

**ONGOING SAUDI-IRAN CONFLICT RAGES, THREATENING TO
EXPAND TO WIDER REGIONAL WAR**

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Isranet Daily Briefing, May 8, 2018

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[The First Saudi-Iranian War Will Be an Even Fight](#): Afshon Ostovar, *Foreign Policy*, May 7, 2018— Since 2011, first in Syria and then in Yemen, proxy forces of Iran and Saudi Arabia have been in constant, brutal competition.

[Natural Gas: An Underrated Driver of Saudi Hostility Towards Iran and Qatar](#): Dr. James M. Dorsey, *BESA*, Apr. 25, 2018— With signatories to the Paris Climate Accord moving towards bans on gasoline- and diesel-driven vehicles within decades and renewable energy technology advancing by leaps and bounds, natural gas has taken on a new significance.

[The Saudi Revolution](#): Yoel Guzansky, *INSS*, Apr. 22, 2018 — Saudi Arabia is in the midst of revolutionary processes that aim to change the economic and social fabric in this conservative kingdom.

[Houthis, Hezbollah and Hamas: Israel and Saudi Arabia Face Similar Threats](#): Seth J. Frantzman, *Jerusalem Post*, Mar. 26, 2018— Patriot missiles blazed skyward in an epic display over Saudi Arabia around midnight on Sunday, as Saudi air defenses intercepted seven missiles fired from Yemen over Riyadh.

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THE FIRST SAUDI-IRANIAN WAR WILL BE AN EVEN FIGHT

Afshon Ostovar

[Foreign Policy](#), May 7, 2018

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Since 2011, first in Syria and then in Yemen, proxy forces of Iran and Saudi Arabia have been in constant, brutal competition. Both sides seem to have concluded that a direct war isn't in their interest, with neither having ever directly attacked the other. But there has always been a risk of escalation — and that risk will heighten dramatically on Tuesday if President Donald Trump withdraws from the Iran nuclear deal, as seems likely. That could lead to an increase in military provocations by Iran in the region, and embolden any Saudi response.

It's far easier to assess the likelihood of direct conflict between Tehran and Riyadh, however, than to predict a winner. The outcome of the first Saudi-Iranian war would ultimately depend on the shape it ended up taking.

The two countries differ markedly in the size and capabilities of their forces. Iran has the larger military, with two forces — the Islamic Revolutionary Guard Corps (IRGC) and the Artesh regular military — composed of complementary air, naval, and land branches. The Artesh has an estimated 350,000 active-duty soldiers and controls most of Iran's more sophisticated conventional capabilities, especially in the air and maritime domains. By comparison, the IRGC, with an estimated force of 125,000, has maintained a focus on asymmetric warfare but also oversees Iran's growing unmanned aerial vehicle fleet and strategic ballistic missile programs. Additionally, through its special forces division, known as the Quds Force, the IRGC commands Iran's foreign military operations and relations with client allies, such as in Syria and Iraq.

Since the 1980s, intermittent sanctions and political pressure from the United States have severely degraded Iran's ability to procure military technology and weapons from other countries, which has made some of its military capabilities relatively outmoded and weak. Iran's defense spending (around \$12.3 billion in 2016) is modest compared with Saudi Arabia's as one of the top defense budgets in the world (\$63.7 billion in 2016 and \$69.4 billion in 2017), and its defense technology generally falls well below that of other regional states. Iran's air forces fly dated platforms, such as F-5 and F-14 Tomcat variants, which have been updated domestically from aircraft inherited from the pre-revolution Pahlavi state, but struggle with intermittent inoperability. Similarly, Iran's mechanized armor is mostly a hodgepodge of pre-1979 U.S. stock (such as the M60A1) and older Soviet tanks (such as the T-72S) procured from Russia during the 1990s.

