CHAPTER 4
IRAN’S POLICY TOWARDS SAUDI ARABIA: THE REGIONAL AND GLOBAL ISSUES

Saudi Arabia as an important Islamic country with strong financial and economic potential enjoys special status in West Asia and the Islamic world.

Establishment of closer ties between the Islamic Republic of Iran and Saudi Arabia during the Khatami period facilitated greater cooperation between them at the global and regional levels. Convergence and consensus within the Organisation of Petroleum Exporting Countries (OPEC) and Organisation of Islamic Conference (OIC) as well as, the rapprochement of stances of these two countries vis-à-vis the Iraq and Afghanistan crises were the examples of such co-operation.

In fact, with the launching of détente in Iran-Saudi relations, these two countries reached the conclusion that they posed no threat to each other. Therefore, the two countries withdrew the long running hostile outlook and misunderstanding and entered into an era of closer cooperation on regional and global issues.

In this chapter, Iran’s relations with Saudi Arabia would be studied in the regional framework of OPEC, OIC, GCC, and Iraq and Afghanistan wars. This chapter also analyses Iran’s relation with Saudi Arabia in the global context with reference to US hegemony.

I. The Regional Issues

1. Organisation of Petroleum Exporting Countries (OPEC):

Production, export and pricing of oil were the major areas of cooperation between Iran and Saudi Arabia in OPEC during Khatami’s regime.

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62 The Organisation of the Petroleum Exporting Countries (OPEC) consists of Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela. The principal aim of the organisation, according to its statute, is the coordination and unification of the
For most of this century, oil played an important role in determining Iranian foreign policy. Revenue from oil constitutes over 90 percent of Iran's foreign exchange earnings and pays for most of its industrial inputs, food imports, and military purchases.

In other words, oil is Iran's economic and security life line. Yet, Iran has only limited control over the production, export, and pricing of its oil, since these factors are largely determined by changes in the world oil market and within OPEC. From the perspective of Iran's Persian Gulf policy, the OPEC factor, more specifically Iranian-Saudi relations within the organisation, is critical (Amirahmadi 1993: 32).

Following the 1973 oil boom, an intra-OPEC power struggle grew over leadership of the organisation. As a consequence, OPEC became increasingly politicised. From the very beginning the two main contestants were Iran and Saudi Arabia. Recognising the significance of oil for the economy and national security, the Shah adopted a policy which linked oil, regional politics, and economic growth. Oil was used to finance both large scale economic activities and military buildup, which were then used to sustain sizable oil exports, and near-dominant leadership within OPEC as well as regional security affairs. Iran's friendship with the United States and accommodation of oil companies also contributed to the success of this policy approach (Amirahmadi 1993: 33). 63

After the fall of Shah in 1979, the new Islamic regime changed this policy by de-linking Iran's oil, economic growth, and security interests. It adopted a combative approach based on the primacy of ideology and revolutionary zeal. Oil revenue and economic growth were de-emphasised as security tools and military strength was

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petroleum policies and prices of its member countries and the determination of the best means for safeguarding their interests, individually and collectively; devising ways and means of ensuring the stabilisation of prices in international oil markets with a view to eliminating harmful and unnecessary fluctuations; giving due regard at all times to the interests of the producing nations and to the necessity of securing a steady income to the producing nations, an efficient, economic and regular supply of petroleum to consuming nations, and a fair return on their capital to those investing in the petroleum industry (Organisation of the Petroleum Exporting Countries2006: 1).

considered less significant than the power of Islamic ideology. The de-linking
approach, along with the American hostage crisis and the war with Iraq brought Iran
in direct conflict with all the major players in the oil and regional security arenas,
including Saudi Arabia. With Iran’s position lowered within OPEC, Saudi Arabia
became the absolute “swing producer” of OPEC. The Saudis used this new power to
make economic and political gains with friends, and to punish perceived enemies.
While the Saudi friendship with the United States was further cemented, the hostility
between Iran and US steadily increased. According to Pierre Terzian, an OPEC expert
these events triggered the emergence of a new “strategic triangle” with “OPEC at the
mercy of Saudi Arabia, Saudi Arabia aligned with the United States, and the United
States committed to the protection of Riyadh” (Terzian 1985: 239). Each feature of
this triangle directly challenged Iran’s interests in the Persian Gulf.64

Throughout the 1980s, Iran and Saudi Arabia clashed repeatedly over oil
pricing policies. The sudden rise in oil prices that followed the Iranian Revolution
proved to be a boon to Iran. This was met by Saudi efforts to force OPEC to lower its
prices. Encouraged by its Western allies, Saudi Arabia boosted its production levels
and unilaterally cut its own prices, ultimately forcing its will on the rest of OPEC
members. These policies had a particularly debilitating impact on Iran. During this
time Iran was also involved in a war for which it had no international support, and its
economy was in deep crisis and highly dependent on oil revenue (Renner 1988: 190-
4).

In 1981, Saudi Arabia succeeded in imposing its will on the other members of
OPEC, forcing them to keep the prices of non-OPEC oil below Saudi Arabia’s price
(Ahrari 1986: 182). Ahmad Zaki Yamani, the then Oil Minister of Saudi Arabia, in
an interview with National Broadcasting Company (NBC) on 19 April 1981 said that
“his government had arranged the current saturation in the oil market to consolidate
the world oil prices” (Terzian 1985: 287).

64 For further reference, Zangeneh, Hamid (1994), Islam, Iran, and World Stability, New York: St.
Martin Press, pp. 96-134.
Though this policy of Saudi Arabia inflicted serious damage on the member states of OPEC (such as collapse of oil prices in February 1982), the Saudis adopted an even more hostile tactic in 1985. This new policy, called as "the war of prices" was known for the false deals netback. According to this policy, Saudi Arabia ensured a profit equivalent to the price of the refined oil to the oil companies buying its oil by relating the prices of the crude oil to those of the oil products in the market. Pricing on the basis of the false prices increased the Saudi oil export from 2.5 million barrels a day in the Fall of 1985 to 6 million barrels in the Summer of the same year. As a result, the excess of oil in the market provided the ground for the 1986 price crash (Naeimi Arfae 1996: 114-116).

This crash occurred less than two months after Iran, in a sudden attack, occupied the Iraqi port of Fao (Al-Faw). This development alerted Saudi Arabia. Even though all the OPEC members suffered from the Saudi policies, Iran was most severely affected (Renner 1988: 190-4).

The Islamic Republic of Iran was engaged in a war in which it did not enjoy any international support and its economy was in a deep crisis being heavily dependent on the oil earnings. The policies of Saudi Arabia aimed not only to weaken the Islamic regime of Iran economically but also to strengthen the enemy of Tehran, Iraq (Renner 1988: 194).

Saudi Arabia and its Gulf Cooperation Council (GCC) allies were financing Iraq's war effort through transfers of goods, credit arrangements and loans. This grouping was effectively counteracted by Iran’s partly successful efforts to create a united front with the other radical states in OPEC (such as Algeria and Libya), in the hope of, Iran’s then Minister of Petroleum Mohammad Gharazi, "isolating Saudi Arabia (and) compelling her to behave as one member amongst others" (Terzian 1988: 301).

65 Al-Faw (Fao) is a small port on the Al-Faw peninsula in Iraq near the Shatt al-Arab and the Persian Gulf. The Al-Faw peninsula itself is part of the Basrah Governorate. The town lies at the South-East end of the Al-Faw Peninsula on the right bank of the Shatt al Arab, only few kilometers away from the Persian Gulf. The town, as well as the whole Al-Faw peninsula, has been the scene of armed conflict in the Iran-Iraq War, the Persian Gulf War and the Iraq War due to its strategic position at the entrance of the Shatt al-Arab.
Over the years, OPEC's Saudi led price control not only weakened Iran, but eventually resulted in crash of 1986. Which sent oil prices into a free fall. Worried about the impact of the crash on the American oil industry, the United States convinced the Saudis to end their overproduction. Under pressure from the Reagan administration, the Saudis signed an agreement with Iran to lower production and stabilised oil prices at $18 per barrel in August 1986 (Youssef 1988: 1-8).

But almost immediately after the Iran-Iraq war came to end in August 1988, the Saudis, together with Kuwait, the United Arab Emirates, Qatar, and Iraq, stepped up their oil production. Meanwhile, the Saudis and other Arab members of OPEC persuaded Iran to accept production parity with Iraq as a condition for a new OPEC accord on price and production, despite Iran's much larger economy and population. The Saudis then placed additional conditions on the agreement's implementation, demanding the settling of certain political disputes with the Islamic Republic of Iran, and threatening to lower oil prices if Iran did not agree (Youssef 1988: 1-7).

With the deterioration of its economy, the destruction caused by the war with Iraq, and the realignment of regional and international forces (including the formation and influence of the GCC and the decline of Soviet power), the Islamic Republic of Iran lost the ability to sustain its confrontational approach in its dealings with OPEC. Instead, Tehran began to move gradually away from its ideologically based oil and security policy and toward a more pragmatic and depoliticised one. This trend became noticeable following the cease-fire with Iraq in August of 1988 and was accelerated after Ayatollah Khomeini's death in June 1989 when post war reconstruction became a priority (Amirahmadi 1993: 36).

A total transformation of this policy, however, occurred only after the Gulf war ended in February 1991. The military defeat of Iraq at the hands of the US-led coalition radically changed Iran's perception of its security and led it to pursue the development of a deterrent military force that would safeguard its interests and territorial integrity. Iran decided to again use oil revenue to spur economic growth and military strength. This in turn, would ensure a leading role for the Islamic Republic of Iran within OPEC and in regional security matters. To apply the linkage
policy, Iran adopted a more accommodating attitude toward the major players in OPEC and in questions of regional security, and the Majlis approved an economic reconstruction plan that was heavily dependent on oil revenue. Iran’s dealings with OPEC were depoliticised, and the Tehran decided to play a more responsible role as the second oil power in the organisation (Amirahmadi 1993: 37).

In the beginning of 1988, the Annual International Conference held in Tehran underlined Iran’s quest for friendship with its Arab neighbours and invariably focused on the themes of stability, unity and solidarity. The conference also emphasised common interests and cultural affinity between Iranians and Arabs. However, the conference on “Oil and Gas in the 1990s: Prospects for Cooperation” held in May 1991 in Isfahan promulgated the new oil policy and its accompanying pragmatist foreign policy. This conference was significant because it brought together oil ministers from the Persian Gulf and the executives from the major Western oil companies. In his message to the Isfahan conference, Rafsanjani emphasised that the “bipolar world system” is all but gone; and Foreign Minister Ali Akbar Velayati spoke of an emerging “new order” in which “economic considerations overshadow political priorities”. Other officials from Iran indicated that “Iran wants to build a free market economy and plans to borrow and attract foreign investment” (Amirahmadi 1993: 39).

Gholamreza Aghazadeh, Iran’s Minister of Petroleum in a press interview, said that the conference reflected the changes brought about by a Persian Gulf crisis, by an evolution in the world oil markets, and by restructuring of the world’s economy. He noted that the demand for oil would increase in the 1990s while non-OPEC oil production would decline. And this would increase the demand for Persian Gulf oil (Kayhan Havaei 22 May1991: 10). He further added, “Iran as a founding member of OPEC has initiated an unprecedented attempt to further mutual understanding among the main players in the oil industry, including producers, consumers, and oil companies” (Amirahmadi 1993:39). In a post conference interview, the Minister also indicated that Iran changed its production, pricing, and marketing policies. In keeping with this approach, another senior Iranian official
confirmed that “price stability and revenue predictability constitute the government’s major areas of concern”. In other words, Tehran announced that it will focus on the actual market situation and seek a stable price rather than a higher unstable price. The OPEC marker price of $21 per barrel was considered by Iran to be reasonable, and its maintenance required cooperation between Iran, Saudi Arabia, and the oil companies (Amirahmadi 1993: 39).

Another important policy concept advocated by Iran was “reciprocal supply demand security”. It means that OPEC will guarantee an adequate flow of oil at fair prices to its consumers, particularly in times of crisis. Demand security, on the other hand, should lend an easy access by oil producers to stable markets at fair prices. Consumer governments will make no attempt to limit this demand unless it is well planned in accordance with the revenue needs and production levels of oil producers (Washington Post 8 November 1992: 1).

Since 1991, Saudi Arabia assumed a dominant role in oil politics. Iran’s attempts to match this by increasing its productive capacity in order to recapture its pre-Revolutionary role as an OPEC leader have been to no avail. Simply put, without Saudi cooperation Iran could not achieve its own economic and political goals, which were not necessarily compatible with those of Saudi Arabia (Chubin and Tripp 1996: 68).

In 1993, when prices slid to a five year low and Iran’s much needed oil revenues melted, Tehran asked Saudi Arabia to cut production in order to accommodate Kuwait. Iran accused Saudi Arabia of over production; Saudi Arabia in turn accused Iran (and Nigeria) of “chronic large scale cheating on quotas” (Financial Times 26 July 1993: 1). OPEC’s divisions accelerated the price slide. By Autumn 1993, Iran took a different strategy. Reflecting the sensitivity of the free fall in prices and revenues, Iran decided to avoid further quarrels which would further weaken the market. Rafsanjani contacted King Fahd directly before September 1993 OPEC meeting to arrange a compromise. The outcome was an agreement which

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See also International Herald Tribune, 26 July 1993, P. 7; Le monde 9 June 1993, p. 20; Financial Times, 26 November 1993, P. 1.
presented a solid OPEC front, strengthening prices while boosting Iran’s quota from 3.3 mb/d to 3.6 mb/d. It was reportedly achieved because Saudi Arabia agreed to give up some of its market share to Iran, although it refused any suggestion that would limit its production below 8 mb/d. It further agreed that Iran’s quota should thenceforth be close to what it was already producing, therefore legitimating Iran’s de facto rule breaking. The Iranian decision to seek accommodation with the Saudis bore the hallmarks of Rafsanjani’s pragmatism. Nevertheless, the September 1993 OPEC meeting demonstrated that cooperation, when tried, could be beneficial to all (Chubin and Tripp 1996: 68-9).

