

Role of Political Elites in Iran-Saudi Economic Cooperation

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Abstract

Iran and Saudi Arabia cooperated with each other in 1999 on oil quota and price within the Organization of Petroleum Exporting Countries (OPEC) for the first time since 1979. With regard to the originality of this cooperation, this paper sets out to examine the role of political elites of the two countries in the cooperation. The paper concludes that President Hashemi Rafsanjani and Khatami from the Iranian side and Crown Prince Abdullah from the Saudi side were the key figures who paved the political way for economic cooperation. In other words, in light of the strained Iranian-Saudi relations during the 1980s, their main role was to reduce the tension between the two parties and instead improve mutual political relations during the 1990s, which was a necessary requirement for economic cooperation.

1. Introduction

Elites, as influential players, have very significant roles to play in decision-making in foreign relations in which their personalities and opinions can significantly affect foreign policy directions. Roskin & Berry (2008) indicate that political scientists call “the ‘top’ or most influential people in a political system its ‘elite’, the people with real political clout” (p.93). Iran and Saudi Arabia economic cooperation was influenced mainly by political measures of the elites of the two countries because initially it was necessary for Iran and Saudi Arabia to normalize their political relationship, which had been eroded and practically severed for a decade or so since the 1980s, and seek ways to move towards cooperation to their mutual benefit. Therefore, the most important role of the elites was mainly lay the political foundation for economic cooperation. In this regard, the paper studies the role of President Hashemi Rafsanjani (1989-1997), President Mohammad Khatami (1997-2001) and Saudi Crown Prince Abdullah, all of whom had a crucial role to play in the improvement of Tehran-Riyadh relations and cooperation.

2. Role of President Hashemi Rafsanjani

Iran and Saudi Arabia relations and cooperation in the 1990s, to a large extent, was derived from the noticeable role of Hashemi Rafsanjani as Iran’s first post-war president. This is rooted in the significant position of individuals in Iran’s relations with Arab countries especially in the Persian Gulf and Middle East region¹. In other words, some individuals have greater influence than institutions or organizations in Iran’s relations with Arabs. This stems from “Arabian culture” which accords privilege to personal relations and connections.

2.1 Hashemi’s Characteristic and Iran’s Foreign Policy

When Hashemi became Iran’s post-war president, he enjoyed some characteristics which influenced Iran’s relations with other countries. The most critical characteristic of Hashemi was “moderation”. Hashemi reiterated: “...maybe my first characteristic is moderation, which is in my nature. From my thoughts I reached to moderation” (Khalili, 2005, p. 197). Since Hashemi was a moderate person, Iranian foreign policy to a great extent, was influenced by his thoughts.

¹ Interview with Iran’s Foreign Ministry officials, September 10, 2009

Accordingly, he attempted to pursue a moderate foreign policy and to develop Iran's political and economic cooperation with other states through a policy of, as Ramazani (2004) said, "both north and south" because the economic situation of the country was intimidating for the government and also people looked for a better life after the war. Hashemi Rafsanjani believed that, "Iran must stop making enemies" (Al-Suwaidi, 1996, p. 91). He said that "you cannot find any country in the world that closes its doors and says I want to live alone" (Khalili, 2005, p. 197). These statements indicate Hashemi's willingness and desire for improvement and development of Iran's mutual relations and cooperation with other countries. During this period, with Iran's devastated economic situation, Hashemi's moderate character and the political developments of Iran allowed him to influence the process of decision-making in the country's foreign policy. The amendment of the Iranian constitution in 1989 dispensed with the position of the prime minister and this strengthened the president's position. Also the new leadership of Ayatollah Khamenei was to Hashemi's advantage as the former did not then dominate decision in all policy issues. In other words, after the war, it could be seen that Iranian foreign policy mostly was a reflection of Hashemi's will as Ayatollah Khamenei had just assumed the leadership².

In general, Hashemi understood the implications of the post-war situation and acted on the basis of time conditions. Indeed, Hashemi and the moderates resumed their efforts "...to adapt the principles of Islamic government to contemporary political conditions" (Walt, 1996, p. 221). The reason was Hashemi understood that "Foreign policy and national interests cannot be dependent on absolute demands at all but it should be flexible with regard to its time and place circumstances"³. Iran's top priority in that period was the state of the country resulting from the eight-year-old war with Iraq that had brought about widespread economic problems and Iranian society's demand for improvements and a better life.