Unable to update its military capabilities, Iran has instead invested in other areas, especially ballistic missiles, to provide a competitive edge with its neighbors. Its

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ground-to-ground ballistic missile variants, such as the Zolfaghar (435-mile range) and Shahab-3 (994-mile range), could potentially target strategic infrastructure and population centers well within Saudi territory. Those ranges and the large stockpile Iran has amassed have made ballistic missiles Iran's core strategic deterrent. Iran showcased that capability in June 2017 when it fired six Zolfaghar missiles at Islamic State-held territory near the Syrian city of Deir Ezzor, some 435 miles from the launch points in western Iran. Beyond that hard deterrent, the IRGC's investments have concentrated on developing less expensive platforms that can challenge adversaries through asymmetrical tactics. Foremost in this regard is the IRGC Navy's large fleet of fast attack crafts, which includes various types of small speed boats that can be armed with 107 mm rockets, heavy machine guns, and anti-ship cruise missiles, or loaded with explosives and used in kamikaze-style strikes. These boats, along with its large stockpile of naval mines, are the IRGC's primary offensive tool against maritime adversaries in the maritime domain.

The Saudi military is smaller but better armed. Saudi Arabia's primary military land, air, naval, and missile forces fall under the command of its Ministry of Defense. Combined with auxiliary forces in the Saudi Arabian National Guard, Royal Guard, and the Ministry of Interior's border defense force, the Saudi military is estimated to have around 250,000 active-duty personnel. Its chief strengths lie in airpower and air defense. The Royal Saudi Air Force possesses several squadrons of F-15C/D Eagle and F-15 Strike Eagle fighters, along with three squadrons of Tornado multirole aircraft, and 72 Eurofighter Typhoon attack aircraft. The Royal Saudi Air Defense Forces have similarly impressive capabilities, focused mainly on U.S.-supplied Patriot missile batteries concentrated around critical infrastructure, military bases, and population centers. Saudi Arabia also has a small but perhaps growing stockpile of ballistic missiles. Its Strategic Missile Force is believed to possess dozens of aging liquid-fueled Chinese DF-3 medium-range missiles (2,485- to 3,100-mile range) and possibly some solid-fueled DF-21 medium-range missiles (1,050-mile range) as well...

Much of Iran's military know-how was developed during the nearly eight-year Iran-Iraq War, where it fought against a technologically superior adversary with far greater international backing. If the Iran-Iraq War taught Iran's armed forces how to survive and make limited gains through asymmetrical tactics, the post-2011 experience of the IRGC and its client allies (such as Lebanese Hezbollah and various Iraqi militias) in the Syrian, Iraqi, and Yemeni conflicts has helped it

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develop further in terms of command and control, integrated operations, and ground offenses. Although Iran and its clients have been inseparable from the ground successes in both Syria and Iraq, those advances have been paved by foreign air power (by the United States in Iraq and Russia in Syria). Without the support of such air power, it is doubtful that Iranian-led forces would have made any serious gains against Syria's rebels or the Islamic State. Further, they have relied on artillery bombardments, which essentially flattened the adversarial-held population centers before they were retaken.

The Saudis have comparatively less combat experience. In 1991, Saudi and Kuwaiti forces struggled to defeat an Iraqi tank column that had occupied the Saudi town of Khafji. They ultimately prevailed with U.S. support, but the battle exposed the inexperience of the Saudi military. In a precursor to the current conflict in Yemen, Saudi forces intervened across the southern border in 2009 in support of the Yemeni government's war against the Houthis. The Saudi campaign, which included Jordanian and perhaps Moroccan troops, lasted only a few months and concentrated on the bombing of Houthi positions near the border. Despite retaking some strategic high ground along the border, the aerial campaign had only a small impact on the overall ground war. That limited track record clearly did not prepare the Saudis for the current war in Yemen. But the longer the current war continues, the more experience the Saudi military will gain...

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NATURAL GAS: AN UNDERRATED DRIVER OF

SAUDI HOSTILITY TOWARDS IRAN AND QATAR

Dr. James M. Dorsey

[BESA](#), Apr. 25, 2018

With signatories to the Paris Climate Accord moving towards bans on gasoline- and diesel-driven vehicles within decades and renewable energy technology advancing by leaps and bounds, natural gas has taken on a new significance. These global energy trends are hastening in an era in which oil will significantly diminish in importance and natural gas, according to energy scholar Sergei Paltsev, will fill

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gaps in the provision of renewable energy that await technological advances.

