



## Normalization of Diplomatic Relations Between Saudi Arabia and Iran: A Rationality Analysis of Saudi Arabia's Foreign Policy

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### Abstract

*Saudi Arabia and Iran are prominent countries in the Middle East region. Both countries are engaged in ongoing conflict and competition for influence in the Middle East. In 2023, Saudi Arabia and Iran reached an agreement to restore diplomatic relations, effectively addressing a longstanding conflict. The emergence of this peace agreement is closely associated with China's role as a mediator, facilitated through discreet diplomatic efforts with both countries. The normalization of diplomatic relations between Saudi Arabia and Iran prompts inquiry into the foundations of this agreement, considering the extensive history of discord between the two countries and the persistent civil conflicts in Yemen and Lebanon. This article analyzes the rationality of Saudi Arabia's foreign policy through a literature review and qualitative analysis, employing Graham T. Allison's Rational Actor Model. The findings indicate that Saudi Arabia's choice to reestablish relations with Iran is a logical one. The selected option optimally aligns with Saudi Arabia's national interests, including the enhancement of regional security and influence, the promotion of economic stability, and the fortification of the country's global standing.*

*Keywords: Foreign Policy, Iran, Middle East, Normalization, Saudi Arabia*

### Introduction

Saudi Arabia and Iran are influential nations situated in the Middle East. The presence of two predominant ideological power, Sunni and Shia, is a catalyst for the conflict between Saudi Arabia and Iran. The dispute between the two nations is not a recent phenomenon; rather, the rivalry between Saudi Arabia and Iran has persisted for decades (Mabon, 2015). The conflict between Saudi Arabia and Iran is primarily rooted in ideological disparities within Islamic doctrines, with Saudi Arabia representing Sunni Islam and Iran adhering to Shia Islam, the two predominant sects of Islam (Rizki, 2024).

This conflict is influenced by external causes, intensifying the rivalry between Saudi Arabia and Iran and fostering a potential war, often referred to as future warfare or proxy war. Syria, Yemen, and Lebanon have served as proxy battlegrounds for Saudi Arabia and Iran (KARAKIR, 2018). Following the uprising and conflict in Yemen, Saudi Arabia perceives Yemen as a potential threat to its regional security. There are concerns that the war in Yemen may spill over into Saudi territory, heightening the risk of terrorist attacks. Additionally, Saudi Arabia attributes a role to Iran in the Yemeni conflict, alleging that the Houthi movement is an Iranian proxy aimed at extending its influence in the Arabian Peninsula (M. L. Clausen, 2019). Saudi Arabia has not been exempted from participating in the Yemen crisis (M.-L. Clausen, 2022). The Saudis have permitted the Yemeni army to launch assaults on the Houthis

from Saudi territory (Boucek, 2010). Saudi Arabia favors influencing domestic actors through funding rather than military intervention (M.-L. Clausen, 2022). Saudi Arabia seeks to assert its influence over Yemen's domestic politics by facilitating the transfer of power from Ali Abdullah Saleh to his vice president, Abdrabbuh Mansur Hadi, aimed at averting Yemen's collapse and diminishing the Houthi militia (M. L. Clausen, 2019).

The relationship between the Houthis and Iran has intensified since the onset of the Saudi-led military intervention. The Saudis have consistently maintained a perceived connection between the Houthis and Iran, which appears to have further aligned the Houthis with Iran (M.-L. Clausen, 2022). The acceptance of senior Houthi officials in Tehran and the Houthis' acknowledgment of the September 2019 attacks on Saudi Arabian facilities in Abqaiq and Khurais suggest Iranian involvement, given the attack's location (M.-L. Clausen, 2022). Furthermore, Saudi Arabia believes that the ballistic missiles launched into its territory by the Houthi Shia rebel movement were supplied by Iran. Consequently, Iran is subject to sanctions imposed by the signatories of the JCPOA (Joint Comprehensive Plan of Action) (Kerr, 2018), JCPOA is an Iran nuclear agreement resulting from diplomatic negotiations between Iran and China, United States, Britain, France, Germany, Russia to ensure that Iran's nuclear programme is only used for peaceful purposes (Khalifi, 2020). On 10 March 2023, following decades of prolonged conflict, Saudi Arabia and Iran re-established diplomatic relations, facilitated by China. China is engaging in discreet diplomatic efforts to reconcile the two nations following their prolonged conflict (Ali et al., 2024).

