

An illustration of two Iranian Revolutionary Guards in profile, looking to the left. They are wearing red headbands with white Arabic calligraphy and dark blue military jackets. The man in the foreground is holding a black assault rifle. In the background, there is a large, light blue, dome-shaped structure, possibly a tent or a building, and a green banner with white Persian text.

MARCH 2017

Detering Iran After the Nuclear Deal

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Acknowledgments

The authors hope that the findings and recommendations of this report provide a practical framing of the challenges and opportunities of deterring Iran for the Trump administration and Congress.

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Executive Summary

The United States has deterred significant leaps forward in Iran's destabilizing activities and capability development. However, it has largely failed to deter Iran's incremental extension of regional power and threshold testing using a range of military and paramilitary tools. Iran portrays its security posture as defensive in nature, a kind of self-reliant deterrence against more powerful adversaries bent on keeping it weak, while it wants to end its isolation. Regardless of its actual motivations, however, Iran's regional behavior often manifests in aggressive and subversive ways.

The Trump administration must create a strategy that holistically accounts for the range of Iranian objectives and activities, addresses ambiguities in the Joint Comprehensive Plan of Action (JCPOA) on Iran's nuclear program, constricts Iran's destabilizing activities, and incentivizes Iranian cooperation where possible. It should take the following steps:

1. UPHOLD U.S. COMMITMENT TO THE JCPOA, BUT STRENGTHEN IT BY ADDRESSING AMBIGUITIES

Revoking the JCPOA would allow Iran to resume its nuclear activities without oversight provisions and would have very little punitive impact on the country otherwise, seeing as the rest of the five permanent members of the UN Security Council plus Germany (P5+1) have made it abundantly clear that they will continue the trajectory set forth by UN Security Council Resolution (UNSCR) 2231. Moreover, the deal itself is not easily undone, as it is a multinational agreement. It would thus be in the Trump administration's best interests to work within the parameters of the JCPOA, clarifying guidelines on Iran's nuclear development in the last years of the JCPOA, its missile development, and commercial transactions to strengthen the deal. This will be met with resistance by Iran. Negotiations to strengthen the JCPOA will inevitably require further tradeoffs among the United States, other members of the P5+1, and Iran, but are worth pursuing and will require a balance of punitive action and incentives.

2. FORGE A COMPREHENSIVE IRAN STRATEGY WITH ALLIES AND PARTNERS

The United States should work closely with allies and partners in the Middle East, Europe, and Asia to create a unified Iran strategy. The Trump administration should convene regular senior leader dialogue and scenario-based exercises to address differing threat perceptions, and to develop solutions to deter Iran's destabilizing behavior and capability development. To reassure regional partners of continued U.S. commitment to regional security and to empower partners to better deter Iran on their own, the United States should continue to build partner capacity. This engagement should include, but would not be limited to, enhancing military training and exercises, improving missile defense and counterterrorism capabilities, bolstering regional partners' and allies' critical cyber infrastructure, and maintaining a credible U.S. deterrent posture in the region, comprised of conventional ground and special operations forces, maritime forces, missile defense, and strike capabilities.

3. AMPLIFY EFFORTS TO COUNTER IRANIAN SUPPORT OF TERRORISM

The Trump administration should ratchet up direct and indirect targeted operations aimed at disrupting Islamic Revolutionary Guard Corps (IRGC) activities. The United States has the capability to push back on these groups but has refrained from taking actions that Iran may deem too provocative and jeopardize the JCPOA or other regional objectives. The United States must calibrate its operations to determine which threats to prioritize and act upon, assess Iranian redlines to avoid unnecessary escalation, communicate its intentions clearly, and refrain from playing into the narrative of Iran's proxy groups which paint U.S. presence as an invading force.

4. SUSTAIN FINANCIAL PRESSURE ON IRANIAN DESTABILIZING BEHAVIOR

The United States should maintain its economic sanctions on Iran for its human rights violations, support for terrorist proxies, and development and testing of ballistic missiles. Sustaining international coalition cohesion to financially pressure Iran will require deft U.S. diplomacy and suasion, given the countervailing economic and energy interests Europe, Japan, South Korea, China, and Russia have in Iran. Lessons from the current sanctions regime, including how funds flow through the Iranian system and affect entities linked to the IRGC and what works in terms of "snapback effects," should inform future sanctions development. U.S. lawmakers should design sanctions to include indicators and trigger mechanisms to track Iranian behavior.

5. INCENTIVIZE AREAS OF IRANIAN COOPERATION WHERE POSSIBLE

Solely relying on punitive actions would, in the long run, be insufficient for the Trump administration. A combination of punitive actions for bad behavior and incentives to encourage behavioral change is a more likely formula for success in deterring and compelling Iran. These policy moves should be sequenced to achieve maximum effect; incentives should follow behavioral changes that Iran makes. These incentives could range from giving Tehran a greater stake in the international community via multinational organizations and regional political negotiations (i.e., Syria, Iraq, and Yemen), to providing economic incentives using commercial and third-party routes, and perhaps allowing the ban on third parties' conventional arms sales to Iran to expire after the JCPOA-mandated date of 2020, to offset Iran's investments in unconventional capabilities. Higher-order or higher-risk incentives should require greater Iranian changes first.

6. COUNTER IRAN'S COERCIVE AND SHAPING TOOLS

Iran leverages various coercive and shaping tools along the spectrum of conventional and unconventional capability and operations in the pursuit of its strategic objectives. The following are recommendations for how the United States should specifically tackle each of these tools.

- *Constricting Iran's Support of Terrorism and Proxies.* The United States should expose Iranian support for proxy groups, front companies, and their financial activities; contain and push back IRGC support for proxies, preventing the formation and growth of such groups by setting the conditions for improved governance; and divide and undermine local support for IRGC activities using information operations and diplomatic activities to create more separation between Tehran and its proxies.
- *Curbing Iran's Cyber Activities.* The United States should be well informed but realistic about the threats that Iranian cyber activities do and do not pose, while continuing to monitor Iran's priorities and broader geopolitical sensitivities; respond promptly and proportionally to aggressive Iranian cyber operations; and improve the cybersecurity of U.S. and allied critical infrastructure, reinforcing known vulnerabilities in the cyber domain.
- *Deterring Provocative Iranian Maritime Activities.* The United States should explore options for partnering with regional governments and even the private sector to harden channels of maritime commerce in the region; establish a "rules of the road" framework for maritime incidents in the Gulf, like the 2014 Code for Unplanned Encounters at Sea Agreement concluded by Asia Pacific nations; maintain forward-deployed naval and air units, including surge capability for crises, with advanced strike, coastal patrol, demining, and regular carrier presence, synchronizing with the United Kingdom and France to augment forces and rotations; conduct key leadership engagements, military exercises and training events, and security cooperation efforts with regional partners tailored to filling capability gaps relevant to the Iranian threat, including demining, coastal patrol, and strike; and continue to foster and encourage Gulf Cooperation Council (GCC) participation in

Combined Task Force 152 (CTF-152), and encourage coordination and information sharing between GCC militaries.

- *Capping and Deterring Iran's Missile Program.* The United States should use diplomatic channels to roll back Iran's ballistic missile capabilities, negotiating a range and/or payload cap on Iranian missiles; enhance missile defense cooperation with and among GCC states and strengthen regional capacity to stem missile proliferation to Iranian proxies; consider the U.S. Army's request for nine Terminal High Altitude Area Defense (THAAD) batteries and an additional Patriot battalion; and use the foreign military financing route to channel U.S. missile defense assistance to Israel, to avoid competing with other priorities within the Missile Defense Agency budget.
- *Countering Iranian Psychological and Information Warfare.* The United States should focus greater attention on "soft warfare" against Iran, exposing the risks of the country's activities to its own populace and the region; emphasize America's ability to deal with Iran's capabilities, so that Iran loses confidence in its ability to defend its vital interests or terminate a conflict on favorable terms; and convey U.S. willingness to use all means necessary to prevent the resumption of Iran's nuclear activities, while promoting the image of U.S. compliance with the JCPOA and, if merited, Iran's noncompliance.

Introduction

Iran's determination to change the Middle East status quo in destabilizing ways makes Iran a central security consideration for the United States and its allies. Despite a short-term convergence of U.S. and Iranian interests against the threat posed by the Islamic State (ISIS), Iran's long-term ambitions run counter to the interests of the United States and its regional allies and partners. The U.S. approach to Iran has deterred significant leaps forward in Iranian activities and capability development. However, the United States has largely failed to deter Iran's incremental extension of regional power and threshold testing using a range of military and paramilitary tools. If it wishes to have more success securing its interests in the Middle East and wherever else Iran contests it, the United States must create a strategy that holistically accounts for the range of Iranian objectives and activities, deters and, as needed, responds to actions that threaten U.S. interests, and tests for possible areas of Iranian constructive behavior.

The methodology behind this study was to construct a framework to evaluate Iran's strategic approach and capabilities and propose possible pathways, tradeoffs, and recommendations for the United States. The CSIS study team conducted background research and interviews with regional and security experts from the U.S. and foreign governments, military, academia, and think tanks. Subject matter experts from a variety of educational institutions and think tanks were commissioned to write on Iranian power projection and goals, and on coercive tools employed by Iran in the pursuit of these goals. Our special thanks go to Farideh Farhi at the University of Hawai'i, Matthew McInnis at the American Enterprise Institute, Michael Sulmeyer at Harvard University, Michael Connell at the Center for Naval Analyses, Thomas Karako and Ian Williams at the Center for Strategic and International Studies, and Michael Eisenstadt at the Washington Institute for Near East Policy for their contributions to the study. The CSIS study team also convened two private workshops with key stakeholders from the U.S. executive and legislative branches, think tanks, defense industry, and academia, to frame the study's approach and to solicit expert feedback on the study's findings and recommendations.

This study seeks to assess Iran's strategy and motivations, analyze the country's military and para-military capabilities, evaluate the effects of Iranian behavior on key U.S. partners, and construct a set of potential U.S. pathways that would enhance the security of the United States and its partners over the next 10 years. It offers a set of recommendations to the Trump administration and Congress on ways to secure U.S. interests, strengthen deterrence vis-à-vis Iran, and set the conditions for changing Iran's behavior.

For the purposes of the study, the authors have operated under the following assumptions:

- The Joint Comprehensive Plan of Action (JCPOA) on Iran's nuclear program remains intact, albeit with U.S. concern about the level of Iranian compliance and Iranian complaints about continued U.S., Arab, and Israeli hostility.
- Instability in Syria, Iraq, and Yemen persists, without sustained political solutions satisfying to the United States.
- Sunni-Shi'ite tensions and the Saudi-Iranian rivalry endure.
- ISIS and al Qaida affiliates continue to recruit locally and globally, even as ISIS's territorial control contracts in Syria and Iraq.
- Current levels of U.S. and coalition forces remain relatively unchanged in the Middle East, but allies and partners call for more.

With the strong opposition to the JCPOA expressed by the Trump administration as well as key congressional leaders, the study team debated what assumptions to make regarding the agreement. The JCPOA has deferred Iran's nuclear development for the next 10 years but does present ambiguities in implementation, discussed in Chapter 9 of this study, which the United States may seek to address. However, the JCPOA is an international agreement, signed by other members of the P5+1, who may not be inclined to renegotiate the deal wholesale. Moreover, Iran itself would likely reject such an attempt, and would likely redouble its nuclear development and amplify its destabilizing activities if the United States were to revoke its commitment to the JCPOA. The United States will have to calculate the risks of scrapping the deal wholesale, or clarifying ambiguities to strengthen the existing deal, in the context of its broader regional strategy. As a result of these realities, the study team decided to assume the agreement remains, but distrust among the parties will be significant.

REPORT STRUCTURE AND FINDINGS

Iran is a revisionist power, pursuing domestic, regional, and global objectives that include the domestic survival and primacy of the Islamic Republic, an increase in Iran's regional power and influence in the Middle East, a place of political and economic importance within the international community, and the ability to deter adversaries from posing an existential threat to Iran. Overall, Iran views itself as defensive in nature and posture, but its actions challenge the status quo. Iran has a strong aversion to overt warfare and would rather combat the United States and its allies and partners in the Middle East in a manner that is destabilizing and tests the U.S. threshold for

tolerating provocative behavior, but falls short of large-scale war. Moreover, Iran operates under the assumption that the United States is risk averse, and that whatever damage Iran inflicts short of war, the United States will not retaliate overtly. Because of this perception, Iran has been able to promote an inflated image both domestically and internationally as a force to be reckoned with in the Middle East. Chapters 1 and 2 evaluate Iran's strategy and orientation. Our contributing authors offer their recommendations for U.S. and partner actions to advance their interests in the face of these challenges.

Iran's Strategic Approach

Iran leverages both conventional and unconventional capabilities and concepts of operation to achieve its national security and foreign policy interests, while ensuring that the escalations fall short of large-scale warfare. Iran's overall strategic approach encompasses a range of coercive activities: supporting terrorist groups and proxies, utilizing cyber tools, engaging in hostile maritime activities, developing ballistic missile capabilities, and exploiting psychological and information operations. Chapters 3 through 7 assess each of these coercive and shaping tools in depth. These activities result in gains as well as costs to Iran, all the while exacerbating tensions with the United States and its regional allies and partners.

Assessment of Current U.S. Approach

The Obama administration's dual-track strategy in Iran was to exert economic pressure through sanctions and demonstrate a credible deterrent by amplifying U.S. and partner military posture, while simultaneously enticing Tehran with the potential for economic relief through diplomatic nuclear negotiations. Even after the signing of the JCPOA, however, Iran's continued destabilizing behavior has prompted the United States to pursue unrelenting economic sanctions targeted against Iranian human rights violations and support for terrorist groups, as well as sanctions on the country's ballistic missile program. Although the JCPOA has significantly curtailed Iranian ability to develop nuclear weapons, the United States has largely been unable or unwilling to deter Iran's incremental extension of regional power and threshold testing across a range of military and paramilitary activities. Chapter 8 illustrates the dynamics among Iran and U.S. partners in the Middle East. Chapter 9 evaluates the effects of Iran's and the United States' current strategies.

Policy Pathways and Recommendations

In Chapter 9, this study posits four potential policy pathways that the Trump administration could take vis-à-vis Iran, charting a way forward for securing U.S. interests, strengthening deterrence, and changing Iranian destabilizing behavior. These pathways are designed to prioritize one particular U.S. objective over others—(1) addressing ambiguities in the JCPOA, (2) constricting Iran's proxy support, (3) countering Iranian maritime aggression, and (4) prioritizing the primacy of the JCPOA—so as to clearly illustrate the opportunities, trade-offs, and repercussions of U.S. policy choices. In practice, the United States may choose a combination of these pathways.

Chapter 9 also details recommendations for the administration in addressing challenges from Iran and deterring its provocative and escalatory activities in the Middle East. In addition to providing

specific recommendations to address Iran's capability development and coercive and shaping tools, the study's overarching recommendations include the following:

- Uphold U.S. commitment to the JCPOA, but strengthen it by addressing ambiguities
- Forge a comprehensive Iran strategy with allies and partners
- Amplify efforts to counter Iranian support of terrorist proxy groups
- Sustain financial pressure on Iranian destabilizing behavior
- Incentivize areas of Iranian cooperation where possible

PART ONE

Iran's Orientation

The Iranian Paradox

Jon B. Alterman

Among Middle Eastern states, Iran often seems like an awkward outlier. It is Persian in a region that is overwhelmingly Arab and Shi'ite in a region that is overwhelmingly Sunni. Iran is also a large country with an imperial history that goes back centuries, surrounded by smaller countries less than 100 years old. When Iranian president Mohammed Khatami advanced the idea of a "Dialogue of Civilizations" in the late 1990s, his categories were notable: the West was a civilization, China was a civilization, and Iran was a civilization. After all, the country has its own language, its own literature, and its own cuisine.

Iran is also an avowedly revolutionary regime in a region that has come increasingly to value the status quo. The Israeli government increasingly finds common bonds with Arab governments that are similarly distrustful of popular movements and fearful of Iranian subversion. While most regional governments believe they face many of the same threats, Iran remains the outlier. It has no closely aligned governments in the Middle East except for Syria, and it maintains an array of guerrilla groups and paramilitary organizations on the payroll when most governments are preoccupied with fighting such groups.

The Iranian government appears to resent not only its relative isolation in the region but also the entire international system. That system, Iranians say, unfairly marginalizes Iran and denies the country its rightful role leading the Middle East. Yet, by attacking the international system, by threatening its neighbors, by arming a wide array of proxies, Iran perpetuates the conditions it deplors. It deepens its isolation and it bands together its enemies. Iran has become a paradox, and not merely because its politics are so opaque. Iran is a paradox because its actions often seem to prompt precisely the actions by others to which it objects. Escaping from a downward spiral of aggression that prompts isolation, which prompts greater aggression and greater isolation, is a challenge that has vexed Iranian and U.S. governments for decades.

For most Americans, Iran is a problem that began when the shah was overthrown in 1979 and a student group seized the U.S. embassy and held 52 U.S. diplomats hostage for 444 days. The image of bearded and veiled protestors—often politely separated—taking to the streets and

chanting “Death to America” was unnerving; the humiliation of seeing U.S. diplomats blindfolded and held at gunpoint by scruffy revolutionaries for months on end was a profound defeat. For its neighbors, however, Iran has been a problem for millennia. It was a large and strong state surrounded by small and weak emirates, and a haughty regional power that demanded tribute from local sheikhs. For centuries, Iran had an intricate imperial culture and a strong coercive capacity that seemed jarring and a bit dissolute to the Bedouin, sailors, and traders who tried to eke out a living in its shadow.

Iran struggled into the modern period with its own humiliations, as economic and political disorder ushered in Russian and British influence in the late nineteenth and early twentieth centuries. By 1915, Great Britain was calling most of the shots in Iran, and the Anglo-Persian Oil Company (majority owned by the UK government) had secured the rights to the country’s energy. Two world wars made an already tumultuous internal situation even more so. Iranians elected a nationalist prime minister, Mohammed Mossadegh, in 1951, but by 1953 the British and Americans had tired of his rhetoric and his populism, precipitated a coup, and ensured the return of the more pliable Mohammed Reza Shah. Iran’s new ruler was a modernizer and an ally of the West—Iran, alongside Saudi Arabia, formed the “Twin Pillars” of the U.S. strategy in the Gulf—but growing numbers of Iranians saw him as a Western puppet, not the anti-Communist bulwark he represented to Washington and London. In the minds of many Iranians, the shah was not the solution to Iran’s weakness in the world—he was a principal cause of it.

In 1979, the revolutionaries swept in and discarded many of the shah’s most precious priorities. Iran would no longer seek modernity on Western terms, but instead on Iranian terms. Secularism was eviscerated. Clerics swept into government offices, and suave cosmopolitan bureaucrats were shown the door. Chadors were made mandatory for women, and ties were banned for men. Within a few months, it was clear that in the Islamic Republic of Iran, the emphasis was on the word “Islamic” and not “Republic.”

All of the shah’s work was not destined for the dustbin, however. One priority that the revolutionaries did not discard was Iran’s sense of its own greatness. In 1971, the shah hosted a gala commemoration of the 2500th anniversary of the Persian Empire in Persepolis. The multimillion-dollar party became legendary for its excesses, and was precisely the sort of thing the revolutionaries bristled at. But the shah’s broader attitude, that Iran was a great civilization surrounded by barbarians and the rightful dominant power in what Iranians of every political stripe agree should be called “the Persian Gulf,” persisted well into the revolution. What was different in the new era was an overwhelming sense of grievance. In particular, the revolutionaries did not believe that the United States and its allies were facilitating Iran’s rise, as the shah had done. Instead, they were convinced these powers were undermining and subverting Iran. The United States became “the Great Satan” in Iranian political rhetoric, and Iranians were exhorted to fight it.

Embedded in Iranian politics seems to be a consensus that the status quo should tilt in Iran’s favor, and it is due to the U.S. commitment to its own global hegemony—and to what Iran sees as unprincipled U.S. allies in the Gulf and Israel—that Iran cannot assume its rightful role. Iran is poised for greatness, this argument seems to say, but the United States is using its might to deny Iran its role. The Iranian economy is limping, it is true, but that need not be a consequence of



Supreme Leader Ayatollah Khamenei delivering a message from his office on Nowruz, the Iranian New Year, on March 20, 2016.

Source: Photo by www.khamenei.ir, available at <https://newsmedia.tasnimnews.com/Tasnim/Uploaded/Image/1395/01/01/139501010956178177380124.jpg>.

mismanagement, cronyism, and shadowy untaxed parastatal foundations controlling vast industries. It is easier instead to blame Iran's woes on the fact that the country has essentially been on a war footing for more than 35 years, and that sense of siege can be laid at the U.S. door. It began in the early days of the revolution, when the United States and its Gulf Arab allies supported Saddam Hussein's armies when they invaded Iran in 1980. It continued through a vigorous arming of Iran's Arab neighbors and a military embargo on Iran, and a remarkable armed buildup in the Gulf. According to Anthony Cordesman, not only has military spending by the Gulf Cooperation Council (GCC) exceeded Iranian spending by a factor of eight for most of the last 20 years, but much of the Iranian arsenal has become obsolete while its Gulf neighbors are buying some of the most modern equipment in the world.¹

Iran's politics are imperfectly understood, both in the West and in Iran itself. Of course, politicians' words can be imperfect guides to their thinking and their intentions. But in Iran, understanding exactly who makes what decisions and for what purpose is unclear. The Iranian president is neither Iran's only foreign policy decisionmaker, nor even its most important. Not only does the supreme leader, Ayatollah Ali Khamenei, head the clerical establishment but the military, security, and intelligence forces report to him. Reports suggest that these other, extremely powerful elements of the Iranian government are even more skeptical of U.S. intentions than many powerful politicians are. Further, many in the security establishment have deep economic ties to businesses and smuggling operations whose profits depend on enmity with the West and business practices that are unattractive for foreign firms.

President Mahmoud Ahmadinejad took office in 2005 with a commitment to populist policies and confrontation with Iran's Western tormentors. Ahmadinejad sought to tweak the West with outrageous statements, and he delighted in the capture of 15 British sailors who strayed into Iranian waters in 2007. While Iranian rhetoric heated up, so too did Iran's visible commitment to its nuclear program. While Ahmadinejad was in office, Iran went from having fewer than 100 centrifuges enriching uranium at the beginning of his term to more than 11,000 when he left. Ahmadinejad continually wrapped himself in the language of fairness and justice, seemingly undaunted by the overwhelming force of the United States. While Iran was aggressive, the government seemed to act surprised every time it was called to account. It was a not very subtle bid to highlight Iran's deep sense of victimhood.

In practice, Ahmadinejad's gambit deepened Iran's isolation. His rhetoric and his actions led to European and global sanctions against Iran, which restricted Iranian oil exports and starved the economy of funds. The Iranian political establishment didn't disagree with his analysis that Iran was struggling mostly alone in a hostile world. It came to conclude, however, that his bluster was needlessly raising the costs of the world's hostility.

When President Hassan Rouhani took office in 2013, he represented a refutation of Ahmadinejad's tactics, but not of his basic strategy. Rouhani was a conservative and not a reformist, and by the time he took office he had been a central figure in the national security decisionmaking of Iran for

1. Anthony Cordesman and Abdullah Toukan, "Iran and the Gulf Military Balance," Center for Strategic and International Studies, October 4, 2016, https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161004_Iran_Gulf_Military_Balance.pdf.

decades. He served for 16 years as secretary general of the Supreme National Security Council from its founding in 1989, was a member of Iran's Expediency Council since 1991, and was the national security adviser to two Iranian presidents in the 1990s and 2000s. For 20 years, starting in 1980, he was a member of the Iranian parliament, and at various times served as chairman of the foreign policy committee and the defense committee, as well as deputy speaker. In the foreign and security policy establishment in Iran, Rouhani is at its center.