Saudi Arabia's problem is that Iran and Qatar have gas reserves it does not. That is one reason why renewables figure prominently in Saudi Crown Prince Muhammad bin Salman's Vision 2030 reform program - not only to prepare Saudi Arabia economically for a post-oil future, but also to secure its continued geopolitical significance. Prince Muhammad, like his counterpart in the United Arab Emirates, Crown Prince Muhammad bin Zayed, hopes the kingdom will have an advantage in the generation of solar energy given that the sun hovers higher over his country than over Europe and other parts of the world and that it has less interference from clouds.

As a result, natural gas is a factor in mounting tension between Saudi Arabia and Iran. Some analysts say it is a driver of the Saudi-UAE-led, ten-month-old diplomatic and economic boycott of Qatar. In what could constitute a serious escalation of hostilities, the Saudi-led coalition in Yemen threatened recently to retaliate against Iran in response to missile attacks on the kingdom by Iranian-backed Houthi rebels.

"Perhaps, the Saudi elite knows all too well that the basis of its power is hollowing out rapidly as a result of the global climate response and anticipated dwindling of conventional oil. The stakes could never have been higher," said international relations scholar David Crieckmans in a recently published volume on the geopolitics of renewables. Contributing to the same volume, Thijs van de Graaf, another international relations scholar, suggested that of all the Middle Eastern oil producers, Saudi Arabia might have the most to lose.

There is a certain irony to this state of affairs. Crippling sanctions severely hampered Iran's oil production and only began to be lifted following the 2015 international agreement that curbed that country's nuclear program. Yet US threats to withdraw from the accord and potentially reimpose sanctions may work in Iran's favor in the transition to a post-oil world. "Iran...has a lot of advantages. It has a much broader economic base, a longer tradition of trading, and lower fertility rates... The country's oil production is much under its potential due to years of sanctions. This might in the long run turn out to be an advantage as these economies prepare themselves for a post-oil age," Van der Graaf said. Add to that the fact that it is likely to be gas supplies from Iran and Turkmenistan, two Caspian Sea states, rather than Saudi oil that will determine which way the future Eurasian energy architecture tilts: towards China, the world's third largest LNG

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importer; or towards Europe.

“Iran, within five years, will likely have 24.6 billion cubic meters of natural gas available for annual piped gas exports beyond its current supply commitments. Not enough to supply all major markets, Tehran will face a crucial geopolitical choice for the destination of its piped exports. Iran will be able to export piped gas to two of the following three markets: European Union (EU)/Turkey via the Southern Gas Corridor centering on the Trans-Anatolian Natural Gas Pipeline (TANAP), India via an Iran-Oman-India pipeline, or China via either Turkmenistan or Pakistan. The degree to which the system of energy relationships in Eurasia will be more oriented toward the European Union or China will depend on the extent to which each secures Caspian piped gas exports through pipeline infrastructure directed to its respective markets,” energy scholar Micha’el Tanchum argued.

In other words, the existential threat Iran poses to Saudi Arabia goes far beyond the fact that the Islamic Republic challenges Saudi monarchical rule by offering an alternative, albeit flawed, form of Islamic governance that incorporates a degree of popular sovereignty. It involves competition in which Iran can leverage assets Saudi Arabia does not have, leaving the kingdom dependent on containment that at best postpones issues rather than accommodates solutions. It also means that the antagonists’ regional proxy wars in Yemen and elsewhere are unlikely to remove the fundamental issues that drive the Saudi-Iranian rivalry and translate into destabilizing short-term policies.

Hardliners, including US President Donald Trump’s newly appointed national security advisor, John Bolton, and nominee for secretary of state, Mike Pompeo, may be proponents of regime change in Iran, but the question remains whether that would truly alleviate Saudi fears (which are shared by Israel). If successful, it would eliminate the Islamic governance challenge, but it would do nothing to alter the reality of a changing energy landscape. Barbara Slavin, an Iran expert at the Washington-based Atlantic Council, cautions that a possible US withdrawal next month from the nuclear agreement with Iran does not necessarily mean either the demise of the accord or a re-imposition of a crippling sanctions regime.