The normalization of diplomatic relations between Saudi Arabia and Iran was established in Beijing, China, with participation from Ali Shamkhani, Head of Iran's Supreme National Security Council; Musaad bin Mohammed Al-Aiban, representing Saudi Arabia; Saudi Arabia's national security advisor; and Wang Yi, China's top diplomatic official (Figueroa, 2023). The agreement produced a joint trilateral statement affirming the intention to restore diplomatic and embassy relations between the two nations, alongside a commitment to respect each other's sovereignty and refrain from interfering in domestic matters. The re-establishment of diplomatic relations between Saudi Arabia and Iran further advances the security cooperation agreement and the broader agreement on collaboration in the areas of economy, trade, investment, technology, science, culture, sports, and youth (Ministry of Foreign Affairs of the People's Republic of China, 2023).

In 2021, China emerged as Saudi Arabia's largest trading partner, with Saudi Arabia serving as China's primary supply of crude palm oil. Additionally, China invested a total of US\$37 billion in Saudi Arabia from 2013 to 2022. The annual two-way trade between the two nations currently amounts to US\$87.3 billion (Nawaz et al., 2023). Saudi Arabia anticipates that collaboration with China will facilitate the realization of its Saudi Vision 2030 initiative, which seeks to diminish reliance on the oil industry, enhance the economy, generate millions of employments, and advance the public service sector (Shaumi Putri et al., 2021). Concurrently, China is emphasizing its economic diplomacy in the Middle East, particularly in the energy, infrastructure, banking, and technology sectors (Wen & Chen, 2022).

In recent years, prior to the peace agreement between Saudi Arabia and Iran, the foreign policy strategies and perspectives of both nations regarding regional political dynamics diverged from a hard power or militaristic approach, instead favoring a soft power strategy that emphasized regional stability, enhanced economic cooperation, and the promotion of peace. This momentum was effectively leveraged by China to enhance

economic collaboration with Gulf nations, exemplified by the diplomatic visit of Chinese Foreign Minister Wang Yi to six Middle Eastern countries to deliberate on China's regional strategy regarding the situations in Syria, Yemen, and Libya, as well as to engage in discussions on counterterrorism and the establishment of a nuclear weapon-free zone in the Middle East. Furthermore, China exerted pressure on Iran for its nuclear program during the China-GCC conference and participated in the territorial dispute between Iran and the United Arab Emirates. Iran perceives the continuous engagement of China in the region and the fortification of ties between Saudi Arabia and China as a potential threat to the regional power dynamics and its national interests, particularly as Tehran grapples with an economic crisis and the repercussions of US sanctions on its nuclear program. China's engagement, appearing to favor the Arab faction and oppose Iran, prompts Iran to reevaluate its relations with Saudi Arabia. The normalization of relations between Saudi Arabia and Iran was influenced by mutual concerns and the objectives of both governments (Ali et al., 2024).

This study will examine Saudi Arabia's rationality in normalizing relations with Iran through the lens of Graham T. Allison's Actor Rationality Theory and the concept of national interest. This paper will also analyze the rationale behind Saudi Arabia's normalization. The author will further analyze Saudi Arabia's foreign policy priorities as they pertain to its logical decision-making in the normalization process with Iran.

## **Conceptual Framework/Theory**

### **1. Rational Actor**

This study employs the rational actor theory as expressed by Graham T. Allison in his work 'Essence of Decision: Explaining the Cuban Missile Crisis.' Graham T. Allison, a political expert from the United States, defines rationality as a choice that is consistent and maximizes value within a specified constraint. Subagyo (2015) suggests that rational actor theory effectively elucidates the rational motivations behind decision-making aimed at common goals. However, it also exhibits limitations, particularly in its inability to account for the diverse conflicts of interest within government and its insufficient explanation of the decision-making process. Allison's definition of rationality leads to a conceptualization formed by several paradigms. Actions taken by actors are based on established goals or objectives, guiding their decisions toward achieving these aims. The goals are prioritized transitively according to a scale of preference, identifying the most advantageous alternatives. Once determined, these alternative choices remain fixed despite the presence of various methods for achievement. Ultimately, the decision maker functions as a utility maximizer, selecting the optimal alternative to maximize benefits (Allison, 1971).