Goodwill was evident in January 1994 when the Tehran Times called for further cooperation between these two states in OPEC and on regional matters stating that “what counts are the decisions reached by the leaders of the two countries regarding the creation of cordial relationships.” King Fahd sent a personal emissary to Rafsanjani in the same month (Tehran Times January 1994:1). He was warmly received and Rafsanjani took the opportunity to stress that “regional issues, as well as falling world oil prices are among the most basic issues that warrant cooperation among all Muslim countries, especially Iran and Saudi Arabia” (Chubin and Tripp 1996: 69). The Iranian media highlighted the emergence of “a new phase of bilateral ties designed to reinforce unity among Islamic countries and overcome the problems of the Islamic world”, stressed the need for cooperation on oil production with a view to “checking the falling price of oil” (Chubin and Tripp 1996: 69-70).67

The trend kept on going after Khatami came to power. Following the improvement of the relations between Iran and Saudi Arabia, cooperation between these two countries in OPEC and the oil related areas expanded which, in certain cases, were very beneficial for both. During their official meetings they emphasised the importance of their bilateral cooperation in OPEC and in the oil related areas. A number of Iranian ministers and top officials such as Bijan Zanganeh, the Oil Minister in Khatami’s regime, accompanied Rafsanjani, the head of the Expediency

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Council of Iran during his 1997 visit to Saudi Arabia. This visit played an important role in strengthening cooperation in the oil related fields (Islamic Republic News Agency 24 March 1998:1).

During 1997 and 1998, the price of oil significantly fluctuated creating serious economic problems for both Iran and Saudi Arabia. The loss in oil earnings made Iran and Saudi Arabia along with the other member states of OPEC to adopt certain policies to prevent the down fall of oil prices. A relatively warm Winter in the northern hemisphere, the financial crisis in East Asia, a decrease in the demand for oil in the region, ten percent increase in the production of OPEC and finally the violation of quotas by the members of the organisation were the reasons for the down fall in the oil prices (Islamic Republic News Agency 9 June 1998:1).

Apart from all these, certain mistakes were also made in deciding over the amount of oil production. In late 1997, OPEC members, including Saudi Arabia, committed a blunder. At a time when the economic crisis in Asia was worsening, OPEC decided to increase production. A combination of increase in the production of OPEC and decrease in the oil demands in Asia paved the ground for the fall of the prices to the level of $12 per barrel in the world markets (Gregory 2000: 89). This made the major oil exporters, including Saudi Arabia, to take certain steps to change this scenario and to push the prices upwards. These countries held negotiations with Venezuela and Mexico, the two major non-OPEC oil producers, on reducing the oil productions. In March 1998, Saudi Arabia, Venezuela and Mexico reached an

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68 The 1990s was the warmest decade in the past two centuries and 1998 was the warmest year in the 90s. An increase in the temperature of the atmosphere, naturally, leads to a decrease in the demand for the energy resource in general and oil in particular.

69 The economic crisis in North Korea, Taiwan, Singapore, Hong Kong, Thailand, Philippines, Malaysia and Indonesia reduced the economic growth from 4.7 percent in 1997 to 3 percent in 1998. This crisis led to a daily reduction of over 700,000 barrels in the crude oil consumption of these countries in the first quarter of 1998. The developing countries were also affected adversely by the economic crisis in East Asia. The economic growth of the developing countries decreased from 4.4 percent in 1997 to 2.9 percent in 1998. The economic crisis of the East Asian nations also affected negatively the Latin American and Caribbean nations. Since the East Asian countries are the main importers of the Latin American and Caribbean productions, the economic crisis of the East Asia reduced the economic growth of the Latin American and Caribbean nations from 4.1 percent in 1997 to 2.7 percent in 1998. Even the economic growth of the OPEC member states which are heavily dependent on their oil earnings, decreased from 6 percent in 1997 to 4.9 percent in 1998 (Taeb 1999: 177-8).
agreement in this regard and the other OPEC and non-OPEC oil producers such as Norway and Oman welcomed the decision to reduce the oil production by 1.5 million barrels a day. But, the decrease in demand due to the Asian crisis and the members not honouring their quotas made the prices to fall further and prices in December 1998 went below $10 per barrel. This created further financial problems for Saudi Arabia as a result of which it opted for more negotiations with other OPEC members including Iran. Since the relations between Iran and Saudi Arabia had improved following Khatami’s assumption of power, the ground was prepared for reaching an agreement in OPEC and therefore, both the countries wanted to increase oil prices (Taeb 1999: 172-5).

In a telephonic conversation with Prince Emir Abdullah of Saudi Arabia in 1998, Khatami referred to the downward movement of the oil prices (Islamic Republic New Agency 2 June 1998:1). Following which Saudi Arabia expressed its willingness to cooperate with Iran in increasing the price of oil (Islamic Republic New Agency 23 June 1998:1). Due to these consultations the downfall in the oil prices which started in January 1997 was halted in March 1999. The negotiations led to an understanding among the OPEC and non-OPEC oil producers, including Iran, on further reducing the production. Due to this understanding, the world market lost over 2 million barrels of oil with Saudi Arabia taking responsibility for the 25 percent of the same. Reduction in production combined with sudden increase in demands of South Asian countries pushed the oil prices upwards once again (Taeb 1999: 177).

Following the increase in the oil prices, Mohammad-Reza Shahrodi, the Ambassador of the Islamic Republic of Iran to Saudi Arabia, met separately King Fahd and Prince Emir Abdullah of Saudi Arabia and handed over the messages of Khatami. After the meetings, Shahrodi said, “given the improvement in the relations between Iran and Saudi Arabia, the pleasure of the Iranian President over the cooperation between the two countries was conveyed to the Saudi leader” (Islamic Republic News Agency 21 March 1998:1).
The oil crisis and the sharp reduction in prices resulted in massive fall of oil earning of the OPEC member States. This necessitated an improvement of ties between the two major producers of the organisation i.e. Iran and Saudi Arabia.  

A number of high level meetings between Iran and Saudi Arabia in Amsterdam and Riyadh in 1999 led to holding of the OPEC meetings. During the OPEC meeting an agreement between these two countries on reducing the oil production was reached. Many oil analysts were surprised, particularly given the fact that Tehran and Riyadh used to oppose each other in OPEC. In a seminar in London in 1999 on the relations between Iran and Arabs, Pirouz Mojtahedzadeh, an Iranian scholar, said, "the cooperation between Iran and Saudi Arabia to save the oil prices once again proved the usefulness of the cooperation for whole the region (Islamic Republic News Agency 27 May 1999:1).

Following the understanding between Iran and Saudi Arabia on the production and pricing of oil, the oil price picked up from around $10 per barrel to over $30 and this made the oil producing states to hold a meeting to prevent sudden increase in the prices and they, on 31 June 2000, agreed to increase production by 708 barrels a day. This time, the confrontation between Iran and the Persian Gulf Arab states, particularly Saudi Arabia, which used to fulfill the US demands, was absent. This was as a result of the cooperation between OPEC members particularly Iran and Saudi Arabia (Streles 2000: 44).

Because of an improved cooperation and given the instability and severe fluctuations in international market prices, for the first time since its commissioning 40 years ago, the target "price limits" of OPEC was defined and a mechanism was

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70 Taking the average production of the OPEC member states during 1997-1999 as 22 million barrels a day and the average reduction in the prices as $10 a barrel, it has been observed that the countries collectively lost over $180 billion of their earnings during the aforementioned period. Iran's income from oil during the period was over $13 billion less than the amount the country had predicted earlier. In the other words, income of every Iranian decreased by $200 due to crash in oil prices. This crash at a time when all the major oil exporting countries (except Norway) were facing an ill economy, created serious concerns for the governments of the countries (Taeb 1999: 75).

71 Pirouz mojtahedzadeh. (b. 1946) is a renowned Iranian political scientist, historian and intellectual. He is currently a Professor of Geopolitics of Tehran University. He is also the Chairman of a London based Urosevic Research Foundation.
established for guaranteeing such a limit. Under this new agreement, OPEC set the average price of a barrel of oil at US $ 24 (with a fluctuation limit of plus and minus US $3). Accordingly, the minimum price for a barrel of oil was set at US $ 22 and the maximum at US $ 28. OPEC also reached an agreement on production (Barzegar 2000: 168).

The supportive mechanism was set up for preserving such a limit i.e. plus or minus 500,000 barrels for reducing or increasing the output. In other words, if prices plunged to below US $ 22, automatically 500,000 barrels/day would be reduced from the output and if it soared higher than US $ 28, on the contrary 500,000 barrels/day would be added to the OPEC production. The time limit for carrying out such a decision was set at 20 consecutive days, i.e., if prices dropped to below US $ 22 or jumped above US $ 28, for 20 consecutive days, the mechanism could be enforced. The improved cooperation and understanding within OPEC was as a result of member countries putting aside their political rivalries that used to previously affect the oil market as well as the economies of the member countries (Barzgar 2000: 168-169).

The commitment towards market control, preserving the balance between supply and demand, creating stability in prices, preventing several political entanglements and confining the roles of non-OPEC players was forged between the two heavy weights within the organisation (Iran and Saudi Arabia) which had a positive effect on other OPEC members (Barzgar 2000: 169)

In fact, strengthening of understanding and closeness between the two major OPEC members was a result of the new orientation of Khatami’s policy that focused on easing tension and building confidence in relations between the two countries.

2. **Organisation of Islamic Conference (OIC):**

The Organisation of Islamic Conference (OIC), acts as a forum for the gatherings of the Heads of States of the Islamic nations and in which Saudi Arabia has large influence. However the Iranians have always tried to play an active role in OIC’s policy making process. Therefore, analysing the role of OIC in improving
relations and constructive interactions between Iran and Saudi Arabia assumes significance.

OIC was established in 1969 with 55 members. It is the second largest international organisation after the United Nations Organisation, accommodating almost all the Islamic nations. Iran and Saudi Arabia are among the main founders of the OIC. The ideological values were, primarily, responsible for its formation. But following a fire in the Al-Aqsa Mosque, it took a formal shape (Mamdohi 1996: 232).

The West used the Pahlavi regime to contain the territorial and ideological expansion of communism during the 1950s in West Asia, particularly the Persian Gulf. The Iranian regime during this period adopted a policy to consolidate its position from the communist expansion. Joining in the Central Treaty Organisation (CENTO) and exploiting the tension prevailing among the Arab nations who were divided into two groups i.e. pro and anti Nasser were the two important tools used by Iran to achieve this objective. During this period, the communists dominated Egypt and Syria, and the royal regime of Iraq, unleashed massive propaganda against each other to influence the Arabs. The Pahlavi regime which was weakened considerably by the domestic and international political developments following the World War II and the 1953 coup took the first step towards being a gendarme in the region. Accordingly, Iran proposed a plan to mediate between Syria and Iraq. This was to prove that Iran was a stable country and it had the capability to bring peace in the region. Through this, Iran tried to be an influential power in this region. Following this, the then Iranian Foreign Minister announced a proposal in 1956 to hold a meeting of the Islamic states in Tehran to remove tension and disputes in West Asia. Besides its international focus, this strategy helped the Pahlavi regime to get legitimacy within Iran by raising pro-Islamic slogans. Since majority of people in Iran treated Pahlavi regime as a puppet of US, this policy tried to change this attitude among the public. In order to implement its stabilising initiatives in the region, Iran began talks with Saudi Arabia. However Saudi Arabia promised to support Iran’s peace efforts with few conditions, which included addressing certain differences between Iran and Saudi Arabia. Since there was no progress in removing disputes
between these two neighbours, Iran’s policy did not yield any result. Interestingly, in 1960 Saudi King Saud adopted the same strategy which was proposed by Iran few years back, to hold a conference to address disputes among Muslims and to show its influence (Iran’s Minster of Foreign Affairs 1994: 3-4).

This was due to the ever-increasing popularity of the slogans raised by Abdul Jamal Al-Nasser on the unity of Arabs or the Pan-Arabism in the Arab world. Using the opportunities of the presence of the great Islamic personalities in the Saudi Arabia for the Hajj pilgrimage during the Hajj session in 1960, the then King of Saudi Arabia Saud issued a directive to hold a conference in Mecca to propagate Islam through explaining its principles and teachings. He tried to resolve the problems in the Islamic world in one hand and to launch a campaign against the anti-Islamic ideas on the other. The conference was organised during the Hajj session in the same year and was attended great Islamic personalities. They decided to constitute an international Islamic organisation called “The International Islamic Relations” and the members of the Constitution Assembly of the organisation were elected during the conference. In 1965, the meeting of the “International Islamic Relations” decided to invite the great Islamic personalities to participate in an International Islamic conference in Mecca during the Hajj session of the same year. The meeting was held at the headquarters of the “International Islamic Relations” at the end of the Hajj session with participation of 115 Islamic personalities and it was inaugurated by Faisal, the then Saudi King. A proposal on holding a meeting of the heads of the Islamic states was approved. The Secretariat of the “International Islamic Relations” was chosen as the body responsible for following up the decisions of the conference of the heads of the Islamic states (Iran’s Minister of Foreign Affairs: 1994: 5).

In order to organise this conference, King Faisal visited a number of countries and invited their head of states to attend the gathering. The break out of a fire in the Al-Aqsa Mosque in 1969 following the occupation of the Beit-ul-Moqaddas by the Zionists provided an opportunity for King Faisal to expedite the holding of this meeting. The Saudis launched an aggressive campaign in support of the conference and in defence of the Beit-ul-Moqadas. On 22 September 1969, the heads of 26
Islamic governments gathered in Rabat, the Moroccan capital to hold the meeting. It has to be noted that the Moroccan King Hassan-II as the head of the host country and the Iranian King Mohammad Reza Pahlavi as the representative of the Islamic nations inaugurated the conference (Mostaghimi 1997: 855-57).

In 1972, Iran endorsed the constitution of the Organisation of Islamic Conference (OIC) and, officially became a member. During the Pahlavi regime, Iran was one of the active members of the OIC and used to pay part of its expenses. During 1969-1978, Iran attended all the meetings of the Heads and Foreign Ministers of OIC, except the 8th meeting of its Foreign Ministers in May 1977 in Tripoli, the capital of Libya. On the role of Iran in OIC during the Shah regime, it can be said that the regime mainly had political objectives and was trying to gain legitimacy among the Islamic states. During the Shah regime, the relations between Iran and Israel expanded considerably. However, at that time, none of the Islamic states had established such close ties with Israel. This made the hard-line Arab countries such as Libya to politically attack Iranian regime. The active participation of the Pahlavi regime in the OIC meetings, therefore, can be regarded as an deliberate attempt to gain an Islamic identity (Mojani 1997: 863).

