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# Iran's Politics and Foreign Policy

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In partnership with the Gulf Studies Center, Qatar University

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### Introduction

The following is a summary of discussions that took place at a workshop on Iran's politics and foreign policy held in Doha, on 13–14 March 2016, in partnership with the Gulf Studies Center at Qatar University. Academics, policy-makers, civil servants, diplomats and journalists came together to assess and analyse political and economic changes affecting Iran in the aftermath of President Rouhani's 2013 election, the 2016 parliamentary elections and the signing of the Joint Comprehensive Plan of Action (JCPOA) between Iran and the P5+1. A second day of discussion focused on the implication of internal dynamics in Iran for the country's relations with the GCC states. The discussion was held under the Chatham House Rule.

Key points that emerged from the discussion were:

- The February 2016 parliamentary and Assembly of Experts elections saw gains for Rouhani and his pragmatist allies, but there is no indication that the change in parliament will result in a reduction of factional tensions or any shift in regional foreign policy. Much of the election campaign was concerned with the domestic economy and living standards rather than with foreign policy. As ever, the president will be required to negotiate with parliament and the Supreme Leader to push through any substantial reform packages.
- Prospects for economic growth in the aftermath of the nuclear deal are mixed. Uncertainty over US sanctions and banking regulations have continued to hinder investment prospects, with upcoming presidential elections in both the US and Iran narrowing the window for reform implementation. More profoundly, Iran's economic growth will be constrained by a weak business climate, and Rouhani will need to address mounting macroeconomic challenges and create a transparent regulatory environment in order to attract much needed foreign investment.
- President Rouhani is experiencing internal pressure to implement promised reforms and maximize economically on the JCPOA, but the outcomes of recent elections and Iran's complex political structure mean he still has to navigate various factions and actors in order to succeed.
- Iran's ability and tendency to compartmentalize its foreign policy, in addition to differing messages emerging from different parts of the political establishment – e.g. discrepancies in the messages from Foreign Minister Zarif and the Iranian Revolutionary Guards Corps (IRGC) – result in confusion and mistrust over its regional ambitions and foreign policy motivations.
- Deep mistrust over Iran's regional ambitions, its involvement in Syria and Iraq, and perceived meddling in the internal affairs of Bahrain and Yemen, continues to hamper Iran's relationships with the GCC. Prospects for cooperation through the strengthening of commercial and people-to-people ties are brighter with Oman, Qatar, and Dubai than with Saudi Arabia.
- Persistently high tensions with Saudi Arabia have severe implications for the public perception of Iran across the Middle East and the prospects for resolving the Syria and Yemen wars. Participants discussed various options for de-escalating tensions, ranging from the need for basic crisis management communications to longer term prospects for negotiations with international mediation.

### Session 1 – Role of political factions and groups

The role and importance of political factions in the February 2016 parliamentary and Assembly of Experts elections are critical to understanding political change within the Islamic Republic of Iran. Since 1979, Iranian politics has been intensely factional. In the absence of political parties, factions have served as political blocs bringing together politicians with likeminded, although not unified, views on political, economic, social and cultural issues. At the same time though, Iranian factions are fluid. Through the

years, important political personalities have shifted their factional alignments, often moving from right to left.

During the first decade of the Islamic Republic, Ayatollah Khomeini was able to unite factional groups and temper competition between the rightist and leftist groups. However, in the aftermath of his death in 1989, factional competition has intensified giving rise to the pragmatist and reformist factions. Reformist president Mohammad Khatami's 1997 election resulted in a backlash from conservatives throughout Iran's political system. Ahmadinejad's 2005 election gave rise to hard-line conservative power and resulted in a divided elite after the 2009 contested political elections. For one speaker, this evolution suggested that the state has reached a political maturity.

In the February 2016 parliamentary and Assembly of Experts elections, factional realignments were pivotal, resulting in gains for independent and moderate candidates affiliated with President Rouhani. According to the Iranian news agencies, reformists won 85 seats, independents won 73 and hard-line conservatives won just 68. The remaining 68 seats were decided in a run-off. The second round of the elections was held on 29 April 2016 and resulted in moderate gains with 122 or 42 per cent of seats linked to candidates allied with the president. Independents won 30 per cent of the seats. With no clear majority, compromise will be necessary to push through any controversial reform packages.