“Twenty years ago, Congress passed similar secondary sanctions - the Iran-Libya Sanctions Act - threatening penalties against foreign companies investing in Iran’s oil and gas sector,” Slavin noted. “Europe cried foul and the sanctions were never implemented. That could well be the outcome in May,” when Trump will have to decide whether the US remains a party to the accord.

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THE SAUDI REVOLUTION

Yoel Guzansky

[INSS](#), Apr. 22, 2018

Saudi Arabia is in the midst of revolutionary processes that aim to change the economic and social fabric in this conservative kingdom. In contrast to the bottom-up Arab revolutions that took place over the past decade, the Saudi revolution is guided top-down by Crown Prince and acting ruler Mohammad bin Salman from his palace in Riyadh. The 32-year-old prince is also trying to impose change to the house of Saud itself: a switch from collective rule by the different branches of the family, which created a system of checks and balances, to what more and more appears to be the autocratic rule of bin Salman himself. Opponents of bin Salman, whether by choice or circumstance, including people in the media, religious figures, businessmen, and even princes have been dismissed, arrested, or dispossessed in the name of the struggle against corruption in a process that has thus far lacked transparency.

“You have a body that has cancer everywhere, the cancer of corruption...[and] we have developed a case of oil addiction in Saudi Arabia,” bin Salman declared. On his recent visit to Europe and the United States, he strove to give Saudi Arabia the image of a dynamic, young, and innovative kingdom that is also more tolerant and egalitarian. At the same time, the kingdom is spending large amounts of money on lobbyists and public relations firms, and aiding think tanks in the United States in order to improve its image. Many in the West have indeed been quick to hail bin Salman’s stature as a reformer. Some of them compared him to Kemal Ataturk, the father of modern Turkey. Some of those who know him, however, have reportedly said that he was modeling himself after figures like Chinese President Xi Jinping. Will bin Salman adopt a model of political repression combined with economic openness, similar to the Chinese pattern? It is certainly possible, although an attempt to lead Saudi Arabia in this direction is likely to encounter quite a few challenges.

The need for comprehensive reform in Saudi Arabia, as urged by the International Monetary Fund in the late twentieth century, is not disputed. The Saudi revolutionary vision, which was devised by international consultation firms, was

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presented in April 2016 under the title “Vision 2030.” This vision focused above all on an effort to diversify the kingdom’s sources of revenue away from oil. New taxes were imposed as part of the reforms, including VAT, and subsidies for electricity, water, and fuel were reduced. The price of fuel was doubled in early 2018. As of now, the kingdom is successfully financing its budget deficit, projected to reach \$52 billion this year, by depleting its currency reserves and selling bonds. Through these measures it raised \$40 billion in 2016-2017, and seeks to raise \$30 billion more in 2018. The effort to raise \$100 billion through a wave of arrests in November 2017 in the name of the war on corruption appears to have failed, with estimates of the amount gained being far less.

Two years after the program was launched, unemployment is still high and growth negligible. Seventy percent of the kingdom’s citizens are under 30, and in this age group, which ostensibly supports bin Salman, unemployment is estimated at 30 percent. Furthermore, the timetable and very feasibility of an overseas public issue of shares in Aramco, the Saudi national oil company, for the purpose of paying for the reform is questionable. This IPO has a greater chance of occurring on the local Saudi stock exchange as a way of avoiding economic and legal obstacles. In order to help households cope with the rising cost of living and prevent potential unrest, the royal house has launched the “Citizen’s Account” Program for those eligible in the lower middle class (about 10 million citizens). Foreign workers, who make up a third of the kingdom’s residents, are not eligible for this program, which has prompted many of them, especially among the blue collar workers, to return to their countries of origin, although Saudi citizens are in no hurry to take their places. More highly skilled workers are also leaving, primarily because of high taxes and costs...

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HOUTHIS, HEZBOLLAH AND HAMAS:

ISRAEL AND SAUDI ARABIA FACE SIMILAR THREATS

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Seth J. Frantzman

[Jerusalem Post](#), Mar. 26, 2018

Patriot missiles blazed skyward in an epic display over Saudi Arabia around midnight on (March 25), as Saudi air defenses intercepted seven missiles fired from Yemen over Riyadh. The attack was the largest of its kind since Houthi rebels in Yemen began using ballistic missiles to target Saudi Arabia in response to a wide-ranging campaign by the kingdom and its Arab coalition allies.