This model suggests that the state functions as the primary actor, similar to an individual who establishes objectives and assesses these objectives based on their utility, subsequently selecting and executing the most advantageous option for the state. This policy-making theory characterizes the state as a rational actor, presumed to possess a comprehensive understanding of international politics, and seeks to maximize benefits and achieve goals in any given situation, thereby ensuring that state actions align with its own interests and objectives (Allison, 1971). In this rational actor model, a state's actions are analysed under the assumption that it has evaluated all possible alternatives and makes decisions based on rationality to maximize potential benefits.

Allison outlines multiple frameworks for assessing rationality in a country's decision-making and policy processes. Objectives and goals involve identifying various alternative options that may address a problem. Following the establishment of goals and the identification of alternatives for informed decision-making, it is essential to assess the potential for profit and loss, commonly referred to as the consequences stage. The final stage involves decision-making by actors who select one of the available alternatives, presumed to be the optimal choice that aligns with national interests and maximizes profitability (Allison, 1971).

## **2. National Interest**

This research, aligned with Allison's theory, employs the framework of national interest as stated by Machiavelli in Bainus & Rachman (2018). It shows that national interest is intrinsically linked to a nation's power, serving both as an objective and an instrument. Essentially, national interest is formulated to acquire power, while power simultaneously functions as a tool to realize national interests. Utilizing this idea, the author may delineate the goal settings and aims of Saudi Arabia as stated in Allison's rational actor theory. An analysis of the rationality behind Saudi Arabia's normalization decision with Iran can be conducted using Graham T. Allison's rational actor model theory to ascertain the potential benefits for Saudi Arabia, thereby determining whether its foreign policy actions are rational or otherwise.

## **Method**

In this article, the author employs a descriptive qualitative research method, according to Ramdhan (2021) descriptive research method aims to describe, explain, and validate the phenomenon under examination. Then in terms of data collection, the author uses library research data collection techniques to find data that supports research from sources such as books, journals, reports, and credible mass media articles (Rijal Fadli, 2021). These data were obtained using the Google Scholar and Publish or Perish tool.

## **Finding and Discussion**

### ***Saudi Arabia's Foreign Policy Interests in Iran***

Before determining the rationality of Saudi Arabia's foreign policy, it is necessary to first explore the national interest or which according to Allison, is the goal setting and objectives of a country (Allison, 1971). Speaking of national interests, the interests will be divided into three aspects, regional security interests, economic interests, and international political interests.

#### **1. Regional Security**

The normalization of Saudi Iranian diplomatic relations is frequently perceived as a restoration of friendship between the two nations. However, the reality contradicts public assumptions. While Saudi Arabia and Iran have re-established diplomatic ties, this is confined to political engagements and does not alter their mutual perceptions regarding past events. Consequently, Saudis continue to view Iran as a threat or adversary, and Iran likewise regards Saudi Arabia as a menace. Nonetheless, there is a shift in Saudi Arabia's position about Iran, which was before perceived as a competitor or a rival that jeopardized Saudi power in the Middle East. Iran was also regarded as a formidable nation that could not be easily subdued

or vanquished. Since this normalization, the Saudis perceive Iran differently, viewing it more as a manageable or controllable threat; in other words, they believe they can utilize diplomatic strategies and political influence to counter Iran while still engaging in cooperation without resorting to military intervention as previously occurred (Daud et al., 2018).

