SGIA Research Working Papers Series

Saudi-Iranian Ties: Stocktaking and Look into the Future

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August 2008

SGIARWPO8-4

1 This is an abbreviated version of a paper that was presented during the annual symposium at the Center for Contemporary Arab Studies at Georgetown University, March 27-28, 2008. A longer version will be published by CCAS.
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Introduction

If one re-reads publications from, say, thirty years ago, one is often struck by human kind's inability to surpass paradigms and to think beyond current states of affairs. With regard to Middle Eastern political economy and petrochemical developments, an observation of a number of articles from the late 1970s and the 1980s 2 shows that predictions need to take future landslides like the Islamic Revolution and the demise of the Soviet Union into account to have predicting value. But how can this be done? How can one predict longer-term social and (global) political affairs? To get an idea of the possibilities that are in stock we have written four scenarios of the future of Saudi-Iranian relations.

Scenario-thinking and writing is a method, first developed in business life, to look beyond the present into the uncertain future, in order to adapt policies to changing structures and events in a strategic way. A scenario is ‘a tool for ordering one’s perceptions about alternative future environments in which one’s decisions might be played out.’ 3 Concretely, they are a set of stories, built around carefully chosen so-called driving forces. Each story resembles a possible future environment on a larger or smaller scale. Building scenarios means to apply systematic and strategic thinking to dynamic, complicated and seemingly unpredictable realities by exploring the inter-related imponderables between the different factors that influence those realities. Scenarios should not be seen as true predictions or indisputable schemes of the future, and may seem unrealistic sometimes, but they are based on plausibility and probability. Scenario writing is a way to map the future in all its complexities and inconveniences.4

If we want to shed some light on Saudi-Iranian political-economic relations twenty years hence, then clearly we have to take global and regional politics into account. We will argue that, though many regional issues determine short-term political processes and relations, it is especially the global context in which such politics are embedded that will be of essence for our long-term view.

The other ‘independent’ variable then would have to be economic cooperation between Saudi Arabia and the Islamic Republic, especially in the core industrial sectors.

The second half of the 1990s saw a true leap in the study of economic integration and cooperation in the Middle East. Central to this particular emphasis was the notion that ‘peace is good for business’, but history teaches us that ‘business is also good for peace’. However, at the end of the millennium, intra-regional exports in the Arab world stood at some 8 percent of total exports, while in the European Union, this was some 57 percent.

While trade never has caused the kind of political cooperation that was envisioned by many at the end of the twentieth century (with the possible exception of the already closely related states of the GCC), Steffen Hertog notes that there is reason for hope on another ground: GCC petrodollars, and Saudi Arabian in particular, are slowly but steadily moving away from traditional bonds and bank deposits in the West towards Foreign Direct Investments (FDI) in a wider selection of regions, with about a third of Arab outward FDI being intra-Arab. Thus, ‘FDI has been at the core of regional economic integration since 2000. It has accelerated much more massively than trade and is cross-cutting sub regions in a way that commerce has never managed’.

While the emphasis above is on ‘Arab’, the same could logically apply to Arab-Iranian economic affairs. Indeed, during the time of Saudi-Iranian rapprochement after the Iraq invasion of Kuwait in 1990, economics were amongst the most important issues discussed and industry featured high on this agenda.

Though many barriers still exist in this regard, it is worthwhile to assess whether, in the long run, investments in core industries can ‘cross-cut sub regions’. We will address the current state of affairs, as well as future possibilities.

With both these ‘independents’ (political and economic) then, we can create different scenarios, none of which predict actual future outcomes of Saudi-Iranian relations. They do, however, shed light on possibilities that under current circumstances seem remote or indeed impossible.

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9 Ibid., p. 59.

Tentative Cooperation

In explaining Saudi-Iranian political affairs throughout the years, one has to consider three important factors. The first one is the regional, strategic factor: in the oil-rich Persian Gulf, three powers – Iran, Saudi Arabia and Iraq – have for long been rivals for dominance. Much of the realist logic of a balancing game can be applied to this triangle.11 Though for the time being Iraq as a power to be reckoned with seems remote, it is certainly not unthinkable that the logic of such a triangle returns some day.

