

Saudi Arabia and the Palestinians: Navigating a Complex Relationship Amid Regional Tensions and Global Shifts

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Policy Paper

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Introduction

Since the devastating Hamas attack on Israel on October 7, 2023, and the ensuing Gaza war, the future of a Palestinian state and Israel's security has once again become a contested focal point of global discourse. Israel's military actions in Gaza¹ and Lebanon,² the escalating tensions between Prime Minister Benjamin Netanyahu's government and Iran,³ and the humanitarian suffering of Palestinian and Lebanese civilians are reshaping the geopolitical and security landscape of the Near and Middle East. As a result, the Israeli Palestinian conflict has forcefully re-emerged in public and political debate, significantly influencing regional policies and international diplomatic efforts. The election of Donald Trump as the 47th President of the United States has dramatically altered the status quo. His proposals to relocate Gaza's population to Jordan and Egypt, along with his suggestion that the US could militarily occupy and "own" the Gaza Strip, have sent shockwaves throughout the Arab world and beyond, further diminishing prospects for a two-state solution. In response, strong opposition to Trump's proposals has emerged within the region. Egypt and Jordan have firmly rejected such measures, while the influential Arab Gulf monarchies continue to advocate for a viable Palestinian state.⁴

Among the regional actors, Saudi Arabia has positioned itself as a key proponent of the two-state solution by presenting itself as both a diplomatic mediator and a platform for political resolution.⁵ The kingdom follows a decades-long tradition in which support for the Palestinian cause has been a central tenet of state policy and an integral part of its national identity. However, until October 7th, the issue had largely receded from political discourse, as Saudi Arabia had shifted its focus toward national development and socio-economic transformation. Since then, the Palestinian cause has returned to the forefront of public and political attention under the leadership of Crown Prince Mohammed bin Salman. Historically, Saudi Arabia has promoted initiatives aimed at establishing a Palestinian state, such as the Fahd Plan in the 1980s and the Arab Peace Initiative (API), introduced by the late King Abdullah in 2002. The Kingdom also frequently references UN General Assembly Resolutions 181 and 194, as well as Security Council Resolutions 242 and 338, which support a two-state solution. Additionally, Saudi Arabia has provided significant financial assistance to the West Bank and the Palestinian Authority (PA), though such aid has been reduced in recent years due to growing dissatisfaction with the PA's governance.

Considering the ongoing escalation and Trump's return to the White House, Saudi Arabia faces a complex balancing act. It must navigate the fragile regional situation, manage its strategic relations with the United States and regional rivals such as Iran, and assess the potential for normalization with Israel – all while maintaining its longstanding support for Palestinian statehood.

¹ <https://crsreports.congress.gov/product/pdf/R/R47828>.

² <https://www.washingtoninstitute.org/policy-analysis/how-end-third-lebanon-war-and-prevent-fourth>.

³ <https://crsreports.congress.gov/product/pdf/IN/IN12347>.

⁴ <https://www.washingtonpost.com/world/2025/02/05/gaza-displacement-trump-palestinians/>.

⁵ <https://mei.edu/publications/saudi-arabias-diversified-support-two-state-solution>.

Hence, Saudi Arabia is pursuing three key objectives:

1. The kingdom seeks to present itself as a strong supporter of the two-state solution, thereby fulfilling its religious and historical responsibilities.
2. Saudi engagement must also be seen as part of the negotiation process with the US and is closely linked to discussions about a potential normalization with Israel.
3. As the kingdom aims to preserve regional stability to support its domestic economic transformation, it promotes a strategy of conflict management to reduce tensions and position itself as a reliable partner for the Palestinian people. Consequently, the Saudi leadership has begun to engage more comprehensively in conflict mitigation and diplomatic efforts to find a sustainable resolution to the conflict.

Saudi Arabia's engagement with the Palestinians must therefore be understood as a crucial element of its broader strategic balancing act – navigating its relationships with Israel and the United States, aligning national interests with regional security, and managing the tension between traditional alliances and the pursuit of diversification in an increasingly multipolar world. Within this context, the prospect of normalization with Israel could function both as a bargaining chip and a strategic asset as it enables the kingdom to contribute to post-war stability and promote regional de-escalation.

However, this approach presents both opportunities and challenges for Saudi-Palestinian relations. On the one hand, prioritizing normalization with Israel in negotiations with the Trump administration could risk marginalizing the Palestinian cause, exacerbating regional divisions, and reinforcing a transactional approach to diplomacy – ultimately undermining the prospects for a viable two-state solution. On the other hand, Saudi Arabia occupies a strong strategic position that allows it to advance its national interests while simultaneously working toward long-term regional stability.

I. Saudi Arabia and the Palestinian Issue: A Historical Perspective

Historically, political relations between Palestine and Saudi Arabia date back to the 1930s and have undergone various phases, fluctuating in intensity and direction in response to shifting regional and international dynamics. Over the decades, Saudi Arabia has made significant efforts to influence, unify, and mediate divergent policy positions among Arab actors and the United States. At the same time, it has exhibited considerable flexibility in managing its relations with different stakeholders. Accordingly, successive Saudi leaderships have pursued multiple objectives, including the realization of Palestinian national rights, the return of occupied Arab territories, and the restoration of Muslim control over the holy sites in Jerusalem. Additional key priorities have included ensuring Saudi regime stability, maintaining strategic relations with the US, countering Soviet influence during the Cold War, preserving an Arab consensus dominated by moderate forces, and securing a comprehensive peace settlement supported by the broader Arab world. To achieve these goals, Saudi Arabia has adopted seemingly contradictory policies. It has provided financial and political support to the PLO and Fatah, imposed oil embargoes, and exerted pressure on both the US and other Arab states to demonstrate

solidarity with the Palestinians. Simultaneously, it has sought diplomatic conflict resolution through initiatives such as the Fahd Plan and the Arab Peace Initiative (API), which proposed concessions to Israel to broker a settlement that would ensure regional stability and safeguard Saudi Arabia's political legitimacy. As a result, Saudi Arabia's policy on the Palestinian Territories has been marked by a dynamic interplay of contestation and cooperation, confrontation and dialogue, as well as periods of escalation and engagement.

Here, the historical relationship between Saudi Arabia and the Palestinians is based on three key dimensions:

The Global Dimension: Relations with the United States

The evolution of Saudi-Palestinian relations has been significantly influenced by the broader dynamics of the Saudi-US partnership. For decades, the US has played a central role in shaping Saudi Arabia's policy toward the Palestinians, exerting considerable influence in this regard. During the Cold War, the Saudi leadership and the US perceived Soviet communism as a more significant long-term threat to both its external and domestic security than Israel considering the global fragmentation during the 'Cold War' and the kingdom's pro-US position at that time. Consequently, successive Saudi kings have consistently urged US presidents to support the establishment of a Palestinian state by seeking American concessions and leveraging Washington's influence over Israel.

The origins of this diplomatic engagement date back to 1945 when King Abdulaziz Ibn Saud raised the Palestinian issue with President Franklin D. Roosevelt by explicitly rejecting the establishment of a Jewish state in Mandatory Palestine.⁶ Similarly, in 1947, Prince Faisal – later King Faisal – demonstrated his deep frustration with the adoption of UN Resolution 181, which proposed the partition of Palestine, by walking out of the UN General Assembly. These historical instances highlight the tensions that have frequently characterized Saudi-US relations, particularly due to Washington's close ties with Israel and the Gulf states' solidarity with the Palestinians. The oil embargoes imposed by Saudi Arabia in 1956, 1967 and following the October War of 1973 serve as key examples of this contested relationship.⁷ King Faisal, in particular, expressed unwavering solidarity with the Palestinian cause and remains a revered figure in Saudi Arabia for his firm stance on the issue. However, he also distinguished between Zionism and Judaism, recognizing the right of Jews who had lived in British Mandatory Palestine and Ottoman Syria to reside there. This balanced approach reflected Saudi Arabia's broader strategy of supporting Palestinians while maintaining a complex yet strategic relationship with the US. For instance, during the 1973 oil crisis, Saudi Arabia was initially reluctant to impose an embargo on specific countries. Instead, the Kingdom, along with other Arab states, agreed to reduce oil production to pressure Israel's supporters in Europe and the US. This strategy proved effective, as it led the European Economic Community's foreign ministers to call for a ceasefire and negotiations.

⁶ René Rieger (2017). *Saudi Arabian Foreign Relations: Diplomacy and mediation in conflict resolution*. New York: Routledge: 74.

⁷ René Rieger (2017). *Saudi Arabian Foreign Relations: Diplomacy and mediation in conflict resolution*. New York: Routledge: 77.

The surge in oil revenues during this period allowed Saudi Arabia to provide substantial financial compensation to Egypt after the October War, invest in domestic socioeconomic development, and consolidate its position as a regional power. However, the geopolitical landscape shifted dramatically in the late 1970s, following the Arab world's defeats in 1967 and 1973, the Iranian Revolution, domestic unrest among the Shiite minority in Saudi Arabia's Eastern Province, and the 1979 seizure of the Grand Mosque in Mecca. In response to these challenges, Saudi Arabia deepened its strategic ties with the US and adopted a more conciliatory approach to resolving the Israeli Palestinian conflict. The 1978 Camp David Accords between Egypt and Israel, which Saudi Arabia viewed as a diplomatic shock, further shaped its policy. Riyadh criticized the agreements for lacking a clear Israeli commitment to withdrawing from all occupied Arab territories, particularly East Jerusalem, and for failing to acknowledge Palestinian self-determination. Consequently, Egypt faced isolation within the Arab world, while Saudi Arabia emerged as a staunch advocate of the Palestinian cause.

In this context, King Fahd proposed a new peace initiative in 1980. The Fahd Plan stipulated that normalization with Israel would be contingent upon Israel's withdrawal from all Arab territories occupied in 1967, including East Jerusalem, the dismantling of Israeli settlements, and the guarantee of free access to holy sites for adherents of all religions. Additionally, it sought to affirm the Palestinians' right of return or compensation.⁸ Notably, the plan also signaled a major Saudi concession by agreeing to recognize Israel within its pre-1967 borders, a move aimed at preserving ties with the Reagan administration. With the broad endorsement of the Fahd Plan by the Gulf Cooperation Council (GCC), the Gulf states adopted a moderate stance toward Israel and the Palestinian Territories, which marked a shift in Saudi policy toward a more conciliatory and diplomatic approach to the conflict.⁹

In the wake of the Second Intifada in 2000, Saudi Arabia, under then-Crown Prince Abdullah (later King Abdullah), strongly criticized US President George W. Bush for his overt support of Israel. Seeking to recalibrate its relationship with Washington, Riyadh announced the Arab Peace Initiative (API) in 2002, a proposal that remains a cornerstone of Saudi diplomatic efforts. The API called for Israel's full withdrawal from all territories occupied since 1967, including the Syrian Golan Heights and remaining Lebanese territories, and the recognition of an independent Palestinian state with East Jerusalem as its capital. This initiative underscored Saudi Arabia's commitment to a political resolution of the conflict while reaffirming its role as a key mediator in regional diplomacy.

The Regional Dimension: Relations with the Palestinians and Arab States

Since the establishment of Israel, Saudi Arabia has navigated a delicate balance between its national interests, its relations with the US, and its aspirations as a regional leader. Prior to the Suez Crisis of 1956, US diplomats and CIA advisers sought to persuade King

⁸ Friedemann Büttner, Helga Baumgarten, *Der Nahost-Konflikt und die Golfstaaten*, Fred Scholz (ed.), *Die Golfstaaten. Wirtschaftsmacht im Krisenherd*, Braunschweig: Westermann, 1985: 65-80: 78.

⁹ René Rieger (2017). *Saudi Arabian Foreign Relations: Diplomacy and mediation in conflict resolution*. New York: Routledge: 106.

Saudi Arabia sought to influence Egypt's President Gamal Abdel Nasser to accept continued foreign control of the Suez Canal Company. However, tensions between Saudi Arabia and Egypt escalated in the following years, as Nasser positioned himself as a staunch opponent of US influence in the Middle East, while relations between Riyadh and Washington continued to strengthen. Despite these tensions, Saudi Arabia provided significant financial assistance to Egypt, Jordan, and Syria in the aftermath of the 1967 war, with total aid amounting to USD 139.3 million. Furthermore, at the Khartoum Summit in September 1967, the Arab League adopted the "Three No's" Resolution, rejecting peace, recognition, and negotiations with Israel. Following Nasser's death in 1970, King Faisal's leadership and his outspoken support for the Palestinian cause solidified his position as a leading figure in the Arab world. Faisal actively called for US condemnation of Israeli aggression, the recognition of UN Resolution 242, and Palestinian self-determination. Additionally, he cultivated ties with Fatah, the dominant faction of the Palestine Liberation Organization (PLO) led by Yasser Arafat. For years, Saudi Arabia provided the PLO with substantial financial and political backing by recognizing it as the most credible Palestinian actor in diplomatic efforts.

A major rift in Saudi-Palestinian relations emerged in 1990 in the aftermath of Iraq's invasion of Kuwait. While Saudi Arabia unequivocally supported the Kuwaiti monarchy, the PLO aligned itself with Saddam Hussein and abstained from condemning Iraq's military actions in both the Arab League (AL) and the Organization of Islamic Cooperation (OIC). In response, Saudi Arabia expelled thousands of Palestinian workers from the Kingdom and halted its annual financial support to the PLO, which had amounted to USD 72 million per year. Overall, the PLO is estimated to have lost more than 80% of its external financial assistance due to its stance on Iraq's invasion of Kuwait.¹⁰ Saudi Arabia's Fahd Plan from 1981 received mixed reactions across the Arab world. While Jordan and the Gulf states welcomed it, certain factions within the PLO opposed the initiative. By presenting the plan at the United Nations General Assembly, Saudi Arabia sought to shift from a behind-the-scenes approach to a more proactive diplomatic strategy. The plan aimed to bridge intra-Arab divisions over Israel, reintegrate Egypt into the Arab fold, and reaffirm Saudi solidarity with the Palestinians. Twenty years later, the Arab Peace Initiative (API) of 2002 once again revealed intra-Arab divisions. Some Arab states criticized Saudi Arabia for its moderate stance toward Israel and the US, while the 9/11 attacks exacerbated domestic challenges for the Saudi leadership and leading to concerns over growing radicalization. These events also strained Saudi-US relations, limiting the Kingdom's ability to engage in the Israeli-Palestinian conflict.

