

The Geopolitics of the Middle East

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US retrenchment from the Middle East—long in waiting—has caused Arab states to seek new partnerships in order to reduce their vulnerabilities in a turbulent world. The geopolitical fault line between East and West has moved westward, from Iran to Saudi Arabia, and the new agreement between Iran and these countries has a huge potential to turn the region in a cooperative direction. Given all the uncertainties, however, the significance of it can only be tested over time. This Policy Brief discusses the new geopolitical landscape and its implications for war and peace in the region.

The US Military Footprint

The US has military bases and facilities all over the Middle East. Among the largest ones are the headquarters of the 5th fleet in Manama, Bahrain, and the Al Udeid Air Base in Qatar, which is capable of supporting all aircraft in the US arsenal. Military cooperation with Egypt and Israel is intimate and robust, but combat troops have not been deployed to Egypt and deployments to Israel are limited to anti-ballistic missile emplacement. Iran is encircled by numerous facilities ranging from fully operational bases to airfields to surveillance sites. In 2020, there were 60,000 – 70,000 troops scattered throughout the region.¹

Three US Presidents—Obama, Trump and Biden—have tried to reduce the US military footprint, initially to cut their losses after failed interventions, later to concentrate

¹ According to the US Central Command. 14000 US and 8000 NATO troops were in Afghanistan at the time.

resources and political attention on the rivalry with China – only to find that the promises were hard to fulfil.

In his 2012 Defence Strategic Guidance, Barack Obama promised to curb military expenditures and disengage from Middle Eastern conflicts, but soon found himself mired in a fight against the Islamic State of Iraq and Syria. Trump, too, wanted to reduce the military presence while negotiating large arms sale contracts with Saudi Arabia and the Emirates. His policies were sometimes aggressive, but when he did not respond to the drone attacks against Saudi oil installations in 2019, widely attributed to Iran, the Gulf monarchies made it clear that they wanted to avoid head-on disputes. Instead, they tried to reduce tensions with their regional rivals, Turkey and Iran in particular.

In 2021 it was Biden's turn to have a go at downsizing. The abrupt and chaotic departure from Afghanistan was more telling than any diplomatic language: the US military presence would be reduced and there was no way back. Seen from the Middle East, it meant that the US could no longer be relied upon the way it had been in the past.

Biden has been slow, however, in rolling out the new force structure, but some features seem clear. The new structure will rely less on major operating bases and more on smaller support facilities equipped and organised to facilitate rapid reinforcements should circumstances so require, perhaps along the lines of agreements recently concluded with European frontline states. Sovereign US enclaves at major national airfields and naval bases, where US personnel can move in and out to their liking and store weapons without necessarily seeking host nation consent, would be ideal. Along with pre-positioning of heavy equipment and rights of overflight, this could be a cost-effective way of aligning capabilities for the Middle East with the requirements of the pivot to Asia.

The US would still be prepared for war in the Middle East, but it would be freer to decide whether and how to get involved. Diplomacy can hardly square flexible force planning from a distance with the reassurances of a large military presence in the region, however. Draw-down is draw-down and flexibility for the old security guarantor means uncertainty at the receiving end.

The Geopolitics of Small and Medium-Sized States

Middle Eastern states have therefore moved to adjust their foreign policies, building working relationships in new directions without cutting existing ones. For small and medium-sized countries, this goes to the essence of geopolitics: to protect your interests and enhance your freedom of action in a turbulent world, spread your reliance on others as best you can. This is a prudent insurance policy.

Turkey has done that for a long time. It is a member of NATO yet known to be a free cannon on deck. Relations with Russia are comprehensive: Russian tourists are coming in large numbers, Russian gas in large volumes, and together with Russia and Iran it participates in the Astana talks on Syria. It has sent drones to Ukraine but does not participate in the

sanctions against Russia. It has acquired air defence systems from Russia and as a result, was expelled from the F-35 programme in 2019. In the Middle East, Turkey is known to be a supporter of the Brotherhood and has therefore had fluctuating relations with Egypt and Saudi Arabia, but a solid working relationship with Iran.

The Saudis are doing the same. Reacting to US military retrenchment and to political interference in Saudi internal affairs, they are building relations in many directions. They have a working relationship with Russia through OPEC and a close partnership with China. China is Saudi Arabia's biggest oil customer. They have common positions on most issues of importance.