The Islamic Revolution of Iran (1979) created a kind of misunderstanding between Iran and certain Islamic Arab states which affected Iran’s relations with OIC. During this time, the Iran-Iraq war started. Meanwhile, OIC held its 10th and 11th meetings of its Foreign Ministers in Fas, Morocco, in May 1979 and in Islamabad, Pakistan, in May 1980 respectively. Due to the critical conditions prevailed in Iran following the victory of the Islamic Revolution and also its negative attitude towards the Moroccan regime, Iran did not attend the 10th meeting of OIC Foreign Ministers. The 11th meeting of the OIC Foreign Ministers was held following the Tabas incident (1980). Iran participated in this meeting. The OIC responded strongly to the US military operation in Tabas to free its captive nationals in Iran. The OIC member states, which recognised Iran as an Islamic State following its Islamic Revolution, strongly condemned the US military operation in Tabas. A resolution was adopted at the end of the 11th meeting of its Foreign Ministers in Islamabad, expressing concern.
ver the increasing tension between Iran and the US and the latter’s threats to take certain punitive actions against the former. The resolution also emphasised the sovereignty, the territorial integrity and the political independence of the Islamic republic of Iran and expressed the opposition of the Islamic nations to any kind of threat and use of force or economic sanctions against Iran. The resolution expressed solidarity with the people of Iran in deciding their political system based on the principles of Islam. In another resolution, the OIC member states expressed concern over the help provided to the US by the governments of Egypt and some other countries in the region while supporting Iranians’ struggle to establish an Islamic regime (Iran’s Ministry of Foreign Affairs 1994: 101-103).

With the start of the Iran-Iraq war, many opportunities for Iran’s active involvement in OIC vanished and the country’s efforts were confined to the reactions to the actions of the organisation and its peace committee regarding the war.

The Iraqi regime exploited the support of the majority of the Arab members of OIC, particularly Saudi Arabia which was an influential member in endorsing Iraq’s invasion and condemning Iran. This increased the distance between Iran and OIC in general with Saudi Arabia in particular. Following the start of Iran-Iraq war on 26 September 1980 and massive advance of Iraqi military into Iranian territory, the Foreign Ministers of OIC, acting on a proposal tabled by Indonesia and Libya, held an emergency meeting on 26 September 1980 and reviewed the war situation. The meeting then constituted a goodwill delegation consisting of Zia-ul-Haq, Prime Minister of Pakistan as its head, Habib Shatti, the then Secretary General of OIC and Yasir Arafat, the Leader of Palestinian Liberation Organisation to meet the then Iranian President Abul-Hasan Banisadr in Tehran and his Iraqi counterpart Saddam Hussein in Baghdad to understand the viewpoints of the two sides on the war. On 1 October 1980, the OIC Foreign Ministers held another meeting on the sidelines of the UN General Assembly session. After studying to the report of the Goodwill delegation, the meeting decided to constitute a Goodwill Committee consisting of Senegal, Gambia, Malaysia, Turkey, Pakistan, Bangladesh, Ghana, Saudi Arabia, Palestinian Liberation Organization and the Secretary General of OIC to bring an end
the Iran-Iraq war. Jeddah was chosen as the headquarters of the Goodwill Committee (Iran’s Minister of Foreign Affairs 1985: 104-5).

The issue of the Iran-Iraq war was discussed in the 3rd Summit of OIC in January 1981 and a resolution (81 (16) p-613) was passed expressing concern over the continuation of war between Iran and Iraq. Utilising Iran’s absence in the meeting, Saddam Hussein made an 86-minute speech in the meeting in defence of his military invasion against Iran and this made the Islamic Republic of Iran more frustrated. Following its 3rd Summit, OIC, in fact, came under the influence of Saddam Hussein and the adverse propaganda of the world media especially Saudi Arabia on the Islamic Revolution forcing OIC to adopt a unilateral approach and not to pay much attention to Iran’s demand on deciding which country started the war, in which the Saudis had a great role. This attitude of OIC widened the gap further between Iran and the OIC in general and Saudi Arabia in particular. Due to the presence of the Iraqi President in the 3rd OIC Summit, Iran did not attend the meeting and remained absent in the 4th OIC Summit in Casablanca, Morocco, in 1984 as Iran did not endorse Morocco’s competency to hold the meeting. Iran, also, did not attend the 5th OIC Summit held in Kuwait in January 1987 due to the latter’s support to Saddam Hussein during Iran-Iraq war (Mamdohi 1996: 233).

The end of the Iran-Iraq war in 1988 and certain other regional developments, particularly, the Iraqi military attack on Kuwait facilitated Iran’s active presence in the Organisation. This was due to the neutral stand adopted by Iran during the Kuwait crisis which was highly appreciated by the OIC and international community.

Following the world wide agitation of Muslims against the publication of the “Satanic Verses” by Salman Rushdie and the 1989 verdict of Ayatollah Khomeini against the author, the OIC in a resolution at the end of the 18th Foreign Ministers meeting at Riyadh, condemned the contents of the book. This resolution was regarded as an endorsement of Ayatollah Khomeini’s verdict. These developments prepared the ground for improvement of the relations between Iran and Saudi Arabia and OIC (Iran Minister of Foreign Affairs 1994: 115). Following this, the Iranian President led, for the first time since the victory of the Islamic Revolution, a high level
delegation to the 6th OIC Summit held on 5 December 1991 in Dakar, capital of Senegal (Momdohi 1996: 165).

Certain international developments enhanced the significance of regional and international organisations. Keeping in view of this, Iran improved its close cooperation with OIC after the 6th OIC Summit. After the collapse of the Soviet Union and given the US objectives in the new world order, Iran believed that OIC could fill the vacuum created by the Soviets and protect the Islamic world against the US hegemony (Momdohi 1996: 171). Iran also strongly believed that these objectives could not be achieved without the close cooperation between the two major Islamic nations i.e. Iran and Saudi Arabia on issues pertaining to the Islamic world and on the problems faced by the Muslims. Accordingly, Iran attended the 1997 Emergency Meeting of the Heads of OIC member states in Pakistan during which the Iranian President Hashemi Rafsanjani met the Saudi Crown Prince Abdullah. During the meeting, they agreed to improve their bilateral relations and cooperation. Saudi Arabia promised to work with Iran in holding the 8th OIC Summit in Tehran. This was a turning point in the relations between Tehran and Riyadh (Farazmand 1999: 422)

Following the 1997 election, Mohammad Khatami became the President of Iran and adopted new strategies to improve cooperation with the international community. This policy also included reducing tensions and improving relations with neighbours. The 8th OIC Summit held in Tehran in 1997 witnessed a record number of participation of heads of states.

The presence of twenty seven heads of state or government, nineteen Crown Princes, Vice Presidents, Speakers of National Assemblies, Deputy Prime Ministers, thirty nine Foreign Ministers, and more than thirty Ministers, the Secretary General of the United Nations, the Arab League, and the Economic Cooperation Organisation (ECO), along with envoys of the Non-Aligned Movement and the Organisation of African Unity, reflected the uniqueness of this meeting both in terms of the number and the high caliber of the participants.
This huge participation clearly indicated the efforts of the Khatami government in organising this Summit and the importance it accorded to OIC.

The 8th OIC Summit, with its dominant theme of honour, dialogue, and participation, enabled the Islamic world to make its points on major global developments at the outset of the new millennium (Deputy of Research and Education, Ministry of Foreign Affairs of Iran 2000: 1).

The Tehran Summit held at the three levels i.e. Senior Officials, Foreign Ministers, and Heads of States and Governments. The Summit entrusted the responsibility of chairing the OIC for 3 years to the Islamic Republic of Iran. The 8th Summit was inaugurated by the Supreme Leader of Islamic Republic of Iran. Following this Khatami president of Iran made a statement. These were published as official documents of the OIC, containing the most significant issues and challenges facing the Islamic world. These documents served as guidelines to make OIC dynamic organisation and to ensure the honourability of the Muslim Ummah, along with the revival of the Islamic civilisation.

This OIC Summit was successful because of the outstanding support it received from Islamic countries through their participation as well as the enthusiasm expressed by the people of Iran. The remarkable participation at this Summit raised

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72 According to Article II of the OIC Charter, the Foreign Ministers-level Conferences shall be convened once a year as an ordinary session. In between the First and Sixth OIC Summit, 20 regular Foreign Ministers conferences were held. The OIC Foreign Ministers can also meet in an extraordinary session whenever events so justify. Article V of the OIC Charter States that the purpose for holding the Foreign Ministers Conference shall be:

1. To consider the means of implementing the general policy of the conference;
2. To review progress in the implementation of resolutions adopted at previous sessions;
3. To adopt resolutions on matters of common interest in accordance with the aims and objectives of the conference set forth in the Charter;
4. To discuss the report of the Financial Committee and approve the budget for the Secretary General (Baba 1997: 355-6).

73 Based on Article IV of the OIC Charter, the Summit-level Conference of Islamic States is the supreme authority in the organisation. The OIC Charter had originally stipulated that it will hold its meeting whenever the interests of Muslim nations warrant it to consider issue of vital concern to the Muslim world and to coordinate the policy of the organisation accordingly. However, as per the amendments made in the OIC Charter by the third Summit in January 1981, the Conference of Kings and Heads of State and Government shall be held periodically once in three years (Baba 1997: 354-355).
the international status and the role of the OIC and invigorated the solidarity among
the Muslim *Ummah*. It also opened a new chapter for Iran's changing role in regional
and international political developments (Deputy of Research and Education Ministry
of Foreign Affairs of Iran 2000: 1-2).

To ensure the presence of the heads of all the Islamic countries in the Tehran
Summit, the then Iranian Foreign Minister Kamal Kharrazi made the best efforts
(Ramazani 1999:12). He visited a number of the Arab countries and held talks with
leaders. In October 1997, one month before Tehran Summit, Kharrazi visited Saudi
Arabia and met King Fahd and his Crown prince Emir Abdullah. Kharrazi announced
that the improvement of relations with the Muslim nations in the region was the most
important principle of Iran's foreign policy. During his meeting with King Fahd in
Riyadh, Kharrazi talked about bilateral cooperation between Tehran and Riyadh and
enhancing collective efforts in holding the 8th OIC Summit in Tehran (*Islamic
Republic News Agency* 8 November 1997:1). Due to this, Saudi Arabia participated at
the highest level in the 8th OIC Summit in Tehran. The Saudi delegation led by
Crown Prince Emir Abdullah attended the Summit. The presence of Emir Abdullah
was a clear indication of the importance the Saudi regime attached to the Tehran
Summit and its desire to improve relations with Iran (*Islamic Republic News Agency*
8 December 1997:1).

During his meeting with Emir Abdullah at the OIC Summit, the Iranian
Supreme Leader Ayatollah Khamenei termed the cooperation between the Islamic
Republic of Iran and Saudi Arabia as a very fruitful one not only for the two nations
but also for the Islamic world as a whole. He said: "the government of the Islamic
Republic of Iran has decided to improve its cooperation with Saudi Arabia and if
Saudi Arabia also has such an intention, the objectives of the OIC could be
materialised through strengthening relations between the two nations" (*Islamic
Republic News Agency* 8 December 1997:1). Emir Abdullah and the Saudi Foreign
Minister also announced their country's readiness to cooperate with and work with
OIC during Iran's Presidency of the Organisation (*Islamic Republic News Agency* 7
December 1997:1).
The officials of the two countries, in their meetings, emphasised the necessity of expanding cooperation between the two sides. They even resolved peacefully certain issues that could have caused tension between Iran and other countries including Saudi Arabia. Allocation of a seat for Afghanistan in the Tehran Summit was one of such issues that could have raised tension between Iran and Saudi Arabia. The issue was, whether Afghanistan’s seat in the Tehran Summit should be given to the Islamic government of Afghanistan or to the Taliban government, recognised only by Saudi Arabia, the United Arab Emirates and Pakistan.

This might have resulted into a dispute between Iran and the three countries that had recognized Taliban. Finally, a temporary compromise was reached. Accordingly it was decided that Afghanistan’s seat in the Summit to remain empty. It was considered that no one was representing Afghanistan at the Summit. Tension was averted between Iran and the three countries, particularly Saudi Arabia (Hafeziyan 2000:8).

During his inaugural speech, Ayatollah Khamenei, the Supreme Leader of Iran’s Islamic Revolution, stressed the need for establishing an Islamic civil society, elimination of poverty, removing illiteracy, establishment of an Islamic inter-Parliamentary Union and creation of an Islamic common market. He also advocated a permanent representative of the Islamic world in the Security Council of the United Nations to make the Council more representative and inclusive. He added that these objectives could not be materialised without the cooperation among the Islamic States within the framework of OIC. Understandings on certain issues were reached with support of other countries particularly Saudi Arabia. These were the formation of an Islamic Parliamentary Union of the OIC member states and the creation of economic cooperation (Ramazani 1999: 13).

The idea of establishing a parliamentary union of the Islamic States had been repeatedly raised in the course of parliamentary visits among the OIC member states over the past twenty years. Although, never officially incorporated in the agenda of the OIC, the idea was however pursued as an important objective in the Islamic world. During the Chairmanship of the Islamic Republic of Iran, efforts were
intensified in this regard. The Islamic consultative of parliaments of the Islamic states on December 1996 adopted the draft statue and decided on the Provisional Secretariat of the Union. Consequently, the speakers of the parliaments of the Islamic States during the Founding Conference which was held in Tehran (15-17 June, 2000) adopted the statue of the Union. Tehran was selected as the headquarters of the Parliamentary Union of the OIC Members (PUOICM) (Deputy of Research and Education Ministry of Foreign Affairs of Iran 2000: 4).

The extraordinary session of the PUOICM Council with the participation of delegations from Legislative Assemblies of the member states of OIC was also held in Tehran in March 2000 to elect the Secretary-General and endorse the financial and administrative rules. Consequently, the ordinary session of the Union was held in Cairo in July 2000 (Deputy of Research and Education Ministry of Foreign Affairs of Iran 2000: 6).

On the economic front, Iran and Saudi Arabia condemned the unilateral sanctions imposed by certain major powers on the Islamic countries. These two countries persuaded the other countries to reject the Damato Act according to which, the US imposed sanctions on some of the Islamic countries (Ramazani 1999: 13-14). Within OIC, Iran and Saudi Arabia also realised that these two countries could play a constructive role in resolving many problems of the Islamic world. They, therefore, reached a common understanding on Jammu and Kashmir, Bosnia Herzegovina, Muslims of Cyprus, occupation of the Palestinian territory, Azerbaijan issue, terrorism and the need for revival of the Islamic civilisation and creating common understandings among the different cultures.

Both countries provided their solidarity to the Muslim people of Bosnia Herzegovina and pursued the process of peace and reconstruction. Also reiterated their full support to the people of Jammu and Kashmir in the realisation of their right to self-determination in accordance with UN resolutions. They expressed collective support to the Turkish Muslim community of Cyprus for their legitimate rights. Regarding the invasion to Azerbaijan by Armenia, both rejected the aggression by Armenia. They called for complete withdrawal of Armenian forces from all occupied
territories and early and peaceful resolution of the Armenian-Azerbaijani conflict. On the rights of the Palestinian people, both underlined their resolve and determination to regain the holy city of Al-Quds and Masjid Al-Aqsa and to restore the inalienable national rights of the Palestinian people. They supported the right of the Palestinian people for self-determination and establishment of the independent and sovereign Palestinian State with Al-Quds Al-Sharif as its capital. They expressed solidarity with people of Palestine on their rights to live and return freely to their country (Deputy of Research and Education Ministry of Foreign Affairs of Iran 2000: 220).

