

Saudi Arabia Offers Iran Investment to Blunt Gaza War (1)

By Sam Dagher | November 29, 2023 4:09PM ET

Saudi Arabia has approached Iran with an offer to boost cooperation and invest in its [sanctions-stricken economy](#) if the Islamic Republic stops its regional proxies from turning the Israel-Hamas war into a wider conflict.

The proposal has been delivered directly and through multiple means since Hamas's attack on Israel last month and the ensuing war in Gaza, according to Arab and Western officials familiar with the matter.

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Photographer: Anadolu Agency/Anadolu

Saudi Crown Prince Mohammed Bin Salman with other leaders at an extraordinary Islamic-Arab summit in Riyadh this month.

The possibility of a deeper engagement also came up in [the encounter](#) between Iranian President Ebrahim Raisi and Saudi Crown Prince Mohammed Bin Salman during a summit in Riyadh this month to address the war, said the people, speaking on condition of anonymity to discuss the sensitive talks. Raisi was among the first leaders that MBS, as the crown prince is known, [spoke with](#) after the Hamas attack.

Alongside its conciliatory outreach, Saudi Arabia is pursuing another track. US Assistant Secretary of State Barbara Leaf said Washington is working with Saudi Arabia and its other Arab allies to stop Tehran "weaponizing" the conflict to strengthen its so-called axis of resistance, which encompasses armed groups from Lebanon and Palestinian territories to Iraq, Syria and Yemen.

A Saudi Foreign Ministry official and a spokesperson for the Saudi Embassy in Washington didn't immediately respond to a request for comment.

Speaking from the UN headquarters in New York on Wednesday, Saudi Foreign Minister Prince Faisal Bin Farhan called for a permanent ceasefire in Gaza and said denying Palestinians the right to their own state "will result in continuing crisis in the region."

While its unclear how seriously Tehran has taken Riyadh's overtures, so far a regional war's been averted. The Saudis and their Arab allies still fear such an outcome's possible if Israel presses ahead with its military campaign to eradicate Hamas, which Prime Minister Benjamin Netanyahu has [vowed](#) to resume after a truce that's led to hostage releases [ends](#).

Hamas, which is funded, armed and trained by Iran, killed some 1,200 Israelis and abducted 240 on Oct. 7. The health ministry in the Hamas-run territory says more than 15,000 Palestinians have been killed since Israel launched its war on Hamas with airstrikes and a ground assault on Gaza, where the United Nations says a “[humanitarian catastrophe](#)” has unfolded.

Hamas is designated a terrorist organization by the US and European Union. Iran praised the group’s attack last month but [denied](#) direct involvement.

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Saudi Arabia’s two-pronged approach is giving a rare glimpse into its strategy vis-a-vis Iran after the restoration of diplomatic ties in March following a seven-year [rupture](#). The two countries have long vied to be the main geopolitical power in the Middle East. The rivalry’s spurred in part by Iranian leaders’ eagerness to export their Islamic revolution to the rest of the region as well as their past rejection of the House of Saud’s guardianship over Islam’s holiest sites in Saudi Arabia.

The specter of a regional conflict prompted Riyadh to go out of its way to enlist Iran as a co-sponsor of the communique issued at the end of the extraordinary Islamic-Arab summit in Saudi Arabia, according to officials involved in the process. The [document](#) harshly condemned Israel, called for an immediate cease-fire and laid out steps for a long-term solution.

The crown prince’s focus is on de-escalation with Iran, according to a person on the Saudi side with direct knowledge of the high-level contacts. In their meetings with Iranian officials, MBS and his aides have also aired Saudi concerns over Iran’s support for armed groups in the Arab world while talking up the benefits of cooperation, the person said.

Saudi ‘Evolution’

“It’s an evolution,” said [Elham Fakhro](#), research fellow at Exeter University’s Institute of Arab and Islamic Studies. “Instead of a more militaristic approach, Saudi’s strategy is now diplomacy-heavy.”

At stake for the kingdom is preserving and even potentially deepening the China-brokered deal [signed](#) with Iran in March, particularly through economic ties.

But it’s also pursuing other goals like helping create a state for Palestinians alongside Israel, [normalizing ties with Israel](#) and forging a closer defense relationship with the US.

All risk putting it at odds with Tehran. Iran is committed to the annihilation of Israel and an end to the US military presence in the Middle East. It also opposes normalization and the two-state solution.

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“There is a limit to how far Iran and Saudi Arabia can go in de-escalating tensions between themselves if the entire region is ablaze because of the war in Gaza or if Iran remains at daggers drawn with Saudi Arabia’s allies in the West,” said Ali Vaez, [Iran Project Director](#) at the International Crisis Group.

The March détente emerged primarily out of the crown prince’s desire to [minimize threats](#) to his multi-trillion-dollar economic transformation plan known as Vision 2030. The kingdom is investing billions of dollars abroad as part of that push, and Saudi and Iranian officials have previously talked of joint oil and gas [ventures](#).

[Read more: Threats to Grand Plans Sent Saudi Prince to Seek Iran Deal](#)

A key goal of Prince Mohammed is ending a devastating eight-year war he’s waged in Yemen against the Houthis, a group backed by Iran that’s targeted vital Saudi interests. In 2019, the Houthis claimed a drone and missile attack that briefly knocked out half of the kingdom’s oil production.

‘Ideological Tool’

Complicating Saudi Arabia’s mission is the fact the Palestinian cause is becoming an even more crucial “ideological tool” for Iran and its allies against the backdrop of their economic failures and mounting popular anger, said Renad Mansour, a [senior fellow](#) at the Chatham House think tank.

Since Oct. 7, the Houthis have fired missiles and drones at Israel — most of them [intercepted](#) by the US and Saudi Arabia. The group also [hijacked](#) an Israeli-linked cargo ship and has vowed to continue such attacks until the war in Gaza ends.

Iran’s proxies have to mount attacks to show solidarity with Hamas but will probably stop short of crossing a line that would provoke a full-blown war, Mansour said. Iran is reluctant to risk enmeshing Hezbollah or triggering a severe [US military reaction](#), he said.

The Lebanese group, [key pillar](#) of Tehran’s [strategy](#) in the region, has exchanged fire with Israeli forces almost daily since the war started. Those skirmishes have killed at least 85 Hezbollah fighters and around a dozen civilians, but are yet to trigger a major confrontation.

“For Iran it’s a balancing act between going beyond their slogans of resistance and being pragmatic and not jeopardizing the status quo from which they are benefiting,” said Mansour.

[Read more: Iran’s ‘Crown Jewel’ Has Much to Lose From Total War With Israel](#)

The US fully backs Saudi Arabia’s [push](#) to relaunch talks aimed at creating a nation for Palestinians alongside the Jewish state, according to Leaf, the assistant secretary of state for Near Eastern Affairs.

Putting the Israeli-Palestinian conflict on a path to resolution was crucial to resuming negotiations over the normalization of ties between Israel and Saudi Arabia, she said, calling the strife “an issue that’s been weaponized by Iran with its architecture of proxies.”

“This crisis just illuminated what a threat it is to peace, order and stability in this region,” Leaf said. “You stop Iran from weaponizing it by taking it away.”

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