

Global Hot Topics

Iran vs. Saudi Arabia: Heating up the confrontation

Yigit Engin, Alvaro Ortiz and Tomasa Rodrigo. BBVA Cross Emerging Markets Unit and Garanti Economics

The Saudi authorities executed Shia religious leader Sheikh Nimr al-Nimr on January 2 alongside three other Shia activists and 43 al-Qaida militants. The mass execution comes at a time of increasing domestic security and economic pressures inside Saudi Arabia and of regional geopolitical setbacks for the House of Saud in Syria and Yemen. The crisis underlines the critical situation of the Middle East, but it is just a reflection of the fight between two regional powers to gain influence in the Middle East. Beyond the “war of words”, there are some risks to more worrisome scenarios. Although still unlikely, new military accidents or more direct confrontation could result in a more complex and worrisome scenarios.

Iran-Saudi Arabia Proxy Battlegrounds

Source: Stratfor



The trigger, action and first reaction...

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The execution of the Shi'a cleric led to attacks in Teheran's Saudi Arabia embassy and the following break of diplomatic ties between Saudi Arabia, Oman, Bahrain and to a lesser extent, UAE.

The situation comes in a moment in which Iran was gaining a rapid influence in proxy territories as Lebanon, Iraq, Syria and Yemen and it is near to the beginning of the new nuclear deal. On contrary, Saudi Arabia was clearly losing positions in Yemen, it has recently approved a sizeable fiscal adjustment to cope with its policy of low oil prices and domestic tensions

(security and political) were becoming more evident. What is clear is that Saudi authorities could suspect that the execution of al Nimr would have consequences, as it happened.

... the potential implications

The recent facts reflect the underlying risk situation in the Middle East and the potential for more sectarian clashes to come. Although the escalation could lead to a direct confrontation, we believe that both rival powers will continue to opt for proxy scenarios rather than a direct confrontation. After the recent facts, some of the following (or all) scenarios could arise:

- **The risk of violence inside Saudi Arabia is also alive.** Around, 15% of the population in Saudi Arabia is Shia, and they have recently protesting against the differentiated treat by authorities (relative to Sunni jihadists). Beyond this, the policies to contain the social pressures have been undermined by the low oil prices policy (inspired by the own Saudi authorities), which would support more home grown violence.
- **The escalation between the two rival powers would have negative effects over the negotiations on Syria.** It is now more unlikely for Iran and Saudi Arabia (and its allies) to reach a common ground for Syria. Reaching a total ceasefire to give way for political transition could be possible with increasing diplomatic efforts by the USA and Russia, but it looks more difficult to sustain due to the increasing differences between regional powers.
- **The Shi'a-Sunni confrontation in Iraq could be expected as ISIS and al-Qaeda affiliates will definitely get benefit for the increasing tension between Riyadh and Tehran to fuel the sectarian tension.** As Iraqis expects more cooperation between Sunni tribesmen and Shi'a fighters against ISIS, this may not be realized in the new scenario. ISIS could use the situation as an opportunity to attack the provinces it has lost.
- **Iran may want to flex its muscles in the Persian Gulf with some military show up following the Russian one.** This can increase the risk of “military accidents”, which would trigger a more direct confrontation between the participants. Such scenarios would endanger the nuclear deal and the rapprochement between the West and Iran. In fact, the recent decision to boost ballistic missiles already endangered the nuclear agreement and will be used fiercely by US opponents to the agreement.

Summing Up

Rather than de-escalate, the tension in the Middle East continues to increase. The recent events are no more than triggers and, until the underlying situation in the proxy territories does not calm the risk for the region, will be well alive. Beyond this, a worsening of the internal situation in Saudi Arabia and/or a direct confrontation between the Rival Powers are so far unlikely, but would have more serious consequences.

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