On the issue of terrorism also, both countries strongly condemned all its forms and manifestations while distinguishing terrorism from the struggle of peoples against colonial or alien domination or foreign occupation and their right for self-determination. They emphasised that the killing of innocent people is forbidden in Islam and reiterated their commitment to the provisions of the OIC code of conduct for combating international terrorism. They resolved to intensify efforts to conclude a treaty on this issue. They called on the international community to deny asylum to terrorists and to assist in bringing them to justice. They also derided to take all necessary measures to dismantle support networks helping the terrorists (Deputy of Research and Education Ministry of Foreign Affairs of Iran 2000: 221).

After the 8th OIC Summit in Tehran, experts of the member countries such as Iran and Saudi Arabia had two separate sessions in Cairo and Jeddah and finalised a draft convention on international terrorism which comprised forty three Articles. The final draft was presented to the OIC Foreign Ministers meeting in Borkinafaso in June 1997 and the members were asked to sign the convention. This convention would be enforceable thirty days after approval of the seventh country (Eshagh 1999: 534). Another resolution which was ratified by Iran and Saudi Arabia and other members of OIC in the 8th Summit of the heads of the OIC was denouncing airplane hijacking. Members, especially Iran and Saudi were asked to join the relevant UN conventions (Eshagh 1999: 534-5).

At the experts meeting held at Jeddah after 8th OIC Summit, Iran’s delegation emphasised the responsibility of all member countries in fighting all forms of
terrorism and condemning it as a factor for aggression against human rights and the countries’ instability. Iran stressed the need to understand the relationship between terrorism and other organised crimes such as arms trade and drugs. Iran also pointed out collective cooperation to fight against new forms of terrorism, including penetration of computer programme. Finally, Iran appealed the necessity for effective coordination between member countries and other similar organisations (Eshagh 1999: 535). In summing up, the successful outcome of the 8th OIC Summit held in Tehran considerably improved relations between Iran and Saudi Arabia.

Iranian Foreign Minister Kamal Kharrazi and his counterpart Saud Faisal met on the sidelines of the 17th meeting of the Quds Committee in 1999. During his visit to Tehran in 1999 to meet his Iranian counterpart as part of their periodical consultations, Saud Faisal, held talks with the Iranian officials on bilateral issues, economic cooperation, regional and international developments and the issues pertaining to the Islamic word such as the crisis in Kosovo. These two countries, expressed concern over the issue of Kosovo refugees and NATO’s air attacks. They called upon the Islamic nations to help the refugees (Islamic Republic News Agency 10 April 1999:1). On the eve of the 9th OIC Summit in Qatar in 2000, Iran and Saudi Arabia expressed displeasure over Qatar’s relations with Israel and declared that they would not attend the Summit if Qatar continues her ties with Israel and, thereby, Qatar was forced to cut her relations with Israel (Islamic Republic News Agency 27 May 1999:1).

3. Gulf Cooperation Council (GCC):

The Gulf Co-operation Council (GCC) does not include Iran. Saudi Arabia was a prime mover in setting up the Gulf Cooperation Council in 1981. Other members of the GCC are Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates (UAE) (Arabic German Consulting 1999:1).

The collapse of the Shah and the willingness of the new regime to play its leadership role in the region enabled Saudi Arabia to impose its influence among the Arab countries in the region and to impose its leadership as a big brother. Saudi Arabia took a number of steps in this direction and used its financial power and
cultural influence over the smaller countries in the Persian Gulf region. Formation of the GCC in 1981 was, in fact, one of the Saudi Arabia’s efforts in this direction to consolidate its role in the political scene of the region (Al-Salim 1995:51). Even though economic cooperation and common market for its members were the main reasons for the establishment of the GCC, but the security situation of the regional, played a significant role in its formation.

The Islamic Revolution of Iran in 1979 created a strong Islamic movement in the Arab nations in the Persian Gulf. As a result of this, the countries in the southern Persian Gulf decided to cooperate with each other in security and military related issues to ensure the safety and security of their ruling families (Tabari 2002:93). The Arab countries of the Persian Gulf region felt insecure. They thought Iran might export its revolution through military means or encourage Islamic movements in their countries. As a result, this was felt more in the countries having significant Shia population such as Iraq with 60 per cent, Bahrain with 65 to 70 per cent and Saudi Arabia and Kuwait with 10 percent each.

The Shia population of the these countries have a relatively long history of revolt against the unjust and discriminatory attitude of the their rulers and the victory of the Islamic Revolution in Iran encouraged the Shia populations in its neighbouring countries such as Iraq, Kuwait and Saudi Arabia to organise demonstrations against their rulers. These developments forced Saudi Arabia to revive its longstanding ambition to constitute a minus-Iran security alliance in the Persian Gulf. To this end, Saudi Arabia announced its readiness to co-operate and work with other Arab States in facing threats from any country, particularly Iran. For this purpose Saudi Arabia proposed a collective security mechanism. Accordingly, the GCC constituted a Persian Gulf Rapid Reaction Force in 1981 (Mojtahedzadeh 1993:16-17).

The formation of a regional organisation such as GCC for the security, political and economic cooperation was not a new idea, as in the past also many plans and suggestions were proposed but they did not materialise due to the differences among the Arab countries in the region. The initial successes of Iran during the Iran-Iraq war forced these counties to speed up the formation of GCC to coordinate their
efforts in the security related issues and to support Iraq against Iran. The willingness of the major powers, particularly the US, to constitute an organisation to control the regional states through its ally Saudi Arabia was among the other factors led to the formation of the GCC (Mojtahedzadeh 1993:17).

During the Iran-Iraq war, the GCC, particularly Saudi Arabia an influential member took strong positions against Iran,74 terming Iran as the beginner of the war, source of threat, violator of the international laws and an invader. Fearing the impact of the Islamic Revolution of Iran, and rising Iranian influence, the GCC led by Saudi entered into a full flagged war against Iran by siding with Iraq. Saudi Arabia extensively supported Iraq to fight against Iran. The Saudis allocated billions of dollars in cash, constructed the Iraqi oil pipeline through the Saudi port of Yanba and provided the other ports, facilities, and weaponry and logistical supports. They also invited US ships to help Iraq which led the increasing presence of the Western forces in the Persian Gulf (Tabari 2000: 97).

To achieve its objectives in the Iran-Iraq war, the GCC especially Saudi Arabia and Kuwait mobilised the international community. They took this issue to the UN Security Council, the Non-Aligned Movement (NAM), the Organisation of Islamic Conference (OIC) and the Inter-parliamentary Union. The GCC forced the UN Security Council to adopt a Resolution against Iran and the Council passed the Resolution 522 on 1 June 1984 condemning Iran for attacking the ships on their ways to the Kuwaiti and Saudi ports. However, Iran rejected the resolution for not condemning Iraq which first started the war. Following the Resolution 598 of the UN Security Council, the GCC even asked the permanent members of the Council to apply Article 7 of the UN Charter on Iran. In summary, these developments increased tensions between Iran and the GCC especially with Saudi Arabia (Naeimi Arfa 1996:110-114).

To support Iraq and to exert more pressure on Iran, the GCC even made efforts to persuade other Arab countries such as Libya, Syria and Egypt to support Iraq. They

74 Since its formation, the GCC held around twenty-six Summit meetings and eighty-eight meetings of its foreign ministers.
attempted to normalise their relations with Egypt, which severed its relations with the 
GCC countries except Oman after the Camp David Agreement in 1979. Egypt 
officially joined the Arab countries during the meeting of the heads of the Arab 
nations in Amman in 1987. In 1987, Hosni Mubarak met heads of the GCC countries 
during the OIC Summit in Kuwait and promised to extend Egypt’s political and 
military support to GCC against Iran in the Iran- Iraq war. He was quoted as saying 
that Egypt extended its political and military support to the GCC member states 
against Iran (Naeimi Arfa 1996: 102-110).

However, as Iran accepted a ceasefire agreement with Iraq in July 1988, 
following negotiations in Geneva under the aegis of the UN, relations between Iran 
and the GCC, particularly with Saudi Arabia considerably improved. A number of 
high level visits took place, including that of Omani Foreign Minister, Yosuf bin 
Alawai, who visited Iran in September 1988 and conveyed Iran that the GCC’s close 
cooperation with Iran was vital for regional security. (Mumtaz 2005: 14-15).

The process of rapprochement was further improved following the death of 
Iranian leader, Ayatollah Khomeini on 3 June 1989, whose hard line revolutionary 
rhetoric and policy was responsible, to a great extent, for the estrangement between 
Iran and its Arab neighbours. Ali Akbar Hashemi Rafsanjani became the new 
President of the Islamic Republic on 17 August 1989. Rafsanjani pursued a more 
pragmatic foreign policy. The national interests and not the revolutionary zeal became 
the determinants of his foreign policy. Rafsanjani, even before becoming the 
President, was of the opinion that Iran should stop quarrelling with the Persian Gulf 
states and cooperate with them to increase oil prices. He said, in October 1988, even 
before the death of Ayatollah Khomeini that, “we can live with our neighbouring 
Muslim countries in a way that problems are not created and we do not squander our 
country’s wealth for childish slogans” (Kuwait times 1988: 1-2).

The main challenge of the Rafsanjani administration was economic 
development and national reconstruction. Cordial relations with Persian Gulf states 
were essential for achieving his policy. He also emphasised the importance of 
maintaining security in the Persian Gulf, which was vital for the free flow of oil, the
mainstay of Iran’s economy, and ensuring an Organisation of Petroleum and Exporting Countries (OPEC) policy favourable to Iran. Improving cooperation with the GCC was also needed for containing Iraq and restoring its territorial integrity. For the Arabs, close relations with Iran meant minimising the chances of “export of Revolution” to their countries, improving their relations (Mumtaz 2005: 15). Therefore, both sides adopted a pragmatic approach in

Rafsanjani’s efforts to end Iran’s diplomatic isolation, and improve relations particularly with Persian Gulf Arab neighbours got a shot in the arm with the Iraqi invasion of Kuwait on 2 August 1990. The crisis, which was triggered by Iraq provided Iran an opportunity to prove its commitment to strengthen its cooperate with the Persian Gulf states (Amirahmadi 1993: 395). In fact, the Iraqi aggression had a drastic impact upon the strategic milieu of this region. It came as a shock for the Persian Gulf Arabs, demonstrating that their “Arab brethren” were just as threatening if not more. As a result, the GCC, which for years had been aimed, in part, at dealing with a perceived Iranian threat became a forum for condemning Iraq and building a concerted defence plan against further Iraqi advances (Mumtaz 2005: 16).

Under the pragmatic leadership of Rafsanjani, Iran deftly used the crisis to build confidence with the GCC states. Iran denounced Iraq’s invasion and the subsequent annexation of Kuwait. Iran was the first Persian country to condemn Iraq and demand its total and unconditional withdrawal from Kuwait. Iran also rejected any form of resorting to force as a solution to regional problems. It considered Iraq’s military action against Kuwait would affect the stability and security of the sensitive Persian Gulf region (Marschall 2003: 106).

Iran remained neutral during this Persian Gulf War between Iraq and the UN-mandated international coalition, and even attempted to mediate to end the crisis. Soon after the Iraqi invasion, Iran’s Foreign Minister went to Oman, Qatar and the UAE, where he declared that Iran would not accept any change in Kuwaiti borders (Marschall 2003: 107). In addition to its diplomatic efforts, Iran also gave humanitarian help to the victims of the conflict. It provided shelter to thousands of Kuwaiti refugees. According to a Kuwaiti politician, Abdul Mohsen Jamal, during the
Iraqi occupation of Kuwait, the Iranian Embassy in Kuwait even gave false passports to the fleeing Kuwaitis so that they could get into Iran passing Iraqis checks. Those who benefited from the Iranian policy included some members of the ruling al-Sabah family of Kuwait (Marschall 2003: 114).

Soon, the Iranian policy started paying dividends. The GCC’s position vis-à-vis Iran softened. The change of Arab perception towards Iran was evident in a Kuwaiti parliamentarian’s statement: “from the beginning of the Revolution until the invasion, there was tanafur (mutual aversion), especially because of the Persian Gulf countries’ position during the war. After the invasion, everything was changed. The Iranian action during the invasion was politically wise. Relations between Iran and the GCC improved. The GCC now realised that the danger did not come from Iran, but from Iraq” (Marschall 2003: 68). Because of Iran’s changing policy, some GCC leaders proposed a regional security arrangement including Iran. For example, less than a week after the Iraqi invasion of Kuwait, Sultan Qaboos of Oman called for regional cooperation to establish security in the region and wanted to include Iran (Marschall 2003: 107). Sheikh Saba, the Foreign Minister of the Kuwaiti government in-exile, visited Iran and appreciated its stand on Iraqi aggression. He further expressed his desire for greater cooperation between the two countries (Marschall 2003: 107-108). The most tangible sign of the GCC’s changing perception towards Iran came during the GCC Summit at Doha on 22-24 December 1990. The GCC leaders decided to improve their cooperation with Iran in order to counter the military threat from Iraq (Marschall 2003: 110). The Summit also discussed the inclusion of Iran in a wider regional security framework. The Qatari Foreign Minister proposed that Iran should be included in a regional security arrangement by virtue of its geographical location and strategic importance. Following up, Iran restored its diplomatic relations with Saudi Arabia in March 1991, after a meeting in Muscat between the Foreign Ministers’ of the two countries (Marschall 2003: 114).

In fact, negotiating a new regional order with the GCC states also became Iran’s post-war priority. First, however, Iran needed to gain the organisation’s cooperation. To this end, Iran emphasised GCC’s own concepts of “self-reliance” and “Gulfanisation”. This strategy, Iran hoped, would reduce GCC’s foreign dependency,
its reliance on the US in particular, and would solidify Iran’s image as the guardian of autonomy and conscience of the GCC (Amirahmadi 1993: 395).

However, as the relations progressively improved in the aftermath of Persian Gulf crisis, a crisis broke out in 1992 when Iran unilaterally expelled and denied entry to non-UAE citizens working on Abu Musa Island, which was jointly administered by Iran and UAE. This led to a barrage of accusations, claims and counter claims between the two sides over the ownership of the three Islands which are Abu Musa, the greater and Lesser Tunb75. While Tehran claimed that Abu Musa was an integral part of Iran, the UAE and the Arab media claimed that Abu Musa and the Tunbs belonged to the UAE and were occupied by Iran (Marschall 2003: 121-123).76 The crisis tainted the steadily improving relations between Iran and the GCC, as it consolidated the Gulf Arabs’ suspicions about Iran’s ambitions to dominate the region militarily.