In 2007, Saudi Arabia mediated between Fatah and Hamas, culminating in the Mecca Agreement which was widely regarded as a significant diplomatic achievement for the kingdom. It facilitated negotiations by offering USD 1 billion in financial incentives, leading to direct talks between Hamas leaders Khaled Mashal and Ismail Haniyeh and Fatah representatives, including Palestinian President Mahmoud Abbas and Mohammed Dahlan.¹¹ The agreement sought to end violent clashes between the two factions and establish a unity government. However, the accord failed to produce lasting stability,

¹⁰ Zahlan, Rosemarie Said. *Palestine and the Gulf States: The Presence at the Table*, Middle East Studies: History, Politics & Law, Taylor & Francis: 93-94.

¹¹ René Rieger (2017). *Saudi Arabian Foreign Relations: Diplomacy and mediation in conflict resolution*. New York: Routledge: 169.

ultimately resulting in Hamas' takeover of the Gaza Strip – a development that Riyadh viewed as a worst-case scenario due to its potential to strengthen Iran's influence in regional affairs. This episode underscored the limits of Saudi mediation and deepened its frustration with Hamas, which had already refused to endorse the API and had previously rejected both the 1993 Oslo Accords and the 1996 Palestinian general elections. Hamas' close ties to Iran further exacerbated Saudi mistrust.¹² In the following years, Saudi Arabia gradually disengaged from Palestinian affairs. This trend became more pronounced after the Arab uprisings (2010/2011) and the Gulf diplomatic crises of 2014 and 2017, as Riyadh's strategic focus shifted toward internal security and regional rivalries. Consequently, the Palestinian issue became less central to Saudi foreign policy, reflecting broader geopolitical shifts in the Middle East.

The National Dimension: The Importance of Political Legitimacy

The displacement of large segments of the Palestinian population following the establishment of the state of Israel led to a significant increase in the number of Palestinian migrants residing in Saudi Arabia. This demographic shift was perceived both as an opportunity and a challenge for the Saudi leadership. On the one hand, Palestinian migrants made substantial contributions to the development of Saudi state institutions and administrative structures from the 1950s onward, playing a pivotal role in the Kingdom's transformation from a family-run entity into a modern nation-state. In many Gulf states, Palestinians formed a well-connected business elite as they worked as contractors, bankers, and advisors, and remitted significant financial resources to their families back home. On the other hand, the growing Palestinian presence in Saudi Arabia resulted in increased politicization, as Palestinian communities became vocal advocates for political activism – an issue viewed with suspicion by the Saudi monarchy. In response, the government implemented measures to curb potential political unrest, including deportations of individuals engaged in activism. For instance, a Fatah branch in Saudi Arabia emerged shortly after the organization's founding in 1959. While the Saudi government formally initiated support for Fatah in 1965, it demanded that the organization suspended all political and organizational activities within the Kingdom. In exchange, Saudi authorities agreed to deduct 5% of the income of Palestinian employees in the country and transfer these funds directly to Fatah.¹³

By 1981, an estimated 137,000 Palestinians resided in Saudi Arabia, out of a total 568,000 Palestinians living across the Gulf states.¹⁴ The Saudi ruling elite, however, remained concerned about the potential for domestic unrest and the emergence of Islamist solidarity movements that could threaten national security. Historical precedents reinforced these fears: in 1937, protests by Palestinians in the Gulf against the Peel Commission Report, which advocated for the partition of Palestine, led to political resistance in Jeddah, Kuwait, and Dubai. Although Saudi Arabia's founder, King Abdulaziz Al Saud, expressed solidarity with the Palestinian cause, he pursued a pragmatic

¹² René Rieger (2017). *Saudi Arabian Foreign Relations: Diplomacy and mediation in conflict resolution*. New York: Routledge: 159.

¹³ Friedemann Büttner, Helga Baumgarten, *Der Nahost-Konflikt und die Golfstaaten*, Fred Scholz (ed.), *Die Golfstaaten. Wirtschaftsmacht im Krisenherd*, Braunschweig: Westermann, 1985: 65-80: 68.

¹⁴ Friedemann Büttner, Helga Baumgarten, *Der Nahost-Konflikt und die Golfstaaten*, Fred Scholz (ed.), *Die Golfstaaten. Wirtschaftsmacht im Krisenherd*, Braunschweig: Westermann, 1985: 65-80: 65.

approach, balancing support for Palestinians with efforts to maintain political legitimacy and safeguard Saudi territorial integrity. As historian Rosemarie Said Zahlan observes, “The relationships between the two populations are reciprocal, yet they are not symmetrical.”¹⁵ This dynamic underscores the broader reality that even today developments in Israel and the Palestinian Territories have direct consequences for Saudi Arabia’s domestic stability. In this context, the Palestinian issue is not merely a matter of foreign policy but also a critical concern for internal security, shaping the Kingdom’s broader strategic calculations. The contemporary discourse on the Palestinian issue within Saudi Arabia is shaped by a deep emotional attachment, yet it is also influenced by prevalent stereotypes, limited knowledge, and mutual perceptions of “othering.” On the one hand, some Saudi nationals perceive Palestinians as “ungrateful” biting the hand that feeds them.¹⁶ On the other hand, some Palestinians criticize Saudi Arabia for adopting double standards in its stance toward the Palestinian cause, questioning the consistency of its political and financial support. These competing narratives reflect the complexity of Saudi-Palestinian relations and the broader regional dynamics that shape public perceptions.¹⁷

II. Saudi Arabia and the Regional Implications of the Gaza War

Since the beginning of the 2000’s, Saudi Arabia finds itself in a ‘regional security complex’¹⁸ that is characterized by several ongoing regional conflicts and crises such as the hegemonic rivalry between the kingdom and Iran which intensified after the Iranian Revolution 1979,¹⁹ the US invasion in Iraq 2003 as well as the rise of terrorist movements such as Al-Qaeda and Da’esh and the implications of the “Arab Uprisings” in 2010/2011 that led to turmoil in Egypt and Tunisia and to military conflicts and civil wars in Libya, Yemen, and Syria. Amid this long-term process of regional turmoil and the most recent devastating spill-over effects of the Gaza war, Saudi Arabia is situated in a delicate position. As a consequence, it needs to prevent uncontrollable escalation:²⁰ By pursuing more transactional relationships based on mutual interest in specific policy files such as economic partnership, trade and investment, the Saudi government is aiming at managing ideational tensions and rivalries.

Whereas the kingdom’s foreign policymaking was mainly driven by a confrontational foreign policy approach until the end of 2019,²¹ the kingdom’s leadership has since then shifted towards more pragmatism and regional dialogue by pursuing a strategy of regional

¹⁵ Zahlan, Rosemarie Said. *Palestine and the Gulf States: The Presence at the Table*, Middle East Studies: History, Politics & Law, Taylor & Francis: 4.

¹⁶ Interview with Expert on Saudi-Palestinian relations, December 12, 2024.

¹⁷ Interview with Expert on Saudi foreign politics, January 15, 2025.

¹⁸ Gause, G. (2010). *The International Relations of the Persian Gulf*. Cambridge University Press, p. 3.

¹⁹ Rieger, R. & Sons, S. (2017). Saudi Arabia’s Regional Policy Since 2011. In Mason, R. (ed.). *Reassessing Order and Disorder in the Middle East*. Rowman & Littlefield: 61–86; Sons, Sebastian. 2016. “Lost in Iranioia: Saudi Arabia’s Struggle for Regional Hegemony in Times of Crisis.” *Orient* IV: 7–21.

²⁰ <https://arabcenterdc.org/resource/gulf-arab-states-avoid-iran-israel-tensions/>.

²¹ Sunik, A. (2018). Regional leadership in authoritarian contexts – Saudi Arabia’s new military interventionism as part of its leadership bid in the Middle East. *Rising Powers Quarterly* 3:1: 65–85.

de-escalation²² and risk minimisation.²³ Here, the turning point in Saudi foreign policymaking was September 14, 2019: On this day, Iranian-guided drones and missiles struck the Saudi oil refineries Abqaiq and Khurais.²⁴ The attack – also framed as Saudi Arabia’s “9/11”²⁵ – led to a 50% slump in Saudi oil production.²⁶ Two aspects particularly shocked the Saudi leadership: firstly, it was a painful demonstration of how forcefully Iran could strike at the heart of the Saudi economy. Secondly, Trump refrained from ordering massive retaliatory strikes against Iran.²⁷ In the aftermath, the kingdom intensified its diplomatic efforts by reaching out to regional rivals such as Qatar, Turkey and – most significantly – to Iran. After five rounds of direct talks between Iranian and Saudi security officials that started in 2020 and were facilitated by Iraq and Oman,²⁸ in March 2023 both countries signed an agreement, facilitated by China,²⁹ to restore diplomatic ties that were cut in 2016.³⁰

The guiding principle behind this de-risking approach³¹ is clear: without regional stability, there can be no national progress, and without national progress, there is no political survival for the Kingdom. As Saudi Arabia’s economic development gains prominence, the demand for a more stable regional environment has intensified, raising critical questions about the feasibility of achieving sustainable growth amid persistent interregional tensions. Since 2016, Saudi Arabia has undergone a significant socioeconomic transformation driven by the ambitious modernization agenda, *Vision 2030*, which was introduced by Crown Prince Mohammed bin Salman. *Vision 2030* represents a large-scale, state-led, and top-down modernization initiative aimed at diversifying the Saudi economy beyond its reliance on oil, fostering a new national development ethos, reshaping Saudi identity, and expanding lifestyle options, all while maintaining authoritarian governance.³² A key objective of this initiative is to provide the younger generation with viable economic and social opportunities despite the introduction of taxation³³ and the reduction of subsidies.³⁴ Furthermore, it seeks to mitigate youth unemployment and recalibrate the social contract without triggering societal unrest.³⁵

The transformation envisioned by *Vision 2030* aligns closely with the vested interests of the Saudi monarchy, much of the business elite, and segments of the country’s younger generation. The modernization agenda specifically targets the tech-savvy, urban, and well-educated youth – often referred to as “Generation MbS.” Unlike previous reform initiatives, which largely failed to achieve substantial change, *Vision 2030* extends beyond

²² <https://ecfr.eu/publication/global-saudi-how-europeans-can-work-with-an-evolving-kingdom/>.

²³ <https://theconversation.com/saudi-plans-to-de-risk-region-have-taken-a-hit-with-gaza-violence-but-hitting-pause-on-normalization-with-israel-will-buy-kingdom-time-215657>.

²⁴ <https://www.nytimes.com/2019/09/14/world/middleeast/saudi-arabia-refineries-drone-attack.html>.

²⁵ <https://www.businessinsider.com/saudi-arabia-considers-drone-attack-their-911-reports-2019-9>.

²⁶ <https://apnews.com/article/d20f80188e3543bfb36d512df7777cd4>.

²⁷ <https://www.nytimes.com/2019/09/16/world/middleeast/saudi-oil.html>.

²⁸ <https://agsiw.org/saudi-iranian-negotiations-managing-the-conflict-and-gauging-broader-regional-impact/>.

²⁹ <https://www.worldpoliticsreview.com/saudi-arabia-iran-relations-yemen-war-china-us/>.

³⁰ <https://www.nytimes.com/2016/01/04/world/middleeast/iran-saudi-arabia-execution-sheikh-nimr.html>.

³¹ <https://www.bakerinstitute.org/research/saudi-plans-de-risk-region-have-taken-hit-gaza-violence>.

³² <https://www.ispionline.it/en/publication/how-mbs-rethinking-saudi-nationalism-23083>.

³³ <https://wts.com/global/publishing-article/19062020-vat-nl-saudi-arabia~publishing-article?language=de>.

³⁴ <https://www.forbes.com/sites/thebakersinstitute/2020/05/13/the-new-saudi-arabia-where-taxes-triple-and-benefits-get-cut/>.

³⁵ https://www.ispionline.it/wp-content/uploads/2024/03/Report-ISPI-2024_Security-Side-of-Gulf-Visions.pdf.

traditional economic policies to encompass a comprehensive social agenda. A key distinguishing factor of *Vision 2030* is that its chief architect, Crown Prince Mohammed bin Salman, has consolidated the essential components for transformative change: centralized executive authority, a strategic framework, substantial financial resources, and a base of supportive social constituencies.³⁶ Consequently, this modernization effort seeks to reshape not only the economic model but also the socio-cultural fabric of the kingdom, affecting the composition of the ruling elite, the concept of national identity, the relationship between the religious establishment and the monarchy, and the structure of the workforce. Fundamentally, Saudi Arabia aims to redefine its traditional social contract, which has historically relied on oil revenues and religious legitimacy to ensure political acquiescence. However, the long-standing cradle-to-grave rentier³⁷ system is no longer sustainable, necessitating the diversification of the Saudi economy. This requires significant investments in non-oil sectors such as entertainment, tourism, culture, services, education, and sports.

For this economic transformation to succeed, the Saudi business model must attract foreign investment and external capital. The viability of ambitious mega-projects, such as NEOM and its flagship smart city, *The Line*, is particularly dependent on regional stability.³⁸ The continuation of geopolitical tensions – exemplified by the Houthi attacks in Yemen, which disrupted shipping traffic in the Red Sea during the Gaza war – poses a substantial risk to these initiatives. As part of its broader economic diversification strategy, Saudi Arabia has intensified its involvement in global sporting events, positioning itself as a major hub for international competitions. The kingdom is set to host the 2034 FIFA Men's World Cup³⁹ and plans to organize up to 25 other international top sport events by the end of the decade,⁴⁰ including the Asian Winter Games in 2029.⁴¹ Additionally, in 2030, Riyadh will host the Riyadh Expo, an event expected to cost approximately USD 92 billion.⁴² By the same year, Saudi Arabia aims to attract 150 million tourists, underscoring the scale of its ambitions in reshaping its global economic and cultural footprint.⁴³

For this reason, economic diversification remains a central – if not the primary – objective of *Vision 2030*.⁴⁴ However, the initiative also seeks to address the shortcomings of previous development plans by recognizing that Saudi Arabia's longstanding economic monoculture cannot be successfully restructured through state-driven investment and industrial policy alone. Sustainable diversification must be embedded within a broader

³⁶ https://www.clingendael.org/sites/default/files/2024-09/Drivers_and_strategic_puzzles_of_Saudi_modernization.pdf.

³⁷ <https://www.jstor.org/stable/26976054>.