2.2 Economic Imperatives and Iranian-Saudi Relations

After the end of the Iran-Iraq war, economic matters enjoyed the top priority of Iran's foreign policy during presidency of Hashemi. In 1991, Iran's Foreign Minister, Ali Akbar Velayati announced that "economic consideration overshadows political priorities" (Takeyh, 2007, p. 41). In other words, important agenda of the government became reconstruction of the war torn areas and a general improvement of the quality of life of the population (Navazani, 2004, p. 218; Al-Suwaidi, 2004). Even Iranian leader, Ayatollah Ali Khamenei believed in primacy of economy in this period. He, in his historical and significant message in fortieth day of Ayatollah Khomeini's death, declared that major aim of the revolution at the present time is building of example country in which to provide material welfare and social justice besides maintaining of revolutionary ideals and desire, which indicated evolution in priorities of foreign policy based on supplying economic demands (Yaqubi, 2009). In this respect, Hashemi Rafsanjani, then president, in 1992 said that "We entered forth level of the revolution; that is organizing of the country. [...] We want to present a model of Islamic county to the world and what we are searching is economical, scientific, technical independence" (*Ettelaat*, 1992a). The main goal of Hashemi was maintaining of the Islamic regime and improvement of economic circumstances which had already endangered the Islamic regime.

In order to achieve "national development", two necessary elements were required: first, reductions of foreign threats against national security from neighbors as far as possible; Second, to attract needed financial recourse and investment from abroad that was essential for economic progress⁴. With regard to these facts Hashemi decided to normalize Iran's relation with littoral states, especially Saudi Arabia, because it was "precondition" of the reconstruction after the war. In other words, Iran needed to decrease the tension, especially in the region, in order to enter reconstruction stage because existing of the tension caused that the country's resources to be spent in this case instead of settling of internal problems. For this, Iran's foreign policy changed towards Persian Gulf states based on "economic and strategic considerations" and Hashemi attempted to open Iran's diplomatic relations with neighboring countries by slogan of "development first, rearmament second." Amongst the Persian Gulf countries, Saudi Arabia due to its influence in OPEC organization, the Hajj ritual and also security of the Persian Gulf region received superior position in Iran's foreign policy during presidency of Hashemi. "Nobody can ignore importance of Saudi Arabia because it has some potential and also created new atmosphere for its self as well in 1990s⁵".

² Interview with Iran's Foreign Ministry officials, October 5, 2009

³ Interview with Iran's Foreign Ministry officials, September 8, 2009

⁴ Interview with Iran's Foreign Ministry officials, March 23, 2010

⁵ Interview with Iran's Foreign Ministry officials, September 15, 2009

In other words, Saudi Arabia, on one hand, has been a key neighbor in the region by virtue of its influence on other Arab neighboring countries and also its dominance on the oil price in OPEC. On the other hand it was center of Islam due to location of holy places of Mecca and Medina. For this, Hashemi first turned down some of Iran's earlier revolutionary policies, principles and slogans in order to relax Saudi rulers regarding Iran's aims in the region. In other words, Hashemi attempted to present a new image of Iran in which not only Saudi Arabia not to be feared of Iran but also feel secure which would help improvement of mutual relations. For example, concerning exporting of the revolution, that was regarded as one of main threat to Saudi Kingdom, due to its compassing of Shiite population, Hashemi declared that "we don't have anything known as exporting of the revolution. The meaning of the concept is that we introduce our thoughts to the world and everyone who wants can use our experience. We will never interfere militarily in any country" (Ettelaat, 1991b). In this respect, Daneshkhu (1994, p. 295) indicates that "Iranian officials defined the export of revolution to mean building Iran into a model of Islamic country for others to emulate". In fact, instead of insistence on changing of regimes of the regional countries like 1980s, in the decade of 1990 Iran intended to introduce a good and peaceful Islamic country that could be followed by other regional countries. In other words, force replaced by option.

In addition, moreover, since Iran was not able to expand its mutual ties when Saudi Arabia felt danger concerning its security and national sovereignty, Iran under Hashemi tried to shift its tone pertaining to "territorial claims" as well as against "Saudi's rulers". For instance, Velayati, when was submitting Hashemi's message to Bahraini King, stressed that world, in particular Persian Gulf region needs peace and welfare and Iran as the most powerful county of the region stresses on recognition of legal borders, independence, and territorial integrity of the Gulf countries (Ettelaat, 1990d). Hashemi, also, said that "Iran does not accept geographical changes. Iran just intends to solve regional problems. So, regional countries should not be worry" (Ettelaat, 1990a). All these statement which were, indeed, based on confidence building aimed at assuring that Iran would not have any bad intention pertaining territorial sovereignty of Saudi Arabia. In this regard, Barzegar (2008) stated that "Since the early 1990s, Iranian foreign policy has been based on confidence building and *détente* in the region, [...] which believes in close relations with the Arab world."