These three Islands became a permanent issue at the GCC Summit and its ministerial meetings. It figured in forty statements issued at the end of the foreign ministers meeting and eleven statements issued at the GCC summit. In all these, the GCC, particularly Saudi Arabia took a strong stand against Iran and supported the

75 Lesser Tunb lying 31 km southwest of Qeshm, the Island of Greater Tunb is situated on the north of the Persian Gulf’s median line, 50 km from the Iranian port of Bandar Lengeh and more than 70 km from the Emirate of Ras al-Khaima. The word “tunb” is Persian and in the Tangestani (southern Persian) dialect means hill. Since Greater Tunb is located relatively far from the entrance of the Persian Gulf, its individual strategic value is not significant; rather it is valuable as part of the general Iranian defense line at the entrance to the strait of Hormuz. Lesser Tunb, an uninhabited rock only 35 m high, lies a few kilometers southwest of Greater Tunb. It has significance as a connecting point secondary to Greater Tunb in the Iranian defensive ring at the entrance of the Persian Gulf. Abu Musa is larger than the two Tunbs, almost rectangular in shape and about 5 km across diagonally. This is the most westerly of the six islands, the last point of the Iranian strategic defensive line. It is situated at 50 km east of Sirri Island, 67 Km south of Bandar Lengeh and about 64 km from the port of Sharjah. This Island is relatively low lying, consisting of sandy plains, especially to the south and centre. It is grazed by domestic animals and gazelle. The surface of the Island is uneven, with hills rising 110 meters high. Abu Musa is particularly well-known for its deposits of red iron oxide. This island’s oil is produced from the near by Mubark field in the island’s territorial waters and is the best quality oil produced in the Persian Gulf. Abu Musa’s 700 aboriginal populations is made-up of Iranians of Lengeh origin and Arabs of Sharjah origin from the Sudan tribe of the village of Khan in Sharjah. There are also about 2000 Iranians on the island (Mojtahedzadeh 1996: 6.4-6.5).

United Arab Emirates (UAE). It conditioned that the improvement of their relations with Iran depend on Tehran respecting the territorial integrity of the regional countries and its non-interference in their internal affairs. Therefore, Iran’s sovereignty over the Islands was termed as a kind of occupation and the GCC, in all its statements, endorsed the absolute sovereignty of the UAE over these Islands. The statement issued at the 15th GCC Summit in Manama on 19-21 December, 1994 used the terms such as “occupation of the Islands by Iran” and “Emirate’s Islands”. For the first time, the GCC, apart from suggesting a bilateral talk with Iran, sought to refer the issue to the International Court of Justice. Later the GCC constituted a three member committee consisting of the foreign ministers of Saudi Arabia, Oman and Qatar to follow up the case with Iran (Tabari: 2000: 101). The GCC’s strong support especially from Saudi Arabia to UAE over the issue of three Island created a great gap between Iran and Saudi Arabia.

The occupation of three Islands by Iran was as a result of its heightened security concerns in the wake of the growing US presence in the region after the 1991 Persian Gulf War, which made Iran pay more attention to its strategically important territories in the Persian Gulf. In fact, a regional security arrangement without the presence of external forces had always been Iran’s main policy. Since the arrival of foreign and particularly the US troops in the region, following Iraq’s invasion of Kuwait, Iran became more emphatic in proposing its concept of collective security within the region. The Iranian hope for inclusion in a Persian Gulf security arrangement were raised during the Kuwaiti crisis, when the GCC leaders started talking about such a possibility, as discussed above. However it was dampened when the GCC states signed defense agreements, with other powers. Persian Gulf states initially discussed the idea of an Arab defence alliance including Egypt and Syria. In February 1991, the GCC, Syrian and Egyptian representatives met in Cairo and considered the establishment of a “body for cooperation and coordination amongst themselves in the economic, political, and security fields”. In March 1991, they signed the “Damascus Declaration” under which Syrian and Egyptian troops were to be stationed in the Persian Gulf (Marschall 2003: 117).
However, the Damascus Declaration could not be implemented due to differences among its signatories and their mutual suspicions. Due to this, the GCC states signed a number of defence agreements with the US and European powers, without considering collective security cooperation among themselves (Marschall 2003: 154). Between 1991 and 1994, all GCC states, with the sole exception of Saudi Arabia, signed security agreements with the US. These included joint military exercises, access to ports and facilities, and positioning of equipment (Marschall 2003: 164). The Arab suspicion of Iranian intentions in the region, underlined by Iran's aggressive programme to rearm itself after the 1991 Persian Gulf War and the US's strong opposition to include Iran in the regional security arrangement forced the GCC states to abandon the idea of collective regional security arrangement (Marschall 2003: 166).

Nevertheless, the disagreement over the framework of a collective security arrangement in the Persian Gulf did not stop to improve their relations with Iran in other fields. An overview of the course of Iran-GCC relations in the wake of Kuwait's liberation suggests that despite their failure to agree on the framework of a regional security arrangement, both sides decided to work on confidence building and enhancing their cooperation in fields other than the military one. Iran was particularly keen to improve economic and trade cooperation as they were helpful in its reconstruction efforts.77 The relations therefore started showing more tangible signs of improvement. In an important pronouncement, the Saudi Defence Minister declared, in May 1993, that Iran did not pose any threat to his country or the region and that allegations of Iran's involvement in terrorism were unfounded fabrications (Marschall 2003: 137). Frequent exchange of high level visits was one facet of this upward trend; another was the increase in bilateral trade (Mumtaz 2005: 20).

The economic collaboration grew particularly between Iran and the UAE. Investment by the UAE and joint ventures between the two sides were part of the increased economic cooperation. Iran's trade volume with other GCC states also grew

77 Meanwhile, Iran intensified its policy of creating Free Economic Zones in its Persian Gulf Islands of Qeshm and Kish, hoping that the policy will further increase Iran-GCC economic relations (Amirahmadi 1993: 396).
significantly. Iran’s trade with Saudi Arabia for instance rose from $1.5 million to $600 in million in 1992. In May 1992, Iran signed six agreements with Qatar, in the fields of air traffic, customs, the exchange of news and a plan to build a fresh water pipeline (Marschall 2003: 173-174).

Iran’s relations with the GCC got a further boost when Mohammad Khatami, another moderate cleric, became Iran’s President in August 1997. Fully cognizant of the fact that better relations with the affluent Arab states were needed to help Iran’s ailing economy, and obtain the much needed foreign investments, Khatami sought to defuse tensions and improve ties with the GCC States. In fact, Khatami made good relations with the Persian Gulf states, and particularly with Saudi Arabia, which was the top priority of his foreign policy agenda (Mumtaz 2005: 21).

Soon after his election as the President of the Islamic Republic of Iran, Khatami said in a message to the Saudi King, “I hope a new chapter will open between our brother countries to better serve their common interests and those of the Islamic nations” (Mumtaz 2005: 21-22). Other Iranian officials also tried to convey the same message. On 28 August 1997, the Iranian Ambassador to Saudi Arabia declared that “Iran is keen to reassure the brothers in the Persian Gulf, about its readiness to begin a new phase aimed at restoring trust and reaffirm strong and solid relations between Tehran and its neighbours in order to reinforce the stability and security of the region” (Mumtaz 2005: 22).

This major shift in rhetoric from Iran created a new understanding with Saudi Arabia in particular, and with other GCC States in general. The new voices of Tehran, devoid of any antagonistic rhetoric and calling for a new phase in Arab-Iranian relations received a favourable response from the Arab leaders. They saw Khatami’s policies as an indication that Iran might be evolving into becoming a state with which they could have friendly relations, and the new Iranian regime would focus more on domestic issues rather than on regional and ideological ambitions. The change in the Arab’s stand was evident when, on 4 September 1997, Jamil al-Hugailan, a senior Saudi official who headed the GCC, said, “we welcome the new signs coming from Iran which takes a new trend in relations. We hope that these signs are in harmony
with our belief that our relations with Iran should be the strongest. Iran is a big and strong neighbour, agreeing with Iran and deepening its conviction on the need to cooperate with the GCC is important to stability in the region” (Reuters 1997: 1-21).

Subsequently, a number of encouraging developments on the Iran-GCC relations took place. First was the large participation of high level GCC officials at the 8th OIC Summit held in December 1997 in Tehran. The presence of the Saudi Crown Prince was a clear indication of the shift in Saudi policy towards Iran (Mumtaz 2005: 22). The event was used by the Iranian leadership also to convey to the GCC leaders that it had abandoned hard line policies. Iran’s Supreme Leader, Ayatollah Khamenie, in his address at the Summit clearly stated that “Islamic Iran poses no threat to any Islamic county. Blessed by the Qur’anic injunctions, Islamic Iran is today more and than ever for unity, dignity, and might of the world of Islam” (Iran’s Minister of Foreign Affairs 1994:88-94). The Summit accelerated the process of improving Iran-GCC relations, and was a great success for the new President as it helped to end its isolation.

The process of rapprochement with Saudi Arabia was sealed when Khatmai undertook an eight day tour in May 1999 to Syria, Qatar, and Saudi Arabia. During the visit, Khatami held historic talks with the Saudi leadership on issues of mutual interest in a fraternal atmosphere, “reviewing bilateral relations and a number of regional, Islamic and international issues, and expressing satisfaction at the promotion of Saudi-Iranian relations” (Mumtaz 2005: 23). Speaking after talks in Jeddah with President Khatami, King Fahd of Saudi Arabia said the visit had opened the door for strengthening relations between the two countries.

As a result of its improved relations with Saudi Arabia, Iran’s cooperation with other GCC’s country also strengthened. Bahrain restored its diplomatic relations with Iran in 1997. In August 2002, Emir of Bahrain, Sheikh Hamad bin Essa Al-Khalifah, paid two-day official visit to Iran. Khatami also succeeded in signing a security treaty with Bahrain during his May 2003 visit to the country-the first for an Iranian leader in 25 years. Qatar’s Emir, Sheikh Hamad bin Khalifa al-Thani, visited Iran in July 2000. During his visit, the two sides agreed to develop trade and
economic ties by avoiding double taxation and promoting joint investment. A security cooperation agreement was signed between Qatar and Iran in October 2002, covering cooperation on various aspects of border security, including measures to counteract drug running and money laundering (Mumtaz 2005: 24-25).

Since the disputes over the three Islands of Abu Musa, Greater Tunb and Lesser Tunb were the main reasons for tension between the GCC particularly Saudi Arabia and Iran, Khatami said that “certain steps would be taken to resolve the issue for improving the relationship (Ahmadzadeh 1998: 70).

In May 1998, the new Iranian Foreign Minister, Kamal Kharrazi, visited the UAE to discuss the Abu Musa Island among other things. The Iranians claimed that the visit “opened new avenue for discussion on all issues including an acceptable solution to the islands” (Dietl 1999: 10).

The Secretary General of the GCC, Jamil Hugeilan also a Saudi national in an interview with the Saudi daily al-Watan on 2001 said that “Iran is a neighbourly and Muslim country of considerable weight at the regional and international level.” He added that “despite the differences between Iran and the United Arab Emirates (UAE), this matter has not prevented the UAE to be Iran’s good trading partner” (Arabic News 2001: 1).

In an interview with the Alwast Magazine, Emir-al-Sultan bin Abdul Aziz, the Defence Minister of Saudi Arabia, also, said that the issue has to be resolved through negotiations between Iran and UAE. He emphasised that the GCC has no differences with Iran and Iran too certainly has the same feeling towards the GCC. However and having disagreement on some issues is natural. He even said that the issue of the three Islands has to be resolved through a bilateral dialogue or through the International Court of Justice (Najah 1999: 13).

In June 1999, Rashid Abdullah, the UAE Foreign Minister, complained that the rapprochement between Riyadh and Tehran was at the expense of his country and threatened that Abu Dhabi would “consider its obligations within the framework of the GCC”. (Khaleej Times 1999: 1-2). The following day, Saudi Defense Minister
Sultan bin Abdul Aziz described the Emirates’ complain as “childish” (BBC 1999:1), “unaware” and “unrealistic” (Barzegar 2000: 171).

To sum up, regional and international condemnations of Iran were likely to remained only verbal condemnations. Indeed for the first time in eighteen years, the GCC refrained from criticising Iran. Such a development is indicative of the fact that the solution of the misunderstandings in this regard, prior to anything else, lies in the improvement of relations and settlement of disputes with the major powers of the region and influential members of the GCC, i.e. Saudi Arabia (Bar-zegar 2000: 172). In fact with the easing of tensions and the increase in bilateral cooperation between Iran and Saudi Arabia and given the growing relations between Iran and other GCC member such as Kuwait, Qatar, Bahrain and the United Arab Emirates faced difficulty among other GCC members and even with other Arab countries like Egypt and Jordan (Barzegar 2000: 171).

4. The War on Afghanistan:

Iran shares 900 kms. long border with Afghanistan. In the nineties, drug protection and trafficking that sustained Afghanistan’s war ravaged economy also affected Iran.78 The refugee crisis had serious implications for Iran, which had to bear the burden of Afghan refugees staying in its territory.79 Smuggling of food stuffs from Iran to Afghanistan was another problem. The issues of trade routes and pipelines through Afghanistan would affect Iran’s geo-strategic importance (Pattanaik 2002: 430). Afghanistan also defined Iran’s relations with the outside world including Saudi Arabia (Pattanaik 2002: 425). Both the countries competed with each other to dominate the Islamic world. During the anti-Soviet Jihad of the 1980s, both

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78 Iran spent $400 million annually to fight drug trafficking; during the period between 1982 and 1998, 3350 Iranian law-enforcement agents were killed by drug-traffickers. Also 740 drug dealers and 174 Iranian police officers were killed in narcotics-related battles during 1999 (Pattanaik 2002: 430). Drug trafficking has also, inflicted psychological damages on Iran (Khorram 1996: 227). The opium production had an increasing impact on Iranians both young and old across the border (Afghanistan has been the world’s leading producer of opium, accounting for 89 percent of total global production) (Bechler 2006:2).

79 Iran carries the heavy burden of refugees; approximately 2.5 million and the majority of them are from Afghanistan and of Tajiki, Uzbeck and Hazaras ethnicity (Noor 2006: 71).
supported mujahideen fighting against the Soviet Union. In the civil war after the Russian withdrawal in 1989, Iran became a patron of the Northern Alliance, while Saudi Arabia supported the Taliban. The Iranian support to the Northern Alliance and the Saudi’s recognition of the Taliban regime put these neighbours in opposite camps in Afghanistan (Rohde 2006: 3).

