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Strategic Estimates



The Gulf and Iran: Navigating Between Transformational Pressures and the Lure of Escalation



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The relationship between the Gulf states and Iran is entering a pivotal and unprecedented phase, marked by the erosion of Iranian influence—brought about by targeted Israeli American strikes on the core of Tehran’s strategic infrastructure—and paralleled by Gulf-led efforts to reshape the regional landscape around new priorities of de-escalation and development. In the midst of this evolving environment, Tehran has signalled a notable willingness to engage, as reflected in recent statements by President Masoud Pezeshkian, who spoke of “opening a new chapter with the Gulf states.” Yet these overtures prompt fundamental questions: Do they signify a genuine strategic shift in Iranian policy, or are they merely a tactical manoeuvre in response to mounting internal and external pressures? Addressing this question requires a close examination of the broader context in which these signals have emerged, particularly given that the history of Gulf-Iranian relations is replete with earlier gestures of rapprochement that ultimately failed to produce lasting changes in Iranian conduct. For their part, the Gulf states are approaching these developments with measured caution, keen to determine whether there is a real opportunity to recalibrate their engagement with Tehran. Their hesitance is well-founded, rooted in past experiences; yet they also recognise that the present moment may represent a rare and consequential opening to influence the regional balance of power. At the core of Gulf priorities are issues that bear directly on national security, chief among them the Houthi file, which has evolved into one of Iran’s most powerful levers of influence in the Arabian Peninsula. The success of any prospective détente with Tehran will be judged primarily by measurable progress on this front.

Views expressed are those of the authors and/or their references, and do not necessarily reflect the views of the Yemen and Gulf Center for Studies.



The Israeli Strikes and Their Impact on the Regional Equation

The recent recalibration in Gulf-Iranian relations cannot be fully understood without accounting for the far-reaching consequences of the Israeli strikes on Iran, which began on June 2025¹³. These operations targeted nuclear facilities, ballistic missile production sites, senior military figures, and nuclear scientists, constituting a sweeping military campaign that has significantly reshaped the regional balance of power and exposed the unprecedented vulnerability of Iran's deterrence capabilities.

What stands out in this context is the calibrated response from the Gulf states. The members of the Gulf Cooperation Council expressed solidarity with Iran and unequivocally rejected the war against it. This response reflects a strategic maturity in the Gulf's posture—one that stops short of seeking Iran's collapse, instead aiming to influence Tehran's

regional behaviour in ways that promote broader regional stability and security.

At the same time, the strikes have illuminated a more profound shift in the Gulf's approach to Iran. In recent years, Gulf states have sought to reduce tensions through cautious rapprochement, motivated by the desire to contain the risks posed by Iran's expansive network of proxy militias. This approach underscores an explicit strategic calculation: that open confrontation with Iran is unlikely to resolve the structural challenges at hand and may worsen instability across the region.

The Iranian Regime Between Exposure and Denial

Iran's position on any potential regional understanding cannot be fully understood without recognising the critical crossroads at which the Islamic Republic now stands. The regime is confronting one of the most profound existential challenges since its founding



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in 1979—challenges that span multiple, interlinked domains.

On the security and military fronts, the recent Israeli strikes have laid bare significant vulnerabilities within Iran's intelligence and defence architecture. These operations extended well beyond nuclear and missile facilities, targeting senior figures within the Revolutionary Guard, military command, and intelligence agencies, exposing structural weaknesses at the heart of the regime's security apparatus. Iran's inability to mount an effective or proportionate response has raised pressing doubts about the credibility of its longstanding deterrence posture.

Economically, the regime is contending with acute strain. Prolonged and intensifying sanctions have triggered a sharp economic contraction, compounded by spiralling domestic inflation that now threatens to erode the regime's social and political foundations. These economic pressures

are severely limiting Tehran's ability to sustain the financial commitments necessary to support its regional proxy networks at historical levels.

Domestically, public discontent is rising. Large-scale protests and growing societal fragmentation—particularly in urban centres and among historically marginalised communities—have exposed a deepening rift between the state and its citizens. This unrest is increasing internal pressure on the regime and narrowing its ability to respond to external crises.

Yet, despite this confluence of challenges, Tehran has shown little inclination to reevaluate its regional strategy in any meaningful way. Rather than scaling back its foreign policy ambitions, the regime continues to rely on its traditional levers of influence—chief among them, its support for the Houthis—as tools of strategic bargaining. These instruments



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are not viewed as ideological obligations but as essential assets in a zero-sum regional contest, where any perceived concession risks triggering the unravelling of Iran's broader influence architecture.