And yet despite, or perhaps because of, Rouhani's centrality to Iran's foreign policy concerns, he has long been an outspoken advocate of diminishing the level of hostility between Iran and the West. In a celebrated 2004 interview in Paris after the U.S. government sent Iran humanitarian assistance following an earthquake, Rouhani said, "We need bulldozers to demolish the wall that separates our two countries."² Less noticed in that interview, Rouhani predicted that U.S.-Iranian ties would be reestablished. He added, "Our skill, I would say our art, will be to choose the best time."³ Campaigning for president three years ago, Rouhani made similarly reassuring comments. Speaking of U.S.-Iranian ties in an interview with the Saudi newspaper *Asharq al-Awsat*, he said, "Extremists on both sides seem to be determined to perpetuate the situation of animosity and hatred between the two countries. However, common sense dictates a change in this trend with a view to opening a new chapter in this uneasy and challenging relationship to decrease enmity and mistrust."⁴

Even so, Rouhani has consistently appeared to be persuaded that the United States remains a hostile power. Speaking with *ABC News* in 2002, Rouhani said,

America is not pleased with the Islamic Republic of Iran and the revolution of Iran because during the Shah's regime, there was a government in power that was a puppet at the service of the United States that would act on America's orders. Generally speaking, America is not keen on independent countries. America is not keen on people's freedom. America is keen on countries that completely surrender themselves and act according to America's demands.⁵

Even after the conclusion of the nuclear deal, Rouhani expressed deep skepticism over American intentions. He told Chuck Todd of *Meet the Press*, "If the future administration of the United States wishes to continue animosity, it will receive the appropriate response. But if it wishes to bring an end to that animosity and start respecting the right of the Iranian nation where it has trampled upon the rights in many instances in the past, of course it will receive the appropriate response in that scenario as well."⁶

2. Claude Lorieux and Pierre Prier, "An Interview with the Secretary General of the Supreme Council on National Security," *Le Figaro*, January 17, 2004 (in French).

3. Ibid.

4. Ali M. Pedram, "In Conversation with Hassan Rouhani," *Asharq al-Awsat*, June 15, 2013, <http://english.aawsat.com/2013/06/article55305525/in-conversation-with-hassan-rouhani>.

5. "Exclusive Interview with Iranian Adviser," interview by Chris Wallace, *ABC News*, September 12, 2002, <http://abcnews.go.com/Primetime/story?id=132082&page=1>.

6. Interview with Hassan Rouhani, "Rouhani: 'Syria Doesn't Have a Military Solution,'" *MTP Daily* (video), September 21, 2016, <http://www.msnbc.com/mtp-daily/watch/rouhani-syria-doesn-t-have-a-military-solution-770472515941>.

To take Rouhani's words at face value, then, he seems just as skeptical of U.S. intentions as his predecessors. Where he seems different is his long-standing willingness—and seeming eagerness—to find ways to negotiate over ways to reduce tensions between Iran and the West, even if the underlying hostility cannot be erased. Whereas Ahmadinejad seemed to thrive on distance, Rouhani seems to seek proximity.

Seen broadly, then, the nuclear agreement appears to have been intended to moderate the world's antagonism toward Iran, and not end it. Further, in his words and actions, Rouhani seems alert to the possibility that the United States and its allies would use the Joint Comprehensive Plan of Action (JCPOA) to serve their supposedly unchanged strategic goal of undermining the Iranian government. His response seems to be to accrue assets that can be bargained away in exchange for things Iran wants to gain.

For his part, Ayatollah Khamenei seemed skeptical that the nuclear deal would do anything to reduce the world's enmity with Iran. He seemed to be willing to give his longtime associate the benefit of the doubt on the nuclear deal, provided that Iran made no permanent concessions. In the months since, he has expressed a sense of vindication that ties have not grown significantly warmer.

We probably will never understand all of the nuances of Iranian foreign and security policy thinking, but a basic outline does seem clear. The Iranian leadership is preoccupied with two things: regaining the grandeur that it believes is its national due, and overcoming the very weak hand that it holds in what it sees as an existential battle with a much larger power. Hopelessly overmatched in conventional forces, Iran has developed an unconventional arsenal of tools and allies that it leverages throughout the Middle East and around the world. In seeking to deter Iran, foreign powers risk exacerbating the very preoccupations that drive Iran's hostile behavior. The question remains, however, whether Iran's preoccupations can be assuaged. How much is enough grandeur, and what is enough strength? Given Iran's national patrimony, the desire may be too great.

It leaves us with a paradox: If Iran's hostile actions elicit conciliatory responses from its neighbors and the world, it sends a message that those actions are working. Yet if Iran's hostile actions elicit opposition, it reinforces Iran's perceived need to act asymmetrically. President Rouhani suggested more than a decade ago, "Our skill, I would say our art, will be to choose the best time" to improve relations with the United States. Yet diminishing tensions between Iran and the United States will require considerably more art than merely getting the timing right.

Iranian Power Projection Strategy and Goals

Farideh Farhi

We are faced with an enemy who does not want to give our people the right to defend themselves. He is actually saying, "You should remain defenseless so that we can attack your country whenever we want. . . ." The enemy should understand that if he attacks, he will receive a severe blow and that our defense includes counterattacks as well.

—Ayatollah Ali Khamenei, August 28, 2016¹

The Joint Comprehensive Plan of Action (JCPOA), which Iran agreed to along with six other nations on July 14, 2015, was intended to remove a key irritant in Iran's foreign relations. Although the agreement was multilateral, it represented a key breakthrough in U.S.-Iranian ties, which had been strained since the earliest days of the Islamic Revolution. In the years since 1979, the U.S. government viewed its Iranian counterpart as one of the preeminent threats to peace and stability in the Middle East. The Iranian government, for its part, viewed the U.S. government as an irredeemably hostile force that posed an existential challenge to the Islamic Republic.

Although many expected the JCPOA to improve U.S.-Iranian ties, Ayatollah Ali Khamenei's words, spoken more than a year later, suggest that the Islamic Republic of Iran remains deeply insecure. Khamenei's statement, taken at face value, suggests a desire to deter the United States. Iran's effort at aggressive deterrence occurs simultaneously with a U.S. effort to deter Iran. The mutual suspicion need not lead to violence. A successful U.S. strategy toward Iran—and a successful Iranian strategy toward the United States—requires an understanding of the factors that animate and motivate Iranian strategic behavior.

1. "If the Enemy Attacks, He Will Receive a Severe Blow and Counterattacks: Ayatollah Khamenei," Khamenei.ir, August 28, 2016, <http://english.khamenei.ir/news/4104/If-the-Enemy-Attacks-He-Will-Receive-a-Severe-Blow-and-Counterattacks>.

One simple explanation, often proffered among many of Iran's neighbors, and increasingly among advisers to the Trump administration, is that Iran is a revisionist power that seeks to undermine Middle Eastern security. Speaking at CSIS in April 2016, Secretary of Defense Jim Mattis said, "Recognize that Iran is not a nation state, rather, it's a revolutionary cause devoted to mayhem."² Former national security adviser Michael Flynn testified to Congress in June 2015,

Iran has not once (not once) contributed to the greater good of the security of the region. Nor has Iran contributed to the protection of security for the people of the region. Instead, and for decades, they have contributed to the severe insecurity and instability of the region, especially the sub-region of the Levant surrounding Israel.³

Speaking to a joint meeting of Congress in 2015, Israeli prime minister Benjamin Netanyahu said,

Iran and [the Islamic State (ISIS)] are competing for the crown of militant Islam. One calls itself the Islamic Republic. The other calls itself the Islamic State. Both want to impose a militant Islamic empire first on the region and then on the entire world. They just disagree among themselves who will be the ruler of that empire. In this deadly game of thrones, there's no place for America or for Israel, no peace for Christians, Jews, or Muslims who don't share the Islamist medieval creed, no rights for women, no freedom for anyone.⁴

Yet, for all of the clarity and vitriol of these remarks, they do not provide an accurate guide either to the manifestations of Iranian policy in the Middle East or to its drivers. A more robust examination, based on a close reading of Iranian decisionmaking structures and outcomes, reveals at least three alternatives.

Some observers explain Iran's posture by pointing to the country's "strategic loneliness." It has been bereft of meaningful alliances since the Islamic Revolution, and it feels both vulnerable and isolated.⁵ Others have emphasized Iran's regional conditions: it has turmoil along many of its borders, is encircled by U.S. troops and bases, and sees extraregional powers supporting hostile neighbors. Still others believe that Iran's insecurity stems from the revolutionary state's concern about its internal challenges. Insisting on an external threat promotes an internal watchfulness that helps secure the regime.

While there is a seductive simplicity in ascribing Iran's behavior to a voracious hegemonic drive, a closer reading of Iranian statements and actions suggests that the truth likely lies in a combination of the three explanations above. That is to say, despite widespread fears of Iranian aggression, the

2. "The Middle East at an Inflection Point with Gen. Mattis," Center for Strategic and International Studies, April 22, 2016, <https://www.csis.org/events/middle-east-inflection-point-gen-mattis>.

3. Michael T. Flynn, "Testimony on Iran," U.S. Congress, Joint Foreign Affairs and HASC Subcommittees, June 10, 2015, <http://docs.house.gov/meetings/FA/FA13/20150610/103582/HHRG-114-FA13-Wstate-FlynnM-20150610.pdf>.

4. "The Complete Transcript of Netanyahu's Address to Congress," *Washington Post*, March 3, 2015, https://www.washingtonpost.com/news/post-politics/wp/2015/03/03/full-text-netanyahus-address-to-congress/?utm_term=.f31675b8528e.

5. Mohiaddin Mesbahi, "Free and Confined: Iran and the International System," *Iranian Review of Foreign Affairs* 2, no. 5 (Spring 2011): 9–34, <http://www.isrjournals.com/images/pdf/2-mesbahi-irfa-5.pdf>.

Iranian leadership sees itself acting defensively rather than offensively. It is seeking to deter the strong rather than attack the weak. Furthermore, its more assertive deterrent posture is a reaction to heightened threats or threat perception.

IRAN'S OBJECTIVES AND POWER PROJECTION AFTER THE NUCLEAR DEAL

In Iran's contested domestic political environment, there are significant disagreements over both domestic and foreign policy. On foreign policy, however, there is broad agreement about two strategic objectives. The first is the need to enhance Iran's regional role and influence—political, ideological, and economic—in keeping with Iran's size and capabilities. Iran has long felt marginalized in regional affairs (not least by the effort in the last 50 years to rename the Persian Gulf the Arabian Gulf, after centuries of precedent), and it is seeking its due as a genuine regional power. Second is the desire to safeguard the Islamic Republic's sovereignty and independence in a way that is in keeping with the country's history and revolutionary experience and ideals. These two elements constitute the ideological frame in which the Iranian government makes foreign policy decisions.

The United States emerges as the threat in both of these areas, pushing into the Gulf at the expense of Iranian interests and (in the eyes of the Iranian government) seeking to undermine the regime through overt economic, diplomatic, and military pressure and covert cultural subversion. In Iranian politics, these concerns create broad agreement on the need to mitigate U.S. interference in the regional and domestic affairs of Middle Eastern countries. This broad agreement is complemented by a general aspiration toward a multipolar, international order that treats Iran as a significant *and* independent decisionmaker in the region. Not everyone accords the same importance to the "axis of resistance," consisting of allied state and nonstate actors in Syria and Lebanon (and now even Iraq), as a means of projecting regional power. But the alliance itself is not questioned. In this context, academic arguments that view Iran's internal conflicts in terms of a fight between ideology and pragmatism miss the essential role that the ideological frame described above plays in the country's pragmatic pursuit of security. The frame determines how Iran's interests are pursued. To be sure, Iran preserves a constitutionally enshrined notion of "expediency of the system." Expediency elevates the importance of protecting the Islamic Republic and its territories over Islamic values and principles, however those values and principles are defined. Expediency also provides a path for flexibility and compromise even regarding established redlines, as was the case in the nuclear talks. But the frame does not challenge the overall foreign policy direction and outlook that the revolution initiated.

The argument that Iran's conduct in the region has become more aggressive since the nuclear agreement is not well founded.⁶ In reality, not much has changed in the underlying logic of Iran's behavior. Iran has not significantly altered its asymmetric operational tactics based on its strategic

6. On Iran's aggression, see, for instance, the interview with Dennis Ross, which refers to Iran's increased "bad behavior" after JCPOA. Joseph Braude, "Dennis Ross: Iran Cannot Be a Partner in the Struggle against ISIS," *Majalla*, September 11, 2016, http://eng.majalla.com/2016/09/article55252308/___trashed-2.



Supreme Leader Ali Khamenei meeting with President Hassan Rouhani and his cabinet on June 22, 2016. Source: Photo by www.khamenei.ir, available at <http://farsi.khamenei.ir/photo-album?id=33570>.

capacity to build power via nonstate actors, its guerrilla warfare at sea to impede a navy-supported invasion, or its level of self-sufficiency in military hardware, especially its considerable missile technology.⁷

To be sure, like other countries, Iran has had to adapt and adjust to changes in its environment. Since 2014, for instance, Iran has chosen to rely increasingly on direct military involvement to protect its significant influence and interests in Iraq and Syria. But this choice has been made in the context of instability in these two countries and the success of jihadi groups in establishing territorial control in the midst of nuclear talks. In addition, despite Iran's insistence on self-reliant deterrence, its limited ability to address the threats in its neighborhood has opened the way for military coordination with global powers either directly (as with Russia in Syria) or indirectly (as with the United States in Iraq). Given the limitations of Iran's asymmetric efforts, and with the relaxing of sanctions, we may also see Iran seek to improve its conventional capabilities in the future. Notwithstanding these changes, Iran's overall strategic objective remains the same: it seeks to enhance

7. J. Matthew McNinnis, "Iran's Strategic Thinking: Origins and Evolution," American Enterprise Institute, May 2015, <https://www.aei.org/wp-content/uploads/2015/05/Irans-Strategic-Thinking.pdf>.

its position in the region in order to safeguard Iran and the Islamic Republic, its worldview, and its method of governance.

It should be noted that Iran's overt efforts to project power in the region for defensive purposes have always been opportunistic, capitalizing on the missteps of global and regional actors (e.g., Israel's invasion of Lebanon, the United States' invasion of Iraq, external efforts to destabilize Syria, and the territorial advances of the Islamic State). This is why the number of Iran-supported and Iran-trained (though not always Iran-controlled) Shi'ite militias operating in the region has increased since 2011.⁸ The increasingly volatile regional context has made Iran's further outreach possible,⁹ but self-defense has not been Iran's only motivation: it also wants to convince other countries that attempting to weaken the Islamic Republic or change its character is futile. Efforts to do so will only further destabilize the region and harm countries' own regional interests.

A tension-ridden combination of defensive and revisionist outlooks remains the framework within which Iran makes foreign and security policy decisions

The absence of significant change in Iran's regional approach should not be surprising. The nuclear agreement has reduced the threat of a U.S. or Israeli military attack on Iran and has reversed, although by no means ended, the potential of pressuring Iran economically. But it has not transformed U.S. or Israeli hostility toward or targeting of Iran, nor has it changed the Islamic Republic's perception of inequities in the evolving international order or its motivation to challenge them. In other words, a tension-ridden combination of defensive and revisionist outlooks

remains the framework within which Iran makes foreign and security policy decisions, subject to assessment of and debate regarding the opportunities provided and extent of risks foreseen.¹⁰

Given the regional volatility in which the JCPOA is being implemented, the agreement serves to highlight the multifaceted and dynamic threats Iran faces and to which it must continuously adjust. For instance, while Iran was aware of Saudi Arabia's angst regarding Iran's expanding influence in the region, and even its efforts to prod the United States into attacking Iran, it did not foresee the extent and openness of that country's hostility after the nuclear agreement.¹¹ Iran expected some sort of pragmatic Saudi adjustment to the changing circumstances, and is still trying to determine how to deal with Saudi Arabia's support of opposition groups that seek to overthrow the Iranian

8. Yaroslav Trofimov, "After Islamic State, Fears of a 'Shiite Crescent' in Mideast," *Wall Street Journal*, September 29, 2016, <http://www.wsj.com/articles/after-islamic-state-fears-of-a-shiite-crescent-in-mideast-1475141403>.

9. As Arash Raeisinezhad points out, it is misleading to suggest that Iran and Saudi Arabia are engaged in a proxy war as though the nonstate actors each relies upon are similar: "Iran's strategic allies, Shia proxies from Afghanistan to the Mediterranean, have not endangered [Iran's] regime. Conversely, Saudi Arabia's Wahhabi, salafi-jihadi groups, like Al Qaeda and ISIS, have competed with Riyadh's claim of leading the Sunni world." Arash Raeisinezhad, "Containment Is No Longer Good Enough," *National Interest*, September 4, 2016, <http://nationalinterest.org/feature/saudi-arabia-wants-roll-back-iran-17574?page=4>.

10. Farideh Farhi and Saideh Lotfian, "Iran's Post-Revolutionary Foreign Policy Puzzle," in *Worldviews of Aspiring Powers*, ed. Henry R. Nau and Deepa M. Ollapally (Oxford: Oxford University Press, 2012), 114–140.

11. See Raeisinezhad, "Containment Is No Longer Good Enough," for a list of highly provocative acts by Saudi Arabia since the nuclear agreement.

government. So far Iran has limited itself to rhetorical escalation and to drawing attention to Saudi Arabia's role in destabilizing the region. Denying the charge of having hegemonic ambitions in the region, the Iranian leadership across the board has tried to highlight its antiterrorism efforts and emphasis on the status quo.¹² Although the Saudis have sought to roll back Iran's influence in Syria and Lebanon, Iran has stood its ground; nor has it significantly entangled itself in Saudi Arabia's ill-fated operation in Yemen, despite charges to the contrary.¹³ Yemen has never held a vital position in Iran's national security calculations. In any case, Iran knows it cannot have the same level of influence in Yemen as it does in Iraq and Syria. As a result, "Iran is happily putting minimal effort into Yemen to project power and poke Saudi Arabia at a minimal cost."¹⁴

Iran's security policy adjustments following events in Iraq and Syria have been far more marked. Territorial advances by ISIS during the nuclear negotiations represented one of the most significant threats to Iranian national security since the end of the Iran-Iraq War. The territorial integrity and stability of neighboring Iraq are among Iran's vital interests. Given the conflicted postrevolution history of the two countries, Iran's goal of a friendly, or at least not hostile, regime in Iraq is essential, too. Consequently, Tehran is a key stakeholder in the crisis. It has chosen to play a role in mobilizing and training as many strands as possible within the Popular Mobilization Force (PMF), apparently in the hope that even after the defeat of ISIS, these militias would help maintain the extensive bonds established between the two countries after the 2003 U.S. invasion. In short, if Iran looks hyperactive in Iraq—maintaining and expanding links to multiple institutional and noninstitutional players there—it is due to its awareness of the complexity of Iraqi political dynamics.

Sensitivity toward Iraq, as well as already established deep links inside the country, also gives Iran the ability to act quickly and opportunistically in reaction to unforeseen events. By all accounts, Iran was taken by surprise during ISIS's rapid advances in northern Iraq in June 2014. But the immediate confusion was overcome in a couple of days, and a consensus was reached regarding robust and complementary diplomatic and military responses. These entailed on-the-ground

12. In the Iranian public discourse, Saudi Arabia's policies and conduct are criticized and the immaturity of its current leaders problematized as the source of intensified conflict. But the conversation also makes clear deep concern about a destabilized Saudi Arabia, which is seen as a threat to Iran and dangerous. A similar posture has framed Iran's approach to Pakistan for years, no matter who has been in charge of that country. See, for instance, Mohammad Masjed Jamei, "Iran and Saudi Arabia: A View from Within toward a Mutual Relationship," Khabar Online, May 28, 2016, <http://www.khabaronline.ir/detail/540658/weblog/mohammadmasjedjamei>. Jamei, a current diplomat, bluntly states that "the presence of the current regime, despite all that can be said about it, is ultimately to the benefit of us, our allies, and Saudi Arabia's Shi'ites. Dissidents who can take power are Salafi Takfiris and no other group."

13. Although the media repeatedly identify the Houthis as "Iranian backed," even those most alarmed by Iran's relationships to nonstate actors agree that "the [Houthi] rebels are not yet part of Iran's transnational threat network: they are a local organization with local motives." Jeremy Vaughan, Michael Eisenstadt, and Michael Knights, "Missile Attacks on USS Mason: Principle to Guide a U.S. Response," Washington Institute, October 12, 2016, http://www.washingtoninstitute.org/policy-analysis/view/missile-attacks-on-the-uss-mason-principles-to-guide-a-u.s.-response?utm_term=Read%20this%20item%20on%20our%20website.&utm_campaign=Responding%20to%20Attacks%20on%20the%20need.

14. Ariane Tabatabai and Dina Esfandiary, "Sana'a: Iran's Fourth Capital?," Lawfare, January 10, 2016, <https://www.lawfareblog.com/sanaa-irans-fourth-arab-capital>.

leadership by the Quds Force commander Qasem Soleimani, as well as the Foreign Affairs Ministry's coordination with both the Kurdish Regional Government and the Iraqi central government; both military and political sides of the response were overseen by the Supreme National Security Council (SNSC) secretary Ali Shamkhani.¹⁵ Iran's response was not only an effort to counter ISIS but also an opportunity to project Iranian decisiveness as a stabilizing force in the region, especially compared with the actions of regional rivals.¹⁶

Strategic interests continue to drive Iran's involvement in the Syrian conflict as well.¹⁷ They include the preservation of an ally, retention of supply lines to Hezbollah through maintenance of Syria's territorial integrity, and degradation of jihadi groups. It is true that after the 2013 election of Hassan Rouhani, officials close to the president began to vocalize their concerns that direct military engagement in Syria could harm Iran's financial and ideological capital.¹⁸ This position faced strong opposition from the Islamic Revolutionary Guard Corps (IRGC) and Office of the Leader, the main drivers of the Syria policy.¹⁹ But by 2014 the search for an alternative approach had subsided under the weight of events on the ground, which provided the narrative that Syria also constituted the front line in the fight against anti-Iran jihadi terrorism. Iran's Ministry of Foreign Affairs then sought to take back some control over the direction of policy by insisting on the consensual nature of decisionmaking through the instrument of the SNSC and "framing the conflict in Syria as part of both a wider ideological struggle (driven in part by ethnic and sectarian tensions) and a geopolitical (or structural) competition for power with Saudi Arabia."²⁰ The critics of Iran's direct military

15. Alireza Nader, "Iran's Role in Iraq: Room for U.S.-Iran Cooperation?," RAND Corporation Perspective, June 1, 2015, http://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE151/RAND_PE151.pdf.

16. Iran's projection of itself as a force for regional stability was also manifested in Iran's quick reaction in support of Turkish president Recep Tayyip Erdogan. See "Iran FM Briefs Parliament on Turkey's Botched Coup: MP," Press TV, July 17, 2016, <http://www.presstv.ir/Detail/Fr/2016/07/17/475570/Iran-Turkey-Mohammad-Javad-Zarif>.

