The implementation of the Iran nuclear deal on January 16 reinforced the emergence of a new triangular relationship in the Middle East involving the United States, Iran, and Saudi Arabia. It also signaled a major shift in US policy compelling both Iran and Saudi Arabia to carefully re-assess the cost-benefit analysis of their regional policies.

The new balancing act of President Barack Obama’s Administration is vigorously testing both the US nascent diplomatic engagement with Iran as well as its historic alliance with Saudi Arabia, at a critical juncture when rivalry between Riyadh and Tehran is intensifying across the Arab world.

Washington’s reaction to the latest diplomatic confrontation between Saudi Arabia and Iran caused a significant blow to its relations with Riyadh and raised further questions about the future of their partnership. Iran’s destabilizing efforts and the US strategic retreat from the region have shaped Saudi policy in recent years. With the weakening of traditional centers of Arab power, Riyadh also sees an opening to become the major regional Sunni power able to challenge Iran.

The analysis will shed light on the calculus of each of the three actors, with a focus on the evolving nature of the relation between the US and Saudi Arabia.

A triangular relationship

The two major cornerstones of US policy in the Middle East since 2014 have been to simultaneously pursue a nuclear deal with Iran and fight the war against the Islamic State of Iraq and the Levant (ISIL). As this US approach happens to converge with Iranian interest, the new Saudi leadership has been increasingly assertive in challenging it.
In two instances since last year, Saudi Arabia took matters into its own hands. A week prior to the April 2, 2015 framework nuclear agreement, Riyadh launched the war in Yemen on March 26 in what it considered a retaliation to Iran’s intervention in Arab affairs.

The second instance was the execution of 47 individuals on January 2, including Shiite cleric Nimr al-Nimr considered by Riyadh a symbol of Iranian interference. As protesters attacked the Saudi embassy in Tehran and its consulate in Mashhad, Riyadh reacted on January 3 by cutting its diplomatic ties with Iran and initiating a diplomatic offensive against it.

The US was suddenly facing the first dry run of the new triangular relationship. While Washington and Tehran had a shared interest to contain these crises, Riyadh was exerting pressure at full speed. It should come as no surprise that the Obama Administration’s decision was not to take sides, but playing the role of a mediator between the two rivals was a turning point in US policy.

However, the fast track developments between the US and Iran in the following week did put the brakes on the Saudi game plan. The detention and release of US sailors entering Iranian territorial waters dominated the news cycle on January 12. Few days later, the nuclear deal’s implementation day and the prisoners’ swap between Washington and Tehran further shifted the conversation away from the Saudi plan.

Another factor in the Obama Administration’s calculus remains not to unintentionally undermine Iranian reformers ahead of the Iranian parliamentary elections on February 26, which might signal whether President Hassan Rouhani will have a renewed mandate to stay the course on the nuclear deal. The storming of the Saudi embassy in Tehran and the propaganda around the US sailors’ brief captivity were early indications of how some conservative voices in Iran can potentially force the hand of Rouhani who is betting on the nuclear deal to save the country’s faltering economy, a major campaign promise.
Aiming to preserve the gains of the nuclear deal, Iranian officials kept an expected calm posture with Saudi Arabia. Iranian Foreign Minister Jawad Zarif noted that they “do not have a fight to pick”\(^1\) with Riyadh and that Saudi officials are “panicking” because of the US-Iranian rapprochement. Furthermore, Iran’s Supreme Leader Ayatollah Ali Khamenei has been attempting to soften some of the public rhetoric against the US and Saudi Arabia, for instance in publicly expressing remorse over the Saudi embassy attack.\(^2\)

It would be safe to argue that no nuclear deal would have been possible without Khamenei’s explicit approval. However, he warned Rouhani in a recent public letter on January 19 of potential US “deceptions and breaches of promises.”\(^3\) Khamenei even strongly expressed his skepticism about Iran’s overture to the US early on in remarks he made to Revolutionary Guard commanders last October. He said that further talks between the two countries are “forbidden” and noted that “an important part of the activities of the enemy is to change the calculation of officials and to manipulate people’s revolutionary and religious thoughts”.\(^4\)

However, this ban on US-Iranian talks did not stop Zarif and Kerry from negotiating an exchange of prisoners and from staying in regular contact in an unprecedented way between an American and an Iranian official. It is crucial for Khamenei not to give an impression at home and abroad that Iran is making side deals with the US. Most importantly, a premature conservative attempt to undermine the Rouhani Government’s diplomatic engagement could prove to be detrimental.