That was the setting Biden plunged into when he visited Riyadh in August 2022, seemingly unaware of the new realities. He asked the Saudis to increase their oil production in order to alleviate inflation pressures. Bin Salman said he would have to discuss that with OPEC+ (the plus being Russia). The result was the opposite: oil production was reduced. Biden said he would not create a vacuum that China, Russia and Iran could exploit. The Arabs shrugged their shoulders. The summit became one of the most unsuccessful in modern diplomatic history. It was not that the Saudis wanted to cut relations, but they were set for a geopolitical shift to reduce their vulnerabilities and enhance their role as a regional leader and attractive partner in international affairs.

In this process, questions about the future of the international financial system have come to the fore. When President Nixon left the gold standard in 1971, there were concerns that the demand for dollars would fall, undermining its status as the world currency of choice. In 1974, Nixon therefore sent Kissinger to Riyadh to make an agreement obliging the Saudis to continue to write their oil deals in dollars in return for US security assurances for the regime. The Saudis so did; OPEC followed-up; and the demand for dollars was upheld. Ever since, the US has benefitted greatly from this system. It has been one of the pillars of the US hegemony.

On the meaning of geopolitics

In its original formulation, geopolitics was about the impact of geography on the power play between states. The seminal topic was land versus sea power. Discredited by the German utilisation of geopolitics in the run-up to WWII, the US made it respectable again with the opening to China and the triangular US-China-USSR policies of the early 1970s.

In contemporary parlance, geopolitics is synonymous with power politics and promotion of national interests. During the Cold War, the means were military and diplomatic, extensive use being made of alliances. Today, the means also include factors and phenomena from the field of political economy: the retreat of globalisation, changing trade policies, the future of the financial system and the use of sanctions and boycott. The twists and turns of these issues account for some of the most significant geopolitical changes in world affairs.

Like the founding fathers writing at the turn of the 19th century, Henry Kissinger stripped the notion of ethical considerations and the norms of international law, warning against liberal idealism and ideological anti-communism and against naivety and crusader mentality. Arguments of law and ethics are externalities to geopolitical frames of analysis.

Fifty years later, it is questioned by Saudi Arabia's comprehensive cooperation with China. China wants Saudi Arabia to start trading on the Shanghai petroleum exchange and make its oil deals in yuan. So far, the Saudis are holding back, however, realising that once they play the card, they have lost it. In view of the harm it may do to US control of the international financial system, it is a momentous decision to make.

However, pressure on the system has been building up for long. Many states are asking for a financial system that is good for many and not just for one, and most observers assume that a Saudi decision to join the Shanghai exchange is a matter of time only. For the US, that will "hit us where it hurts most".²

The Emirates, too, are adapting to US retrenchment and Chinese economic engagement. It tries to balance ties with Iran—favoured by geographical proximity and historical tradition—and ties with Washington while benefitting from the new opening to Israel provided by the Abraham agreements. There are signs of rapprochement with Turkey and given the closeness of Iran and Turkey to China, it reinforces the picture of a region on its way eastwards. In recent years, the Emirates have made comprehensive trade and technology agreements with China, and 60 per cent of China's commodity exports to Europe and Africa passes via the Emirates. The warnings from Washington have not failed to come forward, however, and under the threat of sanctions, some of them may have to be heeded in one way or other.

Other states are following in the Saudi and Emirati tracks. Many are queuing up to join the Shanghai Cooperation Organization, which is the institutional umbrella over China's economic expansion through Asia into the Middle East and further on to sub-Saharan Africa, the contiguous land territory that Alfred Mackinder—one of the founders of geopolitics—called the heartland.³ There are three levels of association: membership, observer status and dialogue partners. Iran became a full member in 2022; Turkey is seeking full membership; Egypt and Israel have applied for dialogue partner status; and Saudi Arabia, Bahrain and Qatar have filed open-ended applications.

China–Saudi Arabia–Russia: A New Geopolitical Triangle

Relations between China, Saudi Arabia and Russia have grown to become of a potent geopolitical triangle in regional and world affairs.

Relations between China and Saudi Arabia have a long history. In recent years, cooperation between them has been fast growing. Both are committed to the principles of the UN Charter – state sovereignty, territorial integrity and non-interference in internal affairs. Saudi

² Gyoza, E. (2019). Counting the cost of financial warfare: recalibrating sanctions policy to preserve U.S. financial hegemony. *Defense Priorities*, p.13. <https://www.defensepriorities.org/explainers/counting-the-cost-of-financial-warfare>

³ Alfred Mackinder, "The Geographical Pivot of History". *The Geographical Journal*, Vol. 23, No.4, (April 1904), pp. 421–437

Arabia supports China's position on Taiwan, and China is firmly against interference in Saudi internal affairs and attack on Saudi facilities and interests.⁴

The Communique from Xi Jinping's visit to Riyadh in December 2022 lists cooperation and common positions on a wide range of issues: digital economy and infrastructure, nuclear energy, artificial intelligence, space research, the wars in Yemen and Ukraine, terrorism and extremism. The Saudi vision for 2030 and the Chinese Belt and Road project will be coordinated, and China and Saudi Arabia will cooperate on security and defence matters.