17. In the words of Qasem Soleimani, the Quds Force commander, "The enemy's problem is Syria's centrality in the axis of resistance and [its] relations with the Islamic Republic of Iran. Over there, we are not only defending Syria; rather we are defending Iran and Islam. Daesh and Takfiri groups have not been established for Syria. They are organized for Iran," *Tasnim News*, October 5, 2016, <http://www.tasnimnews.com/fa/news/1395/07/14/1205902>.

18. While Iran's backing of the Syrian regime is not motivated by sectarianism, there is awareness in Iran that its active intervention, along with Hezbollah's, has fueled the perception of Iran as primarily a sectarian actor. This perception undermines the benefits Iran might reap through its anti-American and anti-Israeli stances. Rouhani's first foreign policy statement emphasizing a reset in Iran-Saudi relations must be seen in the light of this awareness. Fatemeh Aman and Ali Scotten, "Rouhani Win Could Reduce Iran-Saudi Tensions," *Al-Monitor*, June 21, 2013, <http://www.al-monitor.com/pulse/fr/originals/2013/06/rouhani-election-reduce-saudi-iranian-tensions.html>. Concerns have also been expressed about the effects of the Syrian government's brutality and the impact it will have given Iran's support. See Gareth Smyth, "Iran: Rafsanjani Signals Wavering in Long-Standing Support for Syria," *Guardian*, September 6, 2013, <https://www.theguardian.com/world/iran-blog/2013/sep/06/iran-syria-rafsanjani-assad>.

19. For a detailed analysis of Iran's Syria policy since 2011, see Ali Ansari and Aniseh Bassiri Tabrizi, "The View from Tehran," in *Understanding Iran's Role in the Syrian Conflict*, ed. Aniseh Bassiri Tabrizi and Raffaello Pantucci (Royal United Services Institute [RUSI], August 2016), https://rusi.org/sites/default/files/201608_op_understanding_irans_role_in_the_syrian_conflict_0.pdf.

20. Ibid. See also the two opinion pieces written by Foreign Minister Mohammad Javad Zarif in the *New York Times*, chastising Saudi Arabia for its support of terrorism: "Mohammad Javad Zarif: Saudi Arabia's Reckless Extremism," June 10, 2016, <http://www.nytimes.com/2016/01/11/opinion/mohammad-javad-zarif-saudi-arabias-reckless>

involvement in Syria didn't dispute that Iran had overall strategic interests in Syria, and they ended up agreeing that Syria also constituted a front line in the fight for Iran's security. Both diplomatic and military avenues were then utilized to elevate the level of coordination with Russia, a step that was publicly identified as strategic cooperation regarding Syria.²¹

From Iran's standpoint, flexibility and pragmatism are needed to deal with ever-changing regional circumstances—for instance, to devise policies to counter potential state breakdown and the growth of Sunni extremism in Syria, Iraq, and increasingly even Afghanistan; or to address the unexpected attempted coup in Turkey or the increased hostility of Saudi Arabia. But overall Iran remains committed to the state and nonstate alliances it has laboriously created in order to project power and protect itself, despite the limitations of these asymmetric capabilities on the ground.

IRAN'S POST-JCPOA PRIORITIES AND RELATIONS WITH THE UNITED STATES

Regional matters were not part of the negotiations over the JCPOA. But the multilateral setup of the negotiations did bring into focus Iran's broader relationships, including with the United States. The nuclear agreement had many critics in Iran. The criticism that came from the right of the political spectrum even momentarily threatened to derail the agreement through parliamentary challenges.²² Ultimately, this loud opposition to the agreement was blocked through the direct behind-the-scenes intervention of the Office of the Leader. But since the agreement, Ayatollah Khamenei has criticized the United States for failing to lift sanctions under the terms of JCPOA. He has then used this failure as an argument to reject additional engagement or coordination with the United States on other regional matters.

Khamenei's account of why the agreement was originally reached is in effect a reversal of the dominant U.S. account. Whereas the United States holds that Iran compromised because of economic pressure, Khamenei suggests instead that the United States accepted Iran's enrichment program because it finally saw the futility and costs of its approach to this issue. But, Khamenei insists, the overall U.S. approach to Iran has not changed; its urge to control the region and manipulate Iran's domestic dynamics is ongoing. It is important to understand in this context that most of the Iranian security establishment sees U.S. power as organic, comprehensive, and pervasive, and it entails economic, political, and cultural dimensions. In this view, the United

It is important to understand . . . that most of the Iranian security establishment sees U.S. power as organic, comprehensive, and pervasive

-extremism.html; and "Mohammad Javad Zarif: Let Us Rid the World of Wahhabism," September 13, 2016, <https://www.nytimes.com/2016/09/14/opinion/mohammad-javad-zarif-let-us-rid-the-world-of-wahhabism.html>.

21. "Shamkani: Iran-Russia Cooperation on Syria Strategic," Islamic Republic News Agency (IRNA), August 16, 2016, <http://www.irna.ir/en/News/82191116/>.

22. Farideh Farhi, "Whatever Happened to the Iranian Parliament's JCPOA Review?," Lobelog, September 25, 2015, <http://lobelog.com/whatever-happened-to-the-iranian-parliaments-jcpoas-review>.

States has both the desire and the capacity to create and lead a hierarchical international order which it shapes to its own benefit and to the detriment of Iran. No other global power is thought to have the same urge and capacity. Russia, for example, has a history of sordid interactions with Iran, including aggression and recognized “backstabbing,” but Iranians perceive its power as unidimensional and reliant solely on its military strength. In the words of Hossein Kachuyian, writing for the hard-line *Kayhan* daily, these U.S. traits explain why relations with the United States, unlike relations with Russia or China, will “rapidly take over all the dimensions of Iran’s political order and the country’s social life. [The United States] will not allow any room outside its domination and authority.”²³

Khamenei, in particular, does not merely distrust the United States because of its alleged half-hearted fulfillment of its JCPOA obligation. He also fears what an opening to the United States under the current circumstances will bring: first a demand for Iran to abandon its foreign policy culture of resistance, autonomy, and independence, and eventually the undermining of Iran’s revolutionary institutions—at the core of which stands his office—through “penetration” of the political environment.

This is a line of argumentation that cannot really be directly challenged publicly, since those rejecting it will immediately stand accused of being witting or unwitting agents of U.S. penetration. Yet, there are influential players in Iran who have argued for years that the U.S. threat to Iran’s stability can be better neutralized through conciliatory policies, engagement, and accommodation in areas of mutual interest and negotiation in areas of conflict. The nuclear talks themselves were a reflection of the success of this point of view. Proponents had pushed for direct talks once the United States changed its absolutist position on Iran’s nuclear program.²⁴ Thus after the JCPOA was first adopted, some Iranians expressed the hope that directly engaging with the United States would allow their country both to capitalize on the economic dividends of JCPOA and to accrue geopolitical benefits.

The proponents of this point of view argued that beyond economic opportunities provided by the lifting of some key sanctions, the success in nuclear talks created a new potential in the region’s geopolitical equations. They argued that Iran should take advantage of this situation, solve some of its strategic discrepancies with the United States, and institutionalize an enhanced role for Iran in regional security. This argument has so far not found traction, perhaps due to its unrealistic expectation that the conflicts Iran has with the United States and its allies could be sorted out or negotiated in the midst of the protracted conflict in Syria.

It should not be surprising that Iran is debating the extent to which it should capitalize on the economic benefits of easing sanctions. Iran’s challenge of international order and norms has never

23. Hossein Kachuyian, “Seeking Independence or American Mischief!,” *Kayhan*, August 23, 2016. This editorial was a response to the criticism of Russia’s use of Iran’s military base for several of its attacks against rebels in Syria.

24. Rouhani is explicit in his book on nuclear diplomacy that in his efforts to resolve the nuclear imbroglio he was not allowed to talk directly with the global “village chief” (*kadkhoda*). One of the best-known advocates of direct bilateral talks with the United States, Rouhani was not even aware of the behind-the-scene contacts that were happening during Ahmadinejad’s presidency; this suggests how important it is to attend to issues rather than individuals (who is in power and who is not). See the review of Rouhani’s book by Farideh Farhi in *Iranian Studies* 47, no. 2 (2014): 360–364.

extended to economic matters. Its oil-based economy remains intimately linked to the global market, and the notion of a “resistance economy” became appealing only after the sanctions regime showed the leverage the United States could muster precisely because of Iran’s extensive links to the global economy. Multilateral and comprehensive sanctions forced Iran to rely more on domestic capacities, even if not in the most productive ways. Domestic interests developed during the period when international capital and companies completely abandoned Iran—including interests tied to the country’s military-commercial activities—have now become a source of opposition to foreign investment in the Iranian economy, and particularly in the oil and gas sector. This opposition explains why negotiations over the terms of the new Iran Petroleum Contract (IPC) took many months, and why the original draft of general conditions, structure, and patterns of the upstream petroleum and gas contract proposed by the oil ministry, which was keen on making Iran attractive to oil majors, was subjected to more than 150 changes. The main objection to the contract was that under its terms, the IPC ceded too much control over Iranian oil assets to foreign companies.

Two concerns underlie the argument against the effort to lure Western capital to Iran. First is the concern that further integration of the Iranian economy in the global market will make the country more vulnerable to future sanctions. If Western companies could withdraw from Iran as they did in the past under pressure from the United States, wouldn’t they be likely to do so again? And with their increased penetration of the Iranian economy, wouldn’t their actions be even more harmful to Iran’s internal security? The second concern is how to protect the economic interests of revolutionary institutions that increased their involvement in the Iranian economy during the sanctions regime. To placate these interests, the first announced contract under the new formula was given to a local company closely affiliated with Tadbir Energy Development Group, which belongs to the economic arm of the Execution of Imam Khomeini’s Order (EIKO)—an institution that reports directly to the Office of the Leader.²⁵

The oil ministry had initially announced plans to award development projects to international oil companies, which it would then partner with qualified Iranian oil companies. It ended up reversing its plan as a result of persistent domestic criticism, which delayed the deployment of the new model contract. But with the intervention and ascent of the Office of the Leader, the ministry was nevertheless able to push through a new form of contract that allows for long-term investment of foreign companies in Iran’s oil and gas fields with potentially much better terms for international investors than before. The issue that remains is whether the extensive U.S. financial sanctions still in effect will make foreign investors cautious, in which case those who have been pushing for a more open economic climate will again lose the fight, just as they have so far lost the argument regarding strategic talks with the United States.²⁶

Those in favor of opening Iran to increased Western investment have always argued that this step will increase both the prosperity and the security of the country. For those who see Western

25. “Iran Signs First New Oil Deal with New Model Contract,” S&P Global Platts, October 4, 2016, <http://www.platts.com/latest-news/oil/tehran/iran-signs-first-new-oil-deal-with-new-model-26561126>.

26. Marc Champion, “Iran Is Stuck with China to Finance Its Oil Dreams,” Bloomberg, <http://www.bloomberg.com/news/articles/2016-10-12/tired-of-china-s-grip-iran-confronts-a-harsh-oil-market-reality>.

economic penetration as a stepping-stone toward undermining the country's revolutionary culture and reshaping the balance of political power, this is a suspect proposition. The recent negotiations over the IPC show that a middle ground has been struck, in the same way it was with the JCPOA: there is an acceptance of the need to do something about the country's economic health, but there is also significant wariness about the consequences of pursuing this goal. In this context, both sides will continue to make their arguments regarding future decisions about foreign investment and Iran's vulnerability in the face of politically motivated economic pressure led by the United States. Which side will gain more influence depends on the impact of Western investment in Iran. Improved economic conditions could gradually establish the utility of engagement beyond economic matters. However, if substantial investment doesn't come to begin with—prevented by continued U.S. financial sanctions—then the proponents of engagement with the West will have no card to play in the negotiations and interactive decisionmaking process over the policy direction of the country.

THE DECISIONMAKING PROCESS IN IRAN

Ultimately, all of Iran's international actions, like those of other countries, are products of internal policy process. Interestingly, Iran's foreign and security policy decisionmaking processes have improved as a consequence of the international pressures consistently imposed on Iran since the nuclear dossier became prominent in 2003. These processes are now more coherent and systematic than in the past, and they are more likely to take into account the varying opinions within the broader national security establishment.

Constitutionally and effectively, Leader Khamenei is commander in chief with broad powers regarding the direction of the country. The office itself, established by the revolution, makes him the Islamic Republic's guardian par excellence. Public statements by various security and foreign policy officials also suggest that beyond broad prerogatives, he is both an institution builder and a very hands-on commander in chief. He is likely convincing and respected in this latter position due to his experience as the president of the Islamic Republic during the Iran-Iraq War.²⁷

The combination of constitutional power and personal disposition has made Leader Khamenei the final decisionmaker, particularly on matters of national security and foreign policy. Without a doubt this combination gives him the power to veto decisions made by other decisionmaking institutions. But the reality is that he does not operate in a political vacuum. Even if he is partial regarding an issue—and he is no doubt partial on many issues—his actions must be designed to avoid further

27. See, for instance, the transcript of the 2014 television interview with Major General Mohammad Bagheri, at the time the deputy chair of the Joint Chiefs of Staff: Farsnews, September 26, 2014, <http://www.farsnews.com/newstext.php?nn=13930704000196>. See also the recent interview with former chair of the Joint Chiefs of Staff, Hasan Firuzabadi, in which he explains the supreme leader's recent decision to separate the operational command authority from the Joint Chiefs of Staff: Farsnews, October 15, 2016, <http://www.farsnews.com/newstext.php?nn=13950723000259>. For a detailed discussion of how the office of the leader has developed through Khamenei's hands-on guidance, see Mehrzad Boroujerdi and Kourosh Rahimkhani, "The Office of the Supreme Leader: Epicenter of a Theocracy," in *Power and Change in Iran: Politics of Contention and Conciliation*, ed. Daniel Brumberg and Farideh Farhi (Bloomington: Indiana University Press, 2016), 135–165.

political polarization of the system, which from his point of view ultimately undermines the internal security of the Islamic Republic.²⁸ In short, his position pushes him to act such that stakeholders of different opinions ultimately buy into his final decision, or at least are not disaffected enough to challenge the decision openly.²⁹ This dynamic further obliges him to make a convincing case for his decisions, whether in support or rejection of a policy.

To manage the tension between his positions as partisan final decisionmaker and arbiter of debates (debates that are increasingly being publicized through official statements and discussions in the press), Khamenei has consistently relied on a process mediated through the SNSC. This 13-member council, where one ministerial member changes depending on the issue under consideration, is where differences on various issues are discussed, mediated, and ultimately decided. It is now formally stated (as it was not in the past) that key decisions by the SNSC—meaning those that have become contested in the public sphere—are finalized only with the assent of the leader.³⁰

The leader has two appointed representatives in the SNSC, but neither of these appointments necessarily represents his views. By tradition, one of the representatives is the secretary of the body and is appointed by the president, and the other is usually a past secretary in order to ensure that diverse views are represented.³¹ Meanwhile, a change at the presidential and parliamentary helm can have (and since 2005 has had) substantial impact on the body. The elected speaker of the Parliament is a member and can change depending on the result of the election; the president, besides himself, potentially brings into the body six changed members (including the secretary).³² But the SNSC is also where elected officials, particularly the president, can influence decisionmaking; with a change of presidency, there is substantial change in the makeup of the

28. To give an example: in his “advice” to former president Mahmoud Ahmadinejad not to run for president in 2017, Khamenei indicated that Ahmadinejad’s running would polarize the country and that “polarization harms the country.” See Khamenei’s website, “Do qotbi-ye dorughin” (False Polarization), September 26, 2016, <http://farsi.khamenei.ir/newspart-index?id=34459&nt=2&year=1395#59520>.

29. This, of course, happened after the 2009 contested election and subsequent incarceration without trial of two presidential candidates. The unresolved situation of two former key officials remains (to use a Persian expression) a bone in the throat of the Islamic Republic and a source of polarization.

30. To give an example: controversy erupted after Iran agreed to adopt the Financial Action Task Force’s plan to address its deficiencies in combating money laundering and financing of terrorism; the issue immediately went to the SNSC. Ali Shamkhani, the SNSC’s secretary, recently announced that the body had reached its conclusion and was awaiting the leader’s decision to announce the result. “Shamkhani: The National Security Council Has Reached [Its] Conclusion regarding FATF,” IRIB News, September 14, 2016, <http://www.iribnews.ir/fa/news/1297033>.

31. Hassan Rouhani was the leader’s representative to the SNSC when he was the body’s secretary, and he was reappointed as the leader’s representative once he was removed by President Ahmadinejad. Similarly, Saeed Jalili, the SNSC secretary during the Ahmadinejad presidency, was appointed to the body as the leader’s representative.

32. The changed members, besides the president and secretary, are the head of the Management and Planning Office, along with interior, intelligence, and foreign ministers as well as the issue-focused changing minister—defense minister on security issues. It is true that the leader has sway over the initial appointment of several key ministers (intelligence, defense, interior, and foreign affairs), but since the 1997 presidential election, it has become publicly clear that his sway takes the form of a veto or a rejection of a particular candidate by the president. There is no evidence of imposing a candidate the president cannot work with. In other words, the eventual appointment also comes out of a process of negotiation.

SNSC, and the president has sway over at least half of the membership. To be sure, the leader maintains veto power concerning SNSC decisions, but by all accounts he uses it sparingly.³³

Of course, the SNSC itself is situated within informal business and clerical networks among the Iranian elite, which allows certain constituencies to influence the decisionmaking process. The bottom line is that neither Khamenei nor the SNSC operates in a vacuum. Both operate within a public environment in which policies, particularly those related to economic and cultural issues, are debated, and where debate can be influential. It is true that there is less room for influencing debate on foreign and security policy issues, but even in these arenas, there is a need to negotiate tactical differences of opinion on how to manage a crisis or public controversy. This kind of negotiation was evident during nuclear talks, for example, as well as during other more recent events, including the response to the public fallout over revelations that Russians were using an Iranian air base, or the management of reactions to Saudi Arabia's aggressive post-JCPOA policy toward Iran.

CONCLUSION

The “heroic flexibility” shown in resolving the nuclear issue has not yet been translated into a more supple regional policy

After the JCPOA, the Iranian leadership has not reevaluated its regional posture. To the disappointment of many, the “heroic flexibility”³⁴ shown in resolving the nuclear issue has not yet been translated into a more supple regional policy. The reasons are many. One is certainly the ideological frame in which Iran's government views the world, but one can also point to uncertainty about the direction of U.S.

policy toward Iran³⁵ and dramatic volatility in the region. Seen broadly, the Iranian leadership feels it must continue aggressively to counter efforts to destabilize Iran and to ensure security at home by projecting power and (increasingly) fighting the enemy abroad.

Domestic political and power dynamics also play a significant role in Iran's unchanging defensive posture. These dynamics have hindered the transformative potential of the extraordinary direct interaction between Iran and the United States that the nuclear talks provided. Although Iranian

33. Hossein Mousavian, a member of the SNSC secretariat during the reformist Mohammad Khatami presidency, cites one instance of an outright veto of the SNSC, when a majority supported a military attack on Afghanistan to retaliate against the Taliban's killing of several Iranian diplomats. He also gives one example of the leader going along with the majority decision of the SNSC despite his personal opposition; this occurred when a majority voted to suspend uranium enrichment as a confidence-building measure in the nuclear negotiations with Germany, France, and Italy (E-3). Joshua Rosenfield, “Watch: Former Diplomats on U.S.-Iran Mistrust in Their Nuclear Negotiations,” Asia Society, June 4, 2014, <http://asiasociety.org/blog/asia/watch-former-diplomats-us-iran-mistrust-their-nuclear-negotiations>.

34. Khamenei used the wrestling metaphor “heroic flexibility” to explain his decision, after years of opposition, to allow direct nuclear negotiations with the United States. It implied flexibility for tactical reasons while not maintaining strategic clarity regarding the strengths of the opponent. See Arash Karami, “Ayatollah Khamenei's Heroic Flexibility,” Iran Pulse, September 19, 2013, <http://iranpulse.al-monitor.com/index.php/2013/09/2854/khameneis-heroic-flexibility/>.

35. Currently this uncertainty works at two levels. At the deeper level, it is about Iran's continued distrust of U.S. intentions and the extent to which U.S. policies hostile toward Iran have changed. At the more temporal level, the uncertainty is about whether President Trump will follow through with U.S. obligations under the JCPOA.

political elites broadly agree about the need to elevate Iran's regional role and position based on an independent foreign and security policy, they differ about how to capitalize on the nuclear agreement and strike a balance between geopolitical and economic dividends. The country's political establishment hopes to take advantage of economic opportunities provided by the loosening of multilateral sanctions, but this goal stands in tension with the security establishment's insistence on self-reliant deterrence via the "axis of resistance"—and with the security establishment's efforts to ensure its own continued political and economic relevance. The irony in all of this is that maintaining internal security and consolidating geopolitical gains are difficult without a healthy, growing economy.

These tensions and differences are part of the fabric of the Islamic Republic. They are negotiated within a complex and increasingly structured decisionmaking process that takes into account the diverse—at times polarized—opinions that exist within the broader public. There is a constant process of negotiation inside Iran, and the country's internal security and stability have never been assured through sheer force alone. While the Office of the Leader issues the "final word" regarding key foreign policy decisions, those decisions take note of the varying opinions and interests in the country. The contentiousness integral to Iran's postrevolutionary politics is often noted, but often neglected is the effort to build consensus through negotiation. This give-and-take, which as mentioned is increasingly unfolding through an institutionalized process, tends toward a middle ground that allows various stakeholders to buy into decisions.³⁶

After years of negotiation, then, Iran remains a fundamentally defensive state principally concerned with its own territorial integrity, its internal stability, the survival of revolution-inspired institutions, and the development of its resources. Ideationally, it is motivated by a belief that potential attacks—from many adversaries, close and far—require self-reliant deterrence. Iran also has a deep sense of grievance toward its most powerful adversary, the United States. It believes that the United States has blocked Iran's legitimate interests and place in the constantly evolving international order. It sees the United States as a country unwilling to pay the potential costs of direct military attack but nevertheless aspiring to destabilize Iran through other means and pretexts. The resolution of the nuclear issue has taken off the table one pretext, but others remain, such as state sponsorship of terrorism, the country's missile defense program, and even regime type. In Iran's view, dealing with this adversary requires effective countermeasures. These include public diplomacy to challenge what Iran foreign minister Mohammad Javad Zarif has called "Iranophobia"—meaning efforts to frame the Islamic Republic as uniquely dangerous to the region—and hard projection of power through links with nonstate actors in order to thwart the potential return of a military option to the table.

The latter countermeasure has not been without critics inside Iran. Pointing to the aggressive and opportunistic projection of power through alliances with nonstate actors, these critics question whether the bombast is necessary, and they also worry about the impact this approach will have on the country's economic aspirations. But U.S. uncertainty about its post-JCPOA positioning,

36. Daniel Brumberg and Farideh Farhi, "Introduction: Politics of Contention and Conciliation in Iran's Semiautocracy," in *Power and Change in Iran: Politics of Contention and Conciliation*, ed. Daniel Brumberg and Farideh Farhi (Bloomington: Indiana University Press, 2016), 1–34.

along with U.S. ambivalence about “what to do with Iran,” promises even these critics at best a U.S. policy of inertia that seems incapable of coming to terms with Iran’s legitimate interests and influence in the region. Hence these critics are left only with tactical arguments about the need for astute diplomacy to counter the national security threat posed by the United States—and specifically its volatile domestic environment, indecisiveness, and penchant for coercive means, economic or martial.