³⁸ <https://www.theguardian.com/world/2022/jul/27/saudis-unveil-eye-popping-plan-for-mirrored-skyscraper-eco-city>.

³⁹ <https://www.aljazeera.com/sports/2024/12/11/saudi-arabias-hosting-of-fifa-world-cup-2034-what-to-know-about-the-event>.

⁴⁰ <https://www.nytimes.com/athletic/4600483/2023/06/12/saudi-benzema-kante-transfers/>.

⁴¹ <https://oca.asia/news/3407-oca-awards-asian-winter-games-2029-to-saudi-arabia.html>.

⁴² <https://fastcompany.me.com/news/saudi-arabia-is-set-to-spend-92-billion-for-expo-2030-in-riyadh/#:~:text=Saudi%20Arabia%20is%20set%20to%20spend%20%2492%20billion%20for%20Expo%202030%20in%20Riyadh>.

⁴³ <https://www.arabnews.com/node/2396936/business-economy>.

⁴⁴ https://www.clingendael.org/sites/default/files/2024-09/Drivers_and_strategic_puzzles_of_Saudi_modernization.pdf

modernization framework that fosters a new national development ethos among Saudi citizens. This, in turn, necessitates a partial transformation of social values and attitudes. While urbanization, technological advancements, and consumerism have influenced Saudi society since the oil boom of the 1970s, conservative religious and tribal lifestyles have remained deeply entrenched.⁴⁵ Acknowledging that meaningful economic diversification requires social evolution, *Vision 2030* extends beyond economic policy to encompass key aspects of societal transformation. It places particular emphasis on education, labor force participation, nationalism, religiosity, lifestyle changes, entertainment, youth empowerment, and gender relations, including the increased participation of women in the workforce. By addressing these dimensions, the initiative aims to create an environment conducive to long-term economic and social sustainability.

In this context, Saudi Arabia's youth bulge presents both opportunities and challenges for future stability. While the country's total population is projected to stabilize around 2050 due to a rapidly declining fertility rate, the coming twenty-five years will see a pronounced surge in the youth demographic.⁴⁶ Currently, 63% of the population is under the age of 30,⁴⁷ leading to an increasing number of labor market entrants who can no longer be absorbed by the public sector. However, the private sector, which is expected to accommodate this growing workforce, offers lower wages and requires longer working hours. Although young Saudi nationals are gradually adapting to the demands of private sector employment, the sector remains less attractive than positions within the public sector or state-owned enterprises due to differences in salary, job security, and social prestige. Consequently, the rapid expansion of private sector employment carries the risk of short-term social discontent, driven by the perceived loss of financial stability and professional status. In 2023, 17% of individuals aged 15 to 24 were not engaged in employment, education, or training, highlighting persistent labor market challenges.⁴⁸ Female unemployment, while significantly reduced from 24.7% in 2020 to 12.3% in 2023, remains a key issue.⁴⁹ Therefore, job creation remains the foremost priority for Saudi leadership to mitigate potential social unrest and sustain long-term economic stability. Additionally, other socio-economic challenges – including rising housing costs,⁵⁰ limited access to education, green spaces, and public transportation,⁵¹ as well as concerns over governance efficiency and professionalism – must be addressed to maintain social resilience and political legitimacy.

In light of such issues, the escalation of regional tensions, such as the Gaza war, poses significant challenges to the future prospects of Saudi Arabia's evolving business model. As previously outlined, the Saudi economy is highly dependent on attracting foreign direct

⁴⁵ De Jong, Julie, and Mansoor Moaddel. 2013. "Trends in Values among Saudi Youth: Findings from Values Surveys." *The Journal of the History of Childhood and Youth* 6 (1): 151–64. <https://doi.org/10.1353/hcy.2013.0015>.

⁴⁶ United Nations DESA Population Division. 2024. "Saudi Arabia." *World Population Prospects 2024*. 2024. <https://population.un.org/wpp/Graphs/DemographicProfiles/Line/682>.

⁴⁷ <https://www.reuters.com/world/middle-east/saudi-population-322-mln-median-age-29-years-old-general-authority-statistics-2023-05-31/>.

⁴⁸ <https://data.worldbank.org/indicator/SL.UEM.NEET.ZS?locations=SA>

⁴⁹ <https://data.worldbank.org/indicator/SL.UEM.TOTL.FE.ZS?locations=SA>.

⁵⁰ <https://www.agbi.com/analysis/real-estate/2025/01/saudi-residential-costs-to-keep-rising-with-demand/>.

⁵¹ <https://www.kas.de/documents/286298/31646636/Special+Issue+No.+4.pdf/cefa55c5-37c3-b271-977a-8d346f7d24e9?version=1.0&t=1733061673130>.

investment (FDI) to drive its diversification efforts. To achieve this, the kingdom must establish a stable, credible, and investor-friendly environment that reassures international companies seeking to enter the Saudi market. Despite efforts to enhance investment attractiveness, FDI inflows remained at 1.2% of GDP in 2023⁵² – well below the ambitious target of 5.1% by the end of the decade. Continued geopolitical instability in the region risks undermining investor confidence, potentially hindering the successful realization of *Vision 2030*'s economic transformation objectives.

The escalation of regional instability directly undermines Saudi Arabia's attractiveness as a prime destination for international investment. As the kingdom navigates an increasingly volatile landscape marked by regional fragmentation, political polarization, and crisis escalation, it faces the urgent need to transition from a traditionally insular approach – characterized by oil-driven economic growth and conservative domestic decision-making – toward a more proactive strategy of regional diplomacy and geopolitical economic statecraft. From a Saudi perspective, *Vision 2030* is not merely a framework for domestic economic transformation but also a strategic vision for regional integration and shared prosperity. The initiative presents an opportunity for neighboring states to engage based on economic considerations and mutual interests. The underlying rationale is that a flourishing Saudi economy will not only consolidate the kingdom's power base but also generate positive spillover effects across the region, functioning as a contemporary equivalent of a Marshall Plan. However, the ongoing Gaza war threatens this trajectory, compelling Saudi Arabia to recalibrate its strategy from a predominantly "Saudi First" approach to a more cooperative "Not Alone Saudi" framework, emphasizing regional collaboration and economic interdependence.⁵³

While the Gaza war poses significant challenges to Saudi Arabia's geoeconomic ambitions, it also presents an opportunity for the kingdom to assert itself as a regional leader in both economic and political spheres. In reinforcing its role as a defender of Palestinian rights, Saudi Arabia draws upon its moral and religious legitimacy as the Custodian of the Two Holy Mosques in Mecca and Medina. By leveraging this position, the kingdom seeks to solidify its influence in the Muslim world while simultaneously balancing its broader geopolitical and economic interests. Domestically, the Saudi leadership promotes a form of "hyper-nationalism"⁵⁴ aimed explicitly at the "Generation MbS." This approach seeks to cultivate a modern, state-driven national identity while reducing the influence of traditional power structures, such as the Wahhabi clergy, in shaping public discourse and policy.⁵⁵ Through this strategic realignment, Saudi Arabia positions itself not only as a dominant economic force but also as a key political actor in the evolving regional order.

In recent years, public discourse on the Palestinian issue in Saudi Arabia has been relatively subdued, creating the impression that the Israeli-Palestinian conflict had lost its emotional resonance. However, this perception has proven to be an illusion. The Gaza

⁵² <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?locations=SA>

⁵³ <https://www.bic-rhr.com/research/light-regional-escalation-saudi-arabias-not-alone-approach>.

⁵⁴ <https://www.kas.de/documents/259121/9357987/Hypernationalism.pdf/29b9200f-dfcc-c2e0-fc1f-99901b9ef733?version=1.0&t=1592481364359>.

⁵⁵ <https://www.washingtoninstitute.org/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism>.

war has reignited strong pro-Palestinian and pan-Arab sentiments, particularly among younger generations, reinforcing the religious and ideological solidarity espoused by the Saudi state.⁵⁶ The Palestinian cause remains deeply embedded in Saudi national and religious identity, as significant segments of society continue to express emotional and political attachment to the principles outlined in the 2002 Arab Peace Initiative and the historical foundations of Saudi-Palestinian relations. Moreover, the legacy of Saudi monarchs has long been intertwined with their stance on the Palestinian issue, with their positions serving as markers of piety, bravery, and leadership in the national narrative.⁵⁷ This historical continuity remains a prominent feature of Saudi cultural heritage and political rhetoric. Public sentiment on this issue remains strong. In December 2023, 96% of Saudi nationals expressed opposition to normalization with Israel,⁵⁸ with a majority advocating for severing diplomatic and economic ties. Additionally, 68% of Saudi citizens opposed the recognition of Israel.⁵⁹ The Gaza war has also led to grassroots economic resistance, with Saudi nationals initiating boycotts of US franchises such as Starbucks and McDonald's as a form of protest against perceived Western complicity in the conflict.⁶⁰ This resurgence of pro-Palestinian activism underscores the enduring significance of the Palestinian cause in shaping Saudi public opinion and national identity.

Saudi identity politics must now respond by not only pursuing a course of societal liberalization, economic diversification, and a “Saudi First” nationalism⁶¹ but also integrating solidarity with the Palestinians⁶² more prominently into its identity-building narrative. Against this backdrop, a significant shift in discourse on the Israeli-Palestinian conflict is taking place in Saudi Arabia: While official statements shortly after October 7th hardly expressed open criticism of Israel and took a more pragmatic and conciliatory stance, Saudi condemnations of Israel's actions in Gaza have sharply intensified;⁶³ Muhammad bin Salman has called the Israeli military action in Gaza “a genocide” for the first time in November 2024⁶⁴ – a new level of rhetoric escalation in Saudi Arabia’s public diplomacy. Furthermore, it is emphasized in Saudi Arabia that sustainable regional stability cannot be achieved without a two-state solution.⁶⁵ The calls for a ceasefire, the establishment of safe humanitarian corridors,⁶⁶ and significantly expanded aid shipments to the Gaza Strip are accompanied by increasingly clear statements aimed at reinforcing Saudi Arabia’s role as a regional leader.⁶⁷ Since the outbreak of the Gaza war, Saudi Arabia thus promoted a number of international and regional diplomatic initiatives to de-escalate the Israel-Gaza war.⁶⁸ At the UN General Assembly in September, for

⁵⁶ <https://agsiw.org/the-depth-of-the-palestinian-ingredient-in-saudi-political-identity-and-projection/>.

⁵⁷ <https://agsiw.org/the-depth-of-the-palestinian-ingredient-in-saudi-political-identity-and-projection/>.

⁵⁸ <https://www.washingtoninstitute.org/policy-analysis/new-poll-sheds-light-saudi-views-israel-hamas-war>.

⁵⁹ <https://www.dohainstitute.org/en/Lists/ACRPS-PDFDocumentLibrary/arab-opinion-war-on-gaza-full-report-en.pdf>.

⁶⁰ <https://www.arabnews.com/node/2398351/middle-east>.

⁶¹ https://ecfr.eu/publication/saudi_first_how_hyper_nationalism_is_transforming_saudi_arabia/.

⁶² <https://agsiw.org/the-depth-of-the-palestinian-ingredient-in-saudi-political-identity-and-projection/>.

⁶³ <https://english.aawsat.com/gulf/4840891-saudi-position-arab-israeli-peace-silences-rumors>.

⁶⁴ <https://www.bbc.com/news/articles/cp8x5570514o>.

⁶⁵ <https://www.arabnews.com/node/2482086/middle-east>.

⁶⁶ <https://www.aa.com.tr/en/middle-east/saudi-foreign-minister-discusses-humanitarian-corridors-with-american-counterpart/3020239>.

⁶⁷ https://www.foreignaffairs.com/middle-east/why-arab-states-must-lead-gaza?utm_medium=social&utm_campaign=ln_daily_soc&utm_source=linkedin_posts.

⁶⁸ <https://www.grc.net/documents/66fd59ea8b389ShiftingContoursofSaudisArabiasForeignPolicycompressed.pdf>.

instance, Saudi Arabia announced the formation of a global alliance to push for a two-state solution.⁶⁹ In doing so, Saudi Arabia establishes itself as a platform and a symbolic authority for multilateral diplomatic engagement. Soon after the war broke out, in October and November 2023, Saudi Arabia hosted an emergency meeting with members of the Organization of Islamic Cooperation (OIC) in Jeddah⁷⁰ and a joint summit on Gaza in Riyadh with the Arab League and the OIC in which also Iran attended.⁷¹ Furthermore, Saudi Arabia engaged in a number of diplomatic initiatives together with other Arab states⁷² and entered regular exchanges with former US Secretary of State Anthony Blinken and other officials to find a diplomatic solution for the Gaza war.⁷³

III. The Palestinian Territories in Light of the Saudi-US Relations: More Contestation and Compartmentalization

As demonstrated by its recent diplomatic efforts, the Gaza war presents Saudi Arabia with an opportunity to assert itself within a multipolar world order while recalibrating its relationship with its most important security partner, the US. This process of recalibration has been unfolding for some time and is rooted in the historically fluctuating dynamics of US-Saudi relations, characterized by periods of both close cooperation and deep-rooted alienation. Relations between Riyadh and Washington have been strained on several occasions. One of the most significant low points came after the September 11, 2001 attacks, as 15 out of the 19 attackers were Saudi nationals, and Osama bin Laden came from Saudi Arabia.⁷⁴ In the wake of 9/11, Saudi Arabia faced accusations of sponsoring terrorism, which led to the closure of several Islamic charities and the introduction of stricter controls on religious donations abroad to prevent terrorist financing.⁷⁵ The relationship further declined after the US-led invasion of Iraq in 2003 and the subsequent fall of President Saddam Hussein. The rise of jihadist groups like Al-Qaeda and the Islamic State (ISIS) further contributed to the deterioration of US-Saudi ties as many in the kingdom viewed US policy in the region as a catalyst for instability. The fall of Hussein, in particular, was perceived in Saudi Arabia as a 'double betrayal': First, Riyadh feared that US actions were designed to weaken autocratic regimes in the Arab world, particularly the hereditary monarchies in the Gulf. Second, the removal of Hussein created an opening for Iranian expansion, thus enhancing Iran's strategic influence in Iraq, which was seen as a direct threat to Saudi Arabia's regional dominance.⁷⁶ The shift in US foreign and security policy toward the Indo-Pacific region, along with the strong engagement of President Barack Obama's administration in securing the Joint Comprehensive Plan of Action (JCPOA) with Iran on its nuclear program, further deepened mistrust between the Gulf

⁶⁹ <https://apnews.com/article/un-norway-palestinian-state-saudi-arabia-eu-c9116cdb5f23574e668de65f6a7aca71>.