It is important to note that many of the parliamentary lists overlap, so it is still unclear which camps gained. Participants agreed that one must study the calibre of those elected in order to better understand their political, social and economic views. The political leaning and alignment of many of the reformist and independent candidates on specific issues is still unclear and fluid. For example, Ali Motahari appeared on both the reformist list as well as on another conservative list. What is clear, however, is that Iran's political centre has shifted slightly more to the right.

In assessing the results of the election, participants agreed that the balance of forces might strengthen Rouhani. A more stable parliament could enable the Rouhani administration, which has long faced scrutiny from the ninth parliament, to push through gradual reform. For any reforms to succeed, Rouhani will need to build a coalition among reformists and independents to support greater economic openness and liberalization. In the opinion of one speaker, Rouhani must also tread cautiously to avoid antagonizing hardliners and the Supreme Leader.

However, participants also concluded that it is important not to overstate the impact of these elections. Current political arguments and calls for reform are similar to those seen during the period of 1990–97. Going forward, it is important to consider that Iran's political terrain is quite difficult to navigate and the president will still need to negotiate with other centres of power including the Supreme Leader and the IRGC.

Discussion over the role and relevance of the Supreme Leader in the context of the political system was extensive. One speaker suggested that Iran's political establishment is the primary determinant of political change in the country. For the participant, the establishment is divided into three groups. The first is formed by the Supreme Leader's office and is composed of the group of religious figures that believe in *velayat e-faqih* (Rule of the Jurisprudent, the Iranian model of clerical rule espoused by Ayatollah Ruhollah Khomeini). The military institutions are part of the second group. They have become more influential since the 1990s. The third group is made up of 'elected institutions' such as the parliament, president and Assembly of Experts. The first two groups directly influence and intervene in these institutions. In reviewing factional history, the speaker stated that the political establishment brought Khatami to power. After realizing that Khatami's reformist leanings were problematic, they

brought in Ahmadinejad in 2005. Ahmadinejad also proved to be unpredictable and challenging for the political establishment. Hassan Rouhani's 2013 election and pragmatic political leanings, however, offered a middle ground between reformism and hard-line politics.

This speaker stressed that the support of the Supreme Leader is necessary for any political change. Without the blessing of Khamenei the nuclear agreement would not have proceeded. Another participant disagreed with this assessment of the Supreme Leader. Instead the participant argued that one should not be simplistic when analysing the Iranian political landscape. Iran's political sphere is a complex system that is a very vibrant and evolving entity. Reducing political analysis of the Iranian government down to one individual is a very naïve understanding of Iran that downplays the role of the large, educated Iranian population that has proved decisive in impacting Iranian politics, it was suggested. Participants agreed that one should not endeavour to oversimplify the Iranian political system. Rather, the Supreme Leader serves as a balancing force in the competing political system.

Another speaker put forward the argument that Iran is a managed democracy with freedom of choice only within carefully defined parameters. Another participant argued that the Iranian government is both semi-democratic and semi-theocratic.

### Session 2 – Legislative elections and the future of Rouhani's government

In this session, participants agreed that the results of the recent elections have provided an opening and opportunity for the Rouhani government to address his 2013 campaign promises of social and economic reform. It was also said that the elections have served as an important barometer of public support for the president and the JPCOA.

While the outcome of the parliamentary elections was not yet final at the time of the workshop, the reformist gains and new composition of the parliament were clearly evident. One speaker stated that the outcome of the election was not a victory for the reformists, but rather a big defeat for those considered the most conservative. Because of this resounding conservative defeat, participants predicted conservative opposition to Rouhani's economic liberalization plans and moderate foreign policy agenda. Another speaker noted that centrists also made gains in the election. This was evidenced in the number of independent candidates elected in parliament and the victory of moderate candidates from Tehran in the Assembly of Experts. These shifts signalled that further political transitions will be easy to manage.