Iran is already a significant regional actor endowed with highly complex and contentious domestic dynamics. These characteristics make it a country that will not allow itself to be either ignored or coerced into changing its ways along the lines prescribed by other countries. The more Iran’s legitimate fears about sovereignty and security are ignored, the more likely it will be to resist coercion. The history of the nuclear conflict, in fact, suggests that the perception of an enhanced threat against its security and sovereignty moved Iran’s entire political spectrum toward counter-reaction, including the expansion and quickening of its uranium enrichment program and explicit formulation of a security doctrine that sees threats as the answer to threats.³⁷

37. “Sardar Dehghan: People of Iran Will Answer Threat with Threat,” *Mehrnews*, May 30, 2016, <http://www.mehrnews.com/news/3672636>.

PART TWO

Iran's Coercive and Shaping Tools

OVERVIEW: IRAN'S COERCIVE AND SHAPING TOOLS

Iran employs a variety of tools across the spectrum of conventional and unconventional means and methods of operation, to varying levels of intensity, in the pursuit of its strategic goals and posture of self-reliant deterrence. This section will detail several of these key coercive and shaping tools—support for terrorism and proxy groups, cyber activities, maritime activities, missiles, and information and psychological warfare. Cognizant of its technological and military inferiority vis-à-vis adversaries such as the United States, Israel, and the Gulf Cooperation Council (GCC) countries, Iran chooses to employ this range of tools to subvert and provoke its adversaries and test the threshold for tolerance of its activities, while ensuring that it operates short of large-scale warfare. Decades of economic sanctions have forced Iran to exercise resourcefulness and creativity, using methods that are unconventional to counter conventionally superior adversaries. After the signing of the Joint Comprehensive Plan of Action (JCPOA), Iran has continued to develop its capabilities—most notably its missile program—in order to hedge its security bets against international opposition and interference.

Iranian support for *terrorism and proxies* arises from the limitations of its conventional military to directly project military power in the region. So long as Iran lacks the conventional military power to match the United States or Israel, the paramilitary Islamic Revolutionary Guard Corps (IRGC) will look to sustain and build proxies such as Hezbollah in Lebanon, Shi'ite militias in Syria, and the Houthi rebels in Yemen to pressure the United States, its allies, and regional partners to balance the deterrence equation. There is also an ideological basis to these actions, with the IRGC tied to the foundation of the Islamic Republic.

Iran uses its *cyber capabilities* to expand the Islamic Republic's control over information to which its population has access. It leverages cyberspace to further the narrative for its domestic audience that frames Iran as a growing political and technological power, able to defend its internal networks and exploit its rivals' vulnerabilities by compromising high-profile commercial and government institutions. Iran also uses its cyber capabilities to probe vulnerabilities in its adversaries' networks.

The combination of a regular navy and the IRGC navy results in an Iranian *maritime strategy* that seeks to disrupt and limit the superior capabilities of the United States and its allies and partners operating in the Gulf and the Strait of Hormuz. Iranian maritime activities, such as persistent harassment of merchant vessels and “close-encounter” maneuvers against U.S. ships in nearby waters, are used as an intimidation tactic, and to show Iranian ability to impose significant military and economic costs on its adversaries.

Iran’s *ballistic and cruise missile programs* are both a critical symbolic and military component of Iran’s regional posture, enhancing its strategic and political leverage to thwart U.S., Israeli, and Gulf Arab sources of influence. Although Iran could not defeat the combined forces of the United States and its regional partners in large-scale warfare, a burgeoning Iranian missile capability is a key element of deterring adversaries, such that it raises the costs of conflict and gives adversaries pause as they consider directly confronting Iran.

Information and psychological operations are central to Iran’s “way of war,” serving as the underlying theme of and connective tissue between its various coercive tools. The Islamic Republic resourcefully controls the narrative around its power projection and regional influence, and it has successfully peddled an inflated image of the country’s abilities and importance to both domestic and international audiences. Iran uses naval exercises to demonstrate domination of the “Persian” Gulf, it trumpets the success of its “axis of resistance” of proxies, it displays missiles in every military parade, and it holds numerous exercises to demonstrate its ability to land a “crushing blow” on its adversaries.

Chapters 3 through 7 will detail these coercive and shaping tools in more detail, highlighting their roles in Iran’s broader strategy, their current and future capabilities and trajectory, linkages to other actors and institutions within Iran, and the effects and implications of their use on U.S. and regional interests. These chapters also provide recommendations for how the Trump administration and Congress should tackle the threats posed by each tool.

Proxies: Iran's Global Arm and Frontline Deterrent

J. Matthew McInnis

ROLE OF PROXIES IN IRAN'S BROADER STRATEGY

Few states in the modern era, if any, have placed the development and sustainment of proxy forces more centrally in their security strategy as has the Islamic Republic of Iran. Assessing the role these groups play in Iran's deterrence strategy—and the direction the Islamic Republic's strategies will take in the future—requires understanding the reasons why Tehran placed such emphasis on building foreign forces to defend its security and project its influence in the years after 1979.

The executor of Iranian proxy policies, the Islamic Revolutionary Guard Corps (IRGC), was created by Supreme Leader Ayatollah Ruhollah Khomeini first to secure the revolution at home and then to export the revolution abroad. As an amalgam of existing paramilitary groups and neophyte recruits consciously separated from Iran's traditional imperial armed forces (the Artesh), the IRGC had no distinct military traditions, doctrines, or strategic frameworks beyond ensuring that Khomeini's new political order survives and flourishes. The organization's motto from the Qur'an, "Prepare against them what you can," captures both the pragmatic ethos that drove the IRGC's structure and missions and the fundamentally reactive nature of the force to the threats and opportunities faced in the early 1980s, namely, the risk to the new regime from the United States and Iraq and the chance to confront Israel in Lebanon.

Proxies quickly became central in each of these confrontations.¹ The limitations of the ability of the IRGC and the Artesh to project military power drove the IRGC's need for proxies to conduct unconventional warfare abroad. The IRGC worked with Iraqi Kurdish militants and formed the Badr Corps from opposition Shi'ite Iraqi groups to help fight Saddam Hussein during the Iran-Iraq War. When Khomeini decided against a direct Iranian intervention in Lebanon to combat the invading

1. This approach is notable in that there is little historical precedence for the Iranian state's use of proxies. Paramilitary groups have existed historically in Iran, but they were typically formed in opposition to the state rather than as principal agents of Iran's foreign and security policies.

Israelis and their Western allies, the IRGC crafted Lebanese Hezbollah from existing local Shi'ite militias.² The corps' Quds Force branch oversaw the expanding foreign network, the so-called axis of resistance.

Tehran also found these groups to be well suited as vehicles for the promulgation of Iran's ideological and political influence. Direct coercion or forced revolutionary conversion of its neighbors, Soviet style, is neither feasible nor politically palatable for the anti-imperialist-minded Iranian leadership. Instead, proxies in places like Lebanon, Syria, and Iraq could slowly subvert and co-opt state institutions while attempting to create a more authentic-appearing movement toward Iranian ideology and influence from below. In places like the Gulf Arab states, this process has been less successful, and true Iranian proxies do not yet exist. However, Gulf Cooperation Council (GCC) fear of infiltration by IRGC agents or cells, and the prospect of IRGC-led terrorism campaigns, assassinations, or general unrest, does provide a significant psychological or even deterrent effect.

Iran does not initially create proxies with the intention of using them as a deterrent force. Rather, this mission is adopted as proxy capabilities strengthen and become existentially important to Iran. This deterrence via proxy exists in two layers. The first is *retaliatory deterrence*, the ability to instill fear of significant casualties, destruction of critical infrastructure, or economic disruption in order to dissuade Tehran's conventionally more powerful enemies from taking direct military action against Iran or its interests. This draws from what Khamenei and Iranian military leaders describe as Iran's "threat in response to threat" doctrine.³ Proxies also give the IRGC a degree of plausible deniability, which can help Iran manage potential escalation after any retaliatory actions. Since Iran cannot strike the U.S. homeland conventionally the way the United States can strike the Iranian homeland with near impunity, Tehran seeks ways to "balance" the deterrence equation by threatening U.S. interests worldwide through proxy terrorism and asymmetric operations.⁴ Iran similarly hopes to keep Israel at bay through the threat of terrorism and asymmetric war from Lebanese Hezbollah. While the IRGC is employing its exist-

Tehran seeks ways to "balance" the deterrence equation by threatening U.S. interests worldwide through proxy terrorism and asymmetric operations

ing proxies and building new ones to fight the Islamic State (ISIS) and Jabhat Fateh al-Sham (JFS, formerly Jabhat al Nusra) on the front lines, the militias are also already playing a role in deterring these Sunni extremist groups from assaulting deeper into Shi'ite or Alawite territories in Iraq or Syria.

The second layer of *passive deterrence* is more latent, and designed to deter foreign involvement in states such as

2. Khomeini's decision was largely driven by Syrian president Hafez al-Assad's rejection of the offer for direct Iranian intervention. See Jubin M. Goodarzi, *Syria and Iran: Diplomatic Alliance and Power Politics in the Middle East* (London: I.B. Tauris, 2006), 63–67.

3. Asghar Eftekhari and Fatallah Kalantari, "Evaluating and Defining the 'Threat in Response to Threat' Strategy in Iran's Defense Policy," *Journal of Defense Policy* 22, no. 88 (Fall 2014): 1–26.

4. The IRGC used Badr Corps and its descendent groups like Khata'ib Hezbollah (KH) and Asa'ib Ahl al Haq (AAH) to bleed coalition forces in Iraq after 2003 and deter any military actions against Iran.

Iraq, Syria, and Lebanon that are already within Iran's sphere of influence. The IRGC has helped mobilize large paramilitary groups such as the National Defense Forces (NDF) in Syria and Popular Mobilization Forces (PMF) in Iraq, not only to conduct unconventional war against Damascus's and Baghdad's enemies but also to solidify its influence in each state's security apparatus and dissuade any military or political efforts by outside powers to pull these states out of Tehran's orbit. Iran's direction of Asa'ib ahl al Haq (AAH) and Kata'ib Hezbollah (KH) similarly threaten the counter-Islamic State coalition currently operating in Iraq and dissuade reestablishment of a long-term U.S. military presence in the country.

CURRENT CAPABILITIES AND FUTURE TRAJECTORY

Iran has significantly expanded the size and complexity of its proxy force in the past five years, due primarily to the wars in Syria and Iraq. This includes not only the growth of the primary groups that form the axis of resistance, such as Hezbollah, Badr Corps, KH, and AAH, but also the establishment of new Shi'ite militias from Iraq, Afghanistan, and Pakistan and the mobilization of Iraqi and Syrian civilians into the PMF and NDF, respectively. The proliferation and permutation of smaller Iranian-backed proxies in both Iraq and Syria can be extremely challenging to discern, though almost all can trace their formation and ultimate command back to one of those four principal groups, with the Quds Force one echelon above.

Iran continues to invest in training and arming its proxies and partners with increasingly advanced equipment, with its most trusted groups receiving the best weaponry. Hezbollah has acquired unmanned aerial vehicles (UAVs) and an estimated 100,000 to 150,000 rockets and missiles through Iranian assistance, including advanced air-to-ground and ground-to-sea missiles.⁵ The Islamic Republic's Iraqi proxies employed the Quds Force's signature improvised explosive device—explosively formed projectiles—against coalition forces in the last decade.⁶ Yemen's Houthis, in contrast, have received mostly small arms from Hezbollah or the IRGC, though there are indications the movement has acquired some Iranian rocket technology.⁷

Perhaps more important than weapons are the tremendous strides the IRGC has made in the past five years advancing its proxies' deployability, interoperability, and capacity to conduct unconventional warfare. The corps has been able to effectively move its Iraqi, Afghan, and Pakistani proxies

Iran is in effect turning the axis of resistance into a region-wide resistance army. Recent estimates indicate over a quarter million personnel are potentially responsive to IRGC direction

5. Avi Issacharoff, "Israel Raises Hezbollah Rocket Estimate to 150,000," *Times of Israel*, November 12, 2015, <http://www.timesofisrael.com/israel-raises-hezbollah-rocket-estimate-to-150000/>.

6. Marcus Weisgerber, "How Many US Troops Were Killed By Iranian IEDs in Iraq?," *DefenseOne*, September 8, 2015, <http://www.defenseone.com/news/2015/09/how-many-us-troops-were-killed-iranian-ieds-iraq/120524/>.

7. Katherine Zimmerman, "Signaling Saudi Arabia: Iranian Support to Yemen's al Houthis," Critical Threats Project, American Enterprise Institute, April 15, 2016, <http://www.criticalthreats.org/yemen/zimmerman-signaling-saudi-arabia-iranian-support-to-yemen-al-houthis-april-15-2016>.

into and out of the Syrian theater as requirements demand. In addition to building the NDF and coordinating with Hezbollah, Russian, and Syrian government operations, the IRGC, along with some Artesh special forces units, has also begun rotating its cadre of brigade-level officers to Syria to train and lead the Shi'ite militias in their counterinsurgency campaign.⁸

Iran is in effect turning the axis of resistance into a region-wide resistance army.⁹ Recent estimates indicate over a quarter million personnel are potentially responsive to IRGC direction,¹⁰ including the following:¹¹

8. Paul Bucala and Frederick W. Kagan, "Iran's Evolving Way of War: How the IRGC Fights in Syria," Critical Threats Project, American Enterprise Institute, March 24, 2016, <http://www.irantracker.org/analysis/bucala-kagan-irans-evolving-way-of-war-how-irgc-fights-in-syria-march-24-2016>.

9. Retired IRGC commander Mohammad Ali Al Falaki has coined the term "Shia liberation army" for the collection of partners and militias currently operating under IRGC command in Syria, Iraq, and Yemen. This term has received coverage in both the Persian-language and English-language press, although it does not appear to be in widespread use among Iran's political leadership at this time. "Reports: Iran Forms 'Liberation Army' to Deploy Abroad," Al Jazeera, August 20, 2016, <http://www.aljazeera.com/news/2016/08/iran-raises-force-deploy-arab-states-reports-160820061102379.html>; Amir Toumaj, "IRGC Commander Discusses Afghan Militia, 'Shia Liberation Army,' and Syria," *Long War Journal*, August 24, 2016, <http://www.longwarjournal.org/archives/2016/08/irgc-commander-discusses-afghan-militia-shia-liberation-army-and-syria.php>.

10. In total, Iran has 13,000 to 15,000 of its proxy forces fighting in Syria in addition to the NDF. In Iraq, perhaps 30,000 or more of those 80,000 personnel can be considered direct Iranian proxies consisting of KH, AAH, and Badr Corps. The remaining 50,000 mostly include those who follow Muqtada al Sadr. Across all these groups, Iran could employ approximately 75,000 to 80,000 fighters for direct retaliatory deterrence purposes. The rest conduct secondary deterrence as a bulwark against foreign interference in Iran's sphere of influence.

11. Nadav Pollak, "The Transformation of Hezbollah by Its Involvement in Syria," *Research Notes* no. 35, Washington Institute for Near East Policy, August 2016, <http://www.washingtoninstitute.org/uploads/Documents/pubs/ResearchNote35-Pollak-2.pdf>; U.S. Department of State, "Chapter 6: Foreign Terrorist Organizations," in *Country Reports on Terrorism 2015* (Washington, DC: U.S. Department of State, 2015), <http://www.state.gov/j/ct/rls/crt/2015/257523.htm>; Michael Knights, "Iraq's Popular Demobilisation," Al Jazeera, February 26, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/iraqs-popular-demobilisation>; Susannah George, "Breaking Badr," *Foreign Policy*, November 6, 2014, <http://foreignpolicy.com/2014/11/06/breaking-badr/>; Loveday Morris and Mustafa Salim, "Iran Backs Assad in Battle for Aleppo with Proxies, Ground Troops," *Washington Post*, October 19, 2015, https://www.washingtonpost.com/world/middle_east/iran-backs-battle-for-syrias-aleppo-with-proxies-ground-troops/2015/10/19/b8bec268-765f-11e5-a5e2-40d6b2ad18dd_story.html; Matthew Hilburn, "One-Time US Prisoner Now Key in Battling IS," *Voice of America*, March 15, 2015, <http://www.voanews.com/a/qais-khazali-onetime-us-prisoner-now-key-in-battling-islamic-state/2679431.html>; Farzin Nadimi, "Iran's Afghan and Pakistani Proxies: In Syria and Beyond?," *PolicyWatch* 2677, Washington Institute for Near East Policy, August 22, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/irans-afghan-and-pakistani-proxies-in-syria-and-beyond>; "Iran Sending Thousands of Afghans to Fight in Syria: Refugees, Migrants Report Deportation Threats," Human Rights Watch, January 29, 2016, <https://www.hrw.org/news/2016/01/29/iran-sending-thousands-afghans-fight-syria>; Babak Dehghanpisheh, "Iran Recruits Pakistani Shi'ites for Combat in Syria," Reuters, December 10, 2015, <http://www.reuters.com/article/us-mideast-crisis-syria-pakistan-iran-idUSKBN0TT22S20151210>; Christopher Kozak, "An Army in All Corners: Assad's Campaign Strategy in Syria," *Middle East Security Report* 26 (Washington, DC: Institute for the Study of War, 2015), <http://understandingwar.org/sites/default/files/An%20Army%20in%20All%20Corners%20by%20Chris%20Kozak%201.pdf>; Sam Dagher, "Syria's Alawite Force Turned Tide for Assad," *Wall Street Journal*, August 26, 2013, <http://www.wsj.com/articles/SB10001424127887323997004578639903412487708>; "US Officials: Up to 100,000 Iran-Backed Fighters Now in Iraq,"

Table 3.1. Iranian Proxies: By the Numbers

Lebanese Hezbollah	Palestinian Islamic Jihad	Badr Corps Brigades
<ul style="list-style-type: none"> • 45,000 fighters, 21,000 of which are full time • 6,000 to 8,000 currently deployed to Syria 	<ul style="list-style-type: none"> • At most 1,000 personnel focused on targeting Israel 	<ul style="list-style-type: none"> • Between 10,000 and 20,000 fighters
Khata'ib Hezbollah	Asa'ib Ahl al Haq	Afghan Fatemiyoun Brigade
<ul style="list-style-type: none"> • Likely a core group of around 1,000 fighters • 10,000 mobilized through Saraya al-Difaa al-Shaabi • 1,000 to 3,000 are likely deployed to Syria 	<ul style="list-style-type: none"> • Approximately 10,000 fighters • 1,000 to 3,000 are likely deployed to Syria 	<ul style="list-style-type: none"> • 2,000 to 3,000 fighters deployed to Syria • Total numbers for the group are unknown
Pakistani Zainabiyoun Brigade	Syrian National Defense Force	Iraqi Popular Mobilization Forces
<ul style="list-style-type: none"> • Up to 1,000 fighters deployed to Syria • Total numbers for the group are unknown 	<ul style="list-style-type: none"> • Up to 100,000 fighters mobilized in Syria by 2015 • A third may have folded into regular Syrian army or paramilitary units 	<ul style="list-style-type: none"> • Approximately 100,000 fighters, of whom 80,000 are considered to be part of Iranian-supported groups

The challenges Iran faces from the Islamic State, other Sunni extremist groups, and allied state instability have driven the shift to larger-scale mobilization of proxy and partner groups in the past three years, though notably there appears to be little parallel impetus to create cyber proxy groups.¹² A degree of success in the current wars in Syria and Iraq will likely lead the governments in Damascus and Baghdad to officially demobilize some of these militia forces, especially those deemed less proficient or that possess more tentative relationships with the IRGC. These forces will still represent a latent deterrent capability for Tehran, however. Those groups that profess *vilayet e faqih*, or guardianship of the jurisprudent, or otherwise can be considered part of the Islamic Resistance, though, will largely remain a standing force under Iranian guidance and deepen

Fox News, August 16, 2016, <http://www.foxnews.com/on-air/special-report-bret-baier/blog/2016/08/16/us-officials-100000-iran-backed-fighters-now-iraq>.

12. Iran uses its growing cyber capabilities in the same ways it uses proxies for retaliatory deterrence. The unique characteristics of the cyber realm allow Iran to execute its missions more directly. Iran tends to use front organizations under direct IRGC control, though it will cooperate with non-Iranian cyber groups if that suits its needs. See J. Matthew McInnis, "How Much Should We Fear Iranian Cyber Proxies?," *Cipher Brief*, July 21, 2016, <https://www.thecipherbrief.com/article/tech/how-much-should-we-fear-iranian-cyber-proxies-1092>.

their integration into their respective states' political and security infrastructure. The IRGC proxy "army" in Iraq and Syria will be in a strong position to threaten or deter Iran's adversaries if some form of victory is achieved in their civil and counterterrorism wars.

LINKAGE TO OTHER ACTORS AND INSTITUTIONS IN IRAN

Iranian proxy groups are considered part of the axis of resistance, which the Iranian leadership views as an ideological and security extension of the Islamic Republic. These organizations proclaim their ultimate religious and political allegiance to the supreme leader and owe most of their financial and material support to the Quds Force. Unlike other tools used for deterrence, however, Iran does not fully control this "weapon." Working with partially autonomous actors can pose a liability at times for Iranian leaders, especially in times of crisis when rapid decisions are needed. Despite these operational weaknesses, there is political value for proxies to demonstrate their relative independence and make their support to Iranian policy appear more grassroots and voluntary.

These dynamics are also reflected in Iran's command and control (C2) over its proxies, which tend to be tailored to the relative levels of trust and experience. The IRGC, through the Quds Force, gives strategic guidance to most other proxies, under the supreme leader's broad orders. Lebanese Hezbollah is fairly self-directed. The Quds Force delegates much of the day-to-day operational command of its Iraqi proxies to the Badr Organization. In Syria most of the proxies are in their infancy and require direct control by the rotating cadre units of the IRGC. The campaigns in both Iraq and Syria are now creating deep ties among the Quds Force, the IRGC, and even some elements of Artesh.

As a revolutionary state facing stronger military opponents that threaten the very nature of the state, the Islamic Republic sees warfare in 360 degrees, where domestic and foreign battlefronts frequently blend. Many of the roles and missions that proxies perform abroad to expand Iranian ideology and influence while opposing Iran's enemies are also executed by the IRGC and Basij paramilitary forces to secure Iran's internal stability. Training and doctrine development among the IRGC, Basij, Hezbollah, and other proxies, such as for counterinsurgency operations, are increasingly integrated, the latest example being the role the Basij is taking in shaping the Syrian NDF.

The ideological and religious mission of Iranian proxies brings them in close contact with Iran's clerical establishment, as the Islamic Republic proselytizes its version of Shi'ite Islamic thought. Proxies also provide a means for Iran to seek and funnel money for religious or political donations throughout the Shi'ite diaspora. Lebanese Hezbollah, in particular, has developed its own financial system through Lebanese banking institutions and the black market, which the IRGC uses to bypass international sanctions and facilitate its worldwide operations. Iranian civilian political leaders, however, have little to no influence over these groups.



Hezbollah members carry the coffin of Mustafa Badreddine, a top Hezbollah commander killed in Syria, at his funeral in Beirut, Lebanon, on May 13, 2016.

Source: Photo by Aziz Taher, Reuters, available at: <https://www.pri.org/stories/2016-05-13/who-killed-hezbollahs-top-commander-syria>.

IMPLICATIONS FOR THE REGION AND U.S. INTERESTS

As long as Iran lacks the conventional military power to match the United States or Israel, the IRGC will continue building and sustaining proxies in order to pressure Tel Aviv, threaten the U.S. homeland, and level the deterrence equation. The Quds Force usually works in partnership with Lebanese Hezbollah to create new operational capacities in Africa, Asia, Latin America, and Europe. The wars in Syria and Iraq, though, have apparently dampened some of Iran's ability to create new networks. If the current Middle East conflicts subside, anticipate a renewed emphasis on growing Iran's global proxy reach.