Another objective of Saudi Arabia in normalizing relations with Iran is to limit Iranian actions or threats towards Israel (Katz, 2023). By normalizing diplomatic relations, the Saudis implicitly indicated their refusal to consent to any involvement from Israel on Iran, including the Israeli threat to target Iran's nuclear facilities. The Saudis regard this step as a precautionary measure against political instability in the region and other factors that could jeopardize their interests. Both Saudi Arabia and Iran perceive each other as a manageable threat, leading to a reduction in overt disputes and a tendency towards more diplomatic measures in their competition within the Middle East.

Iran, recognized as a militarily strong nation with significant influence in the Middle East, faces ongoing pressure from external forces, particularly the United States and Israel. This pressure arises from concerns that Iran's growing strength may pose a threat to both nations. Consequently, Iran is subjected to continuous scrutiny and pressure from the US and Israel, particularly concerning its nuclear capabilities, which Israel has threatened to target. Saudi Arabia has established normalized relations with Israel and maintains a favorable relationship with the United States, thereby influencing the dynamics involving Iran. By normalizing diplomatic relations with Saudi Arabia, Iran may mitigate the risk of potential attacks from these two nations. Conversely, Saudi Arabia stands to gain from improved relations with Iran, as escalating conflict between Iran and Israel could adversely affect Saudi political stability and regional influence (Katz, 2023).

The joint trilateral statement collectively affirms the principle of respect for state sovereignty and non-interference in the internal affairs of Arab countries. The trilateral statement released by Saudi Arabia, China, and Iran lacks detailed information on confidence-building measures. However, it emphasizes the importance of respecting state sovereignty and non-interference in the internal affairs of Arab countries and those within the Middle East region. The demand for Iran's non-interference in the internal affairs of Arab nations has been a longstanding position of Saudi Arabia and most other Arab states. Yemen has emerged as a focal point for Saudi Arabia in its discussions with Iran, particularly due to the involvement of the IRGC (Islamic Revolutionary Guard Corps) and Hezbollah in supplying the Houthis with war materials, including weapons, supporting equipment, and ammunition (Jalal, 2023). The IRGC is a branch of the Iranian armed forces founded by Iran's first leader Ruhollah Khomeini, and is independent from the regular Iranian army. The IRGC has a huge influence in almost every aspect of Iranian politics and society (Demirel, 2020).

Regional security dynamics are shaped by the intentions of three countries to diminish the United States' influence in the area. This shift is largely driven by Saudi Arabia's disillusionment with the US, which it perceives as a security guarantor amid regional conflicts. This sentiment intensified following drone attacks by Iranian proxies on Saudi Arabia, particularly the assaults on Abqaiq and Khurais in September 2019 (Jalal, 2023). The Saudi leadership reassessed regional risks and opportunities, opting to leverage relations with China to fulfill the objectives of Saudi Arabia's Vision 2030 (Farouk, 2023).

## 2. Economical interest of Saudi Arabia

The existence of Iran's de-escalation strategy in the region, Iran is of the view that some of the de-escalation events that occurred in the Persian Gulf are one of the results of Iran's success in pursuing its security interests in recent decades. Iran believes that its role in the region has finally been fulfilled and proven, by providing 'fertile ground' for reconciliation efforts in the region. This is a form of manifestation that is also influenced by the aftermath of the Arab Spring, which made Iran one of the dominant actors in the region, then made Iran want to be a country that is accepted by countries in the region and cooperate with Iran as Iran is an important and dominant actor in the region. But on the other hand, through a speech from Iranian president Ebrahim Raisi, he stated that to achieve security stability in the Middle East region, based on economic cooperation among regional actors, in other words, countries that have influence in the region and develop collectively. Therefore, Iran agreed to the normalisation of relations because Iran is implementing a strategy to deescalate tensions in the region and is more aggressively engaged in economic cooperation to pursue Iran's vision of an economic diversification agenda in 2030. On the other hand, Saudi Arabia also has a vision to improve and strengthen its state security and diversify its foreign policy options (Yazdanshenas, 2023).