The second factor relates to ideology, though one has to be careful in ‘choosing’ the most relevant type of ideology. For example, many stress religious arguments, which are important in an instrumental manner, but fail to explain the shifts in alliances above, as well as long periods of peaceful coexistence between the Sunni and Shi’a worlds. Much rather, as David Long aptly points out, the explanatory divide in previous times was between conservatism (or status quo; the Al Saud and the Pahlavis) and radicalism (or anti-status quo; first Nassarist pan-Arabism, then Ba’thist nationalism and later Khomeinism).12

Telling is, for example, Tehran's eagerness to appease secularly governed, but equally anti-status quo Arab states like Syria and Libya, disregarding Islam in these relations.13 Secondly, and related, there was an important domestic imperative to play an Islamic virtue card, not only in Iran where it was needed to rally support for a regime trying to consolidate its power,14 but equally in Saudi Arabia, where the Islamic Revolution coincided with internal opposition which in the same year expressed itself in the seizure of the Grand Mosque. As a result, King Fahd felt the need to polish up his Islamic credentials.15 Still, as we will argue below, the current disregard of the Islamic 'card' in bilateral relations, even in the light of intensifying sectarian strife in Iraq, contributes to explaining the ongoing pragmatism between Tehran and Riyadh.

The third factor of concern is the international environment. Much of the Middle East has been colonized in some form by Western powers (albeit not Iran and Saudi Arabia) and the Cold War manifested itself vividly in the region.16

Before the Islamic revolution, Saudi Arabia and Iran were both (in a Cold-War setting) firmly in the Western Camp, indeed the two were essential in the American ‘Twin-Pillar’ policy. There was already an element of rivalry between them concerning supremacy in the Gulf and leadership of OPEC, but the common interests

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14 Ibid.
of the two monarchies kept such rivalry low key. It is interesting to note that the Al Saud initially congratulated Ayatollah Khomeini with his victory and applauded the establishment of an Islamic Republic. This, however, changed soon enough when it became clear how diametrically opposed Khomeini was to what he called the ‘American Islam’ of the Gulf monarchies.  

It is common knowledge that relations between the two have improved during the 1990s, though there is some disagreement on the exact timing and agency of these improvements. Many suggest the rapprochement came with the election of Mohammad Khatami in 1997, but this is problematic for several reasons. One, as noted before, the Iraqi invasion of Kuwait played an important role. Second, there were clear signs that many in the Iranian establishment opted for a change in regional policy before the death of Khomeini in 1989. Finally, the importance of the ‘succession’ by Crown Prince Abdullah after King Fahd’s stroke in 1995 is often underestimated. As such, it is safe to say that many factors between 1988 and the end of the millennium contributed to this improvement of ties.

Two important facts on the ground, however, have left these improvements tentative and cautious. One is that, while Saudi Arabia was firmly under the US security umbrella, Iran was an important adversary of the Americans in the Gulf. The second factor was that during the 1990s, mounting economic problems in both Saudi Arabia and Iran (though more pressuring in the latter) and the reduced leverage ability of OPEC, resulted in fierce competition between Iran and the Arab states of the Gulf. This latter dark cloud had a small silver lining though: it was these same economic difficulties (in both cases serious domestic consequences could not be ruled out) that started a drive for economic diversification and the needed foreign investments required a stable regional environment. Thus many in the Gulf recognized they had a firm interest in the pragmatism that was developing.

Some have argued that the first obstacle to regional cooperation has been eroding too. Gwenn Okruhlik, for instance, argues that the rapprochement between Saudi Arabia and Iran should partially be explained through growing Saudi disillusionment with the United States and its policies in Israel, Afghanistan and Iraq.

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18 Ibid., pp. 95-96.
Also, there has recently been a debate in both academia and the media about the growing influence of China in the Gulf, which could become the converging ally for Saudi Arabia and Iran.

We have argued elsewhere that Saudi Arabia has a long history of balancing between different external powers and that, for the time being, the ‘special relationship’ between the United States and Saudi Arabia has largely remained intact and will stay intact for the foreseeable future. And what is more, while Iran during the 1990s moderated many of its foreign relations, the election of President Mahmoud Ahmadinejad has largely reversed this process.

While it is tempting in this light to suggest that Saudi-Iranian relations will be plunged into bitter rivalry again, current affairs show that this has only very limitedly been the case. Facts on the ground show that while Iran is certainly unhappy with Saudi diplomacy in the cases of the Lebanon war in 2006 (the Saudis strongly condemned Hezbollah) and Saudi mediation in the Palestinian infighting between Hamas and Fatah, thereby ‘clipping the wings’ of the Iranians, Tehran has remained remarkably silent in both cases. In fact, Saudi-Iranian cooperation has been crucial in helping to ease tensions in especially Lebanon. In much the same way, Saudi Arabia has been wary of Iranian nuclear ambitions and its policies in Iraq, but has carefully remained on speaking terms with Iran, wants to contain Iran’s ambitions, but at the same time does not want to clash with it.