⁷⁰ https://www.oic-oci.org/topic/?t_id=39752&t_ref=26697&lan=en.

⁷¹ <https://www.wsj.com/livecoverage/israel-hamas-war-gaza-strip-2023-11-11/card/arab-muslim-leaders-gather-in-saudi-arabia-for-emergency-summit-on-gaza-iLB1jxkMs85AEHeAFsOa>.

⁷² <https://www.wsj.com/world/middle-east/u-s-presses-diplomatic-effort-for-gaza-peace-plan-5c51bef4>.

⁷³ <https://www.washingtonpost.com/world/2024/02/14/gaza-peace-israel-palestinian-state/>.

⁷⁴ Coll, S. (2008). *The Bin Ladens. An Arabian Family in the American Century*. Penguin.

⁷⁵ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3248344; Lacey, R. & J. Benthall (eds.) (2014). *Gulf Charities and Islamic Philanthropy in the "Age of Terror" and Beyond*. Gerlach 2014.

⁷⁶ Esfandiary, D. (2022). *New Order in the Gulf. The Rise of the UAE*. I.B. Tauris: 43.

states and the US.⁷⁷ Gulf monarchies were notably excluded from the negotiations, and the US and its European partners were criticized for failing to provide sufficient security assurances to Gulf states facing Iranian-backed proxies in Lebanon, Syria, Iraq, and Yemen. The nuclear agreement was perceived by Saudi Arabia and its Gulf allies as a tacit approval for Iran to intensify its support for regional proxies, which undermined the security interests of the Gulf monarchies.⁷⁸ US-Saudi relations thus became particularly strained under Obama, who labeled Saudi Arabia as a “free rider”.⁷⁹ These accumulated tensions have significantly influenced Saudi Arabia’s approach to its relationship with the US and its broader foreign policy, prompting the kingdom to explore alternative alliances and increase its geopolitical autonomy.

Under its new leadership, thus, Riyadh harbored high expectations that the election of Donald Trump as President of the United States in 2017 would mark the beginning of a closer, more reliable partnership between the two countries, especially in the context of shared interests in countering mutual adversaries. Trump’s hawkish stance toward Iran, epitomized by his “Maximum Pressure” campaign, was warmly received in Saudi Arabia, as Tehran remains the kingdom’s primary regional rival. Furthermore, Trump’s decision to withdraw from the JCPoA in 2018 aligned with Saudi interests and further reinforced the sense of solidarity between the two countries. Trump’s first overseas trip as president in 2017 to Riyadh again underscored the importance of the US-Saudi relationship.⁸⁰ His visit was not only a diplomatic gesture but also a symbolic victory for Mohammed bin Salman who consolidated his reputation as a strong regional leader. The trip encouraged the Saudi leadership to intensify its regional assertiveness: In the same year, Saudi Arabia, along with the UAE, Bahrain, and Egypt, initiated a land and sea blockade against Qatar, accusing the Doha leadership of supporting terrorism, Islamism, and the Iranian regime.⁸¹ This diplomatic and economic blockade, outlined in twelve demands, sought to isolate Qatar and diminish its influence as a regional competitor, further consolidating the influence of the so-called “blockading quartet” in the Gulf. The escalation of the blockade was framed as part of a broader effort to shape the regional balance of power, with Saudi Arabia and its allies positioning themselves against perceived threats to their authority and regional stability.

Despite the high expectations that Saudi Arabia and its allies placed in the Trump administration, though, not all aspects of this relationship fully materialized as anticipated. While the administration’s hardline stance toward Iran was in line with Saudi interests, US support for the blockade against Qatar was more limited than expected. This was primarily due to Qatar’s strategic relationship with the US, which includes hosting the largest US military base in the region, Al-Udaid. As a result, Qatar was able to adapt to the blockade by diversifying its foreign policy, fostering closer ties with Turkey, Iran, and China, and actively defending its position in engagements with European and US partners. The blockade was ultimately lifted in January 2021, following the election of Joe Biden. This sentiment of alienation was further exacerbated by the drone and missile

⁷⁷ Miller, R. (2016). *Desert kingdoms to global powers: The rise of the Arab Gulf*. Yale University Press.

⁷⁸ Sons, S. (2016) Lost in Iranoia. Saudi Arabia’s Struggle for Regional Hegemony in Times of Crisis. *Orient I*: 7–22.

⁷⁹ <https://www.nytimes.com/2016/03/10/world/middleeast/obama-criticizes-the-free-riders-among-americas-allies.html>.

⁸⁰ <https://www.aljazeera.com/news/2017/5/20/trump-arrives-in-saudi-arabia-in-first-foreign-trip>.

⁸¹ Krieg, A. (2019). *Divided Gulf. The Anatomy of a Crisis*. Springer Singapore.

attacks in September 2019 on Saudi oil facilities in Abqaiq and Khurais. The attack highlighted Saudi Arabia's vulnerability, as the US response was perceived as insufficiently decisive. Despite the evidence linking Iran to the strikes, the Trump administration did not take significant action against Tehran, reinforcing the sense in Riyadh that even under a president who had positioned himself as a staunch ally, the United States could not be relied upon as a security guarantor.⁸²

Under President Joe Biden, US-Saudi relations reached a new low. During his election campaign, Biden had labeled Saudi Arabia a "Pariah"⁸³ and criticized its role in the murder of journalist Jamal Khashoggi in October 2018.⁸⁴ Upon taking office, Biden followed through on this characterization by announcing a recalibrated policy towards the kingdom⁸⁵, which sought to limit US engagement with Saudi Arabia while emphasizing human rights concerns. Tensions between the two countries further intensified in the context of the Russian invasion of Ukraine, which began in February 2022. While the US and Europe expected the Gulf monarchies, including Saudi Arabia, to take a firm stance against Russia, the kingdom, along with the UAE, maintained its commitment to the OPEC+ agreement with Russia. This decision reflected the Gulf states' reluctance to significantly alter their oil policy, especially given the potential for lower oil prices to undermine Russia's economy. In the summer of 2022, Biden visited Riyadh in a bid to persuade Mohammed bin Salman to adjust the kingdom's position on Russia. However, these requests were met with resistance, and the Saudi leadership reiterated its commitment to the OPEC+ agreement with Russia by prioritizing the stabilization of oil prices over aligning with US interests in isolating Moscow. This episode highlighted the growing divergence in US and Saudi priorities and further strained the relationship between the two nations.

Amid the cooled relations during the Biden administration and the unmet expectations during Trump's first term, the Saudi leadership viewed the re-election of Donald Trump as an opportunity to strengthen security, political, and economic cooperation. In his first term, Trump fostered particularly close ties with Saudi leaders, especially Mohammed bin Salman, as well as with the President of the UAE, Mohammed bin Zayed Al Nahyan. Even after his presidency, Trump, along with his son-in-law Jared Kushner, continued to engage in business dealings with Gulf investors⁸⁶ to reinforce personal relations.⁸⁷ Given these longstanding ties, many in Saudi Arabia expected that Trump's mercantile and dealmaking approach would offer opportunities for economic diversification, enhanced security cooperation, and expanded weapons sales.⁸⁸ Trump had previously indicated that he anticipated Saudi Arabia would invest over USD 600 billion in the United States⁸⁹ and suggested that he would again visit Riyadh for his first overseas trip to highlight the

⁸² <https://www.chathamhouse.org/2024/11/gulf-will-seek-manage-trump-through-self-reliance-and-pragmatism>.

⁸³ <https://www.nytimes.com/2021/02/24/us/politics/biden-jamal-khashoggi-saudi-arabia.html>.

⁸⁴ <https://www.axios.com/2022/07/16/mbs-biden-khashoggi-abu-ghraib-shireen-abu-akleh>.

⁸⁵ <https://www.project-syndicate.org/commentary/joe-biden-recalibration-of-us-saudi-relations-by-bernard-haykel-2021-03>.

⁸⁶ <https://www.nytimes.com/2024/09/25/us/politics/kushner-private-equity-saudi-arabia.html>.

⁸⁷ <https://agsiw.org/trumps-commercial-influence-in-the-gulf/>.

⁸⁸ <https://agsiw.org/for-gulf-countries-there-may-be-no-clear-preference-between-trump-and-harris/>.

⁸⁹ <https://www.reuters.com/world/middle-east/saudi-crown-prince-seeks-600-bln-investment-push-with-us-2025-01-22/>.

close relationship between the two countries.⁹⁰ Furthermore, regular communication between top Saudi officials and Trump's closest Middle East advisors signals a mutual commitment to collaborate on pressing regional issues, including the ongoing Gaza war. This anticipated continuity in Saudi-US relations under a potential second Trump administration underscores the kingdom's desire to leverage the Trump administration's approach to bolster its geopolitical and economic standing.

While Saudi Arabia maintains a generally positive view of Trump's return to office, it finds itself in a more self-assured position compared to the first term of his presidency. With its "swing states" approach⁹¹, Saudi Arabia is welcoming Trump's re-election, but the excitement of eight years ago is noticeably absent.⁹² The region has undergone substantial changes, and it is now at a historical crossroads, marked by ongoing regional conflicts in Gaza and Lebanon. In this context, Saudi Arabia must prioritize the preservation of its own stability, legitimacy, and power, which makes regional de-escalation a critical objective. Riyadh's leadership is committed to preventing an open conflict between Iran and Israel⁹³, recognizing the catastrophic potential such a war could have on regional and national security. Given these pressures, Saudi Arabia must continue its delicate balancing act by maintaining pragmatic relationships with global powers such as China and Russia, while also engaging with the US and Europe.⁹⁴ This strategy reflects the kingdom's motivation to protect its national interests, promote non-alignment, and avoid being forced into taking sides in increasingly polarized geopolitical dynamics. In essence, Saudi Arabia's approach is one of strategic flexibility, as it seeks to navigate the complexities of the region while safeguarding its own position and interests on the global stage.

In this regard, the Trump administration presents a double-edged sword for Saudi Arabia regarding the Gaza war. On one hand, Saudi Arabia hopes for more assertive involvement from Trump to end the war, as he has promised.⁹⁵ Trump is viewed as a strong leader who seeks to broker deals with regional partners and rivals to enhance his personal reputation and generate business opportunities for US companies. His transactional, deal-making style may align with Saudi ambitions for economic gain and regional influence, particularly if he delivers on promises to broker deals and secure investments.⁹⁶ However, on the other hand, his unpredictability and his focus on neo-capitalist policies raise significant concerns. One issue lies in his nomination of figures who have shown strong support for Netanyahu's government, such as Steve Witkoff as the special envoy to the Middle East⁹⁷ and Mike Huckabee as the US ambassador to Israel.⁹⁸ These appointments signal that Trump's approach will be heavily pro-Israel, which could potentially undermine Saudi efforts to promote Palestinian independence, especially considering

⁹⁰ <https://www.reuters.com/world/trump-says-will-have-call-with-british-pm-keir-starmer-next-24-hours-2025-01-26/>.

⁹¹ <https://www.newsweek.com/saudi-arabia-has-its-own-deal-century-trump-1989311>.

⁹² <https://www.grc.net/single-commentary/204>.

⁹³ <https://www.bic-rhr.com/research/light-regional-escalation-saudi-arabias-not-alone-approach>.

⁹⁴ <https://www.washingtonpost.com/politics/2022/03/14/ukraine-russia-saudi-arabia-oil/>.

⁹⁵ <https://www.axios.com/2024/11/08/trump-abbas-call-end-gaza-war>.

⁹⁶ https://mecouncil.org/blog_posts/trumps-return-and-implications-for-the-middle-east/.

⁹⁷ <https://www.trtworld.com/us-and-canada/who-is-steven-witkoff-trumps-special-envoy-to-the-middle-east-18231520>

⁹⁸ <https://apnews.com/article/trump-huckabee-ambassador-israel-ace1894ce731c36622d5f09982a0a9b2>.

the kingdom's historical stance on Palestinian sovereignty. Moreover, Trump's provocative statements – such as his announcement to “clean out” Gaza⁹⁹ or even consider a US takeover¹⁰⁰ – further complicate relations. These remarks sent shockwaves through the region resulting in a firm rejection from Egypt and Jordan.¹⁰¹ Saudi officials responded by reiterating that normalization with Israel hinges on the establishment of an independent Palestinian state.¹⁰² Such rhetoric suggests that Trump's approach could actively undermine the Saudi leadership's goals, especially if his policies lead to further escalation or military action against Iran – an issue on which Saudi Arabia is keen to maintain a balanced approach. This shift in tone highlights a growing Saudi skepticism about Trump's policies, particularly if they result in policies that are perceived as neglecting the rights of Palestinians or destabilizing the broader Middle East. As a result, Riyadh may feel the need to recalibrate its strategy toward both the US and its regional relations in response to these developments.

IV. Saudi Arabia and its Relations with the Palestinians in a Multipolar World Order: Between Confrontation and Cooperation

The growing mistrust in the West, particularly in the US, has become a key factor in shaping Saudi Arabia's foreign policy, especially as the kingdom navigates the evolving dynamics of the Gaza conflict and broader regional tensions. Public discourse in Saudi Arabia, fueled by the perception of Western hypocrisy, has contributed to a reevaluation of traditional alliances and a desire to secure a more independent and diversified foreign policy approach. Former Saudi intelligence chief and ambassador to the United States Turki al-Faisal, for instance, stated in November 2023, that the Gaza war had exposed “the hypocrisy and double standard of those claiming to be the guardians of what they call the rules-based international order.”¹⁰³ His statement highlights how the West's response has exacerbated feelings of betrayal and disillusionment in Saudi Arabia. In this context, Saudi Arabia's foreign policy is evolving to prioritize pragmatic partnerships over historical alliances. The kingdom is embracing a non¹⁰⁴- or multi-alignment strategy¹⁰⁵, seeking to build relationships with non-Western powers such as China, Russia, and India, alongside its longstanding connections with the US and Europe.¹⁰⁶ This diversification is a response to the growing sense that the West may no longer be the ideal partner for securing Saudi Arabia's geopolitical, economic, and security interests, especially in the face of shifts in global power dynamics. China has emerged as a critical player in this equation. Its

⁹⁹ <https://apnews.com/article/trump-biden-israel-bomb-gaza-hamas-war-023b36984c6116c128b5e47f117bba2a>.