Iran strongly opposed the Taliban and its interpretation of Islam. Iran viewed that the phenomenon of the Taliban was unacceptable, which had been imposed from outside. Children and women were the worst victims of the Taliban’s anti-Islamic policies. Iran also perceived the Taliban as a social threat, because of the militias increasing involvement in drug-trafficking across the border. In Iranian perspective, the presence of Arabs, non-Arabs and the Wahhabi activists, as well as large numbers of terrorist training centres in the Afghan territory posed a threat to Central Asia (Stobdan 1998: 46-47). Iran feared that Taliban rule would bring instability on its eastern border and increase entry of refugees into Iran. Tehran labeled the Taliban as “narco-terrorists”, who provided sanctuary to terrorist organisation and who “cherry picked” elements of both Islam and Pashtun tribal traditions for justifying an Islamic and repressive ideology (Milani 2006: 243). The Taliban also kidnapped eight Iranian diplomats and one journalist, and killed them. Also they ransacked the Iranian cultural centre in Mazar-e-Sharif, and labeled Shia as infidels. They also decreased

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81 Iran has major advantages in Afghanistan. The first is language. The Afghan dialect of Persian known as Dari is one of the country’s two official languages and it is the primary language of groups such as the Tajiks and the Hazaras. Then there is religion, an estimated 20 percent of Afghans follow Shia Islam, the state religion of Iran (Kitchen 2004:1). Iran as a Shia country has always regarded itself as a protector of Afghanistan’s Shia minorities, including the Hazara of central Afghanistan and the Qizilbash of Kabul. As the world’s largest predominantly Shia country, it is the traditional foreign backer of Afghanistan’s Shia (Rohde 2006:3). The Afghan Shia are divided into two principle groups: the Twelvers, who are by far the larger group, and the Isma’ilis, who constitute only about two percent of the country’s population. An additional factor affecting Shia politics in Afghanistan is their division into several ethnic groups, of which the Hazara is the largest. Hazaras number more than one million and are concentrated in the three central highland provinces of Bamyan, Ghor and Uruzgan, and can also be found in large numbers in Kabul. The Hazaras are generally Twelvers; a few are Ismailis. Non-Hazara Twelver Shi’is include the Qizilbash, and even a few Pashtun tribes. Traditionally the Qizilbash have been concentrated in major cities; as for the Pashtuns, all of the Toris, 40 percent of the Mangashi, and 35 percent of the Worokzai tribes are Twelver shia (Kramer 1987: 268).
the amount of life-giving water flowing from the Helmand River to Iran, forcing Iran to take the issue to the United Nations (Milani 2006: 245).

In fact, the break up of the Union of Soviet Socialist Republics (USSR) and the phenomenal rise of the Taliban in Afghanistan, led Iran to frame a policy towards Afghanistan which led to supply of economic and military assistance to a major faction, going beyond its traditional support to the Shia. After the fall of the Najibullah regime, Iran helped the “Northern Alliance”, the Supervisory Council of the North (SCN), the Hizbe Wahdat, and the National Islamic Movement of Afghanistan (NIMA). Iran’s help to the factions was motivated by intentions to block the factions supported by the US, Pakistan and particularly Saudi Arabia from coming to power.

While, Saudi Arabia’s policy towards Afghanistan based was on two basic objectives: to counter Iran ideologically and strategically. Saudi Arabia’s policy towards Afghanistan showed its affinity to the Taliban version of Islam. The Saudi’s support for Taliban was in consistent with its rivalry with Iran. At the ideological level, Saudi Arabia countered Iran’s “Shia militant Islam” by supporting the Taliban version of “Sunni militant Islam” (Shah Alam 2000:1642-45).

Saudi Arabia magnanimously gave petrodollars to Taliban, hoping to spread Wahhabism and strengthen its role as a leader of the Islamic world. Saudi Arabia directly funded the notorious security service, the Ministry of Enforcement of Virtue and Suppression of Vice, whose antediluvian ideology and draconian measures transformed Afghanistan into a repressive country. Saudi Arabia with Pakistan also shared a common economic objective in supporting Taliban, the construction of a 1040 mile long Turkmenistan-Afghanistan-Pakistan pipeline (TAP). The American Union Oil Company of California and Delta oil of Saudi Arabia were to be the main financiers of the project, which enjoyed considerable support within the Clinton Administration. Construction of this $2.5 billion project was a major strategic challenge to Iran, which insisted that a pipeline through Iran would be much cheaper, shorter, and safer (Milani 2006: 243).

After the terrorist attack of 11 September 2001 on the US, Saudi Arabia withdrew its recognition of the Taliban. Both Iran and Saudi Arabia cooperated with
the US-led war on Afghanistan and have been extending financial and political support to the government of Hamid Karzai in Afghanistan.82

Top Saudi leaders expressed condolences to the United States after the terrorist attacks on 11 September 2001, and offered assistance in tracking down the perpetrators. Crown Prince Abdullah, told Bush that “[w]e in the Kingdom of Saudi Arabia are fully prepared to cooperate with you in every way that may help to identify and pursue the perpetrators of this criminal incident”. On 25 September 2001, Saudi Arabia severed its relations with the Taliban (Prados 2002:3). On 10 November 2001, the Saudi authorities arrested 400 people after the attacks and destroyed several cells linked to Bin Laden’s Al Qaeda organisation. Saudi officials were non-committal to allow US-led Allied forces to use bases in Saudi Arabia to launch strikes against targets in Afghanistan. At a press conference on 26 September 2001, Saudi Foreign Minister Prince Faisal said that “Saudi Arabia will do what is with its capability.” On 27 November 2001, the presidential spokesman of the United States, Ari Fleisher said that “the Saudi Arabian government has done every thing the United State has asked it to do in the war against terrorism”. He specifically mentioned Saudi help in extending economic assistance to Pakistan, providing humanitarian relief to the people of Afghanistan, and sharing intelligence with the US (Prados 2002:4). At same time, the US Air Force Command headquarters shifted from South Carolina to Saudi Arabia to oversee the air strikes from a command post at the prince Sultan airbase at Al Kharj, about 70 miles outside the capital, Riyadh (Shaoul 2001:1). In fact, Saudi Arabia provided the Prince Sultan airbase at Al Kharj, for any operations (Asian Support for War in Afghanistan 2001: 1).

Khatami the President of Iran was also one of first world leaders to condemn the 11 September terrorist attacks and termed it as being anti-Islamic and barbaric. Since he heavily invested in his ‘Dialogue among Civilizations”, which favoured

82 The war in Afghanistan, which began on 7 October 2001, was launched by the United States of America and the United Kingdom in response to the September 11, 2001 attacks. It was the beginning of the Bush Administration’s war on terrorism. The stated purpose of the invasion was to capture Osama Bin Laden, destroy al-Qaeda, and remove the Taliban regime which had provided support and safe harbor to Al-Qaeda. The U.S. and U.K. led the aerial bombing campaign, with ground forces supplied primarily by the Afghan Northern Alliance. In 2002, American, British and Canadian infantry were committed, along with special forces from several allied nations. Later, North Atlantic Treaty Organisation (NATO) troops were added. The U.S. military calls the conflict Operation Enduring Freedom (OEF) (Wikepeia, the free encyclopedia 2001:1).
improving relations with the US. Under these conductive atmospheres, Iran came to play an important role in the campaign to overthrow the Taliban. Two days before the terrorist attacks on the United States, Ahmad Shah Masud, the leader of the Northern Alliance, was assassinated, most likely by Al-Qaeda. Anticipating a military retaliation by the United States on Afghanistan in response to the impending terrorist attacks, the assassins undoubtedly hoped to decapitate and disorient the Northern Alliance and create a vacuum in leadership, thus complicating the American military intervention. Only a day after the assassination, however, the leadership vacuum was filled with Iran’s help, a leadership council consisting of “Mar Shal Fahim, Dr. Abudllah, and Ghanounmi” was formed (Aminzadeh 2005:5).

Soon thereafter the United States began to work closely with the Northern Alliance, and Iranian advisors rubbed shoulders with American military personnel in the Northern Alliance controlled areas. Additionally, Tehran announced that it would provide sanctuary to distressed American military personnel inside Iranian territory, and allowed the US to transport food and humanitarian goods to Afghanistan through Iran’s territory. A top official of the Iranian Foreign Ministry claimed that “Iran even brought out maps to try to tell the United states the best targets to bomb in Afghanistan” (Aminzadeh 2005: 5-6). According to Ambassador James Dobbins, U.S. Representative to the Afghan opposition in 2001-2002, in the weeks following the overthrow of the Taliban regime, Iran played a major role in the formation of the new, democratic Afghan government. This was evident at the Bonn Conference, where the various groups opposed to the Taliban gathered in December 2001, along with representatives from the US, Russia, India, and Iran, Dobbins, who worked with the Iranian delegation at the conference in an official capacity, stated that the Iranian role was positive in two respects. First, the original version of the agreement hammered out by the various delegations at Bonn neglected to mention either democracy or the war on terrorism. The Iranian delegation headed by the former Iranian Deputy Foreign Minister, Javad Zarif pointed out the omissions and collaborated with the U.S. delegation to ensure that they were included in this final agreement. Secondly, when the talks broke down over the composition of the new government, the Iranians were instrumental in convincing the Northern Alliance to
drop its demands for additional Afghan ministries. He added that the Iranians later offered to train, house, and equip up to 20000 members of the new Afghan army (Payvands’ Iran News 2007: 3). Iran also informed US officials of major Afghan fault lines and helped them to target Taliban sites for bombing missions (Middle East Institute 2008: 3). Also US forces would be allowed to pursue any combatants feeling Afghanistan into Iran (Encyclopedia of the Nations 2003: 1-4). Iran’s Ministry of Intelligence arguably said that Iranian intelligence could have provided valuable help to the US in the war against Salafi Islamist terrorism (Abedin 2004:1). Former Chief of Iran’s Revolutionary Guards Mohsen Rezaie said, “Iran played an important role in the overthrow of the Taliban in 2001” (Slavin 2001: 1-2). Therefore, it can be said that the Saudis withdrawal of support to the Taliban brought major players in Afghanistan together.

With Hamid Karzai as the head of the interim authority, and with the Northern Alliance as a major power in the new government, Iran reformulated its Afghan policy to achieve four main goals. These were based to coordinate its support to different allies in Afghanistan, to engage heavily in the reconstruction of Afghanistan in order to create an “economic sphere of influence” and transform Herat into a buffer zone, to avoid direct confrontation with the US while pressing Kabul to gradually reduce US influence, and to reduce the flow of narcotics into Iran (Milani 2006: 249). In his official visit to Afghanistan in 2002, Khatami declared that “today, the Afghan nation has a government that is based on its own will... the stability and security of Afghanistan is the same as our own security and stability”

83 On 13 November 2001 the Taliban were removed from power in Kabul, and an interim government under the leadership of Hamid Karzai, a Pashtun leader for Kandahar, was installed on 22 December 2001.

84 Since 1979, Iran’s objectives in Afghanistan changed as Afghanistan’s domestic landscape changed. Still, Iran has consistently sought to see a stable and independent Afghanistan, with Herat as a buffer zone and with a Tehran-friendly government in Kabul, a government that reflects the rich ethnic diversity of the country. Towards these and other goals, Iran created “spheres of influence” inside Afghanistan. During the Soviet occupation (1979-1989) Iran established an “ideological sphere of influence” by empowering the Shia. Iran then formed a “political sphere of influence” by unifying the Dari/Persian-speaking minorities, who ascended to power. Iranian policies added fuel to the ferocious civil war in the 1990s. Astonishingly slow to recognise the threat posed by the Taliban, Iran helped to make a “sphere of resistance” to counter the “Kabul-Islamabad-Riyadh” axis by supporting the Northern Alliance. Since the liberation of Afghanistan, Iran also established an “economic sphere of influence” by engaging in the reconstruction of Afghanistan.
Moreover, these two countries signed a number of bilateral agreements dealing with issues ranging from fighting terrorism to economic cooperation (Milani 2006: 249). In addition, Khatami promised buses, electric power and transmission lines. Khatami announced awarding of thousands of scholarships to Afghans to study in Iran (Kraul 2002: 2).

At the international pledging conference in Tokyo, in January 2002, Iran committed $ 560 million towards Afghan reconstruction, making Iran the leading contributor. Iran also pledged approximately 12 percent of the total $ 4.5 billion reconstruction assistance (BBC Persian 2006:1).

The bulk of Iranian investments are made in the Herat region which include infrastructural projects, road and bridge construction, education, agriculture, power generation, and telecommunications projects. Iran helped to rebuild Afghanistan’s radio and television infrastructure, and increased its own radio and television programmes in Dari. During 2002-2003, in a total of $ 1.5 billion of exports to Afghanistan, Iran’s share was only $ 120 million. The amount of trade increased significantly since 2002, thanks to improved transport network, lower tariffs, and new customs checkpoints. In 2005, the annual value of the trade increased to $ 250 million (Milani 2006: 251).

For upgrading transportation, Iran allocated $ 43 million to improve a 125 kilometer “Golden Transit Route”, linking the Dougharoun region in Iran to Herat. This highway was inaugurated during Karrazi visit to Iran in 2005. Iran announced its biggest project in the 2006 i.e. the construction of a 176 kilometer railroad from Iran to the city of Herat (BBC Persian 2006:1). Iran provided loans and grants to Tajikistan for the construction of a 5 kilometer Anzab tunnel. Once completed, this transit road, reminiscent of the silk roads, would eventually connect Iran, through Herat, Mazar-e-Sharif, and Tajikistan, to China. Iran signed agreements with Afghanistan, Tajikistan, and Uzbekistan to provide access to international routes for these three landlocked countries (Milani 2006: 251-252).
To connect Afghanistan with international routes, Iran also developed a tax-free trade route, linking the Gulf of Oman-based port of Chabahar to the southwestern border post of Malik in Afghanistan, and to Kandhar and Kabul. Once completed, this route will reduce the burden on the Karachi-Kandhar road, which is the only road connecting Afghanistan to international markets. This road reduced distance from the Persian Gulf to Afghanistan by around 700 kilometers; and offered Afghanistan the right to use Chahbahar with a substantial discount on port fees. This will improve living conditions in Baluchistan, one of Iran’s poorest provinces (Khaleej Times 2002:1). Iran additionally allocated substantial resources to upgrade the Malik Bridge over the Helmand River, as well as to upgrade another bridge over the Parian River on the Iran-Afghanistan border (BBC 2002:1). Finally, the Iranian embassy opened the Iranian Corner, a room in Kabul University’s main library with computers, books and magazines from Iran (Rohde 2006: 4).

In the same way, Saudi Arabia which was also present at a donors’ Conference in Tokyo on 21 January 2002, pledged $233 million over a three year period to rebuild Afghanistan after twenty-three years of war and destruction (Prados2002:2). This was in addition to $37 million donated by Saudi citizens as of the end of 2001 (Press Release 9 May2001:1). The Kabul-Kandahar-Herat highway, which was largely destroyed by war, is to be built through a Saudi-US-Japanese partnership. According to Saudi Foreign Minister Prince Saud Al-Faisal, “this was an important project” (Press Release 11 December2002: 1).