Interestingly, there is a similar rationale about engagement in both Washington and Tehran. The Obama Administration’s main argument is that the US, as a the only major superpower, is strong enough to engage foes while the Iranian Government contends that Washington cannot make any

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progress on crucial regional challenges without Tehran’s influence. The perception of strength is crucial for both sides while dealing with strong opposition to engagement at home.

No doubt there is a strategic decision in Tehran to open the door for diplomacy and break the economic isolation, while simultaneously maintaining the military support provided by the Revolutionary Guard to allies and militants mainly in Iraq, Syria and Lebanon. However, this double-edge approach, which is allowing the Rouhani Government to survive, will likely not be sustained in the long run. Domestic politics and regional developments will ultimately challenge and test this rapprochement.

On the Saudi front, the nuances are more opaque. There has been a dramatic leadership shuffle and a major shift in foreign policy since January 2015 following the death of King Abdullah. The two main complementary voices of the Saudi foreign policy nowadays, especially regarding Iran, are the cautious rhetoric of Deputy Crown Prince Mohammad bin Salman and the combative one of Foreign Minister Adel al-Jubeir.

As Bin Salman downplayed the diplomatic tension last month and affirmed that the Saudi government “will not allow”5 a war to happen with Iran, al-Jubeir continues to set a new Saudi tone on Iran affirming that Riyadh “will push back against” Iranian attempts to undermine “our security and the security of our allies.”6

Saudi officials seem to agree with their US counterparts that the nuclear deal is a step in the right direction, but for Riyadh there is no daylight between Iranian moderates and conservatives. Saudi policymakers believe Khamenei is in full control and Rouhani is merely a friendlier face of the regime, while US policymakers contend that there is a unique opportunity to make a lasting impact on Iran’s calculus.

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Meanwhile, Riyadh is seeking to alter the narrative on Iran, in particular as Tehran has been mending fences since last year with key regional and international players. Saudi foreign policy remains driven by a strong conviction that the US is not only unwilling to deter Iran but seeking to recognize its regional influence irrespective of its destabilizing efforts.

Al-Jubeir summed up the Saudi mindset: “We do not have confidence in Iran. We have confidence in the United States.” This triangular relationship is complex as the US currently needs both Saudi Arabia and Iran, and most importantly it needs them to work together. All things considered, this latest crisis between Riyadh and Tehran brought to light again the troubled US-Saudi alliance.

**US-Saudi Relations: A transactional distrust**

This strained relationship has been a long time coming. Early signs started as early as 2005 when former President George W. Bush’s Administration began to contemplate the need to appease Iran to ensure the safe exit of US troops from Iraq. The “Arab Spring” between 2011 and 2013 widened the gap further, and with the election of Rouhani and the rise of ISIL the policy differences between the US and Saudi Arabia became stark.

While the official mood in Riyadh is that Iran’s interference in Arab affairs is the greatest threat, the US administration sees ISIL as the most important danger to tackle. Last July, Obama affirmed that “America has to listen to our Sunni Arab allies, but also not to fall into the trap of letting them blame every problem on Iran.” By executing 47 convicted prisoners, including Sheikh al-Nimr, the Saudi indirect message to Washington was that it equates ISIL with Iran.

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7 Krever. “Iran.”
In selling the nuclear deal, the White House assured Riyadh that the US military would defend Saudi Arabia against “highly unlikely”9 conventional war initiated by Iran, but did not commit to any support in the proxy war with Tehran. At the Gulf Cooperation Council (GCC) summit in Camp David last May, Obama offered an “ironclad commitment”10 and a ballistic missile early warning system but stopped short of a mutual defense pact. Since then, Riyadh has been aspiring to galvanize the Sunni world behind its leadership and spearheaded last December a 34-state military alliance to fight terrorism.11

Furthermore, crucial dimensions continue to shape the US-Saudi partnership, in particular on security and energy. Weapons deals between both countries reached more than $90 billion between October 2010 and October 2014.12 This trend, which continued in 2015, is now driven by the US arms industry’s search for new markets and by the Saudi need for American-made weapons and ammunitions to continue the war in Yemen and bolster its defense systems to deter Iran.

Maintaining the security of the Gulf region and the flow of oil in the Middle East remains a high political and economic priority for the United States. However, the increasing trend of oil production in non-Middle East countries, including the United States, as well as the global move toward alternative sources of energy is reducing Saudi leverage on Washington, which will continue to have an impact on their strategic partnership.

More importantly, this alliance does not operate in a vacuum, as chaos is looming all over the Middle East.