Furthermore, in Hashemi Rafsanjani age, threatening statements regarding Saudi's rulers decreased gradually. In this respect, Cordesman (2003, p.45) noted that "Iran pulled back from effort to encourage Saudi Shiite unrest and terrorism, halted its attack on the Saudi royal family, and stopped supporting riots and protestors during the Hajj." Indeed, besides clarifying our policy, we concluded that we could not work in the region without Saudi Arabia. That is why, we changed our tone and policies and also we endeavored to modify our earlier rhetorical attack against Saudi rulers which had positive outcomes in mutual ties⁶. In this case, the ending of Iran-Iraq war was very critical since the war atmosphere had escalated propaganda war between the two countries. In other words, after the war Iran and Saudi Arabia "stopped the media attack and reached an unwritten agreement to change their literature. It was a necessary condition but not enough⁷." Accordingly, Fahd, Saudi King, said Saudi Arabia would not want to have any problem with Iran. Hashemi also during a speech declared tendencies of the both sides for solving existing problems. Following this process, Fahd formally asked the Saudi Information Minister to stop propaganda attack against Iran (Akhavan Kazemi, 1993).

Another appropriate policy of Iran during Hashemi Rafsanjani area was concerning the critical issue of the Hajj. In this period, Iran did a right action in which in addition to maintaining of Ayatollah Khomeini's religious decree, in that the Hajj is not acceptable without liberals from infidels that demonstrated the country's concentration on political aspect of the Hajj turned into "cultural" aspect of the Hajj and "public diplomacy". Further, Iranian leaders by prohibiting Iranian pilgrims from doing some actions, which regarded illegal from Saudis, exposed their strong will to avoid creating problems. For instance, Hashemi Rafsanjani asked Iranian pilgrims to respect Saudi's rules and "restrain themselves" during the ceremony. In this respect, 'Khamenei's edict', in 1992 pilgrimage, played very significant role. According to Alnahas (2007, p. 169) Khamenei issued a *fatwa* (religious edict) that "the performance of any ritual by the Shiites which created discord among the Muslims or weakened Islam was *haram* (evil)." Such measures all were because of Iran's critical economic situation after the war and its political isolation in the international system as well as the region which forced the country's leaders to turn down or change their tone and policies in order to achieve their interior and external goals.

⁶ Interview with Iran's Foreign Ministry officials, November 12, 2009

⁷ Interview with Iran's Foreign Ministry officials, October 28, 2009

In addition, Iran was not interested to experience such a tragedy of 1987, which left 275 dead and 303 wounded, once more that might induce to severe unexpected problems at the same time that Iran had focused on economic development. In 1990s, moreover religious tensions were relaxed which was in the light of “joint understanding” of Tehran and Riyadh leaders. In fact, they reached to this point that they could coexist and cooperate by reduction of the conflicts. Accordingly, during Hashemi presidency Sunni-Shiite friction to some extent weakened and instead some issues such as unification of Islam world surfaced. For instance, as Cordesman (2003, Pp.49-50) explains, “Both government discussed ways to minimize the religious tensions between the Shiites in Saudi Arabia’s eastern province and its vast majority of Wahhabis. This kind of dialogue had been unthinkable since the fall of the Shah until 1997 – a period of nearly two decades.” Hashemi Rafsanjani in meeting with Iranian cultural chairmen in abroad stated that “Iran’s policy is strengthening of unification and solidarity of Islam world” (*Ettelaat*, 1996a). Hashemi also, in meeting with Ali bin Saeed Al-khiyarin, Qatari Health Minister, declared that “Iran with respect to common interests of Islam world follow strengthening of relations, friendship and unification of Islamic countries” (*Ettelaat*, 1996b). Indeed, Hashemi strived to reduce Shiite- Sunni tensions as one of significant challenges between Iran and Saudi Arabia and look all Muslim under one concept namely “Islam World”. That is why, “Saudis did not know Hashemi as Shiite clergyman but as an Islamic president⁸.”