The Assembly of Experts election was more tightly controlled by the authorities than the parliamentary election. Moderates won all the seats in Tehran, pushing out important conservative players such as Ayatollah Mezbah Yazdi and Ayatollah Yazdi. Hashemi Rafsanjani, who has failed to win big in any of the past parliamentary or Assembly of Experts elections, received the most votes in Tehran.

Public participation was an important outcome of the election. Of the electorate 62 per cent voted, providing the government and the election process with a stamp of legitimacy, despite the fact that participation was slightly lower than 64 per cent in 2012 and 74 per cent in the 2013 presidential election, which normally attracts more attention. The election also signified that the public was still willing to participate despite the experience of the 2009 presidential election that resulted in protests and a government backlash. One participant stressed that the Supreme Leader had urged the public to participate, going so far as to encourage even those in the electorate who oppose the system to vote. He also issued a fatwa against blank ballots.

Another speaker focused on the symbolic importance of Iranian elections. While, in reality, the outcome results in limited short-term change, symbolically, the results reflect the behaviour and desires of the people. The election demonstrated that people were not looking for heroes; they voted for unknown lists and they have learned the lessons of the 2009 election. Iranians today seek to change the country through participation rather than protest. Nonetheless, the speaker cautioned that the results from Tehran while important are not representative of the whole country.

For one participant, Iranian elections and public participation are an example of the democratic nature of the Islamic Republic. Relative to other countries in the Middle East, this component of Iranian politics should be acknowledged. This trend began in 1997 when President Khatami was elected. The government selected and vetted the candidates, but the people voted for them. This system is neither fully authoritarian nor democratic, but it is one where the Supreme Leader is forced to accept the will of the people. One speaker stated that elections are an opportunity for Iranians to say what they think about their country's policies and its future.

Another speaker argued that legislative elections are reflective of Iranian concerns on regional issues rather than domestic ones. For this election, oil prices and regional developments were the main drivers of voting behaviour. Popular support for Rouhani and his allies was seen as an indication that the people want the president to build upon the momentum of the JCPOA. Going forward, economic development and foreign investment remains high on the agenda for the president. Another participant disagreed, stating that foreign policy was not on the political agenda of many candidates. Rather issues related to domestic politics, social rights and freedom dominated the election.

### Session 3 – Lifting the sanctions: implications for the economy

The nuclear deal and the subsequent lifting of international sanctions is positive news for Iran's beleaguered economy. Speakers discussed Rouhani's economic and political agendas, believing them to go hand in hand. The speakers suggested that economic investment and the pursuit of a moderate foreign policy show that the Rouhani administration has ambitions for Iran as an economic powerhouse. As part of this plan, the Rouhani administration is strengthening bilateral economic and diplomatic ties in the Middle East, Europe and East Asia. Tehran specifically is seeking \$50 billion in foreign investment in a diverse array of sectors in the areas of energy, automotive, telecommunications and infrastructure to name a few. The discussants agreed that there are many opportunities for growth. At the same time though, they shared their concerns over the numerous structural, political and economic challenges that the president must overcome.

Iran's young and highly literate, entrepreneurial population, with 60 per cent aged under 35, is the principle engine for Iran's growth prospects. According to a speaker, this population voted in the recent election for a number of reasons including 1) to improve the standard of living 2) to increase employment 3) to decrease corruption and 4) to lobby for greater social and cultural liberalization.

The Iranian economy is considered to be an attractive market in terms of its economic fundamentals. There is a very low debt to GDP ratio of 4 per cent. The stock market has risen 20 per cent since the removal of sanctions. Iran's energy sector is an important component for economic growth. Iran has the largest hydrocarbon reserves in the world – both the largest proven gas reserves and fourth largest proven oil reserves. Exploration costs are very low. Onshore costs for oil production average around \$5/barrel (/b) compared to \$40–45/b in the United States and Canada. Revenues make up 30 per cent of government income, but Iran's share of the oil market is only 10 per cent. Recently, Iran has opened more than 50 oil and gas fields to international investment. The LNG sector is also very appealing. To promote

energy investment, the government has been negotiating the Iran Petroleum Contract to incentivize foreign energy companies to return to Iran.