Shortly in post-Taliban Afghanistan, Saudi Arabia and Iran didn’t want to be excluded from the political development in Afghanistan and would like to see a friendly government there. Both played active roles in the Afghanistan reconstruction process and cooperated with each other to find a solution to the crisis and for the establishment of a broad-based government. Both countries emphasised on Afghanistan territorial integrity, and wanted a democratic government.
5. The War on Iraq:

On 20 March 2003, the United States, backed by Britain and smaller contingents from Australia, Poland and Denmark, launched a war against Iraq (Gill 2003:1). The objectives of the invasion, according to U.S. President George W. Bush and U.K. Former Prime Minister Tony Blair were "to disarm Iraq of weapons of mass destruction (WMD), to end Saddam Hussein's support of terrorism, and to free the Iraqi people (Wikipedia 2003:1).

Unlike the war on Afghanistan, the war on Iraq lacked legitimacy worldwide. Iran and Saudi Arabia both sought to put off the war by calling on Iraq to comply with the UN resolution, so as to deprive the US of a pretext to use force (Taromi 2005:463).

For a variety of reasons, Iran firmly opposed the US decision to invade Iraq. To avert the invasion, it opted for diplomacy. In parallel, Iran took steps to consolidate its influence in Iraq. It also put on a show of military might to demonstrate its ability to repel a possible US attack (Taromi 2005: 461). When, in 2002, the first signs of US mobilisation for war emerged, Iran lost no time in opposing the use of force to unseat the Baath regime. From Tehran's perspective, the invasion of Iraq was the prelude to an offensive against Iran. As Mohammad Abtahi, former Vice President for Parliamentary Affairs, said, "the United States, after ousting Saddam Hussein, would turn its attention towards the West Asian States, that is Iran and Syria" (Ettelaat 10 April 2003: 3). These attacks, they believed, were part of a scheme to eliminate all challenges to U.S. hegemony in West Asia. However in public, the regime downplayed the real reasons for its oppositions to the invasion; instead, a host of other justifications for Iran's stance was advanced. For instance, Tehran contended that the United States had acted against Iraq without obtaining a UN Resolution mandating the use of force. Therefore, the invasion was unlawful and hence unacceptable. However, complaints about the lack of a UN mandate rang hollow: Iran had opposed the US use of force against Iraq in the first Persian Gulf War. Further, the Iranian government argued that even if US allegations against Iraq were right, the American approach to the problem was certainly wrong. Instead of
mobilising the international community to find a solution, the United States acted by itself in total disregard of world opinion. The invasion, they maintained, was yet another example of US unilateralism, which posed a serious threat to international peace and stability as it marginalised the United Nations and undermined such important principles of international law such as the national sovereignty and territorial integrity of states (Taromi 2005: 462).

Although the Iranian government cited the lack of UN approval as the main reason for its opposition to the war, other arguments were put forth as well. Tehran cast doubt on US justifications for the invasion: Iraq’s possession of Weapon of Mass Destruction (WMD) and links with Al-Qaeda. Tehran argued that, despite years of searching, UN Inspectors had not unearthed any evidence that Iraq had revived its WMD programme. Further, Iran questioned the sincerity of American concerns about WMD proliferation, arguing that it was Washington and its allies themselves that had supplied Iraq with these weapons during the war with Iran (Ettelaat 13 April 2003: 7). As further evidence of US insincerity, they pointed to America’s silence towards Israel’s vast nuclear arsenal, which they charged, the United States helped Israel to put together (Kayhan, 13 January 2003: 2). Nor did Iranian leaders see as credible US allegations that Saddam’s regime had ties to al-Qaeda and, therefore, its removal as vital to the fight against terrorism. They alleged that in the 1980s and 1990s, Bin Laden and the Taliban were allies of the United States, and it was the Americans who organised al-Qaeda (Taromi 2005: 461).

Further, Iran claimed that it received credible reports that the United States had begun coordinating with the Mujahedin-e-Khalq Organisation (MKO) an Iraq-based Iranian opposition group on the State Department’s list of terrorist groups to work together to topple the Islamic regime in Iran (Kayhan 13 January 2003: 2).

Although the Iranian government’s fears about being attacked were the main factor behind its stance towards the invasion, it was clear from the Iranian governments’ pronouncements that, even if the United States did not follow up the invasion of Iraq with an attack on Iran, it would be opposed to the invasion. Iran feared that the United States would take advantage of its control of Iraq to install a
client regime in Baghdad. A client regime would pose several threats. It would constitute part of the wall of containment that the United States was putting up around Iran. In the long term, at the behest of the United States, it could launch an invasion of Iran, as its Baathist predecessor had done. As Hashemi Rafsanjani, the head of the Expediency Council, pointed out, Iraq could also pull out of the Organisation of Petroleum Exporting Countries (OPEC) and utilise its huge oil reserves to influence global oil prices in a manner consistent with U.S. interest. He further argued that by allying with the Gulf Cooperation Council (GCC) against Tehran, a pro-American regime in Iraq would tilt the regional balance of power against Iran (Ettelaat 14 April 2003: 12).

The Iranian government was also concerned that the invasion might send a flood of refugees across the border, as was the case during the 1990-91 Persian Gulf War, when, according to Ministry of Interior officials, 202,000 Iraqis sought refuge in Iran (Ettelaat 12 August 2003:3). Given these perceptions, Iran made every effort to head off war before hostilities began. It called on Iraq to comply with UN resolutions so as to deprive Washington of any pretext for the use of force. It also began a diplomatic campaign to rally Russia, China and EU members as well as regional countries such as Saudi Arabia against the war (Kayhan 12 January 2003: 2).

Similarly, both countries (Iran and Saudi Arabia) repeatedly voiced sympathy for the plight of the Iraqi people and their respect for the territorial integrity and sovereignty of Iraq. Before the US led war, both also expressed support for a UN role in disarming Iraq of any WMD (Okruhlik 2003: 120). Iran and Saudi Arabia vowed to work together for the stability of the region which faced the possibility of an attack led by the US against Iraq. Khatami held talks with the Saudi Crown Prince and concerned about the Iraqi crisis, on 16 May 2002 said that “unity among the countries of the region is the best way to solve the crisis.” He added that “I think that Iran and Saudi Arabia are two important poles in the region and they are standing side by side at a time when countries of the region and the Islamic world are exposed to a common danger” (Arabic News 2002:1). Khatami reportedly said that “Iran and Saudi Arabia, had the potential to safeguard the security of this vital region” (Rowat
1999:5). Both sympathised with the suffering of the Iraqi people under the United Nations policy, and considered the Iraqi regime as a potential source of threat to their security (Ramazani and Esposito 2001: 225). Both Iran and Saudi Arabia supported the territorial sovereignty of Iraq and refused unilateral measures. Saudi Arabia opposed any US military strike against Iraq as part of the war against terrorism. Iran also condemned American air and missile attacks on Iraq. Therefore, both favoured a weak Saddam Hussein regime (Okruhlik 2003: 120).

In fact, the historical mistrust between Baghdad on one side and Riyadh and Tehran on the other helped to drive the Saudis and Iranians together. The Hashemite dynasty, which ruled Iraq from the time of its creation as an independent state in the aftermath of the First World War until it was overthrown in 1958, was a serious rival to the Saudi royal family. Thus, in spite of similar domestic and foreign policy orientations, there was certain degree of animosity between the Hashemites in Baghdad (1921-58) and the Saudis in Riyadh (1932). The replacement of the monarchy by revolutionary regimes since 1958 did not improve the ties between the two nations. Indeed, the socialist and nationalist regimes in Baghdad were seen as a threat to the conservative Saudi rulers. The 1980s, however, can be seen as a turning point in these troubled relations. Both Baghdad and Riyadh viewed the Islamic regime in Tehran as an enemy. Iraq portrayed itself as a bulwark against Islamist Iran. Based on shared fears and mutual perceptions, Saudi Arabia (and other Persian Gulf monarchies) strongly supported Iraq in its war against Iran. The end of the Iran-Iraq war also ended the honeymoon, in less than two years Iraqi missiles landed in Saudi Arabia (Bahgat 2000:6).

On the other hand, Baghdad and Tehran have always been suspicious on each other’s intentions. A main reason for suspicion and hostility is the border dispute in Shatt al-Arab.85 This disagreement on the boundary separating the two Persian Gulf states was a major cause of their long war (1980-88). The war ended with a ceasefire, but no peace treaty was signed. Since the mid 1990s, Baghdad and Tehran

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85 For a detailed discussion and analysis of this border dispute and others in the West Asia, see Richard, Schofield (1944), (ed), Territorial Foundation of the Gulf States, London: UCL press; John B, All Cock (1992), Border and Territorial Disputes, London: Longman.
formed several committees to settle unresolved issues such as prisoners of war and pilgrimage. 86

Given this legacy of hostility between Baghdad on one side and Riyadh and Tehran on the other, the Saudi’s and Iranians share similar concerns and objectives in their policies toward Iraq, notably their strong support for international efforts to disarm Iraq, particularly weapons of mass destruction. Second, these two countries are united in respecting the territorial integrity of Iraq. Third, both Riyadh and Tehran expressed deep sympathy toward the Iraqi people and believed that the innocent populations are paying the price for the deeds of the Iraqi regime. Fourth, it can be argued that a weakened Iraq, contained by the international community, is in the best interest of both Saudi Arabia and Iran. The leaders of the two countries did not trust Saddam Hussein, but his removal, depending on its manner, made way for greater uncertainty regarding security and stability in the Persian Gulf. Finally, to secure a role to influence developments in Iraq, both Saudi Arabia and Iran maintained close relations with some Iraqi opposition groups. Over the years, the Iraqi National Congress received financial support from Riyadh. Iran also helped to establish the Supreme Assembly for the Islamic Revolution in Iraq as an umbrella group for all the Iraqi Shia parties (Bahgat 2000: 17). 87

Interestingly, during the war both helped the US war efforts, through reluctantly and secretly. In fact, from Iran’s perspective, since Iraq was a potential threat against Iran, it was necessary to cooperate with coalition forces, and the collapse of Saddam’s regime was in Iranian interests. Saudi Arabia just because of Saddam’s potential danger and for the fact that the regional presence of America might cause its progressive interference in the world of Islam, cooperated with the coalition force.

86 Iraq is home to the five so-called “golden mosques” that houses the tombs of Shia Imams and draw pilgrims from around the world. Najaf and Kerbala are the two most holy sites in Shia Islam.
In the point of view of both States, such cooperation in these situations cause the removal of American threats against the two countries and Saddam’s regime as a potentially danger will be removed. On the other hand, coordination with each other is better than the past. Therefore, Saudi Arabia agreed to allow the US military airplanes to use its air space in attacking Iraq. The US also used three of its bases in Saudi Arabia including the Prince Sultan Base which is 55 Km south of Riyadh to attack Iraq. Thousands of the US special forces were allowed to use Saudi soil to enter into Iraq and conduct operations there. Saudi Arabia also provided cheap fuel to the US military machines.\(^{88}\) While, Iran agreed to carry out search and rescue missions for the US armed personnel (Valdany 2005: 42).

US air strikes against Iraq in March 2003 put an additional burden on Iran, which expected a large influx of refugees from Iraq. Thousands of Iraqi refugees gathered at the Iranian border mostly in its western provinces. Iran closed its borders with Iraq, and adopted a policy of providing relief to refugees inside Iraq. Despite the border closure, Iran set up 10 camps in the border cities of Mehran and Dehloran to accommodate 50,000 and 25,000 refugees respectively. Iran had already been hosting more than 200,000 Iraqi refugees since the first Persian Gulf War in 1991 (Noor 2006: 74).\(^{89}\)

Following the US attack on Iraq and the collapse of the Saddam Hussein regime, a meeting of the Foreign Ministers of Iraq’s neighbouring countries including Syria, Jordan, Kuwait, Saudi Arabia, Iran, Turkey, Bahrain and Egypt was convened in April 2003 in Riyadh on the invitation of the Saudi Arabia to discuss the post-war developments in Iraq. The participating countries including Iran and Saudi Arabia emphasised the following common principles:

- Opposition to the disintegration of Iraq and ensuring the country’s territorial integrity.

\(^{88}\) It was also eventually learned that a high-ranking Saudi prince had been at the White House on the day that the Iraq war began, and Bush administration officials told the prince to alert his government that the initial phase of the war had began, hours before missiles first landed in Baghdad (Wikipedia, the free encyclopedia 2003:5).

\(^{89}\) For more information see, the frontier post, 11 April 2003.
• Ensuring the full rights of the Iraqi people to determine their future and to hold free and fair elections.
• Need for the UN role in handling the internal affairs of Iraq.
• Need for the withdrawal of the US forces from Iraq.
• Need to condemn the terrorist acts in Iraq.
• Need for Iraq’s neighbouring countries to keep close watch on their borders to prevent entry of terrorists into Iraq.
• Need for participation in reconstruction of Iraq.
• Need for maintaining Iraq’s security by the coalition forces (Valdany 2005: 42).

II. Global Context

1. American Hegemony

The unlimited thirst of the West for oil during the early 20th century transformed the deserted Persian Gulf into a key strategic region in the international political scene. Because of this, the external forces took over the control of the security system in the region. During the first seven decades of the 20th century, Britain brought the region under its security umbrella (Ebrahimi 2004: 554) till 1971 and when Britain withdrew most of its forces from the eastern Suez, the Persian Gulf remained under its active influence. During the post World War-II era, a number of reasons such as the absence of an influential power, the independence of India and other regional countries, closure of the Suez Canal, nationalisation of the oil industry in Iran, the Leftist movements in countries such as Iraq and the increasing power of the US, made Britain to realise the fact that playing the same role in the region would be an expensive one. Similarly, it also realised that the presence of the US in the region would not harm its interests as Britain developed a special relationship with
the US. Due to these reasons and the provocations of the Soviet Union and a surge in the anti-US movements in the region which led to the oil crisis in 1973, the US gradually began the process of replacing Britain and taking over the control of this region (Ghanbarlou 2006: 644).

Since then, it took over the security management of the Persian Gulf and tried to avoid increasing expenses. It heavily relied on its regional allies in establishing a security system in this region. The US also decided to use its own forces only where its allies failed to fulfill the assigned duties. During the 1970s, the US adopted a two-pillar policy made up of Iran and Saudi Arabia to ensure stability and counter any threat to the region (Ebrahimi 2004: 555). According to this strategy, the duty of ensuring the security and stability in region was given to Iran and Saudi Arabia (Ghanbarlou 2006: 645).