Thus, Saudi Arabia gain benefits because its national interests are indirectly supported by Iran's national interests to de-escalate and focus on enhancing economic cooperation, which are both desires of Saudi Arabia to improve its security in the region and the smoothness of its economic cooperation. In addition, there is the issuance of visa permits for each country's diplomatic representatives to be able to visit their respective embassies, whether in Saudi Arabia or Iran. This approval is motivated by the Saudi diplomat's visit to assess the damage to the Saudi embassy and consulate offices following the demonstrations in 2016. A similar visit will be conducted by Iranian diplomatic representatives, who will visit the Iranian embassy in Saudi Arabia as a symbolic gesture of this agreement. four months later, precisely on December 28, 2017, Saudi Arabia and Iran resumed cooperation in the field of Hajj. This was initiated by the meeting between the Saudi Minister of Hajj, Dr. Mohammed Saleh bin Taher, and Hamid Mohammad, the Chairman of the Iranian Hajj and Pilgrimage Organization, in Riyadh. This meeting then resulted in several agreements, such as regulations regarding Iranian pilgrims to prevent issues during the Hajj pilgrimage process, and the Hajj quota of up to 90,000 people per year in 2018, 86,500 people per year in 2019, and 87,550 people per year in 2020 (Rafsanjani, 2022).

Furthermore, Saudi Arabia and Iran are also collaborating in the field of education. This cooperation in the field of education takes the form of scholarships, both from Saudi Arabia for Iranian students and vice versa. This scholarship includes undergraduate, postgraduate/master's, and doctoral programs. Recorded since the end of 2016 until the scholarship programs for the 2023-2024 and 2024-2025 periods, there have been more than 67 Saudi scholarships for Iranian students (We Make Scholars, 2024b), and more than 65 Iranian scholarships for Saudi students (We Make Scholars, 2024a).

Then the Iranian Economic Crisis also became a momentum used by Saudi Arabia to unite oil-producing countries. Speaking of Saudi Arabia itself, it can generally be seen that one of the motives behind Saudi Arabia's agreement to re-establish relations with Iran is for the political interests of the Middle East region. In other words, by normalizing these relations, which is also initiated by China, it increasingly supports the diminishing influence of the US in

the region, and Saudi Arabia intends to focus the strength of the Gulf countries to counter the power of Western countries (Katulis et al., 2023). Hence, Saudi Arabia can boost its economic development, just like the Russia-Ukraine war which then limited oil and gas supplies in Europe, making the only accessible source of oil and gas for Western countries the Middle East, which includes Saudi Arabia (Andini, 2024). If previously the US had significant influence over the control of oil supply in Saudi Arabia, the ongoing Russia-Ukraine war has since elevated Saudi Arabia's position above the US and allowed it to exert more control over its oil.

Moreover, not only Saudi Arabia but also other oil-producing countries have automatically become essential to Western countries. Therefore, Saudi Arabia intends to unite the countries in the region to cooperate in utilizing the situation to promote economic development by opposing the Western countries that have implicitly controlled the Middle East region (Jie, 2023). As for Saudi Arabia, it sees Iran's political condition in the international system as an opportunity, just like the sanctions and embargoes imposed on Iran. With this, Saudi Arabia is increasing trade with Tehran and targeting at least \$1 billion in trade between the two countries. Additionally, Saudi Arabia aims to attract 100 million visitors per year by 2030 by restoring direct flight facilities to Iran, which is assumed to enhance the exchange of tourists benefiting both countries (Alotaibi, 2023).

Furthermore, the presence of these economic interests is also reinforced by the fact that Saudi Arabia has decided to become a dialogue partner in the Shanghai Cooperation Organization (SCO). At the end of March, Saudi Arabia announced an agreement in the form of a Memorandum of Understanding (MoU) with China, which includes the agreement for Saudi Arabia to become a dialogue partner for SCO members. Officially, the SCO has full members composed of China, Russia, India, and Pakistan, along with four other Central Asian countries. Meanwhile, Saudi Arabia, along with nine other countries, has become a dialogue partner for the organization. Saudi Arabia's entry into the SCO supports its economic interests, marked by the announcement of a new agreement by Saudi Aramco regarding a new deal to purchase a 10% stake in the private company Rongsheng Petrochemical Group, which will provide crude oil storage facilities for Saudi Arabia in East China.