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27 Kaye and Wehrey interestingly note, however, that many regional actors do not perceive a direct nuclear attack from Iran to be the greatest threat. They point out it will be the reactions to or the spillover from a nuclear Iran that poses the greatest threat. Even more interesting is what they noted as the smaller states’ worry that the Saudis might undertake a ‘hegemonic overreaction’, ‘[i]n which Riyadh would exploit the threat from Tehran to win Washington’s recognition of Saudi pre-eminence in the Sunni Arab world.’ Dalia Dassa Kaye and Fredric M. Wehrey, ‘A Nuclear Iran: The Reactions of Neighbors’, *Survival*, Vol. 49, No. 2, Summer 2007, p. 112.

Importantly, the Saudi elite largely views Iranian ambitions as power politics, not a search for sectarian domination. And while Ahmadinejad has positioned himself internationally as the spokesman of the deprived, be it Muslim or non-Muslim, focussing on anti-imperialism and justice for the global south as a ‘hero of a bygone era’, he has done so without attacking the Al Saud or other Gulf monarchies.

Thus, in sum, while the deep-felt animosity of the 1980s has largely vanished, Saudi Arabia and Iran remain embedded in different camps and thus mistrust and suspicion will continue to play an important role in bilateral relations. But, as both the regional environment and the ideological positioning towards each other have changed quite significantly since the 1980s, there is room for common ground and tentative, pragmatic cooperation.

**Cross-cutting Sub regions?**

During the second half of the 1960s and in the 1970s, the MENA region, and the Gulf in particular, was characterized as a success story and some (Iran, Israel and Turkey, and they could lead the way for others, especially Saudi Arabia and Egypt) were seen as potential newly industrializing countries, not least by international institutions as the World Bank. Growth rates were higher than in Latin America, Africa and most of Asia and the region outranked those in terms of income distribution as well.

However, while oil was the primary reason for this economic prosperity in the Gulf region, it also proved its Achilles heel. Not only did prices sharply decline in the mid-1980s, but oil income also made the economies stagnate and when these revenues shrank, restrictive practices, inflexible labor bureaucracies and other inefficiencies took their toll. In the late 1990s, oil still accounted for 96 percent of Iranian and even 99 percent of Saudi Arabian exports. This poor economic performance (in sectors other than oil) is also identifiable through the inflow of FDI: total GCC inflows in 2001 were $38.7 billion, as opposed to $451 billion for Hong Kong alone.

While this image resonated in the entire Gulf region and largely in the wider Middle East during the 1990s, the new millennium saw a divergence of economic performances. Between 2004 and 2006, Saudi inward FDI as a percentage of gross fixed capital rose from 4.5 to 32.1 percent; while in Iran, it rose from 0.7 to 1.9 (the average in the developing world in 2006 was 13.8). Clearly, the Arab side of the Gulf has in recent years been able to attract large sums of foreign capital, while its Persian counterpart has not. Why is this of critical importance?

29 ‘Iran’s attempt to exploit the current instability in Iraq to consolidate and assert its political leverage at the expense of the other parties sends wrong signals. It is not just a direct intervention in the affairs of an Arab country whose political stability and security are directly linked to the Gulf environment as whole, but it is seen as an attempt to destabilize the regional balance of power and sends clear signals that Tehran’s foreign policy is still motivated by narrow interests,’ Abdulaziz Sager, *Saudi Arabia, Iran and the search for security*, Gulf Research Center (www.grc.ae), June 2005. Also see F. Gregory Gause III, ‘Saudi Arabia: Iraq, Iran, the Regional Power Balance, and the Sectarian Question’, *Strategic Insights*, Vol. VI, No. 2, March 2007.


31 For this section, it has proven extremely difficult to find convincing evidence. As such, we owe a great deal of gratitude to several seasoned analysts, especially Giacomo Luciani, Steffen Hertog, John Calabrese and Anoush Ehteshami.


