



Regional Realignment: The Strategic Impact of the Saudi-Iranian Rapprochement

**HMSC Insight
March 2023
HMSC Intelligence Division**

Summary

The China-brokered agreement between Saudi Arabia and Iran marks a major geopolitical shift in the Middle East, weakening Israeli and U.S. regional strategies.

This Insight analyzes the implications of the Saudi-Iranian rapprochement, the ripple effects across regional conflict zones, and the emerging strategic recalibration in Gulf and Levantine politics.

Strategic Intelligence Insight

I. The China-Brokered Deal: Strategic Shockwaves

- **Regional Realignment:**

Saudi Arabia's reconciliation with Iran reorders regional alliances, reducing Riyadh's reliance on U.S. and Israeli security guarantees.

- **Global Power Shifts:**

China's successful mediation represents a strategic setback for U.S. influence, highlighting Beijing's growing diplomatic reach into Middle Eastern affairs.

- **Nullification of Israeli Military Options:**

With Saudi Arabia, Jordan, and Iraq no longer viable transit corridors, Israel's capacity to launch direct military operations against Iran is severely constrained.

II. Secondary Effects on Regional Conflicts

- **Syria, Lebanon, and Yemen:**

The Saudi-Iran agreement may facilitate diplomatic de-escalation in key conflict zones, particularly south Syria—potentially benefiting Jordan's border security.

- **Jordan's Diplomatic Position:**

Jordan's previous withdrawal of its ambassador from Tehran leaves Amman diplomatically disadvantaged amid rapidly shifting regional dynamics.

- **Impact on the Abraham Accords:**

Normalization momentum under the Abraham Accords faces new pressures, as Gulf states reassess the utility of Israeli security partnerships.

III. Strategic Winners and Losers

- **Gulf States:**

Saudi Arabia and the UAE recalibrate their risk perceptions regarding Iranian threats, reducing urgency for external military alliances.

- **United States:**

While the U.S. remains militarily and politically engaged in the Gulf, Washington's diplomatic monopoly has been partially eroded.

- **Israel:**

Israel's deterrence strategy against Iran suffers a major setback, as regional routes for strategic military options are effectively closed.

- **United Arab Emirates:**

The UAE, having suspended certain defence deals with Israel, emerges as a secondary loser in the wake of the Saudi-Iranian thaw.

IV. Future Strategic Risks

- **Volatility and Fragility:**

While the agreement marks a diplomatic breakthrough, it remains premature to assume enduring resolution between Saudi Arabia and Iran.

- **Persistent Proxy Dynamics:**

Despite diplomatic overtures, underlying proxy rivalries, ideological divisions, and asymmetric contestations will likely persist in the background.

- **Potential Political Vacuums:**

Rapid realignments create interim vacuums that opportunistic non-state actors or external powers may seek to exploit.

Indicators to Monitor

- Implementation and sustainability of Saudi-Iranian diplomatic normalization steps.
- Shifts in Gulf states' defence procurement patterns and military posture.
- Escalation or de-escalation trends in Syria, Yemen, and southern Lebanon.
- China's deepening political or economic engagements across the Middle East.

Analyst Reflection

The Saudi-Iran agreement reflects a critical inflection point in Middle Eastern geopolitics, signalling a move toward diversified alliances and multipolar influence.

Yet deep-seated rivalries and unresolved conflicts mean that while war may be less imminent, true stability remains uncertain and fragile.