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9 Ibid.
Managing the Saudi-Iranian regional rivalry

It is no secret that Saudi Arabia and Iran are struggling to coexist in Arab countries where they share influence. Even though there is a mixed assessment on where their latest rift can have a lasting regional impact, the ripple effect can be divided into three themes: 1) peace talks in Syria and Yemen; 2) the fight against ISIL; and 3) political stability in Iraq and Lebanon.

The Yemen talks, originally scheduled for January 14, have been postponed with no clear date set to resume. Since the diplomatic dispute between Saudi Arabia and Iran, fighting on the ground in Yemen has intensified while the battle lines have mostly been drawn inside the country. In the case of Syria, peace talks in Geneva are increasingly difficult to launch. As the Russian-Iranian backed Syrian regime forces are increasing the military pressure in the battlefield and on civilians, the Saudi led Syrian opposition’s defiance is raising the political bar for talks.

The theatrics of the joint press conference between Kerry and Al-Jubeir on January 23 revealed the current delicate status of US-Saudi regional cooperation. While Kerry mostly focused on advancing the Syria peace talks, al-Jubeir stayed on message regarding ways to confront Iran. Kerry was portrayed in the region as imposing Russian-Iranian demands and was widely discredited among the Syrian opposition, which will gradually constrain his attempts to launch the peace talks.

On the other hand, the Saudi-Iranian rift had no immediate impact on the US led campaign against ISIL, with the Iraqi army and Syrian Kurdish groups making incremental territorial gains albeit without significantly altering the balance of power. While the US sees the priority in defeating ISIL in Iraq and Syria, Saudi Arabia’s preconditions to help in this endeavor are for Assad to leave power immediately and for inclusive political reforms in Iraq to be implemented.

Despite pressure from his predecessor, Nouri al-Maliki, Iraqi Prime Minister al-Abadi continues to lead the Iraqi army in the battle against ISIL in Anbar and Mosul provinces. The Popular
Mobilization Forces, the Iraqi Shiite militias formed to fight ISIL, are now divided between the Iran backed al-Maliki and the US backed al-Abadi. The current Iraqi government managed to keep the Shiite militias away from the Ramadi battle in what seems to be a tacit agreement between Washington and Tehran. With limited Saudi influence in Iraq, the US-Iranian dynamic is crucial for Iraq’s stability.

Meanwhile, the fragile Lebanese government remained relatively stable despite back and forth statements on the Saudi-Iranian rift. The Saudi backed Future Movement and the Iranian backed Hezbollah continued to hold their regular meetings to minimize the tensions, but any initiative to resolve the political impasse is on hold for now. Combating ISIL and foiling terror attacks in the country remain an ongoing security process immune from the political environment.

The latest diplomatic strife is not expected to cause major ramifications to a region already in turmoil, however it will most likely cripple President Obama’s Middle East policy for the remainder of his second term. The major lasting impact will mainly be Syria. If the talks fail to launch in the coming weeks, Saudi Arabia and Iran will accelerate their respective military support to warring parties in Syria, and the US will likely step up the campaign against ISIL in Raqqa.

Syria might be another example where Saudi Arabia may decide to act more independently in 2016.

The way forward

The latest diplomatic strife between Saudi Arabia and Iran will likely extend the current status quo throughout next year past the US presidential elections, which will allow the two regional rivals to continue managing their proxy wars in 2016. However, this rift opened wide the door on questioning what kind of US-Saudi relations will shape the Middle East in the coming decade.
With the decreasing US dependence on Saudi oil and Iran’s nuclear deal, this relation continues to evolve as both countries are shifting policies and testing their limits. Yet, ensuring the secure flow of Middle East oil and maintaining the US arms sales to Saudi Arabia remain two major constants that make this historical alliance inevitable.

Riyadh’s current assertive policy toward Tehran is as much about changing the current US policy as it is about deterring Iran. As long as the United States is not taking sides or part in Middle East conflicts, the assertive Saudi policy will continue to test the triangular relationship, with Riyadh staying cautious about not pushing the envelope too far and Washington walking a fine line in maneuvering its regional policy.

Iran has indeed the potential to become a thorny issue in US-Saudi relations in the coming years. The Saudi leadership is already gazing at the post Obama era and recognizing that additional efforts might be needed to get the points across to US officials. Even though the next US President might change regional tactics, he or she cannot easily backtrack on Iran’s nuclear deal or the current fight against ISIL.

However, the gradual shift in Washington’s views towards Saudi Arabia over the last decade is a trend not limited to the current US administration. Washington’s relationship with Riyadh is one of the main foreign policy challenges on the desk of the next President. Whether a Republican or Democrat is elected to office, US and Saudi interests in the Middle East are no longer perfectly aligned, for now at least.

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