Hashemi’s stance towards Kuwait crisis also had very important role in altering mind of Saudi Arabia and other Gulf countries for revising of their relationship with Iran. After Kuwait occupation, Hashemi declared that “Iran does not accept geographical changes. Iran just intends to solve regional problems. So, regional countries should not be worry” (*Ettelaat*, 1990b). In fact, Iran’s stance indicated that Iran does not follow aggressive policy anymore, like 1980s, and instead it is a country which chases peace and stability in the region. Therefore, after declaring of Kuwait as Iraq’s nineteen provinces by Saddam Hussein, Iraqi President, Iran’s Foreign Ministry “condemned Iraqi attachment of Kuwait by issuing a declaration. In this condemnation was stated that such an action was violation of certain right of a nation to determine their destiny” (*Ettelaat*, 1990c). Hashemi during his meeting with Kuwaiti Foreign Minister also said Iran wants Iraq to repel from Kuwait (*Ettelaat*, 1990e). Indeed, in the framework of pragmatic approach Iran could not accept that, despite Iraq was its enemy, stand beside aggressor, namely US⁹. Therefore, Iran was committed to international norms and followed a precise and active policy which gave rise to reduction of Arabs’ fears and concerns from Iran’s intentions regarding extension of its ideals or exporting Islamic revolution and etc.

Iranian positive position in favor of Kuwait introduced Iran as a “rational and responsible” country in the region which caused Persian Gulf states in particular Saudi Arabia reduces their media and propaganda attack against Iran. In other words, Iraqi invasion of Kuwait and consequently Hashemi’s appropriate policy in this case was a turning point in Iran-Saudi relationship which helped the two sides to cooperate more in the region and move toward solving of mutual relations. Likewise, with the aim of resolving Iran’s internal and regional problems, Hashemi even established personal as well as family relations with Saudi rulers which, with regard to Iran’s expedient, had great role in Iran-Saudi upcoming cooperation. In this regard one of the Iranian official in the Foreign Ministry explained that when Hashemi sent his wife and children to Abdullah, Saudi Crown Prince, this action was regarded from Saudi counterpart as “culmination of good will” which led to opening of new political atmosphere between the two sides that influenced Iran-Saudi future cooperation. According to him, “It was investment of a president who even invests from his family to improve relation with a country¹⁰.” Although this kind of relations was in contrast to the diplomatic tradition, it was effective regarding Arab countries due to their tribal system which privilege personal relationships.

Among Hashemi actions during 1990s, furthermore, his ten-day trip to Saudi Arabia, as Head of Expediency Council, in February 1998 was very considerable in Iran and Saudi Arabia cooperation. Cordesman (2003, p.224) quoted IRNA as saying that during Hashemi meeting with Fahd, the Saudi King told Hashemi that:

Iran and Saudi Arabia as two important nations of the world and also of the region must collaborate in every issue of their mutual interest including oil, OPEC and regional matters. [King Fahd] also promised that his country would have closer cooperation with Iran for maintaining oil prices at reasonable rates in the future.

⁸ Interview with Iran’s Foreign Ministry officials, February 10, 2010

⁹ Interview with Iran’s Foreign Ministry officials, February 10, 2010

¹⁰ Interview with Iran’s Foreign Ministry officials, September 10, 2009

The visit happened when the oil price was in its lowest level in 1990s. That is why, Menashri (2001) see the visit as a “qualitative shift” which resulted in an agreement for establishment of “Permanent cooperation to prevent a further decline in oil prices and define a joint action plan aimed at improving the oil market within the OPEC framework” (p.244). In this regard, Rafsanjani himself believed that the visit was the opening of a ‘new phase’ in Iran-Saudi relations due to its following consequences. Hashemi, moreover, acted “precisely and cleverly for selecting individuals as Iran’s agents in Saudi Arabia and attempted to choose those who could make Saudis to feel secure in order that to develop Tehran-Riyadh relationship¹¹”. The reason was that, Hashemi knew the structure of Saudi regime and important role of diplomatic agents in mutual relationship. This had rooted in “Arabian culture because their governing system is based on family and relations of individuals¹²”. In their system only head of the family make decision for whole family. Therefore, if someone was chosen as representative and could know personality and behavior of the Arab side well and also could speak with them by their language it would certainly be effective in type of the relations. In this regard, key role of Nori Shahroodi, Iranian Ambassador in Saudi Arabia during Hashemi as well as Khatami Administrations, can be mentioned as example. One of the observers stressed that “Selecting of the ambassador, Nori Shahroodi, showed that Hashemi had concrete intention to introduce a person, on one hand was close to himself and on the other hand could improve the mutual relations¹³”.

