

# Chinese-brokered deal between Iran and Saudi Arabia raises alarm bells in Washington

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In what is something of a diplomatic coup for China, an agreement between Saudi Arabia and Iran to ease tensions and reestablish diplomatic relations was announced in Beijing last Friday. The two rival powers have been engaged in a fierce competition for influence throughout the Middle East that has been a significant factor in the region's conflicts and worsening instability.

Formal diplomatic relations ended after the Saudi regime, which is based on an extreme form of Sunni fundamentalism, executed prominent Shiite cleric and government critic Nimr Baqir al-Nimr in 2016. His beheading prompted protests inside Iran that led to the storming of the Saudi diplomatic mission. Since then, relations have only deteriorated as the countries backed opposing sides in the wars in Yemen and Syria.

Under last Friday's agreement, Saudi Arabia and Iran will have two months to negotiate the re-establishing diplomatic relations and the reopening of embassies, as well as to activate security cooperation arrangements. Few details have been made public but the deal is reportedly said to include reducing mutual propaganda warfare as well as direct and indirect attacks on each other's interests in the region.

According to the *Wall Street Journal*, Saudi Arabia agreed to rein in Iran International, a Saudi-funded, Farsi-language satellite news channel which Tehran has accused of fomenting the months of anti-government protests in Iran. The head of Iran's intelligence agency has branded the channel as a terrorist organisation.

Iran has agreed to curb cross-border attacks on Saudi Arabia by Houthi rebels in Yemen who control large areas of the country and have been fighting a war against a Saudi-led military coalition since 2015. A

truce negotiated last year remains in place as the Houthis and Saudis have held talks aimed at ending the conflict.

While efforts to ease tensions have been underway for several years with Iraq and Oman acting as mediators, China played the main role in securing the deal. Last Friday, top Beijing diplomat Wang Yi hailed the agreement as a "victory" adding that China would continue to address global issues. He declared that it "set an example for resolving conflicts and differences among countries through dialogue and consultation."

In what was a thinly-veiled criticism of the US, Wang declared that the agreement demonstrated how the two nations were "getting rid of external interference, and truly taking the future and destiny of the Middle East into their own hands." The Chinese diplomatic intervention in the Middle East comes as the US is escalating its war against Russia in Ukraine and accelerating preparations for conflict with Beijing in Asia.

The Biden administration has made a muted response to the Saudi-Iranian deal. National Security Council spokesperson John Kirby gave qualified support, saying: "To the degree that it could deescalate tensions, all that's to the good side of the ledger." He then pointedly added that the US was not stepping back from its role in the Middle East.

Commentaries in the American media, however, point to deep concerns in Washington that Beijing has stolen a march on the US and is playing a more prominent role in the strategic oil-rich region.

An article published in the *Hill*, entitled "China-brokered Iran-Saudi deal raises red flags for US," cited the comments of Atlantic Council analyst Jonathan

Panikoff, who declared: “It should be a warning to U.S. policymakers: Leave the Middle East and abandon ties with sometimes frustrating, even barbarous, but long-standing allies, and you’ll simply be leaving a vacuum for China to fill.”

While the US and its allies maintain crippling economic sanctions on Iran on the pretext of preventing it from building nuclear weapons, Washington relied on its longstanding ties with the Saudi monarchy in its interventions in the Middle East.

US-Saudi relations, however, have soured since Biden’s trip to Riyadh last July. Three months later OPEC slashed oil production by 2 million barrels a day in an arrangement reportedly put together by Saudi Arabia and Russia to keep oil prices high. Saudi Arabia has further galled Washington by not condemning the Russian invasion of Ukraine.

For its part, the Biden administration has riled Saudi Arabia by ending US military support for its Yemen war, limiting arms sales and not responding to Saudi appeals for assistance in starting a civilian nuclear program.

China has seized the opportunity to strengthen relations with Saudi Arabia and the Gulf States. The *Wall Street Journal* reported that Chinese President Xi Jinping met Arab leaders in Riyadh last December where he suggested a high-level gathering in Beijing of the Gulf Cooperation Council (GCC) with Iran this year—a plan that was embraced by all sides.

Clearly China’s position as a major energy purchaser and trading partner throughout the region played a significant role in engineering an agreement between Saudi Arabia and Iran as a prelude to the broader meeting in Beijing later this year.

Iran in particular is confronting a major economic and financial crisis as a result of the US-led sanctions regime with its currency plunging precipitously against the US dollar and inflation hitting more than 50 percent in January in urban areas. Amid the sanctions, China remains the largest buyer of Iranian oil and its biggest trading partner. Bilateral trade last year was \$15.8 billion up 7 percent from the previous year.

As part of a state visit by Iranian President Ebrahim Raisi to Beijing in mid-February, Iran sent its top nuclear negotiator, Ali Bagheri Kani to lay the basis for a deal with Saudi Arabia. While Raisi met with Xi, Bagheri Kani raised Iran’s demands behind the scenes

with Chinese officials. He reportedly called on China to intervene in international talks to revive the 2015 nuclear deal abruptly terminated by Trump as a step towards ending sanctions. He also appealed for Chinese investment and support for the Iranian currency. In return, Iran agreed not to set preconditions on talks with Saudi Arabia.

Ali Shamkhani, secretary of Iran’s Supreme National Security Council, who was in Beijing last week for negotiations to finalise a deal told the Iranian media that the state visit had paved the way for “very serious negotiations between Iranian and Saudi delegations... Addressing misunderstandings and looking at the future can help develop stability and regional security.” Following the announcement of the agreement last Friday, the Iranian currency rose more than 10 percent against the US dollar.

In the volatile global conditions fuelled by a deepening international economic crisis, the US-NATO war in Ukraine and a looming conflict with China, the deal between Iran and Saudi Arabia has more the character of a temporary truce than a lasting agreement. Like every other part of the world, the Middle East—the target of US imperialist wars—is caught up in the intensifying US confrontation with Russia and China. Saudi-Iranian rivalry, which is played out throughout the Middle East through the propaganda prism of competing Islamic fundamentalisms, can rapidly plunge back into conflict.

Whatever its immediate reaction to last Friday’s deal, Washington has no intention of allowing Beijing to extend its influence in the Middle East, or anywhere else in the world, and will not hesitate to use every dirty trick in the book to prevent it.



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