33 Ibid., pp. 135-139.

Both Iran and Saudi Arabia had a potential for large-scale developments thirty years ago in the downstream oil and gas sectors, namely petrochemicals and refining. Indeed, they are today the two most important petrochemical players in the Middle East.35 Also on a global scale, they are important players and this role is expected to increase further in the coming years:

Even if only half of the planned capacity additions in Iran and Saudi Arabia come to pass by the end of the decade, the region will still be nearly the size of Western Europe in terms of ethylene production. The growth of the region has been underpinned by stunningly low production site cash costs, which in turn are driven by low feedstock costs.36 (Italics by the author.)

However, while these figures are impressive, the true leap forward for the Gulf region would be further downstream developments into high value-added products, like polymers, polyester products chlorine and (semi)-finished plastic goods. It is especially this downstream development that requires large sums of capital and, equally important, technical know-how and it is especially one country (and largely one company) that has been particularly successful in generating both: Saudi Arabia and SABIC.37

There are two important financial factors that help Saudi Arabia and SABIC in their developments. First, large surpluses in the Gulf have, as opposed to the earlier oil boom, not fled the region. As a result, 15 of the top 20 banks in the Arab world are located in the GCC, there is a large increase in intra-regional investments and the regional markets for equity are also growing. The second factor is of course the growth in FDI mentioned above. Large participations of numerous foreign companies as Shell, ExxonMobil, Dow, Total Petrochemicals, Sinopec, Sumitomo and ChevronPhillips have been established in Saudi Arabia.38

These participations provide the company with know-how, but SABIC is also actively pursuing to increase its knowledge base by moving into a counter-intuitive direction: large takeovers of DSM and GE plastics in Europe), which offer a broadening of their product slate (also a prerequisite set by the Saudi government to SABIC in return for cheap feedstock) and a global reach.39

35 http://www.zawya.com/industryinsight/petrochemicals.cfm (viewed March 15, 2008). Saudi Basic Industries Corporation (SABIC) is the Middle East’s number one company with a capacity of roughly 23 million tons per year, followed by Iran's National Petrochemical Company (NPC) with 17 million.
39 Aarts, Meertens and Van Duijne, ‘Kingdom with Borders’. 
The Iranian case, on the other hand, shows a different image: while many still emphasize the Iranian potential, it largely remains a potential in these more sophisticated product slates, since Iran lacks the two assets above. Foreign participation is, as noted, low and figures in this regard tend to be exaggerated to (rather unsuccessfully) boost international confidence. What is more, economic difficulties limit the capital surpluses that are available (despite current oil prices and especially in comparison to Saudi Arabia) and a lot is lost in mismanagement and bureaucracies.

Intra-Arab and especially intra-GCC economic developments have, as noted, taken a leap in recent years and it is evident that – in theory – the same could apply to economic relations between Iran and the Arab Gulf states, in our case Saudi Arabia. Saudi Arabia has the (access to) technological expertise that Iran is in dire need of and has enormous amounts of ‘petrodollars’ to invest abroad. In return, Iran could be a welcome market for Saudi petrochemical output (due to its large population), a further step for Saudi expansion eastward and finally, certainly not least, ‘business is good for peace’.

There is also the issue of gas. The Saudi Arabian petrochemical industry has an ever increasing need for natural gas and Iran holds the second largest reserves in the world. Whether this is a ground for future courting of Iran by Riyadh, however, is a source of disagreement. Much of this depends on the confidence one has in the Saudi gas explorations in especially the Rub al-Khali (the Empty Quarter), and its ability to keep up with the country's petrochemical demands. Iran, on the other hand, holds some 15.5 percent of the world’s proven reserves. The downside to this is that its production rate is particularly low (3.7 percent of total world production at the end of 2006; compare Saudi Arabia which, having only 3.0 percent of proven reserves, at the same time produced 2.6 percent). As such, Iran even had trouble in meeting domestic needs in the winter of 2007/2008. However, ambitious plans exist to upgrade production more than threefold from 130 bcm in 2007 to 475 bcm in 2020, leaving room for exports, and some estimates of possible production are even higher, up to 600 bcm/y. It must be noted though that such increases require structural industrial changes and the right (foreign and domestic) investment atmosphere.

All in all, it would thus seem that there is indeed an opportunity for improving Saudi-Iranian economic relations, especially in the core industrial sector that the two countries share. But at present, such links are still extremely limited, if not absent. Why is this? Two important reasons come to the fore.