As part of the agreement, Saudi Arabia will supply petrochemical raw materials to Rongsheng's subsidiary, Zhejiang Petrochemical Corp., and in return, Saudi Arabia will receive 800 tons of polyethylene and polypropylene raw materials and 300,000 tons of other chemical products annually (Feierstein et al., 2023). Regarding the recent announcement of a joint-venture cooperation between Saudi Arabia and China worth \$12.2 billion for an integrated oil refinery and petrochemical complex. This highlights the mutual interest in investment and trade (Jalal, 2023). Supported also by the energy supply crisis caused by the Russia-Ukraine war, Saudi is leveraging this momentum to boost its economy and prevent economic stagnation in the country (Liu & Shu, 2023).

### 3. International Political Interests

In the normalization of Saudi Iranian relations, there is also the figure of China as a bridge or mediator in this historic event. Besides being a mediator in the Saudi-Iran normalization, China is also a country that agreed to the signing of the JPCOA or the Iran nuclear deal (Kerr, 2018). China's presence in the Middle East is reminiscent of the United States' actions during the Abraham Accords or the normalization of diplomatic relations between Arab countries

and Israel. Meanwhile, the resumption of diplomatic relations between Saudi Arabia and Iran, which have been in conflict for decades, also seems too sudden. Moreover, Western countries and the US have long contributed significantly to their influence in the Middle East. The post-Cold War factor and this fact have led other countries, especially those opposing the West like Russia and China, to also compete to spread their influence in the Middle East and to "dominate" the region with its oil and gas production. The position of Western countries in the Middle East began to erode after the conflict between Russia and Ukraine, which was then seized by Middle Eastern countries to eliminate the Western powers that had long haunted them, and to start building their own strength (Joffé, 1994). With this, Saudi Arabia has the ambition to unite all Gulf countries and even Middle Eastern countries, while taking steps to prevent external interference to position itself as the so-called "global power." (Jie, 2023).

### ***The Rationality of Saudi Arabia's Foreign Policy***

The normalization of diplomatic relations between Saudi Arabia and Iran represents a crucial development that offers numerous advantages to both nations, particularly for Saudi Arabia. The policy to normalize relations with Iran aligns with Saudi Arabia's goals, particularly in promoting Iran's de-escalation strategy, which contributes to regional stability. This alignment serves Saudi Arabia's interests in strengthening its economy by stabilizing oil prices and fostering investment, trade, and cooperation in the development of alternative resources beyond oil. Consequently, Saudi Arabia emphasizes the implementation of Saudi Vision 2030.

Conversely, rejecting China's proposal to normalize diplomatic relations with Iran will hinder substantial support for Saudi Arabia's goals, including regional stability and security. Without normalization, de-escalation of regional conflicts, such as the situation in Yemen, will be challenging, ultimately obstructing the implementation of Saudi Vision 2030. Normalizing relations with Iran presents greater opportunities for economic and trade cooperation than the alternatives available if Saudi Arabia refrains from such normalization. This includes potential economic collaboration with the United States and Israel. However, engaging with Iran could also facilitate partnerships with China, leverage Iran's considerable regional resources, and enhance cooperation on regional security matters (Hussain, 2024).

The objectives of Saudi Arabia are becoming more comprehensive, as the initial phase in the policy-making process within the framework of the rational actor model. To further analyze the rationality of Saudi Arabia's foreign policy, it is essential to identify alternatives and their consequences, which involves assessing alternative options and calculating the potential benefits and drawbacks of each choice. The final stage involves evaluating whether the decisions made by Saudi Arabia are indeed rational.

Following the presentation of the aforementioned aspects, the author may delineate the national interests of Saudi Arabia, which encompass augmenting regional security and influence, sustaining stability and fostering economic growth, and enhancing its negotiating stance in the global arena. The author presents two alternative policy options that could effectively fulfil Saudi Arabia's goals and objectives to elucidate the rationale for the country's decision. The initial policy choice is "Normalizing diplomatic relations with Iran in 2023," whereas the subsequent alternative is "Rejecting China's initiative to normalize diplomatic relations with Iran."