However, business-environment weaknesses remain. The speakers suggested foreign investment would be predicated on the government's ability to tackle corruption, provide more transparency and improve the regulatory environment. Iran ranks remarkably low on the World Bank's Ease of Doing Business Index. To improve this, the Rouhani government must address issues of governance, fiscal reform, bank reform, unifying the multiple tier exchange rate and subsidy reduction. Inflation remains stubbornly high as does unemployment, which unofficially, is over 20 per cent.

The speakers debated whether Iran's political and economic development was following more of a 'Chinese model' of managed political change and gradual economic liberalization, or a 'Russian model' that would empower oligarchs and a strong centralized leader to manage the system.

The impact of sanctions continues to pose additional risks for the Iranian economy. US, human rights and terror related sanctions are still in place. Uncertainty over banking regulations has thus far prevented many foreign companies and international banks from signing projects in Iran. The risk of retaliatory, dubbed 'snapback', sanctions also looms over international investment decisions, and the outcome of the US presidential elections could also impact the sustainability of the nuclear deal. Taken together, the participants agreed that these issues have limited the immediate economic benefits of the nuclear agreement.

### Session 4 – Foreign policy under Rouhani

This session focused on Iranian foreign policy since President Rouhani's 2013 election. Participants sought to outline Iran's historical and current foreign policy orientation. Historically, one argued, Iran's foreign policy has vacillated between two paradigms. The first is active isolationism, albeit with a universalist message. This vision is based on Iran's experience of the Iran-Iraq war and a longer term perception that Iran is surrounded by enemies and has no natural allies.

The second paradigm is an internationalist one that relies on a nationalist agenda: advocating for international engagement in order to protect and develop Iran's own interests. This is based on the view that Iran's geography, and large number of shared borders, means it cannot avoid international engagement.

Rouhani is not an isolationist, but it is also not clear whether he is a genuine internationalist. So far, he has shown pragmatism more than a radical shift in foreign policy strategy. If the 'win-win' model of the nuclear talks were to become a model for a wider reset of Iranian foreign policy, the leadership would need to be more clearly committed to the second, internationalist view of foreign policy. But the strategic culture in Iran tends to put a high priority on protecting the country's independence. Concepts such as interdependence still were not well received in Iran, it was said.

Similarly, a participant argued the Iranian foreign policy establishment was divided between defensive realists, who could accept the idea of win-win in security and viewed both the United States and Saudi Arabia as important power players, and offensive realists, who believed the United States was in long-term decline and that Saudi Arabia's importance was limited. It was said that these internal differences had resulted in a 'Janus-faced' foreign policy. One face was shown in the nuclear negotiations, where engagement with the West had been constructive. A different face was shown in Iran's foreign policy

towards Iraq and Syria, which was aimed at maintaining power and expanding hegemony. Western analysts were hoping that the constructive approach taken in the nuclear talk could be extended to Iran's regional policies, but this was proving problematic and the GCC countries had no faith in such a possibility. Meanwhile, it was said Iran's soft power had 'completely evaporated with the Arabs in the region' because of Iraq and Syria.

In terms of where and how foreign policy decisions were made, it was generally thought that the key arena was Iran's Supreme National Security Council where both the Supreme Leader and president have a seat. One participant suggested that the president's priority is to improve Iran's economic situation by boosting its international standing, especially vis-à-vis the West. Central Asia and Afghanistan were cited as examples where Tehran relies on economic development as a means to strengthen its ties with its neighbours. These areas were very significant in Iranian strategic thinking. However, Iran's foreign policy was very different in the Levant, where policy decisions were likely to be driven by the IRGC rather than the president or foreign ministry. Indeed, a speaker argued that Rouhani had been interested in resolving and withdrawing from the Syrian crisis, but that this had been hampered by the influence and interests of the IRGC and Qassem Soleimani. Another said that the difficulty of knowing who was in charge, and the apparently different approaches to foreign policy in different arenas, created a problem for those in Saudi Arabia and other Gulf Arab states who favoured engagement with Iran: 'We don't know who we are dealing with – a state, or a revolution?'. It was later said that Iranians also lacked an understanding of how Saudi Arabia formulated its foreign policy, and who the key interlocutors would need to be in any dialogue, especially at any levels below the very top leadership.