Once a proxy's role in Iranian deterrence strategy is solidified, preserving that group becomes an existential matter for the state. Ensuring Hezbollah, the crown jewel in the axis of resistance, can still deter Israel is the most vital reason for Tehran to protect the group, even more than the role Hezbollah plays in shaping the Lebanese state and expanding Iranian influence. This is why the Iranian military has gone to, and will continue to go to, enormous lengths to maintain its access to Hezbollah through Syria.

It is critical to differentiate between Iran's true proxies and groups that are best described as Iranian partners. The key distinguisher is whether an organization adheres to the Iranian revolutionary governance ideology of *vilayet e faqih* and recognizes the Iranian supreme leader as its ultimate

religious and political authority. Groups that do not acknowledge that authority—such as the Promise Day Brigade (PDB) and other forces that follow the nationalist Iraqi Shi’ite cleric Muqtada al Sadr, the Houthi rebels in Yemen, and even Sunni militant organizations like Hamas—can still enjoy significant support from Iran and cooperate with Tehran’s foreign policies. The Islamic Republic, however, cannot depend on these organizations to form the front lines of retaliatory deterrence against its adversaries, or even to consistently execute the Iranian leadership’s directives. Moreover, even the true proxies at times act more like partners, as local or national considerations may trump Tehran’s needs over time.

The IRGC’s new resistance army poses a huge threat to internal stability in Iraq, Syria, and Lebanon and potentially an external challenge to Israel, Jordan, and the GCC states. Additionally, Iran will still use the threat of terrorism or domestic instability inside the GCC as a useful tool to restrain Riyadh and to hold U.S. regional military bases at some risk. The Quds Force will continue to support organizations like Yemen’s Houthis and some Bahraini Shi’ite opposition groups to the degree that it can. It is doubtful, however, that Iran will be able to create true proxy forces in Yemen or Bahrain on the scale of those created in Iraq, Syria, or Lebanon. Keeping the Gulf Arab states off-balance is likely the IRGC’s primary objective on the Arabian Peninsula in the near term.

RECOMMENDATIONS FOR THE UNITED STATES AND ITS PARTNERS

As long as the Islamic Republic sees the United States as a threat to its existence, it will seek deterrence through proxies, unconventional weapons, or whatever feasible means it can support. There are steps, however, the United States can take to mitigate the deterrent effect of Iran’s proxies. Four principles in such an approach include the following:

Expose and Demystify. Much of the deterrent effect of Iranian proxies stems from the impact of their fear-instilling and clandestine nature. The Islamic Republic bemoans the “Iranophobia” among the Gulf Arabs, but Iran benefits from the belief that there is an Iranian element behind every internal and external threat they face. Greater efforts by the U.S. Treasury and State Department to “name and-shame” Iranian-backed groups, front companies, and their financial activities could erode the psychological foundation of Tehran’s deterrence strength.

Contain and Push Back. The United States can conduct relatively effective counterterrorism operations to trim the Quds Force and its proxies. Despite their sophistication, Iran’s proxy organizations have a much more detectable signature than true nonstate actors like the Islamic State or al Qaeda. The U.S. capacity to contain and push back on these organizations is limited not by a lack of operational and tactical options, but rather by a lack of political will to confront Iran.

Divide and Undermine. The IRGC and its proxies’ heavy-handed behavior frequently stoke nationalist resentment in areas where they operate. These sentiments can be exploited through information operations and diplomatic activities to create a greater degree of separation between Tehran and its proxies. Reenergizing efforts to strengthen national military and police forces can prevent Iranian proxies and militias from becoming a permanent third army in places like Iraq.

Stem and Shape. Preventing the IRGC from turning groups it supports into full proxies, and therefore eventual tools of Iranian deterrence, is critical. U.S. and Saudi interdiction activities, in addition to difficult geography, hamper closer cooperation between the IRGC and the Houthis, for example. Reinforcing these efforts can prevent the opposition group from becoming an actual Iranian proxy. The United States should also focus in areas such as in Yemen and Iraq on supporting the development of national and local forces that can provide both legitimacy and security to minimize the space the IRGC can exploit within the state for building proxies under its control.

Efforts to counter proxies' negative effects on U.S. interests need to account for reasons Iran supports these organizations: conducting Iran's unconventional warfare campaigns and spreading its political, ideological, and security influence. The United States will not, however, be able to alter Iran's logic for supporting such groups; fundamental changes in Tehran's threat perception about its more conventionally powerful foes or real ideological changes within the country's leadership would need to occur before Iran abandons its proxy policy.

Cyberspace: A Growing Domain for Iranian Disruption

Michael Sulmeyer

ROLE OF CYBER TOOLS IN IRAN'S BROADER STRATEGY

A senior Iranian Islamic Revolutionary Guard Corps (IRGC) official described a war in cyberspace as “more dangerous than a physical war.”¹ This statement was likely made in 2012, in response to a wave of publicly reported cyber operations against Iran, including Stuxnet,² Duqu,³ and Flame.⁴ Since these operations, Iran has expanded the role of cyber capabilities in its broader national security strategy.

Iran uses its cyber capabilities to expand the regime’s control over the information to which its population has access.⁵ The Iranian leadership exercises its power in cyberspace to censor and block certain forms of social media content, and to surveil individuals and organizations of concern to the state.⁶ Its control of information also enables the regime to leverage cyberspace to further a narrative for its domestic audience that frames Iran as a growing technological power, able to

1. “Iran Sees Cyber Attacks as Greater Threat than Actual War,” Reuters, September 25, 2012, <http://www.reuters.com/article/iran-military-idUSL5E8KP7HV20120925>.

2. Nicolas Falliere, Liam O Marchu, and Eric Chien, “W32.Stuxnet Dossier,” *Symantec Report 2011*, February 2011, https://www.symantec.com/content/en/us/enterprise/media/security_response/whitepapers/w32_stuxnet_dossier.pdf.

3. Ibid.

4. Ellen Nakashima, Greg Miller, and Julie Tate, “U.S., Israel Developed Flame Computer Virus to Slow Iranian Nuclear Efforts, Officials Say,” *Washington Post*, June 19, 2012, https://www.washingtonpost.com/world/national-security/us-israel-developed-computer-virus-to-slow-iranian-nuclear-efforts-officials-say/2012/06/19/gJQA6xBPoV_story.html. See also Dan Goodin, “Confirmed: Flame Created by US and Israel to Slow Iranian Nuke Program,” *Ars Technica*, June 19, 2012, <http://arstechnica.com/security/2012/06/flame-malware-created-by-us-and-israel/>.

5. Michelle Moghtader, “Iran Expands ‘Smart’ Internet Censorship,” Reuters, December 26, 2014, <http://www.reuters.com/article/us-iran-internet-censorship-idUSKBN0K40SE20141226>.

6. Matthew Carrieri, Ali Karimzadeh Bangi, Saad Omar Khan, and Saffron Suud, *After the Green Movement: Internet Controls in Iran, 2009–2012* (Toronto: OpenNet Initiative, 2013), <https://opennet.net/blog/2013/02/after-green-movement-internet-controls-iran-2009-2012>.

defend its internal networks and exploit its rivals' vulnerabilities by compromising high-profile commercial and government institutions.⁷

The Iranian regime also considers cyberspace a domain in which it needs to defend itself, especially after the aforementioned cyber operations against Iran became publicly known.⁸ Because these operations compromised Iranian nuclear, shipping, and other infrastructure facilities, the need to elevate their cyber defense strategy became a growing priority.⁹

Iran also employs cyber capabilities offensively to impose costs on its rivals in the Middle East and in the West. U.S. deputy secretary of defense Robert Work testified that "Iran very likely views its cyber program as one of many tools for carrying out asymmetric but proportional retaliation against political foes."¹⁰ Prominent examples include destructive cyberattacks against Saudi Aramco and Qatar's RasGas, as well as disruptive denial-of-service activities against the U.S. financial sector.¹¹ In these and other cases, Iran employed cyber capabilities to support longer-term efforts to attack its rivals.

7. Shane Harris, "Forget China, Iran's Hackers Are America's Newest Cyber Threat," *Foreign Policy* (February 18, 2014), <http://foreignpolicy.com/2014/02/18/forget-china-irans-hackers-are-americas-newest-cyber-threat/>. The article explains that "Iran was motivated to ramp up its cyber security efforts, particularly the defense of its internal networks and vital infrastructure facilities, after a cyberattack on an Iranian nuclear facility by the United States and Israel that disabled 1,000 centrifuges used to enrich uranium, a key component of a nuclear weapon. Iran's defensive capabilities today are devoted to preventing another such attack, as well as monitoring and suppressing domestic political opponents who threaten the regime, Siboni wrote in a recent analysis of Iran's capabilities."

8. Lieutenant Colonel Eric K. Shafa, "Iran's Emergence as a Cyber Power," U.S. Army War College, August 20, 2014, <http://www.strategicstudiesinstitute.army.mil/index.cfm/articles/Irans-emergence-as-cyber-power/2014/08/20>. This article explains, "In early March 2012, Supreme Leader of Iran Ayatollah Ali Khameni publicly announced to state media the creation by decree of a new Supreme Council of Cyberspace charged 'to oversee the defense of the Islamic Republic's computer networks and develop new ways of infiltrating or attacking the computer networks of its enemies.'"

9. Researchers at Hewlett-Packard go so far as to argue that defending against cyberattacks to critical infrastructure is a "core facet of Iran's cyber doctrine." See also *Threat Intelligence Briefing: Iran Cyber Capabilities*, Episode 11 (Palo Alto, CA: Hewlett-Packard, 2013), 6, <https://krypt3ia.files.wordpress.com/2014/03/companion-to-hpsr-threat-intelligence-briefing-episode-11-final.pdf>.

10. *United States Security Policy and Threats: Hearing before the Senate Comm. on Armed Services*, 114th Cong., 1st sess. (September 29, 2015) (statement of United States Deputy Secretary of Defense Robert O. Work, U.S. Department of Defense), <http://www.armed-services.senate.gov/hearings/15-09-29-united-states-cybersecurity-policy-and-threats>.

11. Christopher Bronk and Eneken Tikk-Ringas, "The Cyber Attack on Saudi Aramco," *Survival: Global Politics and Strategy* (April–May 2013), 81–96; U.S. Department of Homeland Security, *Joint Security Awareness Report (JSAR-12-241-01B), Shamoon/DistTrack Malware (Update B)*, by Industrial Control Systems Cyber Emergency Response Team, January 2014, <https://ics-cert.us-cert.gov/jsar/JSAR-12-241-01B>; Kim Zetter, "Qatari Gas Company Hit with Virus in Wave of Attacks on Energy Companies," *Wired Magazine*, August 30, 2012, <https://www.wired.com/2012/08/hack-attack-strikes-rasgas/>; *United States of America v. Fathi et al.*, United States District Court: Southern District of New York, March 24, 2016, <https://www.justice.gov/opa/file/834996/download>.

Finally, Iran uses cyberspace to further its underwriting of proxy organizations that challenge its opponents in the Middle East, such as Syria's Electronic Army or Cyber Hezbollah.¹² The value of cyber proxies for Iran is that the "approach is indirect and soft, so as to give Iran plausible deniability of involvement."¹³ Although these denials often become less plausible over time as more becomes known about specific cyber activities and their perpetrators, Iran nonetheless continues supporting these proxies to further its interests.¹⁴

CURRENT CAPABILITIES AND FUTURE TRAJECTORY¹⁵

Iran's recent offensive cyber operations indicate that it has the capability to operate along all three components of the information security triad: it can compromise the confidentiality, integrity, and availability of data.¹⁶ Great skill is not required, and Iran has used fairly rudimentary cyber methods.¹⁷

Generally, before going on the offensive, hackers conduct reconnaissance to discern vulnerabilities and opportunities for exploitation.¹⁸ While there are many forms of reconnaissance in cyberspace, in 2014 private security research company iSight reported on a sophisticated multi-year Iranian effort to reconnoiter U.S. military and government personnel online. By connecting with their U.S. targets on social media, messages sent by fake personas created by Iranian hackers were incorrectly trusted as friendly correspondence. This correspondence led to

12. Jordan Brunner, "Iran Has Built an Army of Cyber-Proxies," *Tower Magazine*, no. 29, August 2015, <http://www.thetower.org/article/iran-has-built-an-army-of-cyber-proxies/>.

13. Ibid.

14. Ibid.

15. Alleged activity includes Twitter (2007) Iranian Cyber Army; Baidu (Chinese search engine) (2010) Iranian Cyber Army; Diginotar hack (June 2011); Operation Ababil (December 2011–May 2013); Anchorman (2011–2014); Saudi Aramco (August 2012) Cutting Sword of Justice; Operation Cleaver (2012–2014) (includes National Marine Corps Intranet hack); NASA (June 2013) Islamic Cyber Resistance Group; NY Dam (August–September 2013); Sands Casino (February 2014); U.S. Department of State social engineering (2015); see also "Iran Cyber Capabilities," *HP Security Research Threat Intelligence Briefing*, Episode 11 (Palo Alto, CA: Hewlett-Packard, 2013), for a full list through early 2014.

16. "CIA Triad," *CIPP Guide*, August 3, 2010, <https://www.cippguide.org/2010/08/03/cia-triad/>.

17. Ellen Nakashima, "Iranian Hackers Are Targeting U.S. Officials through Social Networks, Report Says," *Washington Post*, May 29, 2014, https://www.washingtonpost.com/world/national-security/iranian-hackers-are-targeting-us-officials-through-social-networks-report-says/2014/05/28/7cb86672-e6ad-11e3-8f90-73e071f3d637_story.html. This article explains that "the Iranians are not among the elite or most sophisticated of hackers. The United States, Russia, Israel and China still are leagues ahead. But the Iranians are working hard to catch up, experts say."

18. Patrick Engebretson, "The Basics of Hacking and Penetration Testing," in *Ethical Hacking and Penetration Testing Made Easy* (2011), 15–41, <http://www.sciencedirect.com/science/article/pii/B9781597496551000027>: "Reconnaissance (also known as information gathering) plays a vital role in the success or failure of the overall PT [penetration testing] or hack."

“spear-phishing”—malicious emails appearing to come from a familiar contact—which offered the perpetrators one avenue through which they could begin an intrusion.¹⁹

To compromise the confidentiality of data, a system, or a network, one generally needs to gain unauthorized access to a system or to a network.²⁰ Iran has demonstrated its ability to gain unauthorized access on multiple occasions (referenced earlier in this chapter) as a precursor to mounting disruptive or destructive attacks. Iran also established a presence inside a network connected to the Bowman Avenue Dam in Rye, New York, although it evidently did not proceed any further than this internal network reconnaissance.²¹

Iran has also shown the ability to compromise the integrity of information through a series of cyber operations that deleted data and forced victims to abandon compromised computing infrastructure.²² In August 2012, Iran unleashed a destructive virus called Shamoon against Saudi Aramco, which “erased data on three-quarters of Aramco’s corporate PCs—documents, spreadsheets, e-mails, files—replacing all of it with an image of a burning American flag.”²³ The same attack was quickly replicated against Qatar’s natural gas authority, RasGas. More recently, in February 2014, Iranian hackers cyberattacked the Las Vegas Sands Corporation, in what *Business Insider* described as “likely the first time hackers had targeted American corporate infrastructure on a large scale with the primary goal of destroying it (as opposed to stealing from it or spying on it).”²⁴

Finally, Iran has conducted denial-of-service activities that compromise the availability of the target’s information. These activities do not destroy or steal information, but they render it at least temporarily inaccessible to the data’s legitimate owners. In 2013 and 2014, Iranian hackers targeted U.S. financial institutions in a campaign that disrupted multiple public-facing systems.²⁵ Cybersecurity research firm Arbor Networks also linked denial-of-service activities against Israel to Iranian hackers during and after Operation Protective Edge in 2014.²⁶

The governmental structure in Iran that oversees most cyberspace-related activities is the Supreme Council of Cyberspace. Ayatollah Khamenei established this council in March 2012, and its membership includes representatives from a variety of Iran’s intelligence and security agencies.

19. For more on this campaign, which iSight dubbed Operation Newscaster, see the archived version of the report’s overview: <http://cyber-peace.org/wp-content/uploads/2014/08/NEWSCASTER-An-Iranian-Threat-Inside-Social-Media-iSIGHT-Partners.pdf>. The full version of the report is now behind the FireEye payroll.

20. See “CIA Triad.”

21. See U.S. Department of Justice Indictment 2016, *United States of America v. Ahmad Fathi, et al.* [hereafter, “DOJ Indictment 2016”] available at <https://www.justice.gov/usao-sdny/file/835061/download>.

22. See *ibid.*

23. Nicole Perlroth, “In Cyberattack on Saudi Firm, U.S. Sees Iran Firing Back,” *New York Times*, October 23, 2012, http://www.nytimes.com/2012/10/24/business/global/cyberattack-on-saudi-oil-firm-disquiets-us.html?_r=0.

24. Natasha Bertrand, “Iranian Hackers Paralyzed Billionaire Sheldon Adelson’s Las Vegas Casino,” *Business Insider*, December 15, 2014, <http://www.businessinsider.com/iranian-hackers-shut-down-sheldon-adelsons-casino-in-las-vegas-2014-12>.

25. See DOJ Indictment 2016.

26. Kirk Soluk, “DDoS and Geopolitics—Attack Analysis in the Context of the Israeli-Hamas Conflict,” *Arbor Networks Report*, August 5, 2014, <https://www.arbornetworks.com/blog/asert/ddos-and-geopolitics-attack-analysis-in-the-context-of-the-israeli-hamas-conflict/>.



A June 23, 2008, image of Saudi Aramco's Al-Khuraib central oil processing facility in the Saudi Arabian desert, just 160 kilometers east of Riyadh. On August 16, 2012, the U.S. technology company Symantec discovered the malware Shamoon, which wiped out 35,000 work stations. The malware was traced back to the hacker group "Cutting Sword of Justice," linked to Iran.

Source: Photo by Marwan Naamani, AFP, available at <http://www.gettyimages.com/license/168967544>.

Beyond operational control, it appears the Iranian leadership has heavily invested its resources in fostering a technologically savvy population.²⁷ As an example, it expended significant resources in building IT infrastructure at schools, including the IRGC-affiliated Malek Ashtar University.²⁸ Iran's compulsory military service requirement allows it to channel graduates with technology specialties to support the state's security operations. The threat of incarceration for refusing to serve provides an additional motivation for the country's tech-savvy youth to lend their skills to the security services.²⁹

27. Michael Eisenstadt, "Iran's Lengthening Cyber Shadow," *Research Notes* no. 34, Washington Institute for Near East Policy, July 2016, http://www.washingtoninstitute.org/uploads/Documents/pubs/ResearchNote34_Eisenstadt.pdf.

28. Geof Hancock, "Recent Report on Iranian Cyber Threat," *Security Insights*, April 23, 2015, <http://www.securityinsights.org/2015/04/recent-report-on-iranian-cyber-threat-two-notable-findings/>.

29. Nikoloz Kokhreizde, "Cyberspace of Iran," *LinkedIn*, December 8, 2014, <https://www.linkedin.com/pulse/20141208113146-180372024-cyberspace-of-iran>. This article states that the Iranian "government's policy is harsh

Observers could expect to see a refinement of Iranian cyberspace operational capabilities in three areas. First, Iranian hackers will likely try to evolve beyond the exploitation of commonly known vulnerabilities, which is how they conducted distributed denial-of-service (DDoS) activities against the U.S. financial sector.³⁰ Second, if Iran develops the ability to exploit zero-day vulnerabilities on a recurring basis, it would mark an evolution from exploiting vulnerabilities known to the security research community that may be patched at any time. Third, Iranian hackers may try to build on their success of breaking into a network connected to the Bowman Dam in Rye, New York,³¹ by refining their targeting to achieve unauthorized access to other, more vulnerable and more consequential components of U.S. infrastructure. To that end, Iranian hackers may seek to capitalize on better targeting by developing more sophisticated means to ensure they can maintain their unauthorized access once they compromise a targeted network.

LINKAGE TO OTHER ACTORS AND INSTITUTIONS IN IRAN

The degree of explicit command and control exercised by Iran's political leaders over its security services and, in turn, over the countries' hackers is murky. In part, this is due to the opaque nature of how the security services integrate into the political workings of the regime. In addition, Iran's use of proxy actors to conduct at least a portion of its cyber operations further complicates the ability to understand precisely whom does what on whose behalf.³² Nonetheless, it seems there is, at the very least, tacit approval from Iran's political and security leaders of its hackers' activities.

The U.S. Justice Department's 2016 indictment of seven Iranian hackers contains the most concrete evidence of this linkage.³³ The indictment alleged that "[the accused groups] performed work on behalf of the Iranian Government, including the Islamic Revolutionary Guard Corps."³⁴

against hackers too[;] when they identify a professional hacker, authorities contact and threaten him with imprisonment, if he does not cooperate."

30. See DOJ Indictment 2016. "At certain times relevant to this Indictment, the ITSec Team Defendants and Mersad Defendants conducted extensive computer network exploitation and computer network attacks against victim corporations in the United States."

31. See DOJ Indictment 2016.

32. Kenneth Corbin, "Iran Is a More Volatile Cyber Threat to U.S. than China or Russia," *CIO*, March 21, 2013, <http://www.cio.com/article/2387362/government/iran-is-a-more-volatile-cyber-threat-to-u-s--than-china-or-russia.html>. This article notes that "in considering attacks emanating from foreign actors . . . attribution and the involvement of a foreign government are often murky at best." Also, Frank Cilluffo, former director of Homeland Security Policy Institute at George Washington University, testified to the cybersecurity subcommittee in 2013, "The bad news is what they [Iran] lack in capability they more than make up for in intent." Moreover, even if Iran's capacity to launch an attack is a far cry from that of Russia or China, Cilluffo pointed out that the nation can fairly easily turn to proxies or rent out low-cost botnets: "The bar to entry when we talk about cyber is not very high," he said.

33. "Four Companies and Five Individuals Indicted for Illegally Exporting Technology to Iran," U.S. Department of Justice, April 17, 2015, <https://www.justice.gov/opa/pr/four-companies-and-five-individuals-indicted-illegally-exporting-technology-iran>.

34. See DOJ Indictment 2016. "At all times relevant to this Indictment, ITSec Team and Mersad Co. ('Mersad') were private computer security companies based in the Islamic Republic of Iran ('Iran') that performed work on behalf of the

Specifically, one of the suspects, Amin Shokohi,³⁵ received credit toward his mandatory military service obligation in exchange for his computer intrusion services.³⁶ This arrangement is significant because it suggests a level of state awareness of his exploits.³⁷ Although the Department of Justice stopped short of accusing the Iranian government of directing these activities, publicizing Shokohi's military credit indicates that the U.S. government strongly suspected state involvement in his activities.³⁸

Sometimes a degree of political approval can be inferred from the nature of the cyber operation itself. The cyberattack on the Las Vegas Sands Casino is an instructive example.³⁹ In October 2013, the CEO of Sands, Sheldon Adelson, spoke out about the Iran nuclear negotiations and publicly proposed detonating a nuclear weapon in the Iranian desert to demonstrate U.S. resolve.⁴⁰ This call to action generated a strong rebuke from Supreme Leader Khamenei, who warned the United States to "slap these prating people in the mouth and crush their mouths."⁴¹ In February 2014, Sands experienced a destructive cyberattack, as its networks were compromised and data destroyed on some systems.⁴² A similar kind of leadership sanctioning or direction can be inferred for domestic surveillance activities within Iran that intensify before and during key political events, especially national elections.⁴³ Finally, due to the IRGC's control of a significant portion of Iran's

Iranian Government, including the Islamic Revolutionary Guard Corps ('IRGC'), which is one of several entities within the Iranian Government responsible for Iranian intelligence."

