorated between both countries as Iran accused Saudi Arabia of being a US agent in the region of the Persian Gulf. The establishment of the Islamic Republic threatened the dominance of the Saudi monarchy which based its legitimacy on Islam. Throughout the 1980s, the relations remained strained as Saudi Arabia quietly assisted Iraq during the Iran-Iraq war. Iran relations sought to improve and ease tensions from 1997 to 2005. But the rapprochement movement stalled in 2005 when President Mahmoud Ahamadinejad came to power and took a staunch stance on foreign policy.

The Arab Spring in 2011 further exacerbated the tension, especially in Bahrain where protests against the Sunni royal family started by Shiites. Saudi Arabia sent troops to quell uprisings and Iran was blamed for provoking the unrest. After President Hassan Rouhani's elections in 2013, Iran tried to improve relations with Saudi Arabia but the two countries clashed over regional conflicts mainly in Yemen and Syria. Then on the event of Hajj 2015, hundreds of Iranians were killed in a stampede. Saudi Arabia was accused by Iran of mismanagement and Iran was blamed for playing politics in the aftermath of the incident. In January 2016, protestors attacked the Saudi embassy in Iran after the execution of Shiite cleric Nimr al Nimr. As a result, tensions further escalated after the diplomatic ties severed between Iran and Saudi Arabia. Iran's nuclear development and ballistic missile advances were opposed by Saudi Arabia. In September 2019, Iran was blamed by Saudi Arabia for an attack on two major Saudi oil facilities. In 2021, Saudi Arabia and Iran began a dialogue mediated by Itae along with the involvement of Oman to facilitate diplomacy but the parties failed to reach an agreement between both countries in the five rounds of talks between April 2021 to April 2022 (Timeline of Iran-Saudi Relations, [2023](#)).

On March 10, 2023, the two old rivals abruptly agreed to end the 7-year-long rupture with the peace deal mediated by China. Thus the peace deal became the subject of headlines in the US and the Middle East. For the Middle East, it seemed to signal an end to ruinous and long-running proxy wars. While the US was less interested in the substance than the venue as the

deal was signed in China which until now had played no significant role in the messy diplomacy of the Middle East ([Wintour, 2023](#)).

Drivers behind the Iran-Saudi Arabia Rapprochement

The Saudi-Iran relations that were cut in 2016, were restored after three years of back-channel diplomacy. Both countries have agreed on reopening embassies and re-establishing diplomatic relations. Iran and Saudi Arabia were two powerful adversaries entrenched on opposite sides on a host of issues and fighting proxy wars notably in Yemen, Syria and Lebanon. Saudi Arabia and Iran have spent years for reconciliation but it failed. The U.S. was not involved in the deal in a region where it would see itself as the dominant superpower. China brokered the secret Saudi-Iran negotiations with the announcement of a successful outcome made in Beijing.

Saudi's Failure in Foreign Policymaking

Over the past decade, Saudi Arabia has failed in their foreign policy gambit, whether overthrowing the Bashar al Assad regime in Syria or dethroning the Houthis. Saudi Arabia has prioritized extracting itself from the war launched in 2015 in Yemen. Eight years later, hundreds and thousands of deaths are reported while the Houthis still control much of the country and are closer to Iran.

Iran's Strategic Partnership with China

In 2021, Iranians signed a 25-year 'strategic partnership' with China. Iran has defined several major economic projects with the largest Chinese companies in the future. Despite the US sanctions on Iran, China continued to import large quantities of Iranian oil. Iranian President Ebrahim Eaisi is of the view to have better economic ties with the Middle East as a substitute for the West ([Fantappie & Nasr, 2023](#)).

Iran's Latest Development on Nuclear Activities

Iran has increased the enrichment of uranium to 83%, which is considered almost crossing the nuclear threshold which has triggered much

closer military collaboration between Israel and the United States and the possibility of attacking Iran (Gambrell, [2023](#)). So Iran wanted to neutralize some potential players in the region like Saudi Arabia and be prepared for a strategy in order to respond to a nuclear development or possible future attack. Ali Shamkhani, the Iranian representative at the deal, stated that China has provided favourable conditions for reaching the agreement and this is a vivid demonstration of the basic concepts and policies of China's diplomacy which includes the major initiatives of building a community with a shared future for mankind. Therefore, from Iran's perspective, this became an important step to come to a peace agreement with Saudi Arabia.

Saudi Arabia Desire to Diversify its Security Partners

Over the past two years, under the Biden Administration, Saudi Arabia has shown a pattern of frustration and it wishes to diversify its security partners and work with other players. It can be seen at the UN voting on the Ukraine war against the will of the US.

Chinese Economic Interest in the Gulf Region

China stepped outside its traditional role by playing an international mediator role between the two rival countries because it came in a difficult position to choose between Iran and Saudi Arabia. China recognized that the only solution is to bring both parties together in order to maintain its economic interest in the Gulf region. China has signed 25 years of the strategic partnership with Iran and has remained an importer of Iran oil despite US sanctions. China is the largest trading partner and biggest buyer of oil exports for Saudi Arabia (Scobell, [2017](#)). In return for Chinese mediation in the Saudi-Iran Peace deal, China seeks both economic and prestige benefits to claim a strong diplomatic victory in the Global South.