Foreign policy had not been a major issue in the parliamentary elections, perhaps reflecting the perception that parliament's influence over foreign policy is limited. However, Iran's government will sometimes be influenced or constrained by domestic public opinion. For instance, one participant cited a national poll conducted by the Iranian government, which had apparently indicated that less than one-third of Iranians thought that diplomatic engagement with Saudi Arabia was a good solution to the current tensions between the two countries.

### **Regional relations**

Participants discussed Iran's regional relations and security concerns, believing them to be intimately tied together. Iran's security concerns date back to the eight-year Iran–Iraq war where the country was marginalized and under attack, while several Arab and Western countries strongly supported Iraq. Lingering security fears are based on this historical experience of isolation. In the aftermath of the 2003 Iraq war, Iran sought to protect its borders from further instability. The American departure from the region has increased Iran's need to protect its borders and reaffirm its security needs. At the same time though, one speaker presented Iran as largely a status quo power in the region, contrary to the perception since 1979 that it has been a revisionist, revolutionary state. The speaker argued that Iran's continued support for Bashar al-Assad in Syria and Haider al-Abadi's government in Iraq reflects its support for the territorial integrity and sovereignty of its neighbours. To support these allies, Iran uses multiple levers of influence from its relations with national governments to its support for sub-state or transnational militia groups.

It was also argued that Iran's motivation for intervening in Syria was to prevent jihadi fighters expanding their reach into Iran's own territory – an argument often made to the Iranian public. Additionally, Iran sought to forestall the spiral of Iraqi instability from reaching Damascus, according to one participant.

Iran's presence, objectives and activities in Syria and Iraq were extremely divisive, which was reflected in one of the most heated discussions of the workshop. It was noted that much of Iran's involvement in Iraq and Syria was through proxy militias rather than support to the state armies, thereby undermining the case for Iran's supposed commitment to state sovereignty and unity. Several Gulf Arab states now list Hezbollah and the Hashd Al Shabi as terrorist organizations. Iran should join Saudi Arabia and other GCC countries in condemning and distancing itself from all terrorist groups operating in the Iraqi and Syrian contexts, including Shia militant movements as well as ISIS and Al-Qaeda, it was argued.

A participant said that while Iran liked to portray Saudi Arabia as biased against it for sectarian reasons, Saudi Arabia's core concern was about Iran's support for non-state armed groups across the region. Meanwhile, another said that while there certainly was anti-Saudi sentiment in Iran, "I have never met an Iranian who wanted Saudi Arabia to fall apart", considering the chaos that serious instability in Saudi Arabia could unleash at a regional level. There were those on each side who feared that the other side objected to, and potentially threatened, their very existence – but these fears were misplaced. There might therefore be constructive scope for dialogue to diminish those fears.

### Session 5 – The GCC after the Iran nuclear deal

The conclusion of the JCPOA has unleashed significant tensions between Iran and the GCC, as both Iran and the GCC countries see the deal as a precursor to a new role for Iran in the region. In this session, participants analysed the historical and current sources of this tension. One speaker connected the current conflict to the sectarian differences and perceptions between Shia-dominated Iran and the Sunni-majority GCC. Historically, Iran has tried to overcome its minority status in the region and has relied on a pan-Islamic policy to appeal to the wider Sunni population. Championing Muslim causes such as the issue of Palestine is one example of this strategy. Domestically, however, Iran's pan-Islamic policy has been interpreted in conflicting ways. Conservative and hard-line factions within the country have maintained efforts to export Iran's revolution. This strategy has exacerbated tensions around the region, with governments accusing Iran of meddling and interference. However, one speaker argued that President Rouhani has pursued a more pragmatic approach away from the revolutionary idealism of the past. For this speaker, the nuclear deal is the best example of such pragmatism; it was presented not as a compromise but rather as a complement to Iran's national interest.