¹⁰⁰ <https://www.aljazeera.com/news/2025/2/5/trump-says-us-will-take-over-and-own-gaza-in-redevelopment-plan>.

¹⁰¹ <https://apnews.com/article/mideast-egypt-jordan-palestinians-trump-51dc4d5225e6bc0a135b7bbafedb3d86>.

¹⁰² <https://www.youtube.com/watch?v=KbWcXevgwFk>.

¹⁰³ https://www.iiss.org/globalassets/media-library---content--migration/files/manama-dialogue-delta/2023/final/p4/hrh-prince-turki-al-faisal-al-saud-king-faisal-centre-for-research-and-islamic-studies_as-delivered.pdf.

¹⁰⁴ https://carpo-bonn.org/media/pages/publikationen/carpo-reports/china-corona-climate-change/d2f5764311-1733145287/carpo_report_11_27-06-23-printerfriendly.pdf.

¹⁰⁵ <https://www.bic-rhr.com/research/economic-diversification-and-political-multi-alignment-saudi-arabia-united-arab-emirates>.

¹⁰⁶ https://www.atlanticcouncil.org/wp-content/uploads/2020/08/Sino-Saudi-Relations_WEB.pdf.

growing influence in the Middle East, alongside its economic ties with Saudi Arabia, offers an alternative to Western dominance. This pivot is not just economic but extends to political and military spheres, with China's non-interventionist approach being seen as a refreshing contrast to the West's more interventionist policies in the region.

For years, China has emerged as the most important economic partner on many levels¹⁰⁷: The kingdom is Beijing's main global exporters of gas, oil and other petrochemical products and can thus significantly satisfy China's need for energy. Trade relations between China and Saudi Arabia have also grown steadily outside the energy sector. China has now become the largest trading partner with the kingdom, covering sectors such as energy, infrastructure and finance. In addition, China considers the Gulf region as a relevant pillar of its Belt and Road Initiative (BRI)¹⁰⁸ and has signed a strategic partnership agreement with Saudi Arabia in 2016. At the same time, Beijing is also trying to initiate new and deeper relations in the field of security policy. During the visit of China's President Xi Jinping to Saudi Arabia in December 2022, a roadmap was agreed for the development of new strategic security agreements by 2027 in order to strengthen mutual cooperation in the long term.¹⁰⁹ The number of Saudi visits to China has also increased in recent years, as shown by the trips of King Salman in 2017 and MbS in 2014, 2016 and 2019. Furthermore, Saudi Arabia announced in March 2023 to join the Chinese-led Shanghai Cooperation Organization.¹¹⁰ Finally, China was the X factor in the resumption of diplomatic ties between Saudi Arabian and Iran in March 2023: It is said both in the kingdom and the Islamic Republic that the engagement of China's President Xi Ling Pin created a situation which pushed both sides for an agreement as they consider Beijing's commitment as a guarantor to keep the deal intact. In short, China took credit for the deal and is expected by Saudi Arabia to become the deal-saver in the future.¹¹¹ With regard to its complicated ties to the US, Saudi Arabia also intends to use the strong involvement of China in the agreement with Iran as a bargaining chip towards Trump to get more security guarantees. Playing cards between China and the US in the Iran file could aim to reach better deals with both sides in terms of economic and military support. Furthermore, Saudi Arabia expects from China to use its leverage on Iran in times of growing Iranian provocation in the region. As such, Saudi Arabia considers the agreement as a tactical insurance policy rather than a strategic turn in regional policymaking. Hence, Saudi Arabia aims to balance its relations with China and the US and do not want to side with just one camp to keep as many security, economic, and political options open as possible.

However, such approach remains risky: Saudi Arabia could find itself in the eye of the storm if the rivalry between Trump and China further escalates and he could exert more pressure on the Saudi leadership to limit its political and economic ties with China. Such a scenario would put Riyadh into a dilemma: On the one hand, it needs to preserve close ties with Trump for economic and political reasons. On the other hand, the partnership

¹⁰⁷ <https://merics.org/de/saudi-arabias-once-marginal-relationship-china-has-grown-comprehensive-strategic-partnership>.

¹⁰⁸ <https://ecfr.eu/article/an-open-relationship-what-european-governments-can-learn-from-china-gulf-cooperation/>.

¹⁰⁹ <https://agsiw.org/china-gulf-ties-tougher-acts-to-follow-successful-show/>.

¹¹⁰ <https://www.ispionline.it/en/publication/saudi-arabia-joins-the-sco-it-is-not-a-game-changer-for-saudi-us-relations-123365>.

¹¹¹ <https://www.worldpoliticsreview.com/saudi-arabia-iran-relations-yemen-war-china-us/>.

with China has emerged as an integral pillar of Saudi Arabia's economic diversification campaign which cannot be cut without paying high costs. In particular, the Gaza war could create a test balloon for Saudi Arabia's multi-alignment policy if Trump could push for reduced Saudi engagement with China in return for the option of Palestinian statehood.

V. The Palestinian Dimension: Finding Credible Partners

For Saudi Arabia, the primary concern is the political future of the Palestinian Territories. In general, the weakening of Hamas is favored, as Riyadh has consistently viewed the dominance of Islamist groups as a threat to both regional stability and national security. The close alliance between Hamas and Iran is also regarded as a significant security risk in Riyadh, leading to limited interest in allowing Hamas to assume an influential political role in the Palestinian Territories in a post-conflict scenario. From a Saudi perspective, however, there are no viable alternatives to promote Palestinian governance. While Saudi Arabia has historically positioned itself as a supporter of Fatah and the PA, trust has significantly eroded and fatigue for supporting the PA due to its dysfunctionality has grown.¹¹² The PA and its president, Mahmoud Abbas, are widely regarded as unreliable and corrupt actors who prioritize personal interests over advancing the Palestinian cause for the benefit of the Palestinian people.¹¹³ At the same time, Saudi Arabia recognizes that questions of governance and the functionality of Palestinian self-rule not only require the support of the international community but also credible and reliable partners on the Palestinian side. Publicly, thus, Saudi leadership asserts that the PA must undergo reforms to become more effective, and it is the responsibility of the Palestinians themselves to establish a functional government. Furthermore, potential leadership figures are lacking who are enjoying the trust of the Palestinians and other regional partners such as Saudi Arabia. Consequently, Saudi Arabia remains skeptical, and views attempts by other regional actors to promote their preferred Palestinian partners (such as Mohammed Dahlan, a former head of the PA's Preventive Security in Gaza and a senior member of Fatah opposed to president Mahmoud Abbas who lives in UAE's exile and advises the Emirati President Muhammad bin Zayed¹¹⁴) with reservation.¹¹⁵

VI. The Regional Integration Dimension: Promoting a Vision for the Region

The Gaza war provides Saudi Arabia an opportunity to play a more constructive and proactive role to consolidate its reputation as a regional powerhouse and emphasize its multi-alignment. Such an approach would underscore Saudi Arabia's role as an honest broker and continue to offer the kingdom an opportunity to initiate a strategic shift by

¹¹² <https://qantara.de/en/article/palestinian-political-scientist-khalil-shikaki-ceasefire-unsustainable-without-vision-peace>

¹¹³ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹¹⁴ https://ecfr.eu/special/mapping_palestinian_politics/mohammed_dahlan/.

¹¹⁵ Interview with Saudi analyst on Palestinian affairs, January 12, 2025.

focusing less on conflict management and more on a practical solution-oriented approach.¹¹⁶ From a Saudi perspective, this intention requires a counter-narrative to push back against the popularity of Hamas¹¹⁷ and the Houthis¹¹⁸, as well as radical forces and extremism, while offering a perspective to the people in Gaza and the rest of the Arab world. ‘Vision 2030’ symbolizes the manifestation of Saudi Arabia’s leadership role in the Arab world and is now presented not only as a national project for change and progress but also as a response to regional challenges.¹¹⁹ Accordingly, the Saudi leadership might attempt to regain interpretive authority through ‘Vision 2030’ and present itself as a pragmatic and constructive force by countering radical movements and offering a promising alternative model through economic integration and investment: “By building a Palestinian economic vision that aligns with regional economic projects, Saudi Arabia, European states, and others can remain committed to supporting a Palestinian economic horizon, reflecting the region’s current focus.”¹²⁰ By promoting such an alternative paradigm – one centred on political stability and economic integration of a future Palestinian State – Saudi Arabia could offer Palestinians and the broader Arab world a viable path forward – a ‘Vision 2035’. In this regard, ‘Vision 2030’ represents more than just a national socioeconomic modernisation agenda; it is promoted as a blueprint for regional (and Palestinian) development: “A great deal of attention has been paid to the potential for Israeli integration into the region, but nowhere near as much attention has been paid to Palestinian integration.”¹²¹ As already outlined, Saudi Arabia requires regional stability to achieve economic development which is intrinsically linked to a long-term solution for the Palestinians. Hence, the interest has grown to take more shared responsibility for regional stability through ‘Vision 2030’ and to include the Palestinian file into its peace-through-economic development nexus. In a post-war scenario, a reformed PA could address the Saudi leadership to contribute to ‘Vision 2030’, which could convince Riyadh to provide political, financial and economic support in coordination with other regional and international partners or to organize an international investment conference on the Palestinian Territories.¹²²

VII. The Normalization Dimension: A Trump Card towards Trump

In light of its engagement with the Palestinians, Saudi Arabia also retains a strategic advantage in negotiations with Israel and the US over the potential normalisation of relations with Israel: “The most significant support the Saudis are giving the Palestinians currently is in what they are not doing, which is normalizing relations with Israel.”¹²³ Its special relationship with the Palestinians and the pending normalization with Israel thus

¹¹⁶ <https://www.epc.ae/en/details/brief/gulf-countries-and-the-gaza-war-a-clear-regional-de-escalation-approach>.

¹¹⁷ <https://www.washingtoninstitute.org/policy-analysis/new-poll-sheds-light-saudi-views-israel-hamas-war>.

¹¹⁸ <https://merip.org/2024/01/the-houthis-sovereign-solidarity-with-palestine/>

¹¹⁹ <https://www.ispionline.it/en/publication/the-security-side-of-gulf-visions-adapting-defence-to-the-connectivity-age-166495>.

¹²⁰ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹²¹ <https://www.mei.edu/publications/saudi-arabias-diversified-support-two-state-solution>.

¹²² <https://www.mei.edu/publications/saudi-arabias-diversified-support-two-state-solution>.

¹²³ <https://www.mei.edu/publications/saudi-arabias-diversified-support-two-state-solution>.

provides Saudi Arabia more political leverage on the warring parties than any other Arab player. Normalization with Israel cannot be separated from Saudi Arabia's expectations from the US to agree on security guarantees. Hence, normalization provides a strategic option for Saudi Arabia to gain security concessions from the US.¹²⁴ Prior to October 7th and like other governments in the Arab world, as well as Europe and the United States, the Saudi leadership had assigned less political relevance to the Israeli Palestinian conflict. Instead, in the months leading up to the Gaza war, intensified talks had been held with the Israeli government and the US administration under former President Joe Biden to achieve normalization between Saudi Arabia and Israel.¹²⁵ In this regard, both sides discussed a US-Saudi defence treaty, nuclear cooperation to develop Saudi Arabia's civilian nuclear capabilities, weapon sales agreements, as well as economic investments. Additionally, enhanced cooperation between Saudi Arabia and Israel in cybersecurity, fintech, and agri-tech, commercial connectivity and transportation was considered as an additional driver to boost the kingdom's domestic economic transformation. In September 2023, bin Salman said in an TV interview with the US channel Fox News¹²⁶ that "every day, we get closer" to reach an agreement.¹²⁷

Such an agreement would have followed the example of other Arab Gulf monarchies, such as the UAE and Bahrain, which had already signed the so-called "Abraham Accords" with Israel in 2020.¹²⁸ In recent years, the kingdom had already established informal networks with Israeli representatives from business, security, and politics, making it seem only a matter of time before Saudi Arabia would officially recognize Israel.¹²⁹ Facilitated by the Trump administration, it was reported that Muhammad bin Salman and Netanyahu already met secretly in Saudi Arabia to discuss the chances of reconciliation and rapprochement in November 2020.¹³⁰ For Trump, normalization constituted a priority during his first term and remains a hot topic for his second term as stated by Trump's National Security Advisor Mike Waltz who said in January 2025 that Saudi-Israeli normalization is a "huge priority", and constitutes the "next phase of the Abraham Accords".¹³¹

However, since the start of the Gaza war, normalization talks remain on ice¹³² and the conflict resulted in a significant shift in Saudi Arabia's position on normalization. The Saudi leadership came under serious pressure on a domestic and regional level to develop a position on the Gaza war and Israel that does not weaken its own goals while also considering the widespread opposition to Israel among the Saudi and Arab public. Since the beginning of the Israel-Gaza war, hence, Saudi officials have repeatedly emphasised that there will be no resumption of negotiations as long as there is no

¹²⁴ <https://crsreports.congress.gov/product/pdf/R/R48162>

¹²⁵ <https://www.axios.com/2021/10/20/jake-sullivan-mbs-abraham-accords>.

¹²⁶ <https://www.foxnews.com/opinion/interview-saudi-crown-prince-mohammed-bin-salman-reveals-power-democracy>.

¹²⁷ <https://apnews.com/article/saudi-prince-us-politics-fox-a65f1e4c39ee2d83667aa433f59b59c8>.

¹²⁸ <https://agsiw.org/abraham-accords-israel-assesses-successes-shortcomings-in-expanding-gulf-relations/>.

¹²⁹ <https://foreignpolicy.com/2023/06/05/saudi-arabia-israel-normalization-deal-agreement-biden-blinken-trip-security-guarantee-nuclear-energy/>.

¹³⁰ <https://responsiblestatecraft.org/2020/11/25/why-mbs-is-keeping-visit-by-netanyahu-and-the-mossad-on-the-down-low/>.

¹³¹ <https://allisrael.com/incoming-senior-trump-official-waltz-says-administration-will-prioritize-saudi-israel-ties>.