Implications on the geopolitical and geo-economic landscape of the Middle East

The Saudi-Iran detente mediated by China seeks to manage competition and improve relations

between the two regional rivals. The recent rapprochement between Iran and Saudi Arabia has generated considerable interest in academic and policy circles alike. Many Western analysts and officials were alarmed by the peace deal between Saudi Arabia and Iran. The West particularly the US was alarmed by the role of China and the restoration of Iran's relations with Saudi Arabia which will bypass intensifying pressure by the West related to its support for Russia in Ukraine and its nuclear program. However, it is important to acknowledge that the reconciliation process is still in its early stages, and the full extent of its impact on the geopolitical and geoeconomic landscape of the Middle East remains unclear. Nevertheless, it is crucial to explore and evaluate the potential implications of this development, which can offer valuable insights into the evolving dynamics of regional politics and economics.

Firstly, the thaw in Iran-Saudi relations could reduce competition and tensions in the regions which may contribute to greater security and stability. This could have positive implications for regional economic development and economic growth as the investors will be more willing to enter the market with reduced political risks. The Middle East has suffered destabilizing consequences due to the Saudi-Iran rivalry which created deadly effects in Syria and Yemen. The attacks allegedly conducted with Iranian backing against Emirati oil tankers in 2019 and Saudi energy infrastructure in 2020 deteriorated the world's energy security and safety of maritime time routes which is significant for global connectivity (Ehteshami, [2023](#)).

Secondly, the improved relations between Iran and Saudi Arabia impact the ongoing conflicts in the region as in the case of Yemen. Saudi Arabia and other Arab nations have long demanded that Iran respect the sovereignty of Arab states and not interfere in their internal affairs. When negotiating with Iran, Saudi Arabia has prioritized the issue of Yemen. Saudi Arabia has made it a requirement to have Iran commit to taking de-escalation measures in Yemen and also putting an end to attacks across the border into Saudi Arabia. The peace deal could focus on allowing the rebuilding and

development of affected countries and reducing human suffering.

Thirdly, both Iran and Saudi Arabia have been major players in the energy markets as significant producers of oil. The peace deal can help lead to increased coordination and cooperation in managing oil prices and production, benefiting the economies of both countries and potentially stabilizing the global energy markets. The civil war in Yemen has spilt into neighbouring countries, where the Houthis launch drone attacks against the energy infrastructures of Saudi Arabia and other monarchies of the Gulf states. The Middle Eastern oil import has become significantly important for China as its domestic energy needs expand. The primary economic concern of Iran is to find new production methods and advanced technology to enhance its oil exploitation. Following the peace deal, the region is likely at less risk of getting attacked on the energy facilities.

Lastly, the involvement of China as a mediator in the Saudi-Iran peace deal would enhance the Chinese influence in the Middle East. The growing economic presence of China will be further solidified as it would be viewed as a key player in resolving long-standing conflicts. China has exhibited a degree of flexibility in the non-interference policy in internal affairs, by moving from a conflict avoider to a conflict manager. Through the Iran-Saudi peace deal, China gains more confidence in its mediation capabilities. The MENA countries may find the Chinese approach to be more assertive in pursuing its interest across a range of aspects including diplomatic, economic, military and international engagement. As the US is trying to pivot to Asia, the countries of the Middle East region will be looking to fill the mediation vacuum left behind by the US (Marks, [2022](#)).

Conclusion

The recent rapprochement between Iran and Saudi Arabia, mediated by China, marks a significant turning point in the complex dynamics of the Middle East. The article employed the theoretical framework of Neoclassical Realism to analyze the drivers and

implications of this historic breakthrough. Neoclassical realism contends that the impact of power capabilities on foreign policy is complex and indirect because the unit-level variable intervenes such as state structure, state-level factors and perceptions of decision-makers. This explanation of NCR helps shed light on the motivations and actions of China, Saudi Arabia and Iran to negotiate a peace deal. Rivalry and competition have remained a consistent feature of Iran-Saudi relations in the Middle East, where two regional countries vying for leadership and influence. China's role in mediating the peace deal reflects its evolving interest in the region. China's engagement is driven by strategic imperatives including economic opportunities and energy security. While China has avoided entangling itself in the sectarian rivalries and messy politics of the region, it has steadily expanded its influence by leveraging its economic power to advance its diplomatic objectives. The Americans see the US as an indispensable power in the Middle East and on the world stage. The agreement between Iran and Saudi Arabia brokered by China shows that China has become the new indispensable power in the Middle East. The increased Chinese emphasis on building economic ties with the countries of the Gulf has cast it as a strong alternative to the US and as an impartial arbiter. The China-brokered deal re-established relations between Saudi Arabia and Iran at the time when the US criticized China for refusal to condemn the Russian invasion of Ukraine. Moreover, the Gulf states have also declined to take sides in this conflict. The Saudi-Iran Rapprochement mediated by China has profound geopolitical and geo-economic implications for the region of the Middle East. After years of proxy conflicts, this historic peace deal has the potential to reshape the political landscape of the region. It signifies a power shift dynamic with the US being relegated to a peripheral role and China emerging as a key player in the Middle East. The convergence of the strategic interests of China, Saudi Arabia and Iran sets the stage for a new geopolitical reality in the Middle East region. However, the path towards lasting stability and peace is fraught with challenges that require continued diplomatic efforts and careful

navigation. The evolving geopolitical reality of the Middle East necessitates a re-evaluation of traditional strategies and alliances as new dynamics and actors come into play.

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