35. Federal Bureau of Investigation, "Amin Shokohi, FBI Most Wanted," <https://www.fbi.gov/wanted/cyber/amin-shokohi/@@download.pdf>.

36. See DOJ Indictment 2016.

37. Ibid.

38. See "Amin Shokohi"; see also DOJ Indictment 2016, which states, "Shokohi helped to build the ITSec Team botnet used in the U.S. Financial Industry DDoS Attacks, and created malware used to direct the botnet to engage in those attacks. During the time in which he worked in support of the U.S. Financial Industry DDoS Attacks, Shokohi received credit for his computer intrusion work for the Iranian Government towards completion of his mandatory military service in Iran."

39. Benjamin Elgin and Michael Riley, "Now at the Sands Casino: An Iranian Hacker in Every Server," *Bloomberg*, December 12, 2014, <http://www.bloomberg.com/news/articles/2014-12-11/iranian-hackers-hit-sheldon-adelsons-sands-casino-in-las-vegas>.

40. See *ibid.* quoting Sheldon Adelson: "What are we going to negotiate about?" Adelson asked. "What I would say is, 'Listen. You see that desert out there? I want to show you something.'" He would detonate an American warhead in the sand, he said, where it "doesn't hurt a soul. Maybe a couple of rattlesnakes and scorpions or whatever."

41. See *ibid.*, which states, "Iran's Supreme Leader Ayatollah Ali Khamenei responded two weeks later, according to the country's semiofficial Fars News Agency, saying America 'should slap these prating people in the mouth and crush their mouths.'"

42. Riley Walters, "Cyber Attacks on U.S. Companies since November 2014," Heritage Foundation, November 18, 2015, <http://www.heritage.org/research/reports/2015/11/cyber-attacks-on-us-companies-since-november-2014>. The article states, "In February 2014, the Sands Casino was hacked by a group out of Iran. The hackers brought the \$14 billion operation to a standstill as they shut down PCs, [and] servers, and wiped hard drives clean. The attack was suspected to be in retaliation for comments that Sands CEO Sheldon Adelson made about the Iranian government."

43. Abbas Milani, "The Green Movement," in *The Iran Primer*, ed. Robin Wright (Washington, DC: United States Institute of Peace, 2010), <http://iranprimer.usip.org/sites/default/files/The%20Green%20Movement.pdf>. This piece explains that

networks, it is reasonable to assume that activities originating from that system are tolerated, if not sponsored, by the IRGC.⁴⁴

Iran's employment of and reliance upon proxies to conduct activities for the state in cyberspace complicate efforts to attribute malicious activity to the state. Not only is it difficult to know if a particular hacker or group of hackers is acting as a free agent, but the degree of oversight or control from central authorities may change over time. Iran is believed to have lent support both financially and technologically to Cyber Hezbollah (implicated in a cyber-espionage campaign targeting Israel and Lebanon),⁴⁵ the Syrian Electronic Army, the Yemen Cyber Army, and Hamas.⁴⁶ Yet, identifying the degree of Iranian control over these groups, especially for specific activities, has remained an elusive goal for the security research community.

IMPLICATIONS FOR THE REGION AND U.S. INTERESTS

With the implementation of the Joint Comprehensive Plan of Action (JCPOA), the United States will need to determine whether malicious Iranian cyber activities will continue as before. As recently as this past year, former director of National Intelligence James Clapper called out Iran for its aggressive use of cyber espionage, propaganda, and attacks against U.S. allies in the region.⁴⁷ If Iran continues on the current trajectory, a question for the United States and its partners will be how far to let Iranian cyber developments proceed before taking action. A further difficulty will be modulating any deterrent actions or response so as to demonstrate the unacceptability of Iranian hacking without jeopardizing the overall goals of the JCPOA.

Alternatively, Iran may reduce the scope of its external cyber operations against the United States, and instead focus on the development of more skilled personnel and less overtly aggressive forms of activity throughout the Gulf and the Middle East. Even this level of activity could provoke Iran's

during the turmoil of the 2009 Green Revolution, "the regime also shut down newspapers, magazines and websites close to the Green Movement. Iran became the country with the most imprisoned journalists. To help fight the reform movement's use of the Internet, the Revolutionary Guards became majority owner of Iran's telecommunications giant."

44. Frederick W. Kagan and Tommy Stiansen, "The Growing Cyberthreat from Iran: The Initial Report of Project Pistachio Harvest," American Enterprise Institute, April 17, 2015, http://www.criticalthreats.org/sites/default/files/Growing_Cyberthreat_From_Iran_AEI_Norse_Kagan_Stiansen.pdf. Other cybersecurity researchers take issue with the methodology and conclusions of the AEI/Norse report and argue that the evidence presented therein is highly circumstantial if not speculative. See, for example, Robert Lee et al., "Analysis of a Recent Iranian Cyber Attack Intelligence Report by Norse and the American Enterprise Institute," Industrial Control Systems (ICS), Defense Use Case (DUC) no. 3, SANS, April 23, 2015.

45. Jeff Moskowitz, "Cyberattack Tied to Hezbollah Ups the Ante for Israel's Digital Defense," *Passcode, Christian Science Monitor*, June 1, 2015, <http://www.csmonitor.com/World/Passcode/2015/0601/Cyberattack-tied-to-Hezbollah-ups-the-ante-for-Israel-s-digital-defenses>.

46. See Brunner, "Iran Has Built an Army of Cyber-Proxies."

47. *Worldwide Threat Assessment of the US Intelligence Community: Hearing before Senate Comm. on Armed Services Committee*, 114th Cong., 2nd sess. (February 9, 2016) (statement of Former Director of National Intelligence James R. Clapper), https://www.armed-services.senate.gov/imo/media/doc/Clapper_02-09-16.pdf.

regional rivals, who might look to the United States for support or leadership. A united front against disruptive and certainly destructive Iranian actions in cyberspace, and a willingness to publicly expose and attribute these actions, will help prevent unnecessary strains in the United States' relationships in the region.

If Iran perceives a low likelihood that its cyber activities will prompt retaliation, two risks may emerge. The first is that Iranian actions in cyberspace could overreach, perhaps by purposefully or accidentally targeting or disrupting a system that is perceived to cross a redline by its owner. Inadvertent escalation, both within and outside of cyberspace, becomes a possibility. The second risk is that of further escalation when supplying resources and tools to proxies, who may operate from distinct (and perhaps even conflicting) interests, such that they may be more willing to absorb the risks of collateral damage than their Iranian sponsors. It is also possible that proxies might be less meticulous in concealing their state-sponsored affiliation, thereby galvanizing the victim to retaliate against the most likely culprit.

RECOMMENDATIONS FOR THE UNITED STATES AND ITS PARTNERS

The fundamental challenge for policymakers, and especially the Trump administration, is to be clear eyed about the threats that Iranian cyber activities do (and importantly, do not) pose, and to align responses within a broader understanding of Iran's actions under the JCPOA. The United States and its partners should be postured to respond promptly and proportionally to aggressive Iranian cyber operations. The more time that elapses between an unacceptable cyberattack and a Western response, the harder it is to signal credibly that cost will be, and will continue to be, imposed.

A second priority is to improve the cybersecurity of critical infrastructure, such as electricity and water, in the Gulf and Middle East. There is no need to aim for erecting a perfect defense. Rather, as evidenced in the Justice Department's 2016 indictment, detecting and patching known vulnerabilities, such as SQL injections (insertion of malignant code to manipulate or steal data) and others in the Common Vulnerabilities and Exposures database, would complicate Iranian efforts to compromise the confidentiality, integrity, and availability of important infrastructure.⁴⁸ The goal is to decrease the attack surface in the region, which would block most low-level nuisances while allowing network defenders to focus on the most critical threats.

Finally, to deter malicious Iranian cyber activities, the United States and its partners should be mindful of Iran's changing priorities and sensitivities. Deterrence by cost-imposition succeeds only if cost is imposed in an area of importance to one's rival. Although cyberspace is a core area of importance for the United States and its partners, threatening to retaliate outside of cyberspace may send a more compelling signal to the Iranians that their activities in cyberspace are unacceptable. For example, the opportunity to use the so-called cyber sanctions authority, highlighted in

48. See DOJ Indictment 2016.

Executive Order 13694 signed by President Obama in April 2015, gives a U.S. administration the ability to respond to malicious cyber activities without retaliating with in-kind cyber activities.⁴⁹ This will require a clear understanding of Iran's broader geopolitical vulnerabilities and interests to ensure that sanctions or other costs imposed are appropriately calibrated for their intended effects.

49. U.S. Department of the Treasury, *Periodic Report on the National Emergency with Respect to Significant Malicious Cyber-Enabled Activities*, by Jacob Lew, October 1, 2015.

Close Quarters Provocations: Iran's Naval Strategy in the Gulf

Michael Connell

ROLE OF NAVAL FORCES IN IRAN'S BROADER STRATEGY

Since the Tanker Wars of the 1980s, Iran's approach to naval warfare has been guided by two underlying and interrelated principles. First, it presupposes that Iran's maritime forces are likely to confront those of a technologically superior adversary, such as the United States. It therefore places a significant emphasis on asymmetric tactics and passive defense measures to enhance the survivability of its forces. Second, in the face of severe resource constraints due to sanctions and a poorly performing economy, Iran's armed forces have had to make due with less. In the maritime context, this has resulted in a hybrid approach to acquisitions, with the Islamic Revolutionary Guard Corps Navy (IRGC-N) and, to a lesser extent, the regular Islamic Republic of Iran Navy (IRIN) investing in technologies, systems, and platforms—both low tech and high tech—that are likely to deliver a good return on investment. This approach plays to Iran's innate military strengths (terrain, strategic depth, shorter mobilization times) and the weaknesses of its adversaries (a perceived aversion to risk, perceived restrictive rules of engagement, vulnerable sea lines of communication, and the "tyranny of distance").

Low-cost items, such as naval mines, typify this approach. Iran's naval forces have thousands of mines in their inventories. They are easy to deploy—almost any vessel can be modified to deploy mines—and could significantly complicate U.S. operations in the Gulf. Their utility, both for targeting adversary warships and disrupting the flow of commercial shipping, was demonstrated during the Tanker Wars. The IRGC-N has also invested in large numbers of small, highly mobile platforms that can be used in swarming attacks. According to Rear Admiral Ali Fadavi, the IRGC-N commander, this gives the IRGC-N an advantage over its Western counterparts:

Large vessels do not have a place in the main organization of the Islamic Revolution Guards Corps Navy. The reason is that large vessels are vulnerable. Choosing large vessels means that you play in the enemy's court and under his rules. The enemy's great facility in dealing with large vessels deprives your vessels in many cases from even participation in the battle, and naturally [your



Collection of Paykaap (IPS-16) and Tir (IPS-18) class fast attack crafts, used by the IRGC-N.
 Source: Photo by Hosein Nikpor, available at http://3.bp.blogspot.com/_okE2fz_Pef8/TGJgHrBw4YI/AAAAAAAAACoc/onUTdXbtB3g/s1600/X00882743395.jpg.

vessels] would not be able to make use of their capabilities. You are faced with this problem at a time that, from a material point of view, our enemies appear to have the greatest military capabilities in history. Under such circumstances, we cannot play in their court and arm ourselves according to the terms that they define. We have to define our own terms according to our own parameters.¹

At the strategic level, Iran's maritime strategy is primarily defensive, in that it is designed to deter conflict.² Failing that, however, the IRGC-N and IRIN would seek to impose significant costs on their adversaries while generating conditions that would place the Iranian regime in a favorable negotiating position following a conclusion of hostilities. At the operational level, Iran's approach calls for the integration of multiple sea-, land-, and air-based platforms and weapons to create a layered defense in depth, featuring a web of overlapping threats that becomes increasingly dense as they get closer to the Iranian coastline. In a conflict, Iran's strategy would be to rapidly mobilize

1. "Tavan-e Dafa'i-ye Ma Faratar Az Dark-e Doshman Ast," *Jam-e Jam Online*, August 28, 2010, <http://www.jamejamonline.ir/papertext.aspx?newsnum=100884193003>.

2. At a more operational or tactical level, IRGC-N behavior could be categorized as occasionally aggressive.

and disperse its forces and periodically engage concentrated, massed attacks, featuring swarms of small boats and missile salvos to overwhelm and confuse its adversaries. Naval mines could also be used to disrupt civilian shipping and channel enemy forces into kill zones.

Geography plays a central role in this strategy. Iran's naval forces have been able to leverage the terrain of the Gulf, which narrows to a mere 39 km in the Strait of Hormuz, to compensate for their own limited resources and lack of access to foreign technology. In this confined operating space, large surface vessels, which form the backbone of most "blue water" navies, have limited room for maneuver. Like the proverbial canoe in a swimming pool, aircraft carriers and other large vessels are hemmed in by narrow bodies of water, shallow depths, and crowded commercial shipping lanes. In this littoral environment, shorter distances—from ship to shore and between ships—limit reaction times, favoring offense over defense and mitigating some of the advantages that Western navies possess.

The coastal terrain also affords Iran's naval forces certain advantages. The IRGC-N, in particular, operates like a guerrilla army on land. Its doctrine eschews large, set-piece engagements—a lesson that Iranian naval planners and strategists took away from the Iran-Iraq War—in favor of hit-and-run ambushes and "shoot and scoot" tactics. The northern coastline of the Gulf, which is dotted with numerous rocky coves and concealed inlets, is well suited for these types of tactics. The IRGC-N has also fortified numerous islands and oil platforms inside the Gulf that sit astride major shipping channels.³ These islands and platforms function as forward operating bases for the IRGC-N, extending its operational reach.

These advantages would be of only marginal utility were it not for the fact that the Strait of Hormuz is the world's most important energy chokepoint, with an oil flow of almost 17 million barrels per day (bbl/d), accounting for roughly 30 percent of all seaborne traded oil, or almost 20 percent of oil traded worldwide.⁴ The strait is also significant for the transit of liquefied natural gas (LNG), accounting for as much as a quarter of the world's gas supplies.⁵ In the event of a conflict, Iran could disrupt the commercial traffic in the strait as a retaliatory measure. A sustained closure could have a serious impact on the world economy, especially in tight energy markets. It could also give Iran leverage to sue for peace in the event of prolonged conflict. Iranian naval and missile exercises, such as the Great Prophet and Velayat series, are often held in or near the strait to emphasize this point and demonstrate the credibility of Iranian threats to close the Strait of Hormuz. Iranian military and civilian leaders also routinely trumpet Iran's capability to disrupt the flow of

3. According to David Crist, "Drawing from the lessons learned in 1987 and 1988, Iran has greatly expanded the military infrastructure on the islands. On Abu Musa, the IRGC-N has expanded the runway and has stored upwards of sixty to ninety days' worth of munitions; it may have as many as five thousand troops on these islands alone." David B. Crist, "Gulf of Conflict: A History of U.S.-Iranian Confrontation at Sea," *Policy Focus* no. 95, Washington Institute for Near East Policy, June 2009, 23, <https://www.washingtoninstitute.org/uploads/Documents/pubs/PolicyFocus95.pdf>.

4. U.S. Energy Information Administration, *The Strait of Hormuz Is the World's Most Important Oil Transit Chokepoint*, 2012, <http://www.eia.gov/todayinenergy/detail/2012-01.04/straitofhormuz-worlds-most-important-oil-transit-chokepoint/>.

5. Ibid.

shipping in the Gulf, while sometimes denying that Iran has any intention of doing so unless provoked.⁶

Even if Iran opted to forgo this option—given the tremendous economic damage that would likely accrue to its own economy—merely having the capacity to disrupt shipping in a vital maritime chokepoint gives Iran space to pursue its regional strategies while deterring its adversaries. Moreover, there are several less escalatory options that Iran could pursue—short of an actual strait closure—that still might allow it to achieve its objectives without necessarily prompting a military response. For example, Iran’s naval forces could establish an “environmental safety inspections regime” in its territorial waters targeting and detaining the shipping of select countries as a means of demonstrating its political will and capacity to act.

CURRENT CAPABILITIES AND FUTURE TRAJECTORY

Iran’s two, parallel naval forces, the IRIN—the naval component of Iran’s conventional military (the Artesh)—and the IRGC-N—the naval arm of the regime’s paramilitary regime protection force—are roughly the same size in terms of overall numbers of personnel.⁷ However, they are trained and equipped very differently and are likely to fight differently in a conflict. The IRIN is a conventional navy, and is similar in many regards to other large regional navies. Its inventory consists mainly of small to medium surface combatants (frigates, a corvette, guided missile patrol boats), amphibious landing craft, hovercraft, and the only fleet of submarines owned by a Gulf country (ranging from small, midget submarines to coastal and medium-size submarines). The IRIN is a green- and blue-water navy, which primarily operates in the Gulf of Oman and the Northern Arabian Sea. The IRGC-N is more of a coastal patrol force. Its inventory consists mostly of small, fast attack craft that operate primarily in the confined littoral spaces of the Gulf and Strait of Hormuz. Tehran has invested significant resources in developing the capabilities of both forces, which have complementary roles to play in Iran’s maritime strategy.

Iran’s naval forces are moderately capable by regional standards, despite having operated for decades under severe resource constraints. However, sanctions, a lack of access to foreign materiel and training, and bureaucratic mismanagement continue to hamper their development, particularly in the following areas:

- Command and control (C2): Having two naval forces with overlapping missions and responsibilities operate in close proximity to one another was always bound to be problematic from a C2 perspective. The Iranian Armed Forces General Staff (AFGS—the equivalent to the U.S. Joint Staff) was cognizant of this problem, and in 2007, realigned the operating areas of

6. For example, General Hasan Firouzabadi, the former head of the Armed Forces General Staff, noted, “We do have a plan to close the Strait of Hormuz [; however,] a Shiite nation [i.e., Iran] acts reasonably and would not approve interruption of a waterway . . . unless our interests are seriously threatened.” “Iran Says it Has Plan to Close Strait of Hormuz,” USA Today, July 7, 2012, <http://usatoday30.usatoday.com/news/world/story/2012-07-07/iran-strait-of-hormuz/56083762/1>.

7. The IRIN has approximately 18,000 personnel, compared to the IRGC-N’s 20,000. “Iran,” in *Jane’s World Navies* (London: IHS Markit, October 2014).

the two services.⁸ The IRGC-N, with its large array of small boats and patrol craft that are armed with antiship cruise missiles (ASCM), assumed responsibility for the inside of the Gulf and the Strait of Hormuz. The IRIN, with its larger surface combatants and submarines, assumed responsibility for the areas outside of the Gulf, including the Gulf of Oman and the Arabian, Red, and Caspian Seas. Although the realignment reduced some of the friction between the two services, they remain institutional rivals, and their ability to coordinate and deconflict at the operational level and below, especially in the strategically vital Strait of Hormuz—the “seam” between the two services—is probably limited.

- Intelligence, surveillance, reconnaissance (ISR) and targeting: Iran employs a variety of means, including maritime patrol aircraft, coastal defense radars, unmanned aerial vehicles (UAVs), and visual observers, to conduct surveillance along its southern coast.⁹ However, in areas outside the Gulf—such as the North Arabian Sea and the Indian Ocean—Iran’s ability to identify, track, and target shipping is probably limited. Even inside the Gulf, its ability to distinguish friend from foe would probably complicate Iranian targeting efforts, as it did during the Tanker Wars. The IRGC-N and IRIN may have been able to work out the modalities of fusing intelligence, a necessary first step to enabling targeting, but it is questionable whether they possess an accurate, time-sensitive common operating picture of their operating areas.
- Logistics and sustainment: In a Gulf-centric scenario, Iran’s naval forces would have the advantage of shorter interior lines of communication. They would be able to rapidly mobilize and deploy, while U.S. and allied navies are likely to rely heavily on extraregional “surge” forces that could take weeks to arrive on station.¹⁰ However, this advantage would gradually diminish as U.S. and coalition forces coalesced and began to target Iranian bases, port facilities, and logistics nodes. Larger Iranian combatants—anything larger than patrol boats—would be gradually deprived of a means of replenishment, limiting the amount of time they could effectively operate.
- Antisubmarine warfare (ASW): The ability of Iran’s maritime forces to track and interdict submarines is probably limited to nonexistent. In a conflict, U.S. or coalition submarines would be able to operate with virtual impunity in the region.

Despite these challenges, in the confined operating environment of the Gulf, the IRGC-N and IRIN still pose a considerable sea denial threat to U.S. and coalition forces and third-party shipping.

As the provisions of the Joint Comprehensive Plan of Action (JCPOA) come into effect, and the nuclear-related sanctions on Iran’s ability to procure conventional arms from abroad expire in 2020, the IRGC-N and IRIN are likely to acquire more advanced platforms and weapons systems on the international market to close some of the gaps cited above. In this regard, Iran is likely to look to reliable suppliers whose strategic interests and objectives may, at times, overlap with those of Iran, such as Russia. Notable acquisitions within the next 5 to 10 years could include the

8. Office of Naval Intelligence, “Iran’s Naval Forces: From Guerilla Warfare to Modern Naval Strategy,” Congressional Research Service, Fall 2009, 11, <https://fas.org/irp/agency/oni/iran-navy.pdf>.

9. Ibid., 22.

10. Unless, of course, the scenario evolved in such a way that the United States already had a large force laydown in the region at the start of hostilities.

advanced Bastion coastal defense cruise missile (CDCM) system, with the supersonic Yakhont cruise missile,¹¹ and Su-30SM multirole fighters to augment the Iranian Air Force's aging fleet of fighter aircraft.¹² These systems, along with some advanced domestically produced weapons that are currently undergoing testing, such as the Khalij-e Fars antiship ballistic missile, could enable Iran's naval forces to implement a more sophisticated antiaccess, area denial (A2AD) strategy.

LINKAGE TO OTHER ACTORS AND INSTITUTIONS IN IRAN

The IRGC-N and IRIN report, through their respective chains of command, to the IRGC and Artesh General Staffs, respectively. These staffs in turn report to the AFGS, the head of which reports directly to the supreme leader, Ayatollah Ali Khamenei. The supreme leader, as the commander in chief of Iran's armed forces, establishes the broad strategic parameters for the IRGC and the Artesh, while the AFGS probably "operationalizes" the supreme leader's intent. How much decisionmaking authority actually resides within the IRGC-N and IRIN is unclear. However, the IRGC-N appears to have given lower-echelon commanders a degree of latitude to act independently. This tendency is indicative of a broader push within the IRGC toward a more decentralized system of C2.¹³ Coupled with the fact that U.S. Navy interactions with the IRGC-N are often described as "less professional" than their IRIN counterparts, the IRGC-N's push to decentralize decisionmaking authority could have negative implications for escalation management, particularly in a crisis situation. As Joshua Himes notes, "An incident could arise from having the less professional (or more fervent) IRGC-N sailors overstep their commanders' intent, miscalculate at a tactical level, and set off a chain of events that could spiral into conflict."¹⁴

IMPLICATIONS FOR THE REGION AND U.S. INTERESTS

The implications of Iranian naval power for the United States and its regional allies are threefold. First, as noted above, Iran has the capacity to negatively affect the world economy by interdicting or slowing maritime traffic in the Strait of Hormuz, a major energy choke point. U.S. trade partners and allies in Asia and Europe remain heavily dependent on the Gulf for their supplies of oil and gas. The United States, even though it is likely to become energy independent in the near future as a result of the shale oil and gas revolution, would not be immune to the second-order effects of a strait closure on the world economy.