¹³² <https://www.foreignaffairs.com/middle-east/what-war-gaza-israel-means-saudi-arabia>.

concrete plan for a two-state solution in sight.¹³³ In addition, Saudi officials refer constantly to the kingdom's consistent historical stance to promote a two-state solution as outlined in the API or other peace initiatives such as the Fahd Plan. In contrast to signatory states of the "Abraham Accords", Saudi Arabia finds itself in a more flexible position as the kingdom can portray itself as a strong supporter of the Palestinians but can use potential normalization as a bargaining chip towards the US and Israel. Even before October 7th, the prospects for a deal were viewed much more skeptically in Saudi Arabia than in the US or Israel, where a wave of enthusiasm for normalization emerged, driven mainly by wishful thinking and strategic miscalculations. Aziz Alghashian, a well-informed Saudi analyst on Saudi-Israeli relations, calls this misbalance an "ecosystem of fogginess surrounding the Saudi position"¹³⁴ as official Saudi statements are used in Israel to create a narrative that is differing from the Saudi intention – a clear indicator of a rift in Saudi Arabia's self-presentation and Israel's interpretation on what Saudi Arabia really wants to say.¹³⁵ In the *Jerusalem Post*, Alghashian thus writes that the Israeli "political leadership has misled you [the Israeli population] by oversimplifying Saudi Arabia and its people – their logic, their beliefs, and their discourses."¹³⁶ By arguing that Saudi Arabia wants to join Israel in its anti-Iranian approach, Netanyahu misinterprets the Saudi calculation and reduces the kingdom's state interest to a simplistic 'The enemy of the enemy is my friend' credo.¹³⁷ Here, both positions how to deal with Iran are starting to converge from each other despite the fact that both agree with each other to consider Iran a common threat. Referring to Alghashian, "Netanyahu proposes that a major regional confrontation with Iran would lead the Saudi kingdom to move away from its traditional position, to set aside its grievances with Israel regarding the Palestinian issue, and to base normalization on a logic of mutual enmity. This is too simplistic, and the Saudi ruling elite thinks in a far more nuanced way than that."¹³⁸ As a consequence of this miscalculation, Saudi Arabia could distance itself from Israel and chances for normalization decline even further as it fears growing violence and escalation across the region.¹³⁹ After all, the kingdom had always insisted on the establishment of a Palestinian state and also demanded security guarantees from the US.¹⁴⁰ As such, the stakes for normalisation have risen, and the creation of a Palestinian state will remain a central demand.¹⁴¹ Today, the Saudi ruling elite cannot afford to ignore the Palestinian issue anymore as guardian of the two holy mosques and defender of the global Islamic community. Certainly, Israel remains a potentially attractive partner for the kingdom, which relies on economic diversification and socio-economic transformation, due to security and economic considerations.¹⁴² However, the Israeli government's military actions under Netanyahu exacerbate the suffering of the Palestinian population, increase the risk of regional escalation, and strengthen the influence of radical groups such as Hamas. Indeed,

¹³³ <https://www.al-monitor.com/originals/2024/10/saudi-israel-normalization-table-until-palestinian-statehood-fm-says>.

¹³⁴ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹³⁵ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹³⁶ <https://www.jpost.com/opinion/article-837324>.

¹³⁷ Ibid.

¹³⁸ Ibid.

¹³⁹ <https://www.jpost.com/opinion/article-837324>.

¹⁴⁰ <https://www.nytimes.com/2023/09/19/us/politics/biden-saudi-defense-treaty.html>

¹⁴¹ <https://en.majalla.com/node/311471/politics/arab-normalisation-israel-loses-appeal-amid-gaza-horrors>.

¹⁴² <https://agsiw.org/the-inner-logic-and-outer-limits-of-post-gaza-normalization/>.

Hamas whose attack on Israel was also condemned in Saudi Arabia by influential members of the royal family¹⁴³ and the kingdom's position on Hamas is driven by antipathy and mistrust which has further intensified after October 7th.¹⁴⁴ In a survey between November and December 2023, 58% of the Saudi respondents considered the Hamas either as "very negative" or "somewhat negative" – the second-highest value among all Gulf states after the UAE with 61%.¹⁴⁵

Nevertheless, Saudi analysts now increasingly view Israel as a security threat rather than a bulwark against Iranian influence in Saudi Arabia's neighborhood.¹⁴⁶ Against this backdrop, the potential realization of normalisation with Israel is a powerful trump card against Trump. Saudi Arabia must carefully balance its ambition to advocate for a two-state solution while keeping the option of a deal with the US and Israel on the table. Trump's dire interest in normalisation provides Saudi Arabia with more leverage on Trump than any other regional player – except Israel. However, Trump's most recent controversial statements on Gaza and the potential displacement of Palestinians also send a clear message to Saudi Arabia. As a result, high expectations for Trump to push for a deal including Palestinian statehood seem unrealistic. Indeed, awareness exists in Riyadh that his 'Gaza plan' follows the typical Trumpist playbook: first, creating international attention through provocation and unrealistic, out-of-the-box thinking, which is met with widespread outrage and rejection. In the second step, Trump could aim to exert more pressure on relevant stakeholders, such as Saudi Arabia, to agree to normalization with Israel on his terms.¹⁴⁷ Requests by Trump that Arab countries should take Palestinian displaced people and Netanyahu's remark that "the Saudis can create a Palestinian state in Saudi Arabia; they have a lot of land over there"¹⁴⁸ point in this direction. In return, he could, thirdly, shift away from concrete steps to displace Palestinians from Gaza and instead enter negotiations with the PA, regional players like Egypt, Jordan, and Saudi Arabia, as well as Israel, to strike a more palatable deal.¹⁴⁹ His all-or-nothing approach could thus ultimately result in a deal that primarily serves US and Israeli interests, with the prospects for Palestinian statehood growing even grimmer. For Saudi Arabia, such a scenario currently poses a risk and a provocation. Any transactional agreement with Israel and Trump at the expense of the Palestinians would thus cause significant reputational damage and undermine the kingdom's credibility. Therefore, the kingdom needs to balance its ambitions to support the Palestinian cause and its ties with the US: Hence, Saudi Arabia could aim to convince Trump that his ideas would cause unpredictable risks for regional stability which would undermine the president's economic interest and business partnership with Arab partners such as Saudi Arabia. Additionally, future relations with the signatory states of the Abraham Accords and close allies of the US, such as the UAE, Morocco, and Bahrain that hosts the 5th US fleet could become more strained as they feel embarrassed by Trump's provocative plan.¹⁵⁰ Saudi officials could use this situation to broker a deal with Trump that puts Palestinian

¹⁴³ <https://www.bbc.com/news/world-middle-east-67177684>.

¹⁴⁴ <https://www.washingtoninstitute.org/policy-analysis/arab-critique-and-condemnation-hamas-october-7-2023>.

¹⁴⁵ <https://www.washingtoninstitute.org/policy-analysis/new-poll-sheds-light-saudi-views-israel-hamas-war>.

¹⁴⁶ <https://en.majalla.com/node/311471/politics/arab-normalisation-israel-loses-appeal-amid-gaza-horrors>.

¹⁴⁷ Interview with Saudi researcher on foreign policymaking, January 11, 2025.

¹⁴⁸ <https://www.jpost.com/middle-east/article-841082>.

¹⁴⁹ Interview with Saudi researcher on foreign policymaking, January 12, 2025.

¹⁵⁰ <https://www.semafor.com/article/02/07/2025/analysis-acting-alone-on-gaza-wont-work-trump-must-consult-arab-allies>.

statehood again on the agenda.¹⁵¹ Similar to Jordan, Saudi Arabia could offer to host a small number of Palestinians aiming at appeasing Trump.¹⁵² Additionally, Saudi Arabia could promote its vision for a stable region through economic statecraft in partnership with Trump as both are interested in investments and economic development.¹⁵³ Here, the Saudi ‘Vision 2030’ narrative could play a relevant tactical role to find an agreement with Trump. Last but not least, the personal dimension features prominently: Together with Gulf officials close to the US administration such as UAE ambassador to Washington, Yousuf al-Otaibi, the Saudi government could present Trump with the option of having a better chance of winning the Nobel Peace Prize if he focuses on cooperation with the Palestinians and the Gulf Arab states instead of acting against them.¹⁵⁴ In such a scenario, Trump could be remembered as a “peacemaker”, as outlined by Prince Turki Al Faisal, former Saudi ambassador to Washington and London, director-general of Saudi Arabia’s intelligence agency and one of the most influential public voices in Saudi Arabia.¹⁵⁵

VIII. The developmental-Business-Investment Dimension: Potential for Reconstruction

The issue of reconstruction in a post-war context has gained growing significance considering Trump’s controversial remarks on Gaza’s future. Estimations indicate that approximately USD 50 billion¹⁵⁶ will be required to address the extensive destruction in the Gaza Strip and to provide new prospects for the displaced population whereas clearance could take up to 15 years and cost around 500-600 million USD.¹⁵⁷ Consequently, there is an ongoing discourse regarding which international and regional actors possess the capacity and responsibility to shoulder these financial, logistical, and infrastructural challenges. Since the start of the war, Saudi Arabia positions itself as a key actor in providing humanitarian assistance to the Palestinian population to showcase itself as a responsible member of the international community and to take over religious responsibility as the Custodian of the two Holy Shrines.¹⁵⁸ By November 2024, the ‘Gaza Relief’ campaign initiated by the King Salman Humanitarian Aid and Relief Center (KSrelief) raised around 26.7 million USD from more than two million individual donors¹⁵⁹ to provide ambulances, water tanks and food for Gaza.¹⁶⁰ Furthermore, in March 2024, KSrelief allocated USD 40 million to the United Nations Relief and Works Agency for

¹⁵¹ Interview with Saudi expert on US-Saudi relations, January 9, 2025.

¹⁵² <https://www.france24.com/en/live-news/20250211-jordan-king-set-for-tense-trump-talks-over-gaza>.

¹⁵³ <https://www.mei.edu/publications/saudi-arabias-diversified-support-two-state-solution>.

¹⁵⁴ <https://www.semafor.com/article/02/07/2025/analysis-acting-alone-on-gaza-wont-work-trump-must-consult-arab-allies>.

¹⁵⁵ <https://www.thenationalnews.com/opinion/comment/2025/02/03/palestine-israel-middle-east-donald-trump/>.

¹⁵⁶ <https://www.arabnews.com/node/2542256/middle-east>.

¹⁵⁷ <https://x.com/UNRWA/status/1812815626723086584>.

¹⁵⁸ Bianco, C. and S. Sons. 2021. Domestic Economic Plans and Visions in the GCC and Opportunities for Cooperation with Europe. In *The European Union and the Gulf Cooperation Council. Towards a New Path*, ed. Colombo, S. and A. Abdul Ghafar, 79-104. London: Palgrave Macmillan.

¹⁵⁹

https://x.com/alekhbariyatv/status/1853122707719655912?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1853122707719655912%7Ctwgr%5Ed1248bec50934c218c684b82628ec6f794f55d95%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fajel.sa%2Flocal%2Fq29xm6djzq.

¹⁶⁰ <https://www.newarab.com/news/saudi-campaign-raises-millions-dollars-gaza?amp>.

Palestine Refugees in the Near East (UNRWA).¹⁶¹ In total, KSrelief allocated USD 185 million in aid to the Palestinian Territories through different UN agencies since the start of the war.¹⁶² In 2022, Saudi Arabia ranked as the eight-largest financial contributor to UNRWA and the largest from the Arab world with a total contribution of USD 27 million.¹⁶³ In the last 25 years, Saudi Arabia has provided more in total than USD 7.27 billion to Palestinian Territories.¹⁶⁴

Saudi Arabia's Financial Assistance to the Palestinian Territories in USD (2000-2024)

2000	124,134,253
2001	717,105
2002	10,871,660
2003	42,610,732
2004	8,713,352
2005	83,513,510
2006	60,621,030
2007	58,553,407
2008	43,704,996
2009	44,672,028
2010	20,196,167
2011	53,710,834
2012	58,323,976
2013	114,226,505
2014	54,810,271
2015	306,323,450
2016	493,740,411
2017	409,253,187
2018	1,394,224,343
2019	1,064,564,380
2020	571,854,468
2021	697,575,396
2022	481,360,366
2023	574,943,412
2024	498,853,606
Total	7,271,356,457

Source: KSrelief.

However, during periods of political crises, declining oil prices, and regional instability, the volume of its aid allocations has diminished. The rising power of Hamas has further contributed to a reduction in Saudi financial assistance, given the kingdom's longstanding support for Hamas' political rival, Fatah. This trend became particularly evident following Hamas' takeover of Gaza in 2006. As such, aid provision from Saudi Arabia and other Gulf states remained volatile and characterized by a deep rift between pledges and disbursements as indicated by data from 2017. Of the total unfulfilled pledges, 88% originated from Gulf countries as these donors did not deliver 76.4% of their committed funds by July 2017.¹⁶⁵

¹⁶¹ <https://www.unrwa.org/newsroom/news-releases/king-salman-humanitarian-aid-and-relief-centre-provides-us-40-million-to-support-UNRWA>.

¹⁶² <https://www.arabnews.com/node/2574202/amp>.

¹⁶³ https://www.unrwa.org/sites/default/files/overall_donor_ranking_2022.pdf.

¹⁶⁴ <https://www.arabnews.com/node/2574202/amp>.

¹⁶⁵ <https://documents1.worldbank.org/curated/pt/326211522099010647/text/AHLC-Report-September-2017.txt>.

Table 1
Status of donor disbursements of pledges for Gaza reconstruction (July 2017)

	Pledges made at Cairo conference (in US\$ million)	Funds disbursed to Gaza as of July 2017 (in US\$ million)	% of unmet pledges
Qatar	1,000	216.06	78.4%
Saudi Arabia	500	107.8	78.4%
UAE	200	59.08	70.5%
Kuwait	200	62.63	68.7%
Bahrain	6.5	5.15	20.7%
Total GCC	1,906.5	450.72	76.4%
Total worldwide	3,500	1,851	47.0%

Source: World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee, 18 September 2017 (World Bank 2017).

In response to provocative remarks by Trump, key regional leaders from Saudi Arabia, Egypt, Qatar, the UAE, and Jordan convened in Riyadh on February 21st, 2025, to formulate a unified Arab strategy for Gaza’s reconstruction.¹⁶⁶ Prior to this meeting, the Egyptian government, under President Abd al-Fattah as-Sisi, developed a comprehensive plan¹⁶⁷ outlining specific measures for Gaza’s reconstruction, political transition, and future governance while ensuring the non-displacement of the Palestinian population. This plan was subsequently discussed in Riyadh and later served as a foundational point of deliberation at the Arab League summit in Cairo on March 4th.¹⁶⁸

The final declaration of the AL summit affirmed the Egyptian plan as the foundational framework for Gaza’s reconstruction, with all 22 member states endorsing it. The declaration reiterated the commitment to establishing a Palestinian state in accordance with the API and called for increased cooperation with international partners, including the United Nations, the United States, and European countries, to achieve a peaceful resolution. Additionally, the AL warned that the displacement of Palestinians would exacerbate regional instability and threaten security.