The Gulf Approach: De-escalation with Clear Conditions

In contrast to past phases of reactionary or militarised posturing, the current Gulf strategy toward Iran reflects a more balanced and mature approach, rooted in a nuanced understanding of the regional landscape and the prerequisites for enduring stability. The Gulf states, particularly Saudi Arabia and the United Arab Emirates, are not pursuing regime change in Tehran nor seeking direct military confrontation. Instead, their primary objective is to contain Iranian influence and guide Tehran toward a model of conditional coexistence rather than open hostility.

This strategy is based on a sober assessment that a collapsed or destabilised Iran would pose a far greater threat to regional security than a stable but recalibrated Islamic Republic. The potential consequences of Iranian state failure—ranging from the proliferation of weapons and refugee flows to sectarian fragmentation and internal conflict—would reverberate throughout the Middle East. In this light, the Gulf states have come to favour an Iran that is internally stable yet externally restrained, over one that descends into chaos and fuels further regional volatility.

Within this framework, the Gulf states have outlined four specific and non-negotiable conditions that form the basis of any future engagement with Tehran:

First, the complete cessation of Iran's militarised nuclear ambitions through a negotiated framework that guarantees Iran will not emerge as a nuclear power capable of disrupting the



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region's strategic balance. This is not an objection to Iran's pursuit of civilian nuclear energy under international safeguards, but a rejection of any activities that could lead to the development of nuclear weapons.

Second, the establishment of security guarantees related to Iran's ballistic missile and drone programs, both of which have been repeatedly used to intimidate or directly threaten Gulf security. The Gulf seeks a verifiable mechanism to monitor and restrict the deployment and proliferation of these systems, thereby preventing their use as instruments of coercion.

Third, an end to Iranian interference in the internal affairs of Gulf states, primarily through the support and mobilisation of Shiite minorities and the funding of Tehran-linked networks embedded in local communities. These covert activities have been a persistent source of domestic instability and are viewed as unacceptable

violations of state sovereignty.

Fourth, the termination of Iranian support for the Houthi movement in Yemen—a non-negotiable demand, as the Houthis pose an existential threat to Saudi Arabia's southern border and the security of key energy corridors. Tehran's continued backing of the group undermines all efforts toward a political resolution in Yemen and sustains a cycle of violence with implications far beyond the Arabian Peninsula.

These four tracks do not represent an attempt to isolate or weaken Iran per se, but rather to dismantle the most destabilising aspects of its regional policy. The Gulf states aim to establish a foundation for a relationship based not on the imposition of influence or short-term gains, but on mutual interests, predictability, and the long-term security of the region as a whole.



The Iranian Regime's Dilemma: Between Necessity and Resistance

Despite the visible strain Iran is experiencing across multiple domains, Tehran remains resolute in its determination to retain what it considers the pillars of regional equilibrium. This insistence is driven by three principal strategic considerations that form the foundation of the regime's philosophy in managing its regional environment.

First, Iran views its influence in Yemen, Lebanon, and Iraq not as mere instruments of leverage or bargaining, but as existential pillars vital to the survival of the Islamic Republic. From this perspective, relinquishing these footholds—even partially—would represent a strategic retreat with far-reaching implications, unless met with robust guarantees that such concessions would not trigger a gradual erosion of Tehran's regional standing.

Second, Iran views the Gulf not merely as a local geopolitical space, but as a critical theatre of strategic competition with the United States. Its relationships with key Gulf powers—especially Saudi Arabia and the United Arab Emirates—are seen as components of a broader contest with Western influence, and are thus managed through a lens of great-power rivalry rather than regional diplomacy alone.

Third, and most crucially, Tehran is acutely aware that any abrupt or substantial retreat from its regional influence could be interpreted by its adversaries as a sign of internal weakness, potentially emboldening external powers to intensify military or economic pressure. This concern is exacerbated by Iran's deteriorating economic conditions and the continued decline of the rial, which collectively constrain the regime's ability to absorb further pressure.



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The current regional landscape underscores this dilemma. Israel has emerged as the region's dominant military actor, while Iran and its so-called "Axis of Resistance" appear fractured and weakened. In this environment, Tehran faces increasing difficulty in sustaining its traditional strategy of asymmetric influence without adapting to the evolving balance of power.

Ultimately, the Iranian regime stands at a strategic crossroads. On one hand, it must preserve the remnants of its regional

influence as a safeguard against marginalisation. On the other hand, it must contend with the fact that its proxy network—painstakingly built over nearly five decades—has been severely compromised. This reality necessitates a fundamental reassessment of Iran's regional strategy and the adoption of new mechanisms for strategic balance that reflect the country's internal economic constraints and the shifting geopolitical dynamics of the Middle East.

Sources:

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