11. "Iran Looks to Spend \$8 Billion on Russian Arms," *RT*, February 16, 2016, <https://www.rt.com/business/332604-iran-arms-russia-deal/>.

12. Franz-Stefan Gady, "Will Iran Buy Russian Fighter Jets?," *Diplomat*, August 26, 2016, <http://thediplomat.com/2016/08/will-iran-buy-russian-fighter-jets/>.

13. Michael Connell, "Iran's Military Doctrine," in *The Iran Primer*, ed. Robin Wright (Washington, DC: United States Institute of Peace, 2010), <http://iranprimer.usip.org/resource/irans-military-doctrine>.

14. Joshua Himes, "Iran's Two Navies: A Maturing Naval Strategy," *Middle East Security Report* 1 (Washington, DC: Institute for the Study of War, 2011), 22, http://www.understandingwar.org/sites/default/files/Irans_Two_Navies.pdf.

Second, although Iran is unlikely to deliberately provoke a conflict in the Gulf, the possibility of inadvertent escalation remains. Over the past year, there has been a steady uptick in incidents where IRGC-N vessels or UAVs have engaged in behavior around U.S. Navy ships that U.S. officials have categorized as “unsafe and unprofessional”¹⁵ and that could have resulted in a kinetic engagement, had not cooler heads prevailed. Examples include approaching in very close proximity to U.S. vessels with weapons uncovered, engaging in dangerous maneuvers that could have caused a collision, and conducting live fire exercises unannounced near U.S. ships.¹⁶ For instance, on August 23, 2016, four IRGC-N vessels conducted a “high-speed intercept,” passing close to the USS *Nitze*, an Arleigh Burke–class destroyer, as it transited international waters. According to a U.S. Navy official, the IRGC-N vessels ignored repeated radio, whistle, and flare warnings and slowed their approach only when they were within 300 yards of the *Nitze*.¹⁷ The next day, three IRGC-N vessels approached the USS *Squall* and the USS *Tempest*, coastal patrol vessels that were operating in the northern Gulf. When one of the IRGC-N vessels came within 200 yards of one of the vessels, *Squall* personnel fired warning shots into the water.¹⁸ The Iranian ship then departed. In January 2016, the IRGC-N also detained the crews of two U.S. Navy Riverine Command Boats that had strayed into Iranian territorial waters near Farsi Island in the central Gulf (the crews were later released).

U.S. officials have proposed various options for mitigating the danger of an unintended escalation between Iran and the United States as a result of a maritime incident. These have included establishing a direct hotline between U.S. and Iranian commanders in the Gulf and the creation of common “rules of the road” to govern interactions between the U.S. and Iranian navies, something akin to the Incident at Sea (INCSEA) arrangement that the U.S. and Soviet navies had during the Cold War.¹⁹ Iranian military officials have consistently rejected these options when they have been broached publicly.²⁰

Third, Iran is likely to continue to use its naval forces to pressure and intimidate U.S. regional allies, particularly the smaller Gulf Arab states, whose economies remain heavily dependent on maritime transportation routes in the Gulf. While Iran’s success in this regard has—at least so far—been limited, Washington’s actions in concluding the JCPOA, announcing the so-called pivot to Asia,

15. Barbara Starr and Olivia Beavers, “Iran Escalates High Seas Harassment of US Navy,” *CNN Politics*, September 7, 2016, <http://www.cnn.com/politics/2016/09/06/politics/iran-us-navy-confrontation/index.html>.

16. See Nicole Gaouette, “What’s Behind Iran’s Provocations in the Persian Gulf,” *CNN Politics*, August 31, 2016, <http://www.cnn.com/2016/08/31/politics/iran-vessels-persian-gulf-provocations-us/>.

17. Missy Ryan and Thomas Gibbons-Neff, “Navy Patrol Ship Fires Warning Shots amid Series of Confrontations with Iranian Vessels,” *Washington Post*, August 25, 2016, <https://www.washingtonpost.com/news/checkpoint/wp/2016/08/25/u-s-navy-calls-high-speed-approach-by-iranian-ships-dangerous-harassment/>.

18. Ibid.

19. “Iran’s Power in the Sea Lanes,” *The Iran Primer*, United States Institute of Peace, March 12, 2013, <http://iranprimer.usip.org/blog/2013/mar/12/gulf-iii-iran%E2%80%99s-power-sea-lanes>.

20. U.S. inquiries regarding hotlines and other similar measures are usually dismissed by Iranian officials as the result of the United States’ fearing Iranian capabilities. See, for instance, “Raftar-e Jomhuri-ye Eslami-ye Iran Dar Darya-ye Azad Dar Charchub-e Moqarabat-e Bay ol-Melli Ast,” *Entekhab News*, September 11, 2016, <http://www.entekhab.ir/fa/news/291489>.

drawing down of regional forces from Iraq and Afghanistan, and rhetoric during in the Arab Spring have all conspired to reduce the confidence of the Gulf Cooperation Council (GCC) states that the United States will muster the political will, or even the capacity, to confront Iran if the latter were to threaten their interests.

RECOMMENDATIONS FOR THE UNITED STATES AND ITS PARTNERS

Iran's naval forces are likely to pose an enduring challenge to the United States, its allies, and its coalition partners for the foreseeable future. In order to counter this challenge, Washington will need to maintain a credible regional deterrent, in the form of forward deployed naval and air units. In an era of shifting strategic priorities, it will also be vital for Washington to reinforce the perception that it remains committed to its GCC counterparts through key leader engagements, ongoing military exercises and training events, and maintaining forward presence. Where possible, U.S. Central Command (CENTCOM) and its service components should encourage multilateral coordination and information-sharing mechanisms among GCC militaries. CENTCOM and the Navy should also continue to foster and encourage GCC participation in Combined Task Force 152 (CTF-152), the coalition task force responsible for policing the Gulf, of which five out of the six GCC member states (Oman excepted) are participants.

The U.S. Navy and its coalition counterparts are already engaged in an extensive effort to bolster regional partner maritime capacity. Many areas that are already prioritized as part of this effort—such as mine countermeasures (MCM)—would be applicable in a contingency involving Iran. The Navy could build on these existing efforts by tailoring its security cooperation efforts to address outstanding capacity gaps in areas that are relevant to Iran-related contingencies, to the extent that its regional counterparts are willing and able to participate.

Finally, the Department of Defense, the State Department, and the interagency should also explore options for partnering with regional governments and even the private sector to harden the channels of maritime commerce in the region. One aspect of this effort could focus on enhancing existing coordination mechanisms between coalition forces and civilian big container or oil shipping companies that operate in the region, such as Maersk.

Missiles: A Critical Tool in Iran's Defense Posture and Power Projection

Thomas Karako and Ian Williams

Iran's missile programs represent a key component of its defense posture and strategy for regional power projection. Conventional wisdom has sometimes dismissed conventional missile capability as militarily irrelevant in the absence of nuclear payloads, but Iran's investments in both numbers and improved accuracy have helped to modify this more sanguine view. Missiles and rockets serve Iran's larger defense posture by holding at risk its neighbors and U.S. forward forces, imposing significant costs for defense investment for its rivals, and providing a hedge for future nuclear capability should the Joint Comprehensive Plan of Action (JCPOA) either expire or collapse. The recent loosening and eventual removal of international missile sanctions pursuant to the JCPOA will provide Iran with further flexibility to develop these tools. The United States need not, however, accept a more relaxed posture toward Iran. In December 2016, for instance, Congress overwhelmingly passed an extension of the Iran Sanctions Act. In February 2017, the U.S. Treasury Department applied additional sanctions to individuals and companies with ties to Iran's Islamic Revolutionary Guard Corps (IRGC) in response to Iran's ballistic missile test in January. These steps indicate the U.S. government's seriousness about maintaining at minimum the unilateral U.S. sanctions regime. The full impact of Iranian solid and liquid fuel missile development may not be felt for some years, but Iran's missile forces are already quite substantial. Continued vigilance will be necessary to counter and potentially reduce this source of regional and global instability.

ROLE OF MISSILES AND ROCKETS IN IRAN'S BROADER STRATEGY

Even without nuclear weapons, Iran's ballistic and cruise missile programs represent a critical symbolic and military component of Iran's regional posture, enhancing its strategic and political leverage to thwart U.S., Saudi, Israeli, and other sources of influence. Medium-range ballistic missiles, for

example, afford Iran the ability to conduct salvo attacks against larger military installations or urban centers in the Gulf Cooperation Council (GCC) countries, Israel, and southwestern Europe. Shorter-range antiship missiles and growing air defense capabilities also give Iran a modest anti-access/area-denial (A2AD) capability, which can threaten U.S. maritime and air forces and thereby undermine their deterrent value. As observed by General Lloyd Austin III, then U.S. Central Command (CENTCOM) commander, Iran's ambitions for regional hegemony are aided by their concert and employment of "various anti-access and area denial (A2/AD) capabilities, theater ballistic missile and cyber capabilities, [and] aggressive maritime activities" and by the Quds Force and other proxies.¹

With Iran's memories of losses during the Iran-Iraq War still sharp, missiles and rockets are a symbolic as well as military asset. Combined with Iran's other capabilities, vulnerability to missiles and rockets imposes significant costs upon Iran's regional rivals and the West by making various fixed and mobile bases and platforms more vulnerable across domains.² While Iran could not defeat the combined forces of the United States, the GCC, and Israel in open warfare, missiles and rockets could make such a conflict costly enough to give these powers pause in directly confronting Iran's regime, thereby increasing its freedom of action. To prevent this dynamic, the United States and Iran's neighbors will need to continue to counter Iran's efforts, including with missile defense sensors and interceptors.

Improvements in the accuracy and lethality of its missiles also raise the prospects that Iran could soon have the capability to seriously cripple U.S. and GCC air power in a sudden strike. Iran has been advertising, for example, the increased GPS-guided accuracy of its Fateh missile family, as well as others. Iran has also made strides toward an increasingly robust air defense network, from both domestic development and foreign purchases. U.S. air and maritime assets in the Gulf comprise the backbone of U.S. regional military capability, and any threat to these forces would complicate military planning and undermine deterrence.

Together, these trends mean that the freedom of access and control that the United States has for decades enjoyed in the Gulf will become more difficult to maintain.³ Iran's A2AD and retaliatory capabilities are likely to evolve in quantity and quality to a point where it may even deter the United States or other countries from taking action against its nuclear program in the event of breakout, thereby undermining regional stability, U.S. credibility, and broad interest in maintaining a diplomatic solution to the nuclear issue.

1. *United States Central Command, United States Africa Command and United States Special Operations Command: Hearing before the Senate Committee on Armed Services*, 114th Cong., 2nd sess. (March 8, 2016) (statement of General Lloyd J. Austin III, Commander, U.S. Central Command), http://www.armed-services.senate.gov/imo/media/doc/Austin_03-08-16.pdf.

2. *Worldwide Threat Assessment of the US Intelligence Community: Hearing before Senate Comm. on Armed Services Committee*, 114th Cong., 2nd sess. (February 9, 2016) (statement of Director of National Intelligence James R. Clapper), 24, https://www.armed-services.senate.gov/imo/media/doc/Clapper_02-09-16.pdf.

3. *The Joint Comprehensive Plan of Action (JCPOA) and the Military Balance in the Middle East: Hearing before the Committee on Armed Services, Senate*, 114th Cong., 1st sess. (August 4, 2015) (statement by the Hon. Eric Edelman, Distinguished Fellow, Center for Strategic and Budgetary Assessments cochair, Iran Task Force at JINSA Gemunder Center), http://www.armed-services.senate.gov/imo/media/doc/Edelman_08-04-15.pdf.

CURRENT CAPABILITIES AND FUTURE TRAJECTORY

Iran possesses the largest and most diverse missile force in southwest Asia. This force comprises a mix of medium-range ballistic missiles (MRBMs), short-range ballistic missiles (SRBMs) and rockets, land-attack cruise missiles, antiship missiles, and air defenses. Iran has made major progress in producing these systems domestically, and has taken steps to increase the mobility and survivability of these assets, including the construction of underground missile bases and hardened launch silos.⁴ Nevertheless, Iran remains dependent on imports of certain key technologies, such as liquid fuel engines used by some of its MRBMs.⁵

Iran's MRBMs most notably include the Shahab-3 series, based on the North Korean No-Dong, and the solid-fueled Sejil. Iran has unveiled other Shahab-3 variants such as Emad and Ghadr, which Iran claims have greater accuracy.⁶ SRBMs and rockets include the Fateh-110, the Fateh-313, the Qiam-1, and the Fajr.⁷ In August 2011, Iran also unveiled and tested Khalij Fars, an antiship ballistic missile based on the Fateh-110, with an estimated range of 300 km. Intelligence estimates suggest that Iran possesses over 800 MRBMs and SRBMs.⁸

Iran's ballistic missile arsenal probably still lacks the accuracy necessary for strikes on smaller or hardened military targets.⁹ Nevertheless, the sheer quantity of MRBMs makes them a very real threat to larger, softer targets such as urban areas, giving Iran significant leverage over its regional rivals, namely, the GCC and Israel.

Although Iran has not openly displayed or tested a ballistic missile ranging farther than around 2,000 km, it does have an active space-launch program, elements of which could test related technologies and inform longer-range ballistic missiles. Iran first orbited a satellite using its two-stage Safir satellite launch vehicle (SLV) in February 2009, and may have tested a heavier SLV, the Simorgh, in April 2016.¹⁰

4. "Iran Reveals Huge Underground Missile Base with Broadcast on State TV," *Guardian*, October 15, 2015, <https://www.theguardian.com/world/2015/oct/15/iran-reveals-huge-underground-missile-base-with-broadcast-on-state-tv>.

5. Bilal Y. Saab and Michael Elleman, "Precision Fire: A Strategic Assessment of Iran's Conventional Missile Program," Atlantic Council, September 14, 2016, http://www.atlanticcouncil.org/images/publications/Precision_Fire_web_0907.pdf.

6. "Shahab-3 Variants," *MissileThreat*, Center for Strategic and International Studies, <http://missilethreat.csis.org/missile/shahab-3-variants-estad-ghadr>.

7. National Air and Space Intelligence Center, U.S. Air Force, "Ballistic and Cruise Missile Threat," Congressional Research Service, 2013, https://fas.org/programs/ssp/nukes/nuclearweapons/NASIC2013_050813.pdf.

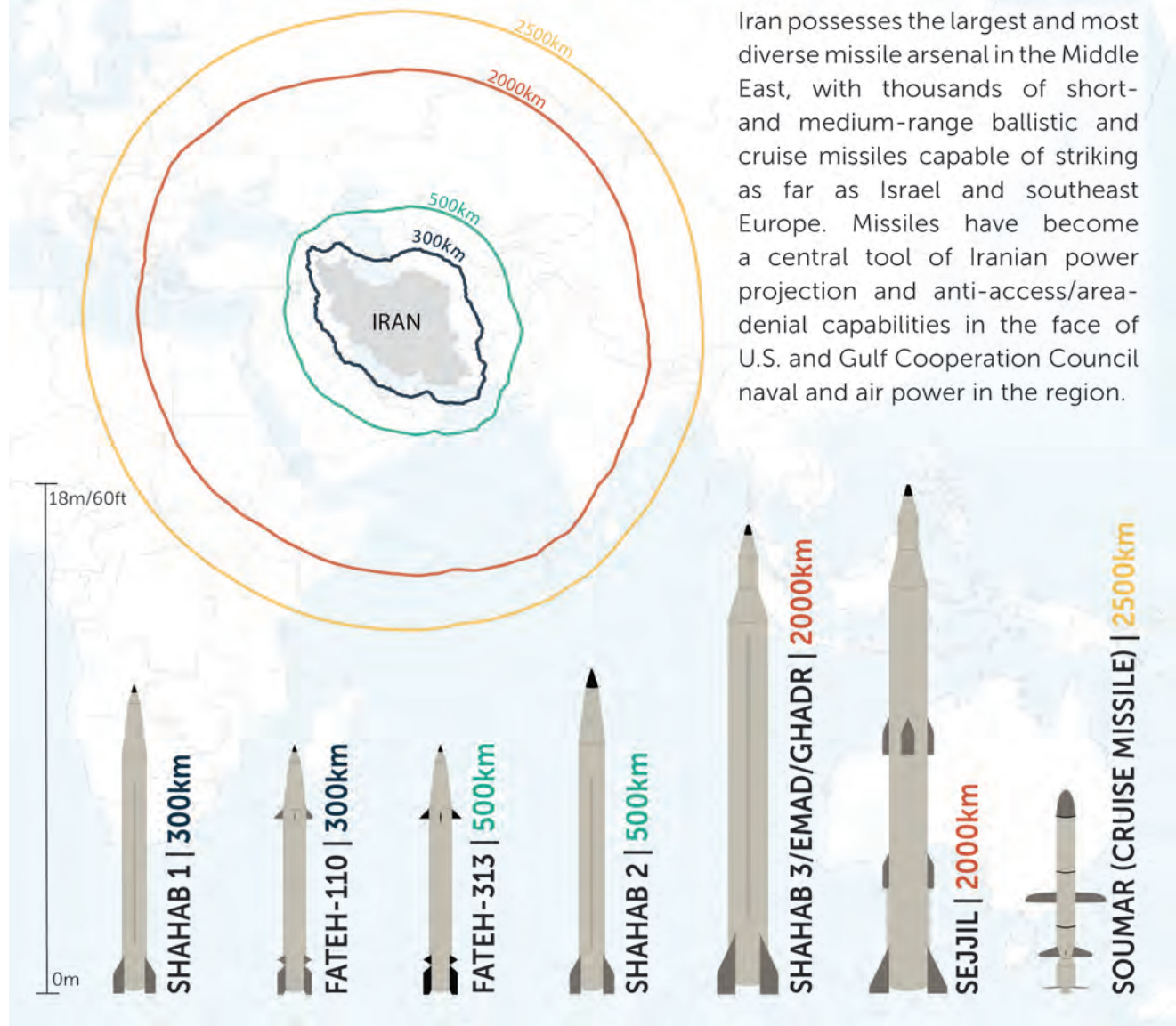
8. Ibid.

9. *Understanding the Role of Sanctions under the Iran Deal: Hearing before the Committee on Banking, Housing, and Urban Affairs*, Senate, 114th Cong., 2nd sess. (May 24, 2016) (statement by Michael Elleman, Consulting Senior Fellow for Regional Security Cooperation, International Institute for Strategic Studies), http://www.banking.senate.gov/public/_cache/files/f64d023a-d6fc-4dc4-84a7-ea10ba8192cf/90DC029490361D182584B92FCAD76111.052416-elleman-testimony.pdf.

10. "Will Iran's Simorgh Space Launcher Appear in North Korea?," Nuclear Threat Initiative, July 8, 2016, <http://www.nti.org/analysis/articles/will-irans-simorgh-space-launcher-appear-north-korea/>.



IRAN'S BALLISTIC MISSILES



In addition to accuracy improvements, the military applications of Iran's conventional missiles may be supplemented by investments in submunitions technology.¹¹ Similar in concept to a cluster bomb, submunitions could be effective against targets such as airfields.

Iran also boasts a deepening cache of land-attack missiles and antiship cruise missiles (ASCMs). Recent additions to Iran's ASCMs include the 200 km range Qadir, with its first apparent successful test against a naval target in 2011. According to the Iranian media, the missile went into "mass

11. Anthony H. Cordesman and Bryan Gold, *The Gulf Military Balance: Volume 2: The Missile and Nuclear Dimensions* (Washington, DC: Center for Strategic and International Studies, 2014), 18.

production” in March 2015.¹² That same month, Iran revealed its Soumar land-attack cruise missile, with a reported range of around 2,000 to 2,500 km.¹³ While Iran significantly reduced missile testing during JCPOA negotiations, it resumed missile testing shortly after the deal was concluded in July 2015. Since then, Iran has conducted at least eight ballistic missile tests, including flights of the Emad, Ghadr, and Qiam-1 MRBMs.

Bolstering air defenses has been another priority to support Iran’s cost-imposing A2AD strategy. Russia completed its first deliveries of the S-300 air defense systems to Iran in May, owing to the arms embargo having been lifted by the JCPOA, which Iran then immediately deployed to defend its Fordow uranium enrichment facility.¹⁴ These imported systems are reportedly being integrated with Iran’s domestically produced Bhavar-373 air defense system, which bears a striking resemblance to the S-300.

Iranian officials have cited the weaker, more ambiguous language concerning missile testing in United Nations Security Council Resolution (UNSCR) 2231 to legitimize this activity. This resolution only prohibits those missiles “designed to be capable” of delivering nuclear weapons and only “calls upon” Iran not to undertake any missile activity. The resolution it replaced, UNSCR 1929, had stated that “Iran shall not undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology.” Resolution 2231 also only requires Iran to provide exporters of missile technology with “appropriate end-user guarantees.” Iran would not have to provide access to inspectors for these goods.¹⁵

In a press release on March 15, 2016, the Iranian UN delegation observed that “Security Council Resolution 2231 does not prohibit legitimate and conventional military activities, nor does international law disallow them. Iran has never sought to acquire [a] nuclear weapon and never will in the future, as it fully honours its commitment under the NPT [Nuclear Nonproliferation Treaty] and the JCPOA. Consequently, Iran’s missiles are not and could not be designed for delivery of unconventional weapons.”¹⁶ This optimistic and circular logic about the nature of Iranian missiles is not, however, embraced by Iran’s neighbors.

LINKAGE TO OTHER ACTORS AND INSTITUTIONS

Because its rocket and missile forces raise the threshold for direct attacks on the regime, Iran is comparatively more insulated to continue lower-level and quasi-political subversion, such as

12. “Iran Mass Produces Long-Range Anti-Ship Qadir Cruise Missile,” Press TV, March 14, 2015, <http://www.presstv.com/Detail/2015/03/14/401764/Iran-mass-produces-Qadir-cruise-missile>.

13. “Soumar,” *MissileThreat*, Center for Strategic and International Studies, August 9, 2016, <http://missilethreat.csis.org/missile/soumar-cruise/>.

14. Parisa Hafezi, “Iran Deploys Russian-Made S-300 Missiles at Its Fordow Nuclear Site: TV,” Reuters, August 29, 2016, <http://www.reuters.com/article/us-iran-missiles-fordow-idUSKCN1140YD>.

15. “Security Council, Resolution 2231 (2015) Adopted by the Security Council at Its 7488th Meeting, on 20 July 2015,” United Nations, July 20, 2015, http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2231%282015%29.

16. “Press Release,” Permanent Mission of the Islamic Republic of Iran to the United Nations, New York, March 15, 2015, <http://iran-un.org/en/2016/03/14/press-release-6/>.



Flight test of a Ghadr missile in March 2016. The Ghadr is a medium-range ballistic missile with a range of 2,000 kilometers.

Source: Photo by Mahmood Hosseini, Tasnim News Agency, available at <https://www.tasnimnews.com/en/news/2016/03/09/1023371/irgc-test-fires-different-types-of-qadr-ballistic-missiles>.

regional operations or stoking unrest among neighboring Shi'ite populations. The export of short-range rockets and missiles provides a visible means to enable Iranian proxies and partners in Lebanon, Syria, and Yemen. Moreover, the export of rockets and their associated production facilities increases Tehran's influence and control over groups like Hamas and Hezbollah. The scale of the capabilities continues to rise, increasing the prospects for escalation.