In contrast to Trump’s proposal, the AL plan seeks to keep the Palestinian population within Gaza, initially accommodating them in temporary housing units – shipping containers¹⁶⁹ – within three designated “safe zones”¹⁷⁰ for an early recovery period of six months. The plan also includes the deployment of mobile housing and shelters, alongside

¹⁶⁶ <https://www.aljazeera.com/news/2025/2/21/arab-leaders-discuss-alternative-to-trump-gaza-plan-at-saudi-arabia-meet>.

¹⁶⁷ <https://www.aljazeera.com/news/2025/2/18/egypt-developing-gaza-reconstruction-plan-to-counter-trumps-take-over>.

¹⁶⁸ <https://www.washingtonpost.com/world/2025/03/04/arab-leaders-gaza-summit/>.

¹⁶⁹ <https://www.nytimes.com/2025/03/04/world/middleeast/gaza-arab-leaders-meeting.html>.

¹⁷⁰ <https://www.thenationalnews.com/news/mena/2025/02/18/egypt-gaza-plan-revealed/>.

a significant influx of humanitarian aid¹⁷¹ to address urgent needs such as medical supplies, food, and water. Regional and international private construction firms are expected to participate in rebuilding essential infrastructure, with total estimated costs reaching USD 53 billion.¹⁷² Regarding governance, the proposal envisions the establishment of an independent Palestinian agency responsible for coordinating and overseeing the reconstruction. This agency would be composed of Palestinian technocrats from various political factions, though the explicit inclusion of Hamas remains a contentious issue among Arab states. Additionally, the plan advocates for institutional reforms within the PLO to strengthen Palestinian governance.¹⁷³ Furthermore, a non-partisan Palestinian Community Support Committee – agreed upon by Palestinian factions in late 2024¹⁷⁴ – would oversee the reconstruction process.¹⁷⁵ This committee would exclude members of both Hamas and the PA, instead comprising local tribal leaders, technocrats, and independent figures. The suggested reconstruction process is divided into three phases. The initial three months would require approximately USD 3 billion¹⁷⁶ to clear rubble, remove unexploded ordnance, relocate 1.2 million people into temporary housing, and rehabilitate 60,000 destroyed homes. The second phase, running until 2027, would allocate USD 20 billion toward rebuilding permanent housing. The final phase, projected for completion by 2030 with an estimated cost of USD 30 billion, aims to develop industrial zones, a fishing port, a seaport, and an airport. The AL anticipates financial contributions from the World Bank, the International Monetary Fund (IMF), and other international partners, with plans to establish a dedicated trust fund to support the reconstruction efforts.

Despite such comprehensive plans, Saudi Arabia's still takes a cautious stance toward significant involvement in the reconstruction of the Palestinian Territories – a position that is primarily driven by four key considerations:

- Israel's Responsibility for the Destruction of the Gaza Strip:** Saudi Arabia contends that Israel bears primary responsibility for the extensive destruction in Gaza. Consequently, there is an ongoing debate regarding the extent to which Israel should shoulder financial and logistical obligations for reconstruction efforts. Engaging in large-scale rebuilding initiatives without clear commitments from Israel risks absolving it of responsibility and placing an undue burden on regional and international actors. In recent months, public pro-Palestinian sentiments among large parts of the Saudi population have increased which cannot be ignored by the Saudi leadership. Anti-Israelism has thus emerged as a driver for Saudi nationalism and pan-Arab solidarity with the Palestinians – a trend that has been reflected in an anti-Netanyahu media campaign after he referred to Saudi Arabia as a potential home for

¹⁷¹ <https://apnews.com/article/egypt-gaza-reconstruction-plan-76941b11e6746078da113e36605ec462>.

¹⁷² <https://www.dw.com/en/arab-leaders-un-endorse-egypts-53-billion-gaza-plan/a-71819003>.

¹⁷³ <https://english.ahram.org.eg/NewsContent/1/1234/541471/Egypt/Foreign-Affairs/Arab-Summit-Declaration-rejects-displacement-of-Pa.aspx>.

¹⁷⁴ <https://www.aa.com.tr/en/middle-east/hamas-accepts-egyptian-proposal-to-form-joint-palestinian-committee-to-run-post-war-gaza/3414386>.

¹⁷⁵ <https://www.egypttoday.com/Article/1/137501/Palestinian-figures-sign-petition-in-support-of-Egyptian-initiative-to>.

¹⁷⁶ <https://www.nytimes.com/2025/03/04/world/middleeast/gaza-arab-leaders-meeting.html>

Palestinians.¹⁷⁷ In reaction to Netanyahu's statement on Saudi Arabia as the new homeland for Palestinians, Saudi Arabia's rejection was followed by strong statements of solidarity from Arab partners such as Qatar, the UAE, Oman, Kuwait among other. Hence, Saudi Arabia rejects any full-scale escalation but also remains hesitant towards reconstruction as it wants to "avoid, at all costs, the perception that its reconstruction efforts are colluding with Israel and that sending security forces would make it complicit in the Israeli occupation."¹⁷⁸

- **The Uncertain Future of Palestinian Self-Governance:** The political future of Palestinian self-administration remains highly uncertain, particularly given the longstanding divisions between Hamas and Fatah. Saudi Arabia's financial engagement has historically been aligned with the Palestinian Authority (PA), which governs the West Bank, rather than Hamas, which controls Gaza. The absence of a unified and stable Palestinian governance structure raises concerns about the efficacy and long-term sustainability of reconstruction efforts. As of today, no open debate inside Saudi Arabia exists on who and how the Palestinian Territories should be governed in the future. It has been stated oftentimes by Saudi officials that they do not want to interfere in internal affairs as the different Palestinian stakeholders need to find a mutual understanding for the political future.¹⁷⁹ In this regard, Hamas will remain a relevant part of the Palestinian fabric although Saudi Arabia does not support a revival of the group. Therefore, experts label the strategy of Saudi Arabia as agnostic: "They just want to find a partner – period."¹⁸⁰ Without a comprehensive political framework, reconstruction plans risk being limited to temporary measures, which are unlikely to attract sustained donor support. This reluctance stems from a prevailing sense of fragility and instability, as many donors are hesitant to finance reconstruction efforts that may ultimately be rendered ineffective by the recurrence of conflict. Nevertheless, as part of a deal with Trump, Saudi Arabia could deliver more support in providing financial and technical assistance in line with capacity development¹⁸¹ such as skills training, anti-corruption measures, knowledge transfer, experts exchange, and people-to-people contacts together with other Arab states, US and Europe in order to develop an efficient and functioning Palestinian administration as well as an economic vision.¹⁸²
- **Diverging Positions on Hamas:** The Gulf states have thus far been unable to reach a unified stance on Hamas which presents a significant challenge for any viable post-war framework.¹⁸³ The Cairo plan lacks a clear roadmap for addressing Hamas or specifying the entity responsible for its disarmament. As

¹⁷⁷ <https://www.ft.com/content/be852fec-d1df-4131-9e3f-23b1a0897f5b>.

¹⁷⁸ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹⁷⁹ Interview with Expert on Saudi-Palestinian relations, January 9, 2025.

¹⁸⁰ Interview with Expert on Saudi-Palestinian relations, January 31, 2025.

¹⁸¹ <https://www.youtube.com/watch?v=SalvZt1rmz8>.

¹⁸² <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹⁸³ <https://www.wsj.com/world/middle-east/why-arab-leaders-are-struggling-to-agree-on-hamass-future-role-in-gaza-d818a726>.

of now, Hamas has refused to accept its demilitarization.¹⁸⁴ While Egypt and Saudi Arabia adopt a cautious approach toward Hamas' potential inclusion in the Palestinian political structure – neither fully endorsing nor outright rejecting its participation – the UAE firmly opposes any future role for the group.¹⁸⁵ In contrast, Qatar maintains the closest ties with Hamas and adopts a more conciliatory position. Despite these divergences, all Gulf states perceive Hamas' alliance with Iran as a substantial security risk which results in a general reluctance to support its political integration in a post-conflict order of the Palestinian Territories. Public support for Hamas remains low across the Gulf region. A survey conducted between November and December 2023¹⁸⁶ indicated that 61% of respondents in the UAE viewed Hamas either “very negatively” or “somewhat negatively,” followed by 58% in Saudi Arabia, 51% in Bahrain, 46% in Kuwait, and 37% in Qatar.

- **National Economic Diversification Efforts:** Saudi Arabia is currently prioritizing its ‘Vision 2030’ economic reform agenda which is considered as “an existential issue”.¹⁸⁷ As a result, Saudi financial resources are increasingly being directed toward domestic infrastructure projects, technological advancements, and economic modernization initiatives rather than international investments.¹⁸⁸ A substantial commitment to Gaza’s reconstruction would thus necessitate careful consideration of its potential impact on national economic objectives. Against this backdrop, the kingdom is advancing a new form of economic statecraft by strategically employing economic tools to achieve foreign policy objectives.¹⁸⁹ This marks a departure from its previous “ATM” mentality¹⁹⁰ and the traditional practice of “suitcase diplomacy”¹⁹¹ toward a more business-oriented approach that links development assistance with investment. Saudi Arabia and other Gulf states “are development actors in a class of their own, often able to deploy sums of direct support that international financial institutions and international organizations cannot match in either investment or aid”.¹⁹² Within this framework, humanitarian aid is increasingly viewed as a strategic instrument of economic statecraft and power projection by emphasizing returns on investment rather than purely altruistic motives. Consequently, Saudi Arabia must balance its national ambitions for economic development with its geopolitical and humanitarian responsibilities, including solidarity with the

¹⁸⁴ <https://english.aawsat.com/arab-world/5118377-senior-hamas-official-rejects-us-israeli-calls-disarm>.

¹⁸⁵ <https://www.khaleejtimes.com/uae/top-uae-diplomat-backs-arab-league-officials-call-for-hamas-to-step-down-from-gaza>.

¹⁸⁶ <https://www.washingtoninstitute.org/policy-analysis/new-poll-sheds-light-saudi-views-israel-hamas-war>.

¹⁸⁷ <https://mitvim.org.il/wp-content/uploads/2024/09/English-The-Saudi-Arabian-Position-in-the-Gaza-War-Aziz-Alghashian-August-2024-2.pdf>.

¹⁸⁸ <https://www.reuters.com/world/middle-east/financial-technology-leaders-attend-saudi-investment-conference-2024-10-29/>.

¹⁸⁹ Young, K. 2020. Sovereign risk: Gulf sovereign wealth funds as engines of growth and political resource. *British Journal of Middle Eastern Studies*, 47(1): 1–21:2

¹⁹⁰ <https://gulfnnews.com/opinion/op-eds/saudi-arabia-is-not-an-atm-or-a-petrol-station-1.63718063>.

¹⁹¹ Young, K. 2023. *The Economic Statecraft of the Gulf Arab States. Deploying Aid, Investment, and Development Across the MENA*. London: I.B. Tauris: 1

¹⁹² Ibid.

Palestinians. Although Saudi Arabia is widely regarded as a capable financial contributor to reconstruction efforts, its resources are limited and must be carefully allocated to align with domestic socio-economic priorities. Therefore, several actors in the Palestinian Territories and beyond should “not ask Saudi Arabia for money but for investments and cooperation” to serve the Saudi ‘Vision 2030’.¹⁹³

IX. The Iranian Dimension: Promoting Cooperation rather than Confrontation

The resumption of diplomatic ties between the Kingdom and Iran in March 2023 provides Riyadh additional leverage on conflict mitigation – also regarding the Gaza war.¹⁹⁴ Definitely, the breakthrough in restoring diplomatic relations between Saudi Arabia and Iran was the result of a long-term process¹⁹⁵ of five rounds of direct talks and negotiations involving regional players such as Oman and Iraq that started in 2020¹⁹⁶ and needs to be considered as a pragmatic acknowledgment of mutual benefits by both Riyadh and Tehran.¹⁹⁷ Furthermore, another relevant driver for seeking rapprochement was to reduce Iran’s influence on its proxies in Syria, Iraq, Lebanon and Yemen.¹⁹⁸ In particular, Iran’s close ties to Hamas and Hezbollah caused great concerns in Saudi Arabia as they are considered as a direct threat for the Saudi monarchical system and a destabilizing regional force. In this regard, Saudi Arabia welcomes the diminishing power of Iran’s proxies Hamas and Hezbollah in recent months. As they are seriously suffering from the Israeli attacks after the beginning of the Gaza war, Iran also came under serious pressure and thus could adjust its partnership model with their proxies, as Tehran needs to rely on national capabilities. Hence, Saudi Arabia welcomes the weakening of Iran considering the Gaza war but also wants to prevent full-scale regional escalation. From Riyadh’s position, the Iranian leadership needs to preserve its political legitimacy and therefore must promote a neighbourhood policy based on commerce and trade rather than escalation to address its domestic socio-economic crisis. As such, Saudi Arabia also frames the agreement with Iran as a potential perspective for regional de-escalation. Based on such calculation, the Gaza war did not rupture the Saudi Iranian reconciliation: Chief Saudi and Iranian diplomats met in Jeddah and Geneva in October¹⁹⁹ and December 2023²⁰⁰ underlining that diplomatic ties remain in place. In November 2023, Saudi Arabia’s leadership invited Iran’s then President Ebrahim Raisi to participate in the OIC summit in Riyadh (OIC).²⁰¹ Even after the Iranian attack on Israel in October 2024, Saudi Arabia and Iran continue their diplomatic dialogue: Iran’s new President Masoud Pezeshkian met

¹⁹³ Interview with Expert on Saudi-Palestinian relations, January 31, 2025.

¹⁹⁴ <https://library.fes.de/pdf-files/international/21217-20240613.pdf>.

¹⁹⁵ <https://agsiw.org/saudi-arabias-new-dialogue-with-iran-was-long-in-the-making/>.

¹⁹⁶ <https://agsiw.org/saudi-iranian-negotiations-managing-the-conflict-and-gauging-broader-regional-impact/>.