Do they concur on all issues of significance? Presumably not, but they are as harmonised and coordinated as any pair of states from different parts of the world can be.

The Russians are talking to everybody in the Middle East. When conflicts arise, they are in a position to fish in troubled waters. Russia has, moreover, converging interests with oil producing countries through OPEC+. The Saudis have resisted US pressure to line up behind the sanctions on Russia (and the Emirates have increased their purchase of oil and refined products from Russia).⁵ As at the time of writing in early 2023, Crown Prince bin Salman reportedly accepts telephone calls from Putin, but not from Biden. Not only has this side of the triangle withstood the shockwaves from Ukraine, but the war has shown the strength of the relationship.

As for the third side of it—Russia–China—the strategic partnership between them has been reconfirmed. The more pressure the US is levelling on them, the more determined they are to maintain their close relationship. China is wary not to assist Russia in a way that could trigger sanctions, but has increased its imports of oil substantially.

The China–Iran–Russia Triangle

Iran, too, has close relations with Russia and China. In terms of common interests these countries constitute another distinct triangle.

Iran and Russia have doubled down on their cooperation, much of it under the impact of the war in Ukraine.⁶ In Iran, there is an undercurrent of scepticism towards Russia based on historical experiences but recently, their interests have aligned. Iran is selling drones to Russia for use in Ukraine and China is importing oil from Iran in spite of the sanctions against it. The arms sales are modest, however, and so is the sale of oil. In 2021, China signed a comprehensive 25-year cooperation agreement with Iran envisaging big Chinese

⁴ Communique from the Saudi–China summit meeting of 09-12-2022. <https://english.arabiya.net/News/Saudi-Arabia/2022/12/09/Saudi>. The last point is a concession to Saudi Arabia, for the attacks referred to were carried out with Iranian weapons.

⁵ "All of those so-called sanctions, embargos, lack of investment, they will convolute into one thing and one only, a lack of energy supplies of all kinds when they are most needed" Prince Abdulaziz bin Salman, 5 February 2023. <https://www.thenationalnews.com/gulf-news/saudi-arabia/2023/02/05/...>

investments in energy and infrastructure as well as military cooperation, but implementation of it has been slow.

One of the slogans of the Islamic revolution was “neither East nor West”. Non-alignment never came to be, however. Iran has been keen to develop relations with Europe—the entire history of nuclear negotiations testifies to that—but when Trump left the JCPOA in 2018 and introduced massive sanctions, it had no choice but to look to China and improve relations with Russia.

Iran’s relations with China and Russia lack the dynamism that characterises Saudi Arabia’s relations with those powers. In stark contrast to Saudi Arabia, it is bogged down by sanctions and internal unrest. Tragically, the country seems unable to reform itself. When working together elsewhere in the Middle East, the expeditionary Quds force (a branch of the Revolutionary Guard), the intelligence services and the diplomatic corps have been game changers on many occasions. At home, however, the Guards have always been on the side of continuity, clamping down on reform-oriented movements.

Saudi Arabia–Iran: The Missing Link Being Re-Established

While Saudi Arabia and Iran were partnering with China and Russia, each in their own way and with their own agendas, there has been no working relationship between Riyadh and Teheran. Diplomatic relations broke down in 2016 when the Saudi embassy in Teheran was stormed in response to the execution of Nimr al Nimr, the Shia leader in Saudi Arabia. China and Russia were in a position to do something about that, having good relations with both of them, China, in particular, because of its economic importance for both and because it had never taken sides in the conflicts between them.

China acted to fill the void. On March 10 2023, an agreement was signed in Beijing to resume diplomatic relations and reopen embassies and missions in Riyadh and Teheran within a period of two months. The parties affirmed their respect for the sovereignty of states and for non-interference in internal affairs. Literally understood, it meant an end to the violent shadowboxing that has been going on for years. At least, we are entitled to expect a noticeable reduction in the numbers and seriousness of incidents between them.

The parties also agreed to revitalise the agreement on trade, investment, technology and culture of 1998, and the one on security cooperation of 2001. The first one centred on oil cooperation in the framework of OPEC and the second one on the prevention of organised crime, terrorism, drug trade and money laundering. These agreements were concluded in a period of thaw spearheaded by Crown Prince Abdullah and President Khatami. On the Iranian side Khatami’s predecessor, Hashemi Rafsanjani, paved the way by changing the dominant Iranian discourse from being radical revolutionary to becoming conservative developmental. The thaw came to an end, however, when Abdullah fell ill, and Ahmadinejad became President of Iran. Now, the parties are trying to recapture the spirit of cooperation that was left unfulfilled twenty years ago.