### **Normalizing Diplomatic Relations with Iran in 2023**

The impact of the US economic embargo on Iran has forced Iran to take alternative steps to boost its economy. The steps taken by Tehran include optimizing its agricultural commodities, due to the limited sales of oil and gas. To achieve this, it is necessary to reopen trade routes with Saudi Arabia, as Saudi Arabia is the most potential country for this strategy, and to spread agricultural commodity trade to other Arab countries (Aprillia & Prasodjo, 2023).

The re-establishment of diplomatic relations between Saudi Arabia and Tehran in March 2023 has the potential to bring significant opportunities for enhancing Saudi Arabia's security in the region. By normalizing diplomatic relations with Iran, Saudi Arabia implicitly rejects Israeli intervention in Iran. This can subsequently support stability in the region and successfully make Iran dependent on Saudi Arabia to implement its economic strategy. On the other hand, Iran is in a desperate position to save its economy from recession due to economic sanctions imposed by the United States based on suspicions regarding Iran's nuclear facility development. Therefore, one way to boost its economy, Iran needs to cooperate with countries in the Middle East, including Saudi Arabia, which is a potential supporter of Iran's economic strategy. The resumption of cooperation between Iran and Saudi Arabia not only benefits the economic sector but also supports Saudi Arabia's goals and objectives regarding regional security, as it will lead to regional de-escalation and enhance Saudi Arabia's power in the Middle East, evidenced by the successful achievement of making Iran an ally.

The normalization of diplomatic relations can also occur due to the factor of shared political interests between Saudi Arabia and Iran, namely taking advantage of the momentum where the United States is beginning to withdraw from the Middle East (Farouk, 2023), which Iran has long desired to eliminate the dominance of the United States from the region (Alsmadi, 2024). Then the economic embargo imposed by Russia on European Union countries affected the energy supply market (Bilal et al., 2024), and during the economic stagnation (Halim et al., 2023), Saudi Arabia seized this momentum to boost its economy, including Iran as one of the largest oil and gas producers in the region (Abbaszadeh et al., 2013). Therefore, Saudi Arabia is striving to unite the Gulf countries, including Iran, which can subsequently enhance its influence in the region and globally (Jie, 2023). The value of the Saudi Riyal has increased by more than ten percent since the announcement of normalization (Middle East Policy Council, 2023).

On the other hand, the normalization of diplomatic relations is also driven by the alignment of visions between Saudi Arabia and Iran. Iran has a vision for economic diversification by 2030 through economic cooperation among Middle Eastern regional actors. In this context, Iran supports de-escalation in the region, which is also Saudi Arabia's vision to achieve its national interests, namely strengthening Saudi security and power in the region. The policy adopted by Saudi Arabia to normalize relations with Iran also fulfills Saudi Arabia's objectives and goals of maintaining stability and promoting the Saudi economy. In the normalization of relations with Iran, Saudi Arabia projects trade with Tehran to reach 1 billion US dollars and aims for 100 million visitors per year by 2030. In addition, the normalization of

relations initiated by China opens opportunities for Saudi Arabia to collaborate with China, particularly as a dialogue partner in the Shanghai Cooperation Organization. Besides strengthening bilateral relations between Saudi Arabia and China, Saudi Arabia also secured a cooperation deal worth 12.2 billion US dollars with Shanghai.

In addition to strengthening security in the region, free trade, and the Saudi economic sector, this normalization action also supports the Saudi 2030 economic reforms championed by Mohammed Bin Salman, with the aim of making Saudi Arabia a destination and source of investment, which is also relevant to the development of Saudi Arabia's bargaining position in the region and globally. Regardless of all the benefits that can be gained from the normalization of relations between Saudi Arabia and Iran, this policy step also brings consequences for Saudi Arabia, such as increasing the likelihood of conflict escalation in Gaza. This policy step has the potential to provoke Israel's anger over Iran's rejoining of the international community, especially since the joining of two major powers in the Middle East could pose a threat to Israel. Although the United States, as a major influential country in the Middle East, does not consider the normalization of relations between Saudi Arabia and Iran as a threat, but rather supports de-escalation in the region, as it is still in line with U.S. national interests and does not consider China as a threat.