Under this plan, Iran, till the victory of the Islamic Revolution, played the role of the major pillar. To this end, the US armed Iran with a variety of weapons including advanced technology. Till the mid 1970s, Iran received half of the US weapon exports. At that time, Washington regarded Iran as its main ally in securing security in the region as Iran shared a long border with the Soviet Union. Similarly, the US improved the Saudi military infrastructure. The US military engineers supervised construction of three major military bases in Saudi Arabia costing $14 billion. This close relationship was expanded to such an extent that in 1979, Qazi Al Ghazibii, the Minister of Industry of Saudi Arabia, said in an interview that the reciprocal dependency on the US is a must for the new Arab world. He also referred that Saudi Arabia’s high degree of dependency on the US was to counter communism. The occupation of Afghanistan by the Soviet Union in 1979 proved this point and improved Saudi’s relationship with the US. Subsequently, Saudi Arabia endorsed the US as its distant ally (Ebrahimi: 2004: 556).90

Following the victory the Islamic Revolution in Iran, the cooperation between Iran and the Saudi Arabia which represented the US hegemony in the

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The Iranian Revolution with Shia fundamentalism and republican tendency as its two main ingredients resulted in closer ties between the Saudi Arabia and the US and both the countries, with shared concerns, tried to contain the Islamic Revolution. Following the Iraqi imposed war on Iran, the US adopted the power-balancing policy in the Persian Gulf which aimed at the weakening of Iran and Iraq. This strategy was an ideal one for Saudi Arabia. The US policy to balance power between Iran and Iraq made Saudi Arabia felt threatened from Iran and, this, pushed the Kingdom closer to Iraq to contain the export of the Islamic Revolution (Ebrahimi 2004: 557).

Despite of the huge financial investment in its political union with Iraq, Saudi Arabia’s relationship with Baghdad was not stable. In August 1990, only two years after the ceasefire between Iran and Iraq, Iraqi forces suddenly occupied Kuwait. From Saudi point of view, it was a major threat to the security of Saudi Arabia and the threat from the Islamic Republic of Iran looked negligible. To meet the new threat, Saudi Arabia sought US help. Riyadh’s concern over the objectives of Baghdad forced Saudi Arabia to enter into two direct wars against Iraq in January and February 1991. Though the US was the main military power in the war, the air bases of Saudi Arabia were mainly used to attack Iraq. The Saudi forces also took part in all the stages of the operation including the areal bombardments and ground offensives.\(^{91}\) Iraq retaliated by firing some Scud-B missiles on Riyadh and some other Saudi cities. This was the first conflict after the 1934 offensive on Yemen that Saudi Arabia was entering into a war against an Arab country. The Saudi leaders welcomed, to some extend, Iraq’s defeat in the war. After the end of the war, Riyadh’s policy was concentrated on containment of the potential Iraqi threat to Saudi Arabia and the Persian Gulf region. Extending support to the Iraqi opposition to topple Saddam Hussein was an ingredient of this policy. Though the support was covert in the past, it became overt since early 1992 and Saudi Arabia invited a number of the Iraq’s opposition leaders to attend a propaganda conference. To express Saudi Arabia’s

displeasure with the Baath regime in Iraq, the Saudi Crown Prince Abdullah allowed
the media to report the discussions of the conference (Ebrahimi 2004: 558).

This Iraqi invasion of Kuwait made even the GCC member states to realise
their venerability and lack of sufficient power to prevent any such a threat. Saudi
Arabia, which was the most worried, sought the cooperation of the US and its other
allies. All the GCC members cooperated militarily with the US in its war against Iraq.
Following the withdrawal of the Iraqi forces from Kuwait, these countries decided to
form security alliances with powers outside the Persian Gulf region. Many of the
sheikhdoms in 1992 signed bilateral defense agreements with the US. Since then, the
US presence in the region increased and the power-balancing policy during the
Clinton administration gave way to the dual containment strategy (Ebrabimi 2004:
561).

In fact, the second Persian Gulf War was another turning point in the US
strategy on the Persian Gulf particularly with regard to Saudi Arabia. During this
period, the US enhanced its military presence in the region. Following the failure of
the power-balancing policy after the Iraqi invasion of Kuwait, the Clinton
administration adopted a new approach to reconstruct the US strategy and contain the
internal instability and counter the threats to the US interests in the region. The US
was trying to present a world vision to ensure the balance of power in the one hand
and to fulfill the interests of its allies in the region on the other. In 1990s, the main
focus of the US policy in West Asia and the Persian Gulf became clear. The lines
based on the US objectives during the Cold War, concentrated on the regional threats.
Iran and Iraq were considered as the major regional threats. Iran was regarded as a
threat because of its opposition to the US presence in the region, the US allegations
on Tehran’s efforts to obtain Weapons of Mass Destruction (WMD), support to
terrorism, opposition to the West Asia peace process and violation of human rights
and democracy. Similarly, Iraq was, also considered as direct military threat to its
neighbouring countries (Goharimoghadam 2005: 2).

The main objective of the US policy was to weaken the military and economic
capabilities of Iran and Iraq. Using its military and financial powers, the US imposed
certain trade and investment sanctions against Iran and Iraq. But the dual containment did not appear as an effective political tool. From the viewpoints of GCC members, particularly Saudi Arabia, the policies and priorities of the US were different from the concerns of their own national security and defence policies. Although the US operation in the region in the 1990s including the defeat of Iraq and the liberation of Kuwait were successful, the GCC countries did not positively endorse the US dual containment policy (Ebrahimi 2004: 562).

In the Persian Gulf, majority of the governments were looking for the revival of the power-balancing policy in the region to ensure the return of the pre-2 August 1990 scenario (Judith 2003: 37). These countries, including Saudi Arabia, did not agree very much with the containment policy. Because they felt that the threat of the Islamic Revolution of Iran to their regimes had diminished with the passage of time. The realistic and pragmatic foreign policies of the Islamic Republic of Iran during the Rafsanjani and Khatami regimes also paved the ground for the expansion of ties between Iran and Saudi Arabia and prevented the export of the Iranian Revolution to the Kingdom. The containment policy also created many hurdles on the way of improvement of relations between Tehran and Riyadh and the investments by the companies of these two nations. Saudi Arabia and other smaller countries in the Persian Gulf welcomed Iran’s moderate policies adopted during the Khatami presidency and raised doubt on the US allegations on Iran’s support to terrorism. They also ignored the threat of a nuclear Iran. In the late 1990s, the Saudi Arabia supported the European approach i.e. negotiation rather than the US policy i.e. use of force or sanctions towards Iran (Judith 2003: 39).

Following the second Persian Gulf War, the US presence in the region worsened the internal situation of Saudi Arabia. This and the open support of the US to Israel in the West Asian peace process heightened the internal dissidence in Saudi Arabia boosting the fundamentalism and fanaticism in the country. The Saudi officials felt that the change in the US strategy after the second Persian Gulf War was one of the main reasons for a surge of dissidence and fundamentalism in the

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Kingdom. Eleven September became a turning point in Saudi Arabia's relations with the US and other political units in the region. After the terrorist attacks on 11 September 2001, Saudi Arabia tried its best to support the US in overcoming the crisis by increasing oil exports to the country and it even cooperated with the US in the 2001 war. However, criticism over its support to Bin Laden and Taliban was also intensified (Ebrahimi 2004: 563).

The US found that most of the hijackers in the 11 September incident were holding Saudi passports and Riyadh had not provided all the information pertaining to the suspects in the kingdom or the holders of the US visas (Montagiy 2001: 21). It was found that 15 out of 19 identified terrorists in the 11 September incident and one third of the inmates in the Guantanamo Camp were from Saudi Arabia. This worsened relations between Riyadh and Washington. The tension between the two nations reached its peak when the Pentagon, in one of its documents, cited Saudi Arabia as an enemy of the US (Hajeeyosoufi 2005: 270).

The Americans believed that Saudi Arabia was the main source of terrorism and this made Washington to review its cooperation with Riyadh. No doubt, the change in the public opinion in America after 11 September regarding Saudi Arabia played a major role in shaping this policy (Hajeeyosoufi 2005: 271).

Therefore, the fast blooming relations between Saudi Arabia and the US suddenly faced a new challenge (Ebrahimi 2004: 564). The social and economic situations as well as the nature of the regime (dictatorship or its ideology) in Saudi Arabia which were till then ignored by the US came under Washington’s criticism. After the 11 September 2001 incident, the US realised that the “Low Politics” are the root causes of the “High Politics”. The US, viewed that the social, economic, political and cultural elements provided the grounds for terrorism. As per this new understanding, the US brought certain social and economic changes in West Asia. A US programme called “the Joint US -Middle East Initiative” to introduce certain economic and social reforms in the region can be regarded as a move in this direction.

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91 The pragmatists divide international issues according to its importance. From their point of view, the political and military issues are the most important ones and the governments put them at the top of their priorities while the economic and social issues are of less importance. The first group of the issues are termed as the “High politics” and the second one as the “Low politics".
The US President, George W. Bush talked more than any other his predecessors about the importance of the social and economic issues particularly democracy in West Asia. One of his speeches, he underlined the need for democratisation of the political set ups in certain countries in the region and called upon Saudi Arabia to initiate the democratic reforms while keeping its leadership role in the region. Before that, the US never forced its regional allies to initiate political reforms. But the 11 September incident paved the way for a major change in the US policy in West Asia, particularly with its allies in the region (Hajeeyosoufi 2006: 22).

Exactly since then, the US reduced its dependency on Saudi oil from 25 percent in 1973 to 15 percent in 2002-2005 and brought down the number of its troops in the kingdom to just 6000 (Hajeeyosoufi 2005: 272). Due to the increasing internal dissidence in one hand and the differences with the US over the campaign against terrorism and the Israel-Palestine dispute on the other, Saudi Arabia’s importance within the new power system started to decline. This led to smaller states in the Persian Gulf such as Qatar and United Arab Emirates (UAE) to compete with each other in attracting the US attention and to replace Saudi Arabia in Washington’s strategy for the region. The US presence in West Asia led to many agitations in Saudi Arabia. The instability in the smaller countries was less visible. The terrorist threats to the American Centres in Saudi Arabia were stronger than those to the US military bases in the other countries in the region. In Bahrain, for example, not a single attack was launched on the Fifth US fleet command and not a single US military personnel was targeted by the terrorists (Ebrahimi 2004: 565).

Finally, a surge in the anti-Israeli and anti-US feelings in Saudi Arabia and the concern over the internal situation in the kingdom made Washington regard Saudi Arabia as an instable country. The poor health of King Fahd and the issue of his successor also created a major concern among the Saudi public and elites. Generally, there were two main opposite groups within the Fahad family one led by then Crown Prince and present King Abdullah and the other by present Defence Minister Prince Sultan bin Abdul Aziz. While the Crown Prince Abdullah was a moderate, the Wahhabis supported Prince Sultan bin Abdul Aziz. The economic and political
developments were among the other elements which created more instability in Saudi Arabia. Despite of the huge petrodollars, the living standards of the people in Saudi Arabia worsened by 50 per cent compared to those in 1980. Lack of political freedom in Saudi Arabia threatened the stability in the country. The US pressure on the Saudi government to initiate the democratisation process in the country and the pro-Israeli policies of the US intensified the anti-US sentiments in the kingdom, creating problems for the royal family and its ties with Washington. It seemed that closer relations between Saudi Arabia and Iran were as a result of this concern (Hajeeyosoufi 2005: 274).

With the rising tensions between Saudi Arabia and the US, the cooperation between Iran and Saudi Arabia could not only transfer the grouping in the Persian Gulf from a dispute to a regional cooperation but also created a major hurdle for Israeli hegemony in the region, and fulfilling the longstanding aspirations of the two nations. Since ensuring stability in the Persian Gulf, opposing the Zionist regime and realising the Palestinian’s rights were the pillars of the foreign policy of the Islamic Republic of Iran, Tehran welcomed the expansion of its ties with Riyadh. And from Iran’s point of view, these relations could lead to the formation of a new security arrangement in the Persian Gulf based on cooperation rather than confrontation (Hajeeyosoufi 2006: 26).

The Saudi officials tried to utilise this closeness with Iran to ensure not only stability in the Persian Gulf but also to maintain their rule over the kingdom and to exert pressure on the US. Saudi Arabia, therefore, attached high importance to its relations with Iran. Despite of its cooperation with the US in Afghanistan and Khatami’s efforts to improve Tehran’s ties with Washington, Iran was branded as “Axis of evil” by the US President Bush. Therefore, Iran also welcomed the enhanced cooperation with Saudi Arabia. The US role in the region, which widened the gap between Iran and Saudi Arabia in the past, thereby, brought Tehran and Riyadh closer to each other, at least, for the time being and improved relations between the two nations during the Khatami regime (Hajeeyosoufi 2005: 274).
Conclusions:

Khatami’s presidency and announcement of his new policy based on the principle of détente and confidence-building brought Iran out of its isolation and gave it a dynamic and constructive characteristic. One of the positive and successful results of this orientation was the establishment of comprehensive relations between Iran and Saudi Arabia.

With consideration to the new developments, the two countries expanded their cooperation within the regional as well as trans-regional and global levels.

In these levels, the two countries achieved an unprecedented degree of coordination within the regional organisations. Iran hosted the first ever-Summit of the Organisation of Islamic Conferences (OIC) since the Revolution, and became an active member of the OIC. On issues like problems in Bosnia, Kosovo, Chechenya, Muslims of Cyprus, occupation of Palestinian territory, Azerbaijan, and terrorism, Iran and Saudi Arabia coordinated their policies.

The two neighbours came to a historic understanding within the Organisation of Petroleum Exporting Countries (OPEC) to reduce their oil production that removed nearly 5 million barrels of oil a day, from the market in 1999. The result was that the oil price soared to a nine-year high at $26.9 per barrel.

During the war on Afghanistan and the war on Iraq, there were explicit consultations between them. Both cooperated with the US-led war on Afghanistan and extended financial and political support to of Hamid Karzai’s government. Also both sought to put off the war by calling on Iraq to comply with the UN resolution, so as to deprive the US of a pretext to use force.

Another positive result of the détente policy and rapprochement between Iran and Saudi Arabia was on the issue of the three Islands. For the first time in 18 years, the heads of GCC refrained from criticising Iran in 1999. Such a development was an indication of the fact that the solution depends on improvement of relations and settlement of disputes with the major powers of the region and influential members of
the GCC. In other words, with the easing of tensions and the increase in bilateral cooperation between Iran and Saudi Arabia, ties between Iran and other GCC states improved.

Finally, both countries under the pressure of the US temporally came closer. In fact, the US role in the region widened the gap between Iran and Saudi Arabia in the past. However, the subsequent developments at the regional and global levels and the US role brought these countries together and improved relations between the two nations during the Khatami regime.