42 HSBC Global Research, Company Report Saudi Basic Industries Co, 12 April 2007, pp. 9-10. This was confirmed by Jean-François Seznec during the symposium ‘Industrialization in the Gulf: A Socioeconomic Revolution’, organized by the Center for Contemporary Arab Studies at Georgetown University, March 27-28, 2008.
First, there is an obvious political component. Saudis are not thrilled about the current Iranian leadership and distrust continues to stain bilateral economic relations. Also, under current circumstances, Saudi Arabia would prefer gas from other sources than Iran if the need arises, first and foremost Qatar. On the other hand, Iran is also not too keen on Saudi and GCC FDI, as long as Chinese FDI is available that particularly has ‘no political strings attached’. The result of the above is that the minor economic steps that are taken are largely politically motivated: Iran reaches out to the GCC to disrupt US policy in the Middle East and some ‘Gulfs’ reach back in order to keep cross-Gulf relations within the limits of normality. Thus, if we want to address bilateral affairs in 2030, this political context is of special importance, as we have established earlier.

The second explanation for the absence of bilateral economic ties solely focuses on Iran and can be summed up as economic governance. There is indeed a great deal of potential, but the Iranians have to ‘get their act together’: the Iranian government has no control over parts of its economy (especially the huge economic powers of many bonyads), the economic context in Iran is highly volatile and there is ‘turf defense’ of specific interest groups. All this severely limits the possibility of large-scale FDI projects. Several GCC companies are known to be keen to invest in Iran, but this lack of economic pragmatism has resulted in limited success of some pioneers and thus overall pessimism about the possibilities of making money in Iran.

Most observers are pessimistic about changes in Iranian economic governance, but be reminded again that we are thinking of 2030 and ‘outside the box’ of the current state of affairs. In that sense, it surely is of importance whether Iranians will be able to create a better business environment.

Twenty Years Hence
Before turning to the actual scenarios, it is important to note that there is of course an interrelation between the axes we have chosen: political relations influence business and vice versa. However, the two to some extent are also independent, which justifies this separation, because the above has shown that Iranian economic governance, which is largely an internal affair, will partially determine future economic cooperation between Saudi Arabia and Iran and thus also has an independent impact on the future outcome of bilateral ties.

The second point we want to stress concerns our choice of the particular global nature of the political axis. Many scenarios tend to focus on regional affairs and particularly ‘regional stability’. However, since we are concerned with bilateral relations of two

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45 It seems, however, that Qatar’s export potential (for neighbouring Saudi Arabia) has inbuilt limits due its large-scale long-term commitments in LNG deals (personal communication of Jean-François Seznec, March 28, 2008).
48 For a clear example, see World Economic Forum, The Kingdom of Saudi Arabia and the World: Scenarios to 2025 – executive summary, Geneva, 2007,
important states within the Middle East, stability is not necessarily a driving force. Quite the contrary, it has been argued that the invasion of Kuwait by Iraq went a long way in improving Saudi-Iranian ties in the early 1990s. Equally, our scenarios show that further escalation in Iraq can both result in the improvement or deterioration of these relations.\(^{49}\) Thus the following scenarios take regional developments into account, but in a more short-term and instrumental manner. We argue that the overriding factor that will influence Saudi-Iranian relations at 2030 is the question whether they at that time belong to the same or a different global camp.

**Figure 1: the four scenarios**

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<tr>
<th>Converging Camps</th>
<th>Diverging Camps</th>
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<td>Peaceful Hegemonic Competition</td>
<td>Alienation</td>
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<tr>
<td>Friendly Neighbors</td>
<td>Continued Fragile Pragmatism</td>
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Each of these four scenarios could possibly, and with some imagination, come about in twenty years time. The top-left of the model (‘Peaceful Hegemonic Competition’) emerges when either Iran-US relations significantly improve (for instance in light of a further deterioration in Iraq and a renewed ‘Grand Bargain’) or when Saudi-US relations take a bad turn (in which case both could for instance ally with China). Both of these cases would entail a significant improvement of Saudi-Iranian political relations.