In general, here, two issues are highlighted; first; role of Hashemi in selecting of appropriate person as Iran’s representative in Saudi Arabia, second; role of the individuals and their personality in making better connection. These matters supported one another to improve Iran’s relations with Saudi Arabia and develop their future cooperation. In brief, as discussed earlier, Hashemi Rafsanjani had noticeable and substantial role in solidification of Iran-Saudi relationship as well as their future cooperation in 1990s. Hashemi by adopting moderation and *detente* policy in foreign policy arena, appropriate policy towards Saudi Arabia and also regional developments, and establishing of family relations with Saudi’s royal family could make confidence-building between Iran and Saudi Arabia which paved the way for economic as well as, later, security cooperation because without having good and suitable political relations no cooperation can take place between any countries. In fact, main role of Hashemi during 1990s was rebuilding of foundation of Tehran-Riyadh political relations which had been destroyed during critical atmosphere of 1980s.

3. Role of Khatami in Iranian-Saudi Cooperation

Seyyed Mohammad Khatami like Hashemi Rafsanjani played a very significant role in Iran’s relations with the Persian Gulf states, especially with Saudi Arabia, and in their mutual cooperation in the 1990s. He changed Iran’s image in the world as well as regionally and improved Iran’s relations with Saudi Arabia. Iran and Saudi Arabia experienced “the best” political relations during Khatami’s presidency since the Iranian revolution in 1979. Khatami, indeed, influenced Iran and Saudi Arabia political relations and cooperation in different ways which are discussed below.

3.1 Victory of Khatami and his Electoral Slogans

President Khatami came to power in August 1997, following a landslide election victory which was the result of the people’s changing demands. “The most important issue which took place in this period of time was the change of people demands in Iran, which presented itself in the presidential election’s result¹⁴.” There were two main reasons for the Iranian people to support Khatami: first, his reforms inside the country on the basis of civil society, rule of law, etc; second, pursuing peace abroad in the framework of cooperation with the international system. In other words, as Ramazani (2004, p.111) describes it, those who voted Khatami “were looking for more freedom inside the country and more cooperation with other countries in the world.” So, democracy inside the country and peace outside the country were the main characteristics of Khatami’s policy. Khatami’s electoral message such as *détente*, dialog among civilizations, rule of law, peace, mutual respect, etc was interesting to the international community as well as Iran’s neighbors. According to Ramazani (2001, p. 117), “These messages were accounted as the first major signals of Iran’s conciliatory attempt.”

¹¹ Interview with Iran’s Foreign Ministry officials, November 1, 2009

¹² Interview with Iran’s Foreign Ministry officials, October 10, 2009

¹³ Interview with Iran’s Foreign Ministry officials, October 10, 2009

¹⁴ Interview with Iran’s Foreign Ministry officials, October 10, 2009

In this period, the new voices coming out from Tehran avoided any antagonistic rhetoric and called for a new phase in relationships which was welcomed by the Arab states. Khatami, during his meeting with the consultant of the Omani Minister said: “Our strategic policy is expansion of friendship with all regional countries. We believe that existing problems in the region can be solved by wisdom, negotiation and understanding and whenever the regional countries become close together they can prevent foreign interference in the region which would lead to creation of peace” (Ettelaat, 1997). In order to demonstrate changes in Iranian foreign policy, Khatami adopted a policy of *détente* as Iran’s “principle policy”. Khatami, in a meeting with foreign ambassadors in Tehran said: “Our revolution follows peace and *détente* and also wants to establish relations with the entire world based on mutual respect and interests” (Ettelaat, 1998b). In fact, he understood the “especial conditions” of that period and made speeches and took steps in the foreign policy arena accordingly because Iran’s economic and political situations still were not good in the region as well as internationally.

At this stage, like Hashemi’s arena, Iran’s relationship and improvement of mutual relations with Saudi Arabia was privileged once more. In this respect, Marschall (2003, p.142) explains that when Khatami took office, he “like his predecessor, realized the need for a good relationship, in particular, with Saudi Arabia to assure peace and stability in the region, to have a common policy in OPEC, to ensure Gulf investment in Iran, to keep Iraq in check and to improve relations with the west.” It was at the time when, from the Saudi viewpoint, the foreign policy of Iran’s new president was a continuation of the policy of the former president, Hashemi Rafsanjani, which was acceptable to them. In other words, “He was walking in the path that Hashemi had established before. Therefore, confidence of the Saudi rulers increased towards the Islamic Republic of Iran¹⁵” which played an important role in Iran-Saudi economic cooperation since the Saudis had always been worried about Iranian intentions in the region. Khatami also attempted to pursue Hashemi’s heritage such as “personal and family connections” with Saudis which, with regard to the significant role of individuals in Saudi decision-making, contributed to positive results by virtue of its effect on the process of confidence-building.

