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## 2010-11 INTEGRATED POLICY EXERCISE: CRISIS IN IRAN

### *Preparatory Memo for Saudi Arabia*

Your team will represent Saudi Arabia in the negotiations surrounding the UN Security Council. You will not be a member of the Security Council, but you will participate in the negotiations as a key regional stakeholder. You should focus on Saudi values and interests as you prepare for the simulation. This memo aims to help orient and kick-start your team's background research.

#### **Overview of Bilateral Relations**

From 1954 to 1979, Saudi Arabia and the Shah's Iran were loosely allied conservative monarchies and served as the "twin pillars" of the Western-backed order in the Persian Gulf. After the Iranian Revolution, the Ayatollah Khomeini and his followers turned sharply against the Saudi government and sought to undermine the House of Saud. In 1981, Saudi Arabia formed the Gulf Cooperation Council (GCC) with other Arab monarchies in the Persian Gulf – Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates – largely to contain subversive Iranian influence. Saudi Arabia was a major source of funds to Saddam Hussein during the Iran-Iraq War in the 1980s, further souring relations. The two countries' contemporary relationship remains tense. Iran and Saudi Arabia share certain interests in security and stability in Iraq and the Gulf but remain wary of one another's intentions.

#### **Saudi Arabia's Priorities in Iran**

- *Military/Strategic* – Saudi Arabia has long been a major importer of advanced weapons systems from the West, and military procurements have been geared in large part against perceived threats from Iran. A massive arms deal is currently under discussion. The oil fields from which Saudi Arabia derives its wealth lie just across the Persian Gulf from Iran's southern coast, and most Saudi oil exports flow through the Straits of Hormuz, where the Iranian navy is active. Although U.S. troops are no longer stationed in Saudi Arabia, the Kingdom is often seen as a key pro-American "balancer" against Iranian influence in the Gulf. The Saudis have opposed Iran's nuclear weapons program, fearing both a shift of regional power toward Tehran and a possible arms race. Saudi officials have expressed their demands by calling for a nuclear-free Middle East (including Israel). Saudi Arabia has not publicly endorsed an American or Israeli attack on Iranian sites, but media reports indicate that Saudi officials may have discussed the possibility of making airspace available to Israeli or U.S. planes in such a contingency.
- *Diplomatic* – Iran and Saudi Arabia have managed to achieve a delicate *modus vivendi* in their direct bilateral relations but are key rivals for diplomatic influence in the Gulf and in the broader Middle East. Iran often tries to paint the Saudis as an American client, and officials in Riyadh fear being upstaged by Tehran in matters related to the Arab-Israeli conflict. Relations in Lebanon and the Palestinian territories have been particularly tense, as both Tehran and Riyadh jockey for influence by supporting rival groups, often on a sectarian basis.
- *Ideological* – The ideological ties between Iran and Saudi Arabia are generally hostile. Both governments seek legitimacy in large part through their Islamic credentials and are prominent members of the Organization of the Islamic Conference. However, the Saudis fear the revolutionary aspect of Iran's governing ideology, which is explicitly antimonarchical (and

historically a reaction to the Shah). The Saudi monarchs base their own right to govern to a considerable extent on traditional familial and tribal sources of authority.

- *Sectarian Issues.* Iran's population is mainly Shia, and Saudi Arabia is predominantly Sunni. As the guardians of the holy cities of Mecca and Medina, the Saudi royals host millions of Iranian pilgrims for the *hajj* each year. Nevertheless, the Saudi government and its GCC partners are wary of Iranian influence among the Shia minority of the Arab Gulf and fear Tehran's capacity to support violent uprisings. In recent months, sectarian strife has been building in a number of Saudi Arabia's smaller Arab neighbors, and Iran has been highly critical of crackdowns against Shi'a dissidents. Sectarian tensions also continue to generate uncertainty and instability in Iraq, with Riyadh and Tehran supporting rival groups in various ways.
- *Economic* - Saudi Arabia and Iran are both major oil exporters and members of the Organization of Petroleum Exporting Countries (OPEC). Nevertheless, their interests are not neatly aligned. Saudi Arabia has much larger reserves and thus tends to favor lower prices to ensure that major export markets will not divert away to other fuel sources. Iran has tended to favor higher prices to maximize near-term revenue. As holder of the world's largest oil reserves, Saudi Arabia is the key "swing producer" in the event of an energy crisis. Saudi officials have suggested that they would be willing to use spare capacity to help China and other powers deal with any loss of supply from Iran—a move widely seen as an effort to further isolate Tehran on the nuclear issue.
- *Humanitarian & Environmental* - Saudi Arabia stands much to lose from any environmental disaster in the Persian Gulf. Its economy depends on access to oil production facilities and passage of ships through the area. A humanitarian crisis could also create serious problems for the Saudis and other GCC countries if it were serious enough to drive large number of refugees out of Iran into neighboring Arab Gulf states.

### **Saudi Arabia and the UN Security Council**

Saudi Arabia is not a permanent member of the UN Security Council and will not be a member of the Council in January 2011. Saudi Arabia often votes with the Western powers in the General Assembly and Security Council, but with the significant exception of matters relating to Israel.

### **Key Questions**

As you conduct your background research for the IPE, you should be thinking about the types of choices Saudi Arabia might need to make in an Iranian crisis related to the nuclear program. Key questions include:

- What are the Saudis' key interests in connection with Iran's nuclear program?
- Under what conditions would the Saudis support additional sanctions against Iran through the UN Security Council?
- In what ways would unilateral Israeli or U.S. action change the Saudi approach to crisis resolution?
- Under what conditions, if any, would Saudi Arabia be apt to favor military intervention?
- In the event of a humanitarian or environmental disaster, what types of contingencies would be of greatest concern to the Saudi government?

During our pre-IPE sessions in November, we will ask your team to answer some of these questions aloud. You should come prepared with one-minute answers to each question. One purpose of this exercise is to motivate you to prepare—which will make the IPE more interesting and useful to you.

A second purpose is to inform the other teams of the types of positions you are likely to take, which can help them come prepared as well.

### **A Few Readings**

Below are a few recent readings to help you get started. These are not meant to be at all exhaustive; you will need to undertake additional research to prepare for the simulation.

- Frederic Wherey et al., *Saudi-Iranian Relations since the Fall of Saddam*, RAND Corporation, 2009, summary  
[http://www.rand.org/pubs/monographs/2009/RAND\\_MG840.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG840.pdf)
- Adam Entous, "U.S.-Saudi Arms Deal Advances," *Wall Street Journal*, Sept. 12, 2010  
<http://online.wsj.com/article/SB10001424052748704621204575488361149625050.html>
- Richard Javad Heydarian, "Iran-Saudi Relations: Rising Tensions and Growing Rivalry," *Foreign Policy in Focus*, Aug. 6, 2010  
[http://www.fpiif.org/articles/iran-saudi\\_relations\\_rising\\_tensions\\_and\\_growing\\_rivalry](http://www.fpiif.org/articles/iran-saudi_relations_rising_tensions_and_growing_rivalry)