However, in this scenario, a lack of improvement in Iranian economic management and the similar development strategies in Saudi Arabia and Iran lead to an economic competition that is reminiscent of the late 1970s, just prior to the Islamic revolution.

\[^{49}\text{Though Iraq is the most probable cause for such changes or continuities in alliance-making, it is not necessarily the regional immediate cause. Other conflicts, for instance in Lebanon or Israel-Palestine could equally be that trigger. An improvement of the situation in Iraq in the immediate future, on the other hand, will most probably have a less dramatic effect on the political axis, though in terms of regional balancing, it certainly will have an impact. Still, the exact configuration of such realist balancing in turn is dependent to a large extent on global alliances. The most eminent effect of an improvement of the situation in Iraq therefore lies on the economic axis: business is not only good for peace, also vice versa.}\]
In this scenario, both countries develop their economies separately, without much cross-Gulf investments and cooperation. Note that the political component of this image specifically not entails 'regional stability': it is very possible that Saudi-Iranian relations thrive in a highly volatile Middle East, for instance in a new bipolar setting in which Egypt, Israel, Turkey, Syria and the US are diametrically opposed to Iran, Saudi Arabia, Russia and China. In this light, any combination of countries will do, as long as Saudi Arabia and Iran are both on one side of the line.

The top-right scenario (‘Friendly Neighbors’) shows a quite similar political situation, but the economic picture is very different: here, improved Iranian domestic economic governance or a lack of Saudi natural gas (or a combination of both) triggers large-scale and long-term economic cooperation between the neighbors. With both political and economic barriers removed, the Saudi petrodollars could be flowing into Iran and in return, Iran could supply the Saudi petrochemical industry with an abundance of natural gas (which Saudi expertise and, again, financial input could help to explore more effectively).

The bottom-left (‘Alienation’) represents our worst-case scenario. Politically, it is more in line with the current state of affairs, though many different developments can lead in this direction. Most obviously, a deterioration of the situation in Iraq or Lebanon and an increased regional emphasis on sectarian differences point in such a direction, but it is equally thinkable that a stable and prosperous Iraq can strain Saudi-Iranian bilateral ties. In any case, in this scenario, Saudi-US relations remain warm, while US-Iranian affairs continue to be hostile. This rift could deepen further through, for instance, an improvement of Saudi ties with Egypt, Turkey and (probably secretly) Israel, or a more politically active role of the Chinese and Russians. In economic terms, this scenario too is a worst case. There are different possible reasons for this to happen: as above, an inability of the Iranian leadership to improve its investment climate limits regional investments, but even worse, political tensions in the region could again result in the petrodollar fleeing the Middle East and rolling back the politically positive intra-regional investments of recent years.

The bottom-right (‘Continued Fragile Pragmatism’) finally represents, again, the status quo in political terms, but with the economic dice rolling the other way. Probably more cautious and slow than the top-right, but the same economic principles apply. This scenario shows that indeed ‘business is good for peace’: neither is willing to jeopardize important economic interests and thus make sure that disagreement stays within the limits of normal, diplomatic engagement.

Conclusion
While some of the four sketches of Saudi-Iranian ties in 2030 seem far-fetched and remote, the suggested steps and events that have led to these future configurations are each in themselves not unthinkable. Thus, scenario writing circumvents the social scientist's tendency to predict the future with a strong emphasis on the current state of affairs. We too would suggest that these bilateral relations in 2030 will remain cautious and full of distrust, and as such, the difference between poor and reasonably okay relations will largely depend on economics. However, due to pessimism on the ability of the Iranian government to make necessary changes, economic relations will continue to have a strong political rationale as well. But, in an uncertain world, indeed the unthinkable at least becomes thinkable.
We have argued that the future configuration of bilateral relations between the Kingdom of Saudi Arabia and the Islamic Republic of Iran in essence will largely depend on two main factors: alliances in global political configurations and the convergence of economic interests and cross-Gulf investments.

While the political axis can have groundbreaking effects in these scenarios, the economic one largely works out the 'details' within these political configurations. For instance, while true improvements of bilateral relations are currently prohibited by the diametrically opposed relations of Saudi Arabia and Iran with the United States, the importance of economic diversification and foreign investments has resulted in a mutual interest in continued pragmatism, despite tensions over Iraq or Iranian nuclear ambitions. In the future too, economics will clearly make a difference between (under current political circumstances) alienation and a continuation of this pragmatism or (under different political circumstances) between competition and cooperation.

The future is full of uncertainty and so is any scenario. Much will depend on economic developments and policy choices, also outside of Iran and Saudi Arabia, especially in China and the United States, but also in Europe and Russia and in other Middle Eastern states. The four scenarios are thus not the only possible futures and there are indeed middle grounds thinkable between these clear-cut, different futures. Much rather, they present an analytical exercise that allows us to think outside of current paradigms and to distill the driving forces that determine the future. They can also, as in business, be a tool for decision makers that allows them to get a grasp of possible future outcomes of a given course of action.