President Rouhani has been struggling to expand trade ties to the GCC. One participant emphasized that the UAE is Iran's window onto global trade routes. Dubai serves as Iran's gateway to the world and there have been numerous economic opportunities in services, rerouting trade in and out of Iran and people-to-people exchanges. This is a critical pillar of the president's regional foreign policy. However, tensions with GCC states have posed a challenge for the president, while also exposing divisions within the GCC itself regarding Iran. Oman has been the sole country to maintain a diplomatic relationship with Iran, while Saudi Arabia and Bahrain have cut diplomatic ties. Kuwait, the UAE and Qatar have downgraded their relations.

It was argued that after the 2011 Arab uprisings and, later, the nuclear deal, the GCC has used sectarian narratives in the region as a means to protect internal security and contain Iranian influence. Bahrain was seen as a good example of this challenge, whereby Iran has criticized the suppression of protests and called for the protection of Bahraini citizens. In the GCC, this was interpreted as Iranian sectarian interference in defence of Bahrain's Shia population. Participants suggested that without identifying the underlying sources of contention between Iran and the GCC, the sectarian narrative would continue.



Moreover, participants from Yemen and Bahrain were keen to emphasise the downside of Iranian support for the Houthis in Yemen, or for the opposition in Bahrain. 'Many Houthis say that Iran is actually using them, not supporting them. Yemen has emerged as a new front that is low cost for Iranians to fight Saudis,' said one participant. Another said that the 2011 uprising in Bahrain was based on 'a yearning for justice and responsible governments, like other Arab uprisings – not Shiism, religion and sectarianism'. The participant expressed concern that the tensions between Iran and the GCC had intensified GCC government suspicions of their own Shia citizens, who were unfairly perceived as disloyal. Another said that, 'In Bahrain, branding opposition as simply Shia [and sectarian] is the biggest obstacle to reform'.

Another speaker focused on Gulf perceptions of the nuclear deal. While the GCC is content that Iran has no nuclear weapons programme, they still perceive Iran to be dangerous to the international community. Deep seated suspicion of Iranian intentions and policies, and fundamental geopolitical disagreements, continue to divide the GCC and Iran.

Recent events, such as the burning of the Saudi embassy in Tehran and the seizure of US sailors by Iranian forces have increased tensions between the GCC and Iran and intensified suspicion about Iranian activities in the region. For Arabs in the Gulf, Iranian support for former Iraqi Prime Minister Nouri al Maliki, Lebanon's Hezbollah and Iraqi Shia militias has ruined Iranian credibility in the region. Some participants cited apparent Iranian interference in Yemen and Bahrain as further examples of Iranian meddling. Within the GCC and Saudi Arabia in particular there also exists a widespread belief that Iran also supported the Taliban and Al Qaeda when it suited them to do so – though Iranians in turn point out the support that came from the Gulf Arab countries for these groups. This list of grievances culminated when Saudi Arabia cut diplomatic ties with Tehran in January 2016.

Meanwhile, Tehran blames Saudi Arabia for supporting Saddam Hussein during the Iran–Iraq war. Moreover, one speaker stated that Tehran sees Saudi's obstruction of the nuclear deal, including purported collusion on lower oil prices to pressure Iran, as an example of similar policies.

Building on these frustrations and suspicions, another speaker stated that 'Saudi Arabia excels in the region when there is order while Iran excels in the region when there is chaos'. The speaker noted that from the GCC perspective it does not appear that Tehran is interested in regional peace and stability. It was said that it is essential for Iran and the GCC states to clarify and isolate the specific points of contention between them – so it is clear that the issue is not one of sectarianism and religious difference, but fundamentally one of geopolitics. There should be ways for Iran to benefit from greater integration into the region without turning to militias, it was said.

### Session 6 – Prospects for the Future

A common feature of intractable conflicts is the existence of narratives that are often completely incompatible. Indeed, in the current context, Iran and the GCC have conflicting narratives that have been upended by the dramatic regional shifts that have occurred since the 2011 Arab uprisings. In assessing future prospects, the speakers discussed possible strategies to bridge regional divisions between Iran and its neighbours.

One speaker questioned whether business relations between Iran and the GCC could improve diplomatic ones. Iranian markets are opening up as a consequence of the nuclear deal, posing a challenge for the GCC. The speaker suggested that Iran's isolation was lucrative for both the GCC and Turkey. In principle, participants agreed that there could be some opportunities for better commercial and diplomatic

relations. However, the divergent interests and economies among the GCC countries suggest that there is no easy solution.