¹⁹⁷ <https://www.bic-rhr.com/sites/default/files/inline-files/BIC%20June%202023%20Policy%20Brief%20-%20Gulf%20Reconciliation%20Boosting%20Climate%20Action%20and%20Energy%20Cooperation%2C%20Dr%20Sebastian%20Sons.pdf>.

¹⁹⁸ Interview with Saudi analyst on relations to Iran, January 12, 2025.

¹⁹⁹ <https://en.mfa.ir/porta/newsview/731953/Iranian-FM-Amirabdollahian-meets-with-Saudi-counterpart-in-Jeddah>.

²⁰⁰ <https://en.mfa.ir/porta/newsview/736322/Iranian-Foreign-Minister-Hosseini-Amirabdollahian-meets-with-his-Saudi-counterpart-Faisal-bin-Farhan-in-Geneva>.

²⁰¹ Amwaj Media 2023.

Saudi Arabia's Foreign Minister Prince Faisal bin Farhan in Qatar to discuss regional tensions.²⁰² In August 2024, the Saudi deputy foreign minister described the assassination of Hamas leader Ismail Haniyeh in Tehran as a "blatant violation" of Iran's sovereignty.²⁰³ After Trump's statements on Palestinian displacements from Gaza in February 2025, Iranian Foreign Minister Seyed Abbas Araghchi and his Saudi counterpart also discussed on the phone potentials for enhanced bilateral cooperation in light of growing regional tensions.²⁰⁴

As of today, however, the concrete results of Iran-Saudi Arabian rapprochement remain minimal, but at least regular communication channels exist. Mistrust on both ends still features prominently and undermines chances for concrete security and economic cooperation. Based on historical animosities, asymmetric relations are hard to overcome, and respective threat perception matters.²⁰⁵ Saudi Arabia is still concerned that Iran could attack them to retaliate against a potential Israeli strike on Iran's nuclear facilities. In such a scenario, US bases or other targets located in the Gulf monarchies could be threatened, either directly from Iran or from its proxies.²⁰⁶

Under the Trump administration, the risk of further escalation with Iran has become a tangible concern, as he may encourage Saudi Arabia and other Gulf states to align with Israel in an anti-Iranian alliance. The reinstatement of Trump's maximum pressure campaign could, therefore, hinder Saudi Arabia's ongoing rapprochement with Tehran.²⁰⁷ To mitigate this risk, Riyadh may seek to support Trump in re-engaging with Iran through negotiations on a nuclear agreement.²⁰⁸ A potential example of such a hybrid diplomatic approach is the reported meeting between tech billionaire Elon Musk, a close associate of Trump, and Iran's ambassador to the United Nations, Amir Saeid Iravani.²⁰⁹ Moreover, Trump has expressed a preference for diplomatic solutions, stating, "I'd much rather do a deal that's not gonna hurt them," and adding, "I'd love to make a deal with them without bombing them."²¹⁰ He further articulated his support for a "Verified Nuclear Peace Agreement," which would allow Iran to develop peacefully and prosper by indicating that his administration would initiate efforts toward such an agreement.²¹¹ This approach presents Saudi Arabia with an opportunity to engage with Trump's administration and advocate for a sustainable diplomatic resolution to the Israeli-Palestinian conflict. In this context, Saudi Arabia's re-established communication channels with both Tehran and Washington could serve as a platform for diplomatic de-escalation. Iranian researchers have suggested that Saudi Arabia could potentially act as a monitoring party if

²⁰² <https://www.thenationalnews.com/news/mena/2024/10/03/iran-president-pezeschkian-meets-saudi-fm-prince-faisal-amid-fears-of-regional-escalation/>.

²⁰³ <https://www.nytimes.com/live/2024/08/07/world/israel-iran-hamas-gaza-war>.

²⁰⁴ <https://en.mfa.ir/portal/newsview/761188/Iranian-Saudi-FMs-hold-telephone-conversation-oppose-forced-displacement-of-Palestinians>.

²⁰⁵ Interview with Saudi analyst on relations to Iran, January 12, 2025.

²⁰⁶ Interview with Saudi analyst on relations to Iran, January 12, 2025.

²⁰⁷ <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-maximum-pressure-on-iran/>.

²⁰⁸ Interview with Saudi analyst on US-Saudi relations, January 11, 2025.

²⁰⁹ https://www.nytimes.com/2024/11/14/world/middleeast/elon-musk-iran-trump.html?unlocked_article_code=1.Z04.Sb7G.TVYIDzC4j_j1&smid=em-share.

²¹⁰ <https://www.timesofisrael.com/iran-slams-trump-for-saying-either-bombs-or-a-deal-will-stop-it-from-getting-nuke/>.

²¹¹ <https://www.ft.com/content/5ded3656-2455-49ff-9663-a43dbe8d1064>.

negotiations between Iran, Europe, and the United States on the Iranian nuclear program were to resume.²¹² Nonetheless, such a strategy would require a delicate balancing act. Saudi Arabia is thus likely to closely observe the trajectory of Trump's policy toward Tehran before making definitive commitments.²¹³ For the time being, it appears that Riyadh will maintain its policy of equidistance and refrain from joining an explicitly anti-Iranian alliance. Instead, the kingdom may pursue a strategy that combines containment with limited cooperation with Iran²¹⁴, while the United States continues its approach of containment and pressure – what could be described as a form of “controlled toughness”.²¹⁵

X. The Yemen Dimension: Managing the Houthi Threat in light of the Gaza War

The Gaza war also impacts the fragile situation for Saudi Arabia in Yemen: By attacking international vessels at the Red Sea after the start of the Gaza war in October 2023, the Houthis have gained political and military leverage and won back sympathies by showing “sovereign solidarity” with Gaza.²¹⁶ Their attacks in the Red Sea thus also exert more pressure on Saudi Arabia that needs to walk the tightrope regarding their talks with the Houthis after the Gaza war started: On the one hand, the Saudi leadership considers the fragile situation in the Red Sea as a direct risk for its economic ambitions. As one of the largest oil producers on the global level, Saudi Arabia has a dire interest in free maritime routes and global supply chains. Furthermore, high investments in Saudi giga projects such as NEOM and The Line at the Red Sea aim to attract foreign direct investments and intend to position Saudi Arabia as a new hub for global business, smart technology, and know-how production.²¹⁷ The Houthi attacks undermine both goals. On the other hand, Saudi Arabia finds itself in a delicate situation in Yemen: After more than nine years of a devastating military campaign against the Houthis, the Saudi leadership has already decided to seek a face-saving exit strategy in order to preserve national security, prevent future Houthi attacks on Saudi targets, and reduce the political and financial costs of the military campaign.²¹⁸ In July 2024, the Houthis used the option to attack Saudi Arabia again as a tactical tool to achieve concessions: they released a video titled *Just Try It*, warning Saudi Arabia against supporting US airstrikes on Yemen. The video conveyed the threat of renewed attacks on Saudi airports and ports should such support take place.²¹⁹ Therefore, it entered direct talks with the Houthis facilitated by Oman to reach an agreement and a sustainable ceasefire with them. Here, the deal with Iran is a significant tactical achievement for Saudi Arabia to minimize the Iranian support for the Houthis in terms of weapon deliveries and training. Between 2015 and 2022, the Houthis regularly attacked Saudi targets with drones and missiles, but those strikes have stopped. In order

²¹² Interview with Iranian analyst on US-Iran relations, December 16, 2024.

²¹³ <https://gulfif.org/trumps-back-to-the-oval-office-what-does-it-mean-for-the-gulf/>.

²¹⁴ <https://gulfif.org/energy-iran-and-diplomacy-what-trump-and-harris-mean-for-the-gcc/>.

²¹⁵ <https://www.grc.net/single-commentary/204>.

²¹⁶ <https://merip.org/2024/01/the-houthis-sovereign-solidarity-with-palestine/>.

²¹⁷ Interview with Saudi analyst on relations to Yemen, January 13, 2025.

²¹⁸ Interview with Saudi analyst on relations to Yemen, January 13, 2025.

²¹⁹ <https://www.newarab.com/news/houthis-threaten-riyadh-aerial-footage-key-airports>.

not to jeopardize this process²²⁰, Saudi Arabia did not participate in the US-led naval operation “Prosperity Guardian”²²¹ which aims to secure maritime trade routes in the region.²²² Riyadh thus sought to convince Iran to restrain its proxies from attacking Saudi assets, territory and critical infrastructure in exchange for restoring diplomatic relations.²²³ This included an immediate commitment from Iran to take de-escalatory steps in Yemen, such as ending military support for the Houthis²²⁴, pressuring the group to halt cross-border attacks into Saudi Arabia, and engaging in negotiations for a permanent ceasefire. After the bilateral agreement, Tehran thus agreed to halt covert weapon shipments to Yemen.²²⁵

XI. Conclusion

Support for the Palestinian cause has gained momentum within Saudi society and is influencing the political leadership’s intent to demonstrate solidarity with Palestinians. Despite growing tensions with Israel, though, Saudi Arabia did not impose an oil embargo on Israeli partners such as the US or European countries as it did in previous wars such as 1967 or 1973. Such harsh actions could undermine the geoeconomic transformation of Saudi Arabia as “MBS wants to be seen as a reliable economic partner, not a disrupter brandishing an ‘oil weapon.’”²²⁶ Against this backdrop, Saudi Arabia follows a traditional strategy of networking, balancing, and hedging: By hosting regional and international conferences, providing humanitarian aid, and launching the Global Initiative for a Two-State Solution, the kingdom positions itself at the forefront of a pro-Palestinian movement aiming at reinforcing its role as a traditional regional power. This approach enhances Saudi Arabia’s reputation and presents it as a reliable advocate for the Palestinian cause. At the same time, this strategy serves its own goals of economic diversification and regional de-escalation. Since a prolonged conflict in Gaza and beyond threatens its business model, Saudi Arabia seeks reconciliation with regional actors – especially Iran – to ensure that its economic transformation and the restructuring of its social contract remain on track.

However, Saudi Arabia primarily relies on public diplomacy, soft power, and nation branding rather than developing and implementing concrete plans for a post-war order in the Palestinian Territories. It repeatedly emphasizes that Palestinians should take control of their own destiny, with Saudi support. For long, the Saudi position remained deliberately vague and flexible, which provides space for adhoc adjustments if necessary. As the custodian of the Two Holy Mosques, Saudi Arabia possesses the Islamic legitimacy to position itself as a protector of the Palestinian cause which grants it a unique status in the Islamic-Arab world. Therefore, it prefers to join potential reconstruction initiatives for Gaza once concrete proposals are on the table and consensus can be reached among

²²⁰ <https://foreignpolicy.com/2024/01/16/saudi-arabia-red-sea-conflict-houthis-us-strike/>.

²²¹ <https://www.defense.gov/News/Releases/Release/Article/3621110/statement-from-secretary-of-defense-lloyd-j-austin-iii-on-ensuring-freedom-of-n/>.

²²² <https://amwaj.media/article/why-gulf-arab-states-are-not-intervening-in-the-red-sea;>

²²³ Interview with Saudi analyst on relations to Yemen, January 13, 2025.

²²⁴ <https://www.wsj.com/articles/iran-agrees-to-stop-arming-houthis-in-yemen-as-part-of-pact-with-saudi-arabia-6413dbc1>

²²⁵ Interview with analyst on Iranian foreign policy, January 6, 2025.

²²⁶ https://www.foreignaffairs.com/middle-east/what-war-gaza-israel-means-saudi-arabia?check_logged_in=1.

the most relevant players in the region and beyond – including Israel and Trump. The AL plan thus provides an Arab roadmap for reconstruction which could help the Arab world to advocate for proactive regional leadership amid an increasingly multipolar global order and in times of an unreliable US government. Such an approach would ensure that both Palestinian and broader regional interests receive due consideration from international partners. However, several complex and persistent challenges remain. These include determining the future role of Hamas, addressing the financial burden of reconstruction, assessing the feasibility of deploying peacekeeping forces to Gaza, and navigating the likely reluctance of Netanyahu to endorse any pragmatic peace initiative.

Here, Saudi Arabia's 'Vision 2030' could serve as a framework for regional de-escalation and Palestinian Territories' economic integration. Now, it is unlikely that Saudi Arabia will develop such a proposal on its own, as it favors multilateral solutions and prefers to stay in the background on issues related to concrete plans to troop deployment, financial aid, or the future Palestinian political system's structure. Instead, Saudi Arabia sees its role as providing legitimacy and credibility to plans formulated in exchange with others. This "wait-and-see" approach is a hallmark of traditional Saudi diplomacy and continues in the current Gaza war.

Yet, this strategy could face limitations if Trump or other actors act as spoilers and aim to extend more pressure on Saudi Arabia. This becomes particularly relevant regarding potential normalization with Israel. The higher Trump raises the stakes for Saudi Arabia and the Palestinians, the greater the pressure on Riyadh to accept an unfavorable deal. To avoid this scenario, Saudi Arabia may leverage its narrative of strategic autonomy and economic statecraft to reach a compromise – a 'deal' – with Trump. In Riyadh, there is confidence in achieving key strategic goals – securing a pathway for a Palestinian state, advancing economic diversification, and ensuring regional stability – without capitulating to Trump's demands. Saudi Arabia sees itself in a stronger position compared to Trump's last term and hopes this will lead to a compromise that results in a win-win situation. In this context, potential normalization with Israel serves as a trump card against Trump and will only be played at a strategically opportune moment. The question of Palestinian statehood has gained priority and will play a crucial role in the strategic thinking of Saudi decision-makers to safeguard national objectives and regional credibility. Nevertheless, other regional and global developments could distract Saudi Arabia from the Palestinian cause. For instance, the fall of the Bashar al-Assad regime in Syria provides chances and challenges for Saudi Arabia. In light of its economic diversification efforts, Riyadh could focus on more engagement with Syria's new leadership to promote economic and political partnership as it offers excellent chances for investments.²²⁷ In Saudi Arabia, 1.5-2 million Syrians are living who could serve as facilitators for economic engagement.²²⁸ On the other hand, more engagement with Syria could also reduce Saudi efforts to find a diplomatic solution for the Gaza war. Here, once again, the Kingdom must navigate a delicate balancing act between safeguarding regional security interests, preserving economic priorities, and managing its limited resources and capacities.

²²⁷ https://www.swp-berlin.org/publications/products/aktuell/2025A06_Fall_Assad-Regime.pdf.

²²⁸ Interview with Saudi migration researcher, January 10, 2025.

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