The institutional heart of Iran's missile forces rests in the IRGC Aerospace Force (IRGC-AF), which procures and operates nearly all of Iran's ballistic and cruise missile forces. One exception to this is Iran's antiship missiles, which are operated by the Iranian navy. Brigadier General Amir Ali Hajizadeh has commanded the IRGC-AF since 2009 and has been vocal in his defiance of international pressure to limit Iran's missile activities.¹⁷

17. Responding to U.S. requests to curb ballistic missile testing in January 2016, Hajizadeh told Iran's Press TV, "We doubled our activities and the American demands from Iran had an opposite result. Today, the enemies are bringing up the issue of missile-related sanctions and expecting us to back down. But, the IRGC's reaction to this American demand will be aggressive." "IRGC Doubles Missile Activities Despite US Pressure: Commander," Press TV, January 30, 2016, <http://www.presstv.com/Detail/2016/01/30/447943/Iran-IRGC-US-Treasury-Hajizadeh>.

Most, if not all, of Iran's missile proliferation activity is likewise facilitated by the IRGC. The distribution of short-range ballistic missiles and rockets is one of the principal means the IRGC uses to increase the potency of its proxies in Syria, Yemen, and Lebanon and elsewhere. The IRGC has also assisted Hezbollah and Syria with the development of local missile and rocket production facilities.

To be sure, these weapons have not gone unused. In October 2016, Houthi militias seriously damaged a UAE naval vessel with shore-based antiship cruise missiles as it sailed near the Yemeni coastline. The following week, the U.S. destroyer USS *Mason* (DDG-87), was attacked at least twice with salvos of the same type of missile. Fortunately, the *Mason* defended itself with SM-2 Block IV and Evolved Seas Sparrow Missile (ESSM) interceptors, as well as other nonkinetic countermeasures. The Navy later stated its belief that the antiship missiles fired on the *Mason* had been supplied by Iran.¹⁸

Indeed, IRGC missile proliferation and use have had a direct and costly impact on the Middle East. Other concrete cases include repeated launches of ballistic missiles against Saudi territory by Houthi rebels in Yemen, the use of Scud-type missiles in the Syrian civil war, repeated mass rocket attacks against Israel by Hamas and Hezbollah over the past 10 years. While missile defenses like Iron Dome have mitigated the utility of rockets as a terror weapon against Israel, and Patriot in the case of Saudi Arabia and the United Arab Emirates, their cost necessarily competes with other priorities.

The IRGC's missile program also has strong links to Iran's banking sector. Particularly important has been Bank Sepah, which in 2007 the U.S. Treasury described as the "linchpin of Iran's missile procurement network." Bank Sepah has both financed Iran's domestic missile industries and facilitated the import of missile technology from China and North Korea.¹⁹ In September 2016, however, it was reported that the Obama administration had secretly agreed to lift UN sanctions against Bank Sepah, in what has been interpreted as a quid-pro-quo for the release of U.S. citizens being held by Iran.²⁰

IMPLICATIONS FOR THE REGION AND U.S. INTERESTS

As a result of Iran's missile buildup, and its probable future trajectory, the United States will likely need to boost its conventional military capabilities in the region to maintain deterrence and stability. The growing vulnerability of fixed bases to missile attack suggests that they require not only ballistic missile defenses but perhaps also, depending on location, lower-tier counter-rocket,

18. Courtney Kube, "U.S. Officials: Iran Supplying Weapons to Yemen's Houthi Rebels," *NBC News*, October 27, 2016, <http://www.nbcnews.com/news/us-news/u-s-officials-iran-supplying-weapons-yemen-s-houthi-rebels-n674181>.

19. U.S. Department of the Treasury, "Iran's Bank Sepah Designated by Treasury Sepah Facilitating Iran's Weapons Program," Press Center, January 9, 2007, <https://www.treasury.gov/press-center/press-releases/Pages/hp219.aspx>.

20. Carol E. Lee, "U.S. Signed Secret Document to Lift U.N. Sanctions on Iranian Banks," *Wall Street Journal*, September 29, 2016, <http://www.wsj.com/articles/u-s-signed-secret-document-to-lift-u-n-sanctions-on-iranian-banks-1475193723>.

artillery, and mortar capabilities. As Iran's missile capability continues to develop, the resourcing of increased regional missile defense could come into conflict with the parallel need to increase potency of regional offensive forces. Greater planning to integrate and coordinate offense and defensive forces will be required.

Currently, the United States has forward-deployed Patriot batteries protecting its military installations in the United Arab Emirates, Bahrain, Qatar, and Kuwait. These missile defense assets are stretched thin, however, and the high operational tempo of the U.S. Army's Patriot force is having an effect on force readiness. As Lieutenant General David Mann, Army space and missile defense commander, testified in April 2016, the "operational demand on the Army AMD [Air and Missile Defense] force to meet the requirements of the Joint Warfighters continues to stress the force, impacting both current and future readiness, as well as modernization initiatives."²¹ U.S. Aegis missile defense ships in the region do provide a thin layer of defense against Iran's MRBMs and antiship missiles, but this limited capability would be challenged in any sustained conflict. To address Iran's longer-range threats to Europe, the United States is nearing completion of the European Phased Adaptive Approach (EPAA), comprised of forward deployments of Aegis ballistic missile defense (BMD) ships to Spain, and Aegis Ashore installations in Romania and Poland.

Israel continues to harbor significant concerns about Iran's commitment to the JCPOA and its destabilizing activities and capability development in the region. For its part, the United States has attempted to address Israel's concerns by heavily investing in Israeli missile defense development and procurement. This, however, has come at a significant opportunity cost, as this funding has come into increasing competition with funding for U.S. missile defense within the Missile Defense Agency's declining budget, potentially undermining both U.S. and Israeli missile defense priorities.²² To assuage this trend, U.S. aid for Israeli missile defense procurement could be packaged within the annual U.S. foreign military financing (FMF) package. Under the new security assistance Memorandum of Understanding (MOU) signed in September 2016, the United States commits to \$5 billion in missile defense assistance, to be disbursed in increments of \$500 million over 10 years for the duration of the agreement.²³

The relative insecurity of the GCC governments with respect to Iran's missile capabilities comes with serious risks as well. Of particular concern is the possibility that Saudi Arabia could seek its own nuclear deterrent in response to Iran. The threat has motivated regional U.S. partners, namely,

21. *Ballistic Missile Defense Policies and Programs: Hearing before the Committee on Armed Services, Subcommittee on Strategic Forces, Senate*, 114th Cong., 2nd sess. (April 13, 2016) (statement by Lieutenant General David L. Mann, Commanding General, U.S. Army Space and Missile Defense Command/Army Forces Strategic Command), http://www.armed-services.senate.gov/imo/media/doc/Mann_04-13-16.pdf.

22. Thomas Karako, Wes Rumbaugh, and Ian Williams, *The Missile Defense Agency and the Color of Money* (Washington, DC: Center for Strategic and International Studies, 2016), 25–27, <http://missilethreat.csis.org/wp-content/uploads/2016/12/MDA-and-the-Color-of-Money.pdf>.

23. The multiyear missile defense commitment in the MOU is intended to facilitate long-term planning rather than missile defense assistance levels continuing to be appropriated year to year. "Fact Sheet: Memorandum of Understanding Reached with Israel" (White House, Office of the Press Secretary, September 14, 2016), <https://www.whitehouse.gov/the-press-office/2016/09/14/fact-sheet-memorandum-understanding-reached-israel>.

the GCC, to increase investment in missile defense capabilities of their own, reducing the burden on overstretched missile defense assets. The United Arab Emirates recently acquired two Terminal High Altitude Area Defense (THAAD) batteries, adding a nearly full territorial defensive layer over the country as well as U.S. forces stationed there. Other GCC countries have also expressed interest in significant purchases of U.S.-produced medium-tier missile defenses.

In addition to the added defensive capacity this would provide regionally, bulk foreign purchases of systems and interceptors, if coordinated correctly, can lead to significant per unit cost reductions for U.S. procurements. Longer term, the heightened interest from U.S. regional partners in missile defense could foster opportunities for the joint development of next-generation systems, which could be put to good use in other threat regions while defraying costs to U.S. taxpayers.

RECOMMENDATIONS FOR THE UNITED STATES AND ITS PARTNERS

Keeping Iran's missile threat in check moving forward will require a multisolution approach, utilizing military, diplomatic, and budgetary tools. The following represent some near and midterm steps that the United States could take:

- Renew efforts for a diplomatic coordination of efforts to roll back Iranian missile capabilities. The goal of such efforts could include a range and/or payload cap on Iran, like that accepted by Libya in 2004.
- Encourage and facilitate foreign military sales of missile defense assets to GCC partners, coordinating bulk purchases to reduce costs.
- Enhance U.S. cooperative development with regional partners to defray the cost of next-generation missile defense systems. The Standard Missile-3 IIA under joint development with Japan provides one model for such cooperation, but a range of workshare arrangements are possible.
- Fund the army's stated requirement of nine THAAD batteries to increase global operational flexibility and capacity.
- Structure regional missile defense to enhance midcourse and terminal phase capability to reduce burden on Patriot point defense systems.
- Add an additional Patriot battalion to reduce strain on the force and permit a faster upgrade cycle.
- Continue to promote greater missile defense integration between the national capabilities of GCC members. A first step would be the integration of sensors to provide a common picture of the battlespace, which would allow for improved battle management, help to identify friend from foe, and avoid interceptor wastage.
- Maintain the current EPAA plan to complete facilities and deployments in Romania and Poland to support NATO's missile defense mission, as a hedge against Iranian nuclear breakout and advances in longer-range ballistic missiles.

- Channel U.S. foreign aid to Israeli missile defense procurement through traditional FMF accounts rather than through the Missile Defense Agency budget, or find some other way to avoid competition and budgetary tradeoffs with U.S. missile defense capabilities.
- Leverage commitments by regional actors to the Proliferation Security Initiative to stem proliferation of missiles to Iran proxies, and work to increase legal authorities to interdict suspected shipments.

Information Warfare: Centerpiece of Iran's Way of War

Michael Eisenstadt

ROLE OF PSYCHOLOGICAL AND INFORMATION WARFARE IN IRAN'S BROADER STRATEGY

Psychological and information warfare activities are central to the Islamic Republic of Iran's (IRI) politics, statecraft, and strategy, and are woven into all it does in these areas.¹ Politics and statecraft in Iran (and in much of the Middle East) are often characterized by the use of rumors, paranoia, and conspiracy theories for political ends.² In the military domain, the IRI emphasizes the primacy of the moral, spiritual, and psychological dimensions of war over the physical and technological. Accordingly, many military activities are undertaken to achieve both military and psychological and informational objectives—for instance, to bolster its deterrent posture and shape the regional environment in ways that are conducive to Iranian interest.³

The IRI's approach to psychological and information warfare draws on Islamic religious traditions and its own historical experience. The Qur'an asserts that success in war is a function of faith, and that religious zeal can compensate for lack of numbers.⁴ Covertly disseminated recordings of

1. The centrality of propaganda to Middle Eastern politics and warfare has deep historical roots. See, for instance, Bernard Lewis, "Propaganda in the Pre-Modern Middle East," *Jerusalem Studies in Arabic and Islam* 25 (2001): 1–14.

2. Daniel Pipes, "Dealing with Middle East Conspiracy Theories," *Orbis* 26 (1992): 41–56, <http://www.danielpipes.org/214/dealing-with-middle-eastern-conspiracy-theories>; Ervand Abrahamian, "The Paranoid Style in Iranian Politics," in *Khomeinism: Essays on the Islamic Republic* (Los Angeles: University of California Press, 1992), 111–131; Ahmad Ashraf, "Conspiracy Theories," *Encyclopaedia Iranica*, <http://www.iranicaonline.org/articles/conspiracy-theories>.

3. By contrast, the United States refers to what used to be called psychological operations as Military Information Support Operations, or MISO, implying that information operations support other, more decisive lines of effort.

4. Thus, Surat al-Anfal, verse 60, states: "Against them make ready your strength to the utmost of your power, including steeds of war, to strike terror into the hearts of the enemies of God, and your enemies." This verse, which appears

Ayatollah Ruhollah Khomeini's sermons contributed to the success of the Islamic Revolution, skillful propaganda spurred mass defections from the shah's military, and psychological operations played a central role in Hezbollah's successful guerrilla war against Israel in southern Lebanon (1982–2000)—contributing to Israel's eventual withdrawal. This latter success provided a dramatic boost to the IRI's "resistance" narrative.

The effort Tehran invests in information activities and its preoccupation with alleged U.S. "soft warfare" (perceived U.S. efforts to use propaganda and psychological warfare to foment revolution in Iran) are the most compelling proof of the importance the IRI attaches to this dimension of statecraft and strategy. Indeed, Major General Mohammad Ali Jafari, IRGC commander, stated on several occasions that the 2009 "sedition"—the popular protests spearheaded by opposition activists known as the Green Movement following that year's presidential elections—which it believes was instigated by foreign powers "was much more dangerous than the imposed war" with Iraq.⁵

The reason for this preoccupation is not difficult to discern. Iran enjoys significant geographic depth, and the country's heavily populated central plateau is surrounded by a ring of rugged mountain ranges, which are powerful deterrents to military invasion. By contrast, every citizen is susceptible to corrosive cultural influences and subversive political messages entering the country via the Internet, radio, and satellite TV that threaten social cohesion and undermine the regime's revolutionary ideology.

Tehran has tried to insulate its population from these harmful influences by jamming foreign broadcasts, banning social media, and censoring the Internet.⁶ State radio and television are used

in the official logo of the Islamic Revolutionary Guard Corps (IRGC), underscores the importance of the psychological dimension of warfare. Likewise, Surat al-Anfal, verse 65, declares: "O Prophet! Rouse the believers, to the fight. If there are twenty amongst you, patient and persevering, they will vanquish two hundred; if a hundred, they will vanquish a thousand of the unbelievers." This is not a uniquely Islamic way of thinking about war. In the Bible, when David challenged the heavily armed and armored warrior Goliath with only his sling and a stick, the Philistine giant scorned him, saying: "Am I a dog that you come against me with sticks?" To which David replied: "You come against me with sword and spear and javelin; but I come against you in the name of the Lord of Hosts, the God of the armies of Israel, whom you have taunted. This day the Lord will deliver you into my hands" (Samuel I, 17:45–47). There are many other accounts in the Bible that reflect this worldview. See, for instance, Leviticus 26:3–8, which states: "If you walk in My statutes and keep My commandments, and do them . . . five of you shall chase a hundred, and a hundred of you shall chase ten thousand; and your enemies shall fall before you by the sword." Likewise, William Shakespeare in *Henry V* (act 4, scene 8) has the king order his troops after their lopsided victory at Agincourt to forswear credit for their success, and to thank God for their victory by singing Psalm 115: "Not unto us, O Lord, not to us, but to Your name give glory."

5. "IRGC Chief Warns of Cultural Threats," Press TV, June 9, 2010, <http://www.presstv.ir/detail/129769.html>. See also the statements by Jafari in Will Fulton, "Iran News Round Up," *Iran Tracker*, American Enterprise Institute, February 28, 2013, <http://www.irantracker.org/iran-news-round-february-28-2013>.

6. For more on the control of information in Iran, see "Iran: Freedom of the Press 2015," Freedom House, <https://freedomhouse.org/report/freedom-press/2015/iran>; Simurgh Aryan, Homa Aryan, and J. Alex Halderman, "Internet Censorship in Iran: A First Look," *Proceedings of the 3rd USENIX Workshop on Free and Open Communications on the Internet* (August 2013), <https://www.usenix.org/system/files/conference/foci13/foci13-aryan.pdf>; and Mahmood Enayat, "Satellite Jamming in Iran: A War over Airwaves," *Small Media Report* (November 2012), <https://smallmedia.org.uk/sites/default/files/Satellite%20Jamming.pdf>.



Quds Force commander Qasem Soleimani during the National Army of the Guardians of the Islamic Revolution (IRGC) commanders conference on September 26, 2013.

Source: Photo by Mahmoud Hosseini, Tasnim News Agency, available at https://it.m.wikipedia.org/wiki/Qasem_Soleimani#/media/File%3ASardar_Qasem_Soleimani-01.jpg.

to disseminate the regime's narrative and to counter foreign influences.⁷ And the regime has tried to "Islamicize" the country's universities, security forces, and military⁸ in order to nurture a culture of resistance, jihad, and martyrdom and thereby foster its own brand of "societal resilience."

7. "Iranian State TV Acts as an Arm of the Intelligence Apparatus," International Campaign for Human Rights in Iran, August 11, 2010, <http://www.iranhumanrights.org/2010/08/iranian-state-tv-acts-as-an-arm-of-the-intelligence-apparatus/>.

8. Saeid Golkar, "Cultural Engineering under Authoritarian Regimes: Islamization of Universities in Postrevolutionary Iran," *Digest of Middle East Studies* 21, no. 1 (Spring 2012): 1–23; Saeid Golkar, "The Ideological-Political Training of

CURRENT CAPABILITIES AND FUTURE TRAJECTORY

Iran's psychological and information warfare capabilities are robust and well-developed. Senior officials engage in incessant messaging, apparently emphasizing approved themes—especially those articulated by Supreme Leader Ayatollah Ali Khamenei in his public statements—and are seemingly provided significant latitude to do so on their own, hence Foreign Minister Mohammad Javad Zarif tweeting in real-time during the nuclear negotiations with the UN Security Council plus Germany (P5+1). Although Iran's military intervention in Syria may cause it to reevaluate the relative importance of the various elements of its national power and to place greater emphasis on hard power than it did in the past (indeed, it recently approached Russia regarding the purchase of T-90 tanks and Su-30 aircraft),⁹ its psychological and information warfare capabilities are likely to retain their central role in Iranian statecraft and strategy. This is because Iran's worldview elevates the moral, psychological, and spiritual over the material, and because major conventional conflict is not the Islamic Republic's preferred "way of war."¹⁰

In particular, Tehran's psychological and information warfare activities are likely to remain important in touting the military achievements of Iran's "axis of resistance" in Syria, waging its ongoing cold war with Saudi Arabia,¹¹ conducting its strategic competition with the United States, and enhancing its leverage in ongoing efforts to "clarify" elements of the Joint Comprehensive Plan of Action (JCPOA). Its activities in this last area will be of particular importance to the United States.

During the JCPOA negotiations, Iran waged a "war of narratives" to convince domestic and foreign audiences of the justice of its cause and to bolster its negotiating position. It asserted a "right to enrich," touted Ayatollah Khamenei's "nuclear fatwa" (claiming that it precluded Iran from building nuclear weapons), created a slickly produced English-language website about its nuclear program, and used social media to disseminate its narrative. The United States was much less active in this sphere, and sometimes even seemed to endorse Tehran's narratives—for instance, the nuclear fatwa—in order to get an agreement and to defend it against domestic critics.¹²

Iran's Basij," *Middle East Brief* no. 44 (Crown Center for Middle East Studies, September 2010); Ali Alfoneh, "Indoctrination of the Revolutionary Guards," *Middle Eastern Outlook* no. 2 (Washington, DC: American Enterprise Institute, 2009).

9. J. Matthew McInnis, "Ayatollah Khamenei Takes Iran on the Offensive," *AEIdeas Blog*, American Enterprise Institute, September 8, 2016, <https://www.aei.org/publication/ayatollah-khamenei-takes-iran-on-the-offensive/>.

10. Likewise, in both deterrence and warfighting, Iran's conventional forces are likely to continue to play a secondary role to the IRGC-N's guerrilla navy, the IRGC-Quds Force (QF) and its proxies and partners, and the IRGC's missile forces. Michael Eisenstadt, "The Strategic Culture of the Islamic Republic of Iran: Religion, Expediency, and Soft Power in an Era of Disruptive Change," *MES Monograph* 7, rev. ed., Marine Corps University (November 2015), 12–15, <http://www.washingtoninstitute.org/policy-analysis/view/the-strategic-culture-of-the-islamic-republic-of-iran-religion-expediency-a>.

11. Mohammad Javad Zarif, "Let Us Rid the World of Wahhabism," *New York Times*, September 13, 2016, http://www.nytimes.com/2016/09/14/opinion/mohammad-javad-zarif-let-us-rid-the-world-of-wahhabism.html?_r=0.

12. "John Kerry: US Welcomes Ayatollah Khamenei's Fatwa against N. Weapons," Fars News Agency, March 22, 2014, <http://en.farsnews.com/newstext.aspx?nn=13930102000247>; William Saletan, "Please Stop Talking, John Kerry," *Slate*.com, July 27, 2015, http://www.slate.com/articles/news_and_politics/foreigners/2015/07/john_kerry_is_saying_too_much_about_the_iran_deal_america_s_secretary_of.html; Louis Charbonneau, "U.S. and Iran: The Unbearable

Conversely, the Obama administration often seemed more focused on “messaging” Congress and Israel than Iran, in ways that often undermined its negotiating leverage with the Islamic Republic. Thus warnings from Obama administration officials that a preventive strike on Iran would be highly “destabilizing” and that the alternative to an agreement with Tehran would be war undercut the president’s warning to Iran that “all options are on the table.”¹³ Washington must avoid such errors in the future.

Implementation of the JCPOA will likely require additional ad hoc negotiations on a range of issues that the IRI will attempt to influence by words and actions. It is vital that the United States try to influence this process by pushing its own narrative in order to ensure that the JCPOA is implemented in a way that advances U.S. interests.

LINKAGE TO OTHER ACTORS AND INSTITUTIONS

Iran acts in accordance with the maxim that a loaded gun is more useful than a smoking gun. It therefore generally prefers to achieve its goals through deterrence threats and shaping activities rather than military action. Its psychological and information warfare activities cut across all those elements that are central to its “way of war,” to bolster deterrence and enhance its influence. Thus:

- Iranian naval exercises are used to demonstrate Iran’s domination of the “Persian” Gulf, its ability to hold key U.S. Navy assets (such as carrier strike groups) at risk,¹⁴ and its ability to close the Strait of Hormuz and thereby affect the world economy¹⁵

Awkwardness of Defending Your Enemy,” Reuters, July 5, 2015, <http://www.reuters.com/article/us-iran-nuclear-usa-awkward-idUSKCN0PF0NL20150705>.

13. Thus, Admiral Mike Mullen and General Martin Dempsey, chairmen of the Joint Chiefs, both asserted that preventive military action against Iran would be highly “destabilizing.” See, for instance, “Iran Strike Could Destabilize Middle East: Pentagon,” Reuters, January 7, 2010, <http://www.reuters.com/article/us-iran-usa-mullen-idUSTRE6064UW20100107>; General Martin Dempsey, chairman of the Joint Chiefs, interview by Fareed Zakaria, *CNN Global Public Square*, February 19, 2012, <http://transcripts.cnn.com/TRANSCRIPTS/120219/fzgps.01.html>. For claims that the alternative to a nuclear deal would be war, see Jeffrey Goldberg, “White House Official: Nuclear Deal Is Best Way to Avoid War with Iran,” *Atlantic*, March 4, 2015, <http://www.theatlantic.com/international/archive/2015/03/white-house-official-nuclear-deal-is-best-way-to-avoid-war-with-iran/386806/>. For Obama’s threat that “all options are on the table,” see Jeffrey Goldberg, “Obama to Iran and Israel: ‘As President of the United States, I Don’t Bluff,’” *Atlantic*, March 2, 2012, <http://www.theatlantic.com/international/archive/2012/03/obama-to-iran-and-israel-as-president-of-the-united