The Saudis and the Iranians expressed their appreciation to Iraq and Oman for hosting rounds of dialogue between them in 2021-2022, and to China for sponsoring and hosting the final round. China did more: it signed the agreement and, by doing so, committed itself to facilitate the implementation of it. This is the first time China has assumed the role of peacemaker in the Middle East.

The agreement has a huge potential, for the conflict between Iran and Saudi Arabia has been a burden on so many houses in the Middle East. They have done damage to each other and they have been drivers of many wars in the region. They are leaders of opposing spheres of interest – Iran of a Shia sphere extending to Iraq, Syria, Lebanon and Yemen, and to Sunni Hamas and Islamic Jihad as well; Saudi Arabia of a Sunni sphere with members of the Gulf Cooperation Council at the core. The consequences of the rivalry have been felt all over the region.

The geopolitical fault line between East and West used to go by Iran. In the United States, the idea of regime change never disappeared but neither did it take hold, not even during the unilateral moment after the invasion of Iraq. Russia and China, on the other hand, did not want Iran to fall back into the American sphere of interest. This century, the Iranians themselves invested heavily in an opening to Europe but failed. In the 2000s they explored the potentials of an opening to the East, notably to China, but found it premature. However, what was premature 15 years ago is ripe now.

Today, the fault line has moved from Iran to Saudi Arabia. Saudi Arabia is now at the watershed between East and West, in principle looking in all directions, going where its interests can best be met. US relations with Israel, Egypt and Jordan remain solid, but the rest is slipping out of US hands. The China–Saudi Arabia–Russia triangle and the newly inked Saudi–Iran–China agreement speak to it. About the latter, Washington said it was aware of reports that Iran and Saudi Arabia have resumed diplomatic relations but referred further details to the Saudis. It had obviously been side-lined.

There is more to it. The restructuring of remaining US forces in the Middle East seems predicated on the assumption that the region will continue to be chaotic and conflict-ridden – a place where the US is taking sides and putting its military instruments to use. But is that the Middle East of tomorrow? What if the Middle East is about to become a more cooperative place?

There is little to suggest that the US is rigged for moves in that direction. It remains the military superpower of the world, but its economic influence is weak. Domestic politics ties its hand: protectionism is the order of the day, the free trade card is gone, and Congress leaves little opportunity for flexible use of economic means. The executive is sometimes keen to organise the money of others to get new projects off the ground, but then there may be doubts about their long-term sustainability. US influence is therefore limited to the security field using military and diplomatic means while China applies a range of economic instruments, enhancing its political leverage in the process. Economic instruments can function all the time in the name of development and can be used flexibly, while military means to contain and deter tend to cement existing conflict formations.

Concluding Remarks

Arab states are resorting to the classical remedies in the geopolitical toolbox for medium and small states, distributing their dependencies on more others in order to reduce their vulnerabilities and widen their action space in a turbulent world. At the same time, the geopolitical fault line between the US and China has moved from Iran to Saudi Arabia. The agreement between Saudi Arabia and Iran, signed by China as well, is a potential game changer for the region.

Israel is unhappy about these events. The Abraham agreements may go forward, but a common Israeli–Arab front against Iran got a shot across the bow.

The US is lukewarm. It welcomed the agreement—what else could it do—but was left with a grievance, watching China’s debut as peacemaker in the Middle East while being out of the loop itself. In the blame and praise game with China, this is a headache for the Americans. The best they can do is to walk an extra mile with Iran to reinstate an upgraded JCPOA, but a more likely reaction is an extra effort to stem Chinese influence in the region.

The Middle East has been a violent place for as long as current decision makers can remember. The illustrious saying is also that it is never so bad it cannot become worse. This narrative may be affirmed—the uncertainties are plenty—but now we can see the contours of a different one where cooperation is gaining ground.

If you stick to the old narrative and shape your policies on that reading, you may get more of what you plan for. Violence may be reproduced and even go from bad to worse, which is very much the lesson of US military engagements in this century. There is a risk, therefore, that acting on the old narrative may become a self-fulfilling prophecy.

The importance of the agreement filling the missing link between Saudi Arabia and Iran, attempting to recapture the spirit of the thaw of 25 years ago, can only be tested over time. Maybe it will come to little more than diplomatic relations between them, but it has the potential to set much of the Middle East on a cooperative track.

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