### ***Reject China's Initiative to Normalize Diplomatic Relations with Iran***

If the situation were reversed, meaning Saudi Arabia rejected China's initiative to normalize diplomatic relations with Iran and abandoned the intention to reopen diplomatic relations that had previously been discussed by Saudi Arabia and Iran in Oman, before China contributed as a third party, then there is a possibility that Saudi Arabia would lean more towards the United States' efforts to normalize relations between Saudi Arabia and Israel (Septiani et al., 2023). The benefits that Saudi Arabia could gain from normalizing relations with Israel include economic cooperation, particularly in Israel's high-tech industry, as well as in agriculture, desalination, and water purification. Saudi Arabia sees this as an opportunity to boost its economy and reduce dependence on oil sales (Rynhold & Yaari, 2021).

Normalization with Israel would also create a series of other collaborations, such as security cooperation with the US, a civilian nuclear program, and concessions to Palestine by Israel (Rumley, 2023). Which of these three points still fall under the goals and objectives of Saudi Arabia to strengthen security in the region, boost the economy, and also if concessions for Palestine are realized, it will enhance Saudi Arabia's influence in the region. However, this can be a double-edged sword for Saudi.

When discussing Saudi Arabia's bargaining position in this context, Saudi Arabia can be likened to a free agent in basketball terms, meaning it has value needed by others but also has the freedom to choose to cooperate with anyone (Macaron, 2023). However, if the normalization with Israel, initiated by the United States, is realized, it is possible that the benefits gained may not outweigh the losses incurred by Saudi Arabia. Looking at the United Arab Emirates, which has already normalized diplomatic relations with Israel, despite an agreement to postpone the expansion of West Bank territories by Israel included in the normalization agreement, the UAE still faced condemnation from other Arab countries (Ahmadi & Bumi, 2022).

Thus, it is not impossible that a similar situation or even a more significant impact could occur if normalization is carried out by Saudi Arabia, a key country with great influence in the

Middle East. Moreover, in the context of religion, Saudi Arabia is one of the countries revered by Muslims in the region and, indeed, in the world. Therefore, the normalization action will become an anomaly and hinder Saudi Arabia from achieving its national interests, particularly in increasing its influence and power in the region and failing to de-escalate conflicts in the Middle East.

Moreover, in the discussions regarding the normalization of relations with Israel mediated by the US, there are also terms of agreement proposed by the United States to Saudi Arabia, which include halting "sensitive" transactions with China and more supporting US national interests. Israel also expects Saudi Arabia to be more involved in countering Iran and to gain benefits from the broader political and economic impacts of normalizing relations with key Arab Muslim countries in the region.

Outside the discussion of the Saudi-Israel diplomatic normalization plan initiated by the US, by refusing to normalize diplomatic relations with Iran, Saudi Arabia loses more advantageous opportunities in terms of regional security, economy, and Saudi Arabia's position in the region, which could be obtained more safely and with minimal risk compared to continuing cooperation with Israel and the United States. These opportunities include becoming an independent global power, mitigating conflicts and creating a more stable region, strengthening power or bargaining position in the region, and gaining economic benefits from China as one of Saudi Arabia's largest oil importers.

## **Conclusion**

### ***Saudi Arabia's Rational Choice***

Saudi Arabia's decision to normalize diplomatic relations with Iran is viewed as a rational policy that aligns with its overarching goals. This approach aims to enhance national security and power within the region, maintain regional stability, bolster the economy, and improve Saudi Arabia's bargaining position on both regional and global stages. This policy step is considered the most rational, advantageous, and aligned with Saudi Arabia's national interests, presenting minimal risk.

The analysis utilizing Graham T. Allison's Rational Actor Model concludes that Saudi Arabia's 2023 foreign policy to normalize diplomatic relations with Iran is a rational decision. This policy has been informed by various considerations and is assessed based on specific factors, including security, economic interests, and international political dynamics. This policy's rationality is evidenced by several benefits for Saudi Arabia, including enhanced regional security and influence, promotion and maintenance of economic stability, and a strengthened position in the international arena.

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