A spokesman for the coalition condemned the “aggressive and hostile action by the Iran-backed Houthi group.” Spokesman Turki al-Malki said it shows the Iranian regime “continues to support the armed group with military capabilities.” Patriot missile batteries deployed around the capital fired salvos to stop the attack. An Egyptian resident was killed and two were injured during the attack. Saudi Arabian media reported he died from shrapnel, however, video appeared to show one Patriot missile malfunctioning and slamming into a residential neighborhood. The man’s name was given as Abdelmontale Ahmed Hussein Ali, from Upper Egypt.

The Houthi rebels in Yemen claimed they had targeted airports in Jizan, Najran and Abha as well as Riyadh in response to Saudi Arabia’s operations in Yemen. The Houthis have increased their use of ballistic missiles recently. According to Arabic language Masirah TV, the ballistic missiles fired at the kingdom were of the Badr type the Houthis possess. Riyadh is almost 1,300 km. from Yemen.

By the end of 2016, the Houthis had fired 34 ballistic missiles at the kingdom, according to an article in Jane’s by Jeremy Binnie. Iran has allegedly been involved in aiding the rebels to extend their missile capability, but it is not clear how the missiles have been supplied to the Houthis. In November 2017, they attempted to hit Riyadh for the first time. In December, at Bolling Air Force Base, US Ambassador to the UN Nikki Haley displayed pieces from a Houthi ballistic missile and accused Iran of supplying the Yemenis with them.

Saudi Arabia’s use of Patriot missiles came just one hour after Israel’s Iron Dome system had also been activated near the border of Gaza. This symbolizes the increasingly similar threats the two countries face. On March 23, a spokesman for the Houthis had said that the rebels were ready to fight Israel alongside

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Hezbollah. “We would have fought in the past if Yemen shared a border with Israel. God willing, we will be able to fight in the future.”

According to a translation by David Daoud, one day earlier, Houthi leader Abdel Malek al-Houthi had said if Israel got involved in a new war in Lebanon, the “tribes of Yemen” would come to fight Israel. The missile war comes as Crown Prince Muhammad Bin Salman has been conducting a major visit to the United States. The US State Department strongly condemned the missile launches against Riyadh.

With Iran deal critic and hardliner John Bolton taking over as national security advisor in April, the Saudi’s constant reference to the Iran threat will play into his hands to be tough on Tehran. The missiles fired at Riyadh were therefore a much larger message to Washington, and perhaps to Israel as well.

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[Saudi Moderation? Prince Muhammad Is on Shaky Ground](#): Dr. James M. Dorsey, *BESA*, Apr. 12, 2018—No doubt, Prince Muhammad’s recent reforms have benefitted women and created social opportunity with the introduction of modern forms of entertainment, including the opening this month of Saudi Arabia’s first cinema as well as concerts, theater, and dance performances. Anecdotal evidence testifies to the popularity of these moves, certainly among urban youth.

[Saudi Arabia, Vatican Reportedly Agree to Build Christian Churches in the Kingdom](#): Caleb Parke, *Fox News*, May 5, 2018—Saudi Arabia reportedly agreed to a historic deal with the Vatican to build Christian churches in the Kingdom, a potentially stunning development for the country that’s home to Islam’s holiest site, Middle Eastern media is reporting. The move would continue the nation’s effort to transition to a “moderate Islam.”

[The Strange Saga of a Pro-Saudi Tabloid in America’s Heartland](#): *New York Post*, Apr. 24, 2018—It landed with a thud on newsstands at Walmart and rural supermarkets last month: Ninety-seven fawning pages saluting Saudi Arabia, whose ambitious crown prince was soon to arrive in the US on a PR blitz to transform his country’s image.

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[Iran's Brutal War in Yemen Threatens the Entire Middle East: *Mosaic*, Apr. 30, 2018](#)—During Secretary of State Mike Pompeo's confirmation hearings, Senator Rand Paul voiced objections—shared by a handful of other senators and congressmen—to U.S. support for the Saudi-led coalition in Yemen, which is fighting alongside local forces to defeat the Iran-backed Houthi rebels.