Prospects for stronger commercial ties are evident in the UAE, Qatar and Oman. As pointed out earlier, the UAE serves as Iran's window onto global trade routes with Dubai being a particular beneficiary of trade coming in and out of Iran. People-to-people exchanges with the emirate have also been successful. Qatar, too, is very interested in building on opportunities in the Iranian economy. While concerns remain over Iran's potential to compete with Qatar over gas exports, relations are proceeding albeit cautiously. Oman has had longstanding economic and political relations with Iran. Both countries are moving forward and committed to investment in energy, water, ports, technology, labour and developing a free trade zone.

Conversely, Iranian–Saudi relations are built on competition rather than cooperation, and the conflict between them has been reduced to a zero-sum game. Internationally, Saudi Arabia is concerned about Iran's integration into the world economy. Regionally, it feels besieged by Iran's actions in Syria, Iraq, Lebanon, Yemen and Bahrain and simultaneously feels abandoned by the United States. Saudi Arabia, feeling a sense of responsibility for the Sunni world, has consciously decided to counter the so-called Iranian axis of resistance. This shift has intensified with the emergence of a new leadership in Riyadh.

Questions regarding Iranian regional intentions have led to continued speculation and misinterpretation of the current tensions between Iran and the GCC. Not only is the GCC unaware of what Iran wants, it also receives mixed messages from the Iranian leadership. One speaker argued that the GCC does not know whom to listen to because Foreign Minister Javad Zarif says one thing, while the IRGC says another. These conflicting voices coupled with Iran's actions in the region have fuelled mistrust. Another speaker suggested that Iran has lost its credibility due to its continued support of the Assad regime. In 2006, Iran and Hezbollah were celebrated in the region for standing up to Israel and forcing the withdrawal of Israeli troops from southern Lebanon. Today, however, people associate Assad's atrocities with Iranian support.

For many participants, the onus is on Iran to demonstrate a change of behaviour and willingness to put forward a credible plan for engagement and peace. "You are big; act big", said one. In discussing solutions to these tensions, participants called on Iran to lead by example, arguing that small gestures would be received positively. One participant stated that Iran should use its soft power to demonstrate its goodwill by sending Persian rugs instead of weapons to Yemen. Religious, student, academic and people-to-people exchanges were also presented as important solutions to promote public diplomacy on both sides. Another participant suggested a channel of communication was needed where discussions would take place on practical issues and technicalities.

Yemen was considered by many participants to be the most fruitful opportunity for trust and bridge building. The ongoing talks between the Houthis and Saudi Arabia already suggest compromise is in the offing. Iran could easily use this opportunity to encourage the talks to go forward and support any peace efforts through the UN.

Iraq also presented some opportunities, insofar as both Iran and the GCC countries had expressed their support for the government of Prime Minister Haider al-Abadi and his fight against ISIS in Iraq. Their disagreements were instead about the treatment of other political groups in Iraq and about the way the anti-ISIS fight was being conducted. For Iran to support Abadi to reduce the size of the Hashd al-Shabi Shia militias from 120,000 to 70,000, for example, would be another net positive effort.

Arbitration over Abu Musa and the two Tunbs would be another example of Iranian goodwill. Equally important would be for Iran to negotiate with the GCC as an entity rather than exploiting GCC divisions through bilateral relationships.

Looking at larger efforts at rapprochement, one participant stated that a conflict resolution mechanism needed to be put in place. Participants agreed that a neutral arbiter would be needed to mediate between the two sides and some suggested the Nordic countries as being good candidates.

It was also argued by some that given the top-down nature of power in both countries, leader-to-leader style talks would ultimately be the only discussions that bear any fruit. As both Tehran and Riyadh remain confused about the internal workings of each other's political systems, such a strategy would potentially clarify and centralize the discussions. But international mediation was likely to be required, with little indication that Iran and Saudi Arabia themselves had the will to start such a dialogue in the foreseeable future.

**This event was held in partnership with the Gulf Studies Center at Qatar University.**



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