3.2 The Role of Iran and the West Relationship on the Cooperation

One of the crucial factors that had a significant role in Tehran-Riyadh political ties and also future cooperation of the two countries was the improvement of relations between Iran and the West because of Saudi’s dependency on “foreign will”. Khatami’s electoral slogans as well as his new approach to foreign policy were welcomed by “the great powers” such as the US because it was based on “confidence-building.” In other words, when Iran’s discourse changed with the West and it attempted to attract their confidence, relations of Iran and Saudi Arabia were accordingly influenced under the new environment because Saudi decision-making to a large extent was influenced by the relationship between Iran and the West. In this respect, one of the officials in Iran’s Foreign Ministry said that:

Although Saudi Arabia is the biggest and the most powerful Arab country in the Persian Gulf region, it does not have any will to make a decision to lead its foreign policy. For this reason when our relations improved with the West, they felt that they had permission to develop their ties and cooperate with us¹⁶.

Therefore, it can be concluded that ‘foreign will’ was very effective in Saudi decision-making and affected Saudi’s decision especially regarding the regional issues. In this regard, a CNN interview with Khatami can be mentioned as an example of how such foreign will or influence played a significant role in the relationship between Iran and regional countries. In the interview, Khatami declared that “We want to destroy the distrust wall [between Iran and the West]”. This announcement impacted the world as well as the region and influenced the “revision” of their policy towards Iran. Indeed, Khatami defined a new identity for Iran’s foreign policy as well as the Iranian nation that led to a changing of the country’s image in the world’s mind and provided a condition in the foreign policy that persuaded other countries to improve their relations with Iran. “If we do not say the great powers, at least we should tell that middle and small powers competed with each other for approaching and improvement of relations with Iran. It included all the regional countries¹⁷.” In this case, Mohsen Rezaee, Secretary of the Expediency Council, said that following Khatami’s victory and his position against coercion and also his announcement of *détente* as well as dialog among civilizations and travelling to Arabian and European countries,

¹⁵ Interview with Iran’s Foreign Ministry officials, September 10, 2009

¹⁶ Interview with Iran’s Foreign Ministry officials, October 15, 2009

¹⁷ Interview with Iran’s Foreign Ministry officials, October 10, 2009

their viewpoint was changed toward Iran and now, they compete with each other to invite our president” (Ettelaat, 1999b). In this regard, Saudi Arabia was of the regional countries that welcomed Iran’s new president and strived to improve its relations with Iran at the time when Iran and the West were reforming their relationship.

3.3 Khatami’s Policy of *Détente*

One of the main policies of Iran under Khatami which influenced Iran and Saudi Arabia relations and cooperation was *détente*. Khatami declared that “*Détente* is a major principle of the Islamic Republic of Iran [...]” (Ettelaat, 1999a). Khatami’s policy of *détente* inherently changed the political environment and positively affected the perception of countries like Saudi Arabia as well as other Persian Gulf countries towards Iran. In fact, the *détente* policy created ‘confidence- building’ which gave rise to improved relations between Iran and these countries. In other words, adopting such a policy demonstrated the strong will of Iran to reform its relations with the regional countries that in the previous decade had feared the revolutionary Iran and its policies, in particular, exporting of the revolution which threatened the sovereignty and legitimacy of the Arab regimes. Although *détente* was a policy rooted in the Hashemi era, this policy was “more successful” during Khatami’s time. Indeed, an engine had been started which was moving slowly; Khatami escalated the movement. The reason was that Khatami’s domestic policy was in compliance with the foreign policy and they both supported each other whereas Hashemi’s domestic and foreign policies were not along the same lines since its foreign policy had faced many challenges in particular regarding the European countries.

Under such circumstances, the two countries of Iran and Saudi Arabia reached mutual agreement to overlook small differences for bigger common interests. For instance, Iran’s propaganda was emptied from “religious and sectarian propagandas” towards Saudi Arabia that helped to reduce mutual problems significantly. Meanwhile, holding of the 8th OIC summit in Tehran in September of 1997 helped to improve mutual ties of Iran and Saudi Arabia. In this case, Iran’s Foreign Minister, Kharrazi, said that the Islamic summit conference in Tehran paved the way for the engine of *détente* to be started and also hastened the steps towards cooperation. The attendance of Islamic countries in the summit, provided an opportunity to build and strengthen the connections. Since then there has been progress in Iran’s relations with the Saudis (“Kharrazi Interview with Iran’s Broadcasting,” 1999). During the presidency of Khatami, in general, Iran by adopting *détente*, attempted to reduce tensions in two main spheres: “bilateral” and “multilateral” relations, in areas that Iran and Saudi Arabia were directly or indirectly linked to one another, such as Lebanon, Afghanistan, etc. because, as Alnahas (2007, p.139) indicates, Khatami said that “Economic development must be accompanied by political development.”

Although Khatami’s slogans regarding political freedom, media freedom, and so on had created some “risks” for Saudi Arabia as a monarchy system, Saudi rulers had to cope with the slogans because they could not stop them since they were the acceptable values of the West. Therefore, Riyadh attempted to approach Iran because Iran’s position had been transformed in the international system into a rational and responsible country. “With regard to Iran’s new position, if Riyadh approached Iran it could benefit more instead of keeping distance¹⁸.” Accordingly, Amir Nayef Abdul Aziz, Saudi Internal Minister, in a meeting with Shahroodi, Iranian Ambassador in Riyadh, reiterated that “Interest of the Islamic world requires that Iran and Saudi Arabia expand their relations” (Ettelaat, 1998a). In this period, Khatami’s visit to Saudi Arabia was considered a historic turning point in the relationship of the two countries since it had significant outcomes for both states. Since Khatami had said that the constructive path of Mr. Rafsanjani must continue (Moslem, 2002) during the visit he sent a message to Riyadh authorities for cooperation concerning oil. The reason was that oil and its incomes had formed “the backbone” of Iran’s economy. During the visit Khatami and the Crown Prince discussed ways:

To buttress an accord among oil-producing nations to cut output and lift prices. Like Iran, Saudi Arabia has suffered in the last 18 months from historically low oil prices, and the lesson that both countries learned from the agreement reached this spring was that cooperation was necessary to force oil prices higher (Jehl, 1999).

In fact, Iran and Saudi Arabia defined a “win-win game” that guaranteed the reciprocal interests of both countries. In other words, instead of Saudi Arabia feeling threatened by Iran, they felt that not only there was no danger but also they could benefit by cooperating with Iran. In short, it can be mentioned that victory and election of Khatami as the Iranian president, his main policy in foreign relations known as *détente* and the development of Iran’s relations with the West played a significant role in the improvement of relations between Iran and Saudi

¹⁸ Ibid

Arabia which led to their cooperation in different fields as well. Indeed, Khatami like his predecessor, Hashemi, attempted to normalize Iran's relations with Saudi Arabia and increase cooperation between the two countries in light of improvement of political relations. However, Khatami was more successful since he enjoyed the support of the West due to his acceptable policies.

4. Role of Crown Prince Abdullah

Besides willingness of the Iranian presidents Hashemi and Khatami for reconciliation and cooperation, the role of Saudi leaders, in particular, Crown Prince Abdullah Bin Abdulaziz, to improve mutual ties and cooperation with Iran was very noticeable. This matter itself demonstrated that there were changes in the perception of Saudi Arabia's leaders as was also the case with the Iranian leaders in the 1990s to resolve outstanding problems. Although Iranian political leaders had strived to improve Tehran-Riyadh relationship and create a collaborative atmosphere, what accelerated the process was the leadership of Crown Prince Abdullah as a "moderate person" in Saudi's foreign affairs instead of King Fahd since early 1996, when his half-brother, King Fahd, suffered a massive stroke. Fahd had two characteristics: "first, his vigorous dependency on US and Israel; second, his severe opposition to Iran. That is why it is said that if had Fahd remained, the two countries would have faced insurmountable complexities in their relations¹⁹." In other words, if Fahd had remained, Iran and Saudi Arabia might not have succeeded in coming together to cooperate to their mutual benefit. However, when Prince Abdullah took over responsibilities of Saudi foreign affairs, relations between Iran and Saudi Arabia changed because Abdullah had "racial", "Arabic" and also "Islamic" views that Fahd did not have; also he did not have a positive view of US strategies in the region. In other words, relations between Iran and Saudi Arabia took a turn for the better when the leadership in Saudi Arabia changed since Abdullah was interested to work with regional and Islamic countries. Prince Crown Abdullah, in general, had a strong will and favored having good relations and cooperation with regional Islamic and even Shiite countries, just like Iran.

In fact, Abdullah reached that point in foreign policy that there is "neither permanent enemy nor friend" and also those who worked with Abdulla were aware of Iran's "capabilities, potentials, and situation" and recognized that Iranian-Saudi cooperation could increase their power in the region and they could also play a key role in regional developments²⁰. Accordingly, "especial willingness" emerged for the progress of mutual cooperation by the two sides, which, to a large extent, resulted from Iranian confidence-building in previous years. Following new developments in Saudi's foreign policy, Saudi Arabia rejected Iran's involvement in the Al-Khobar explosion, which had resulted in the death of US forces in Zahran Province of Saudi Arabia. In this case, in response to the news published in American press based on Iran's involvement in the Al-Khobar explosion, Naem Al-sadoug, Saudi Internal Minister, said: "Saudi Arabia does not accuse anybody, and also it does not intend somebody benefiting from the event for its own retaliate" (*Ettelaat*, 1996d). It was at this time when the US attempted to implicate Tehran in the Khobar Tower bombing. Even the US violated Iran's airspace which had seriously worried Tehran (Marschall, 2003). In this regard, if Riyadh cooperated with US, it might be another war against Iran.

Regarding prominent role of Abdullah in Iran-Saudi relations and cooperation, furthermore, in meeting of Abdullah and Hashemi at 7th Islamic summit conference in Pakistan's Islamabad on March 23, 1997, despite Abdullah's initial opposition finally accepted Iran to hold the 8th OIC summit, in September of the same year which was "unusual". Put differently, holding the conference was mostly because of Prince Abdullah and "If he did not agree to hold the summit in Tehran, it would never take place²¹." In this case, Haeri (2001) quoted Prince Nayef as saying that negotiations between Crown Prince Abdullah and Hashemi in Islamabad was effective in strengthening relations between Iran and Saudi Arabia. Anyway, during the 8th OIC Summit, Khatami and Abdullah met each other, the first high-level contact between the two countries since the Islamic revolution. The meeting was very effective and cleared the air over whatever suspicions or misconceptions that still existed between the two countries. In this respect, "if Crown Prince Abdullah had not attended the 8th OIC Summit Islamic in Tehran, there would have been critical problems. Victory for Khatami was very important because if somebody else had been elected instead of Khatami, perhaps Abdullah might not have gone to Tehran²²."

¹⁹ Interview with Iran's Foreign Ministry officials, September 21, 2010

²⁰ Interview with Iran's Foreign Ministry officials, October 19, 2009

²¹ Interview with Iran's Foreign Ministry officials, September 10, 2009

²² Interview with Iran's Foreign Ministry officials, October 28, 2009

In fact, the attendance of Abdulla at the conference was due to the presence of Khatami, which represented the key role played by political elites. Someone else who played an important role in Tehran-Riyadh relations, besides the main role of Abdullah, was Internal Minister of the Saudi Kingdom, Nayef bin Abdull Aziz, who held the file on Iran and who personally attended to all issues pertaining to Iran. "When Iran guaranteed the security of Saudi to Nayef, in the meeting of Iran's secretary of Supreme National Security Council, Hassan Rohani and Nayef; many changes took place in the mutual relations of the two sides²³." Totally, in that period, political leaders of the two countries reached a 'common understanding' that by establishing a "win-win game", instead of using threat and fear, they could cooperate and supply reciprocal interests more. In other words, new relationships in this period were based on Saudi recognition of Iran's needs and changes on the one hand, and the limits of Saudi own power on the other hand (Rakel, 2007). Accordingly, when Crown Prince Abdullah was asked about the reaction of Iran to the growth in sales of Saudi oil to South Africa he said that the Kingdom was concerned to avoid any action that might harm Iran's interests (Asharq Al-Awsat 06/01/1999).

5. Conclusion

As discussed earlier, political elites of Iran and Saudi Arabia played an important role in improving political relations of the two countries which eventually paved the way for economic cooperation. In this regard, the role of President Hashemi Rafsanjani and Khatami was very tangible due to their significant role as decision-makers in the foreign policy. Hashemi by adopting a moderate foreign policy, with the aim of reducing the tension between the countries, such as undermining Shiite-Sunni friction or avoiding the use of a threatening tone along with appropriate policy regarding regional development paved the way for advancement of political relations. In fact, the main role of Hashemi during the 1990s was rebuilding the foundation of Tehran-Riyadh political relations which had been destroyed during critical atmosphere of the 1980s. After Hashemi, his successor Khatami followed the same policies and even more rigorously. That is why, during Khatami's presidency, Iran and Saudi Arabia experienced the best relations, since Iran's revolution in 1979. In total, president Hashemi and Khatami by mending Iranian-Saudi relations during 1990s provided the needed circumstances for economic cooperation of the two countries regarding oil within OPEC. In addition to the Iranian political elites, the role of Crown Prince Abdullah, who assumed control of Saudi affairs when Saudi King Fahd was sick, was very significant as well. Abdullah was interested in improving Saudi relations with Iran and at the same time, mistrusted US policy in the region. In addition, He knew Iran's capabilities and understood that Saudi Arabia could attain more benefit by cooperation with Iran. In general, economic cooperation took place when political elites of both countries decided to improve their mutual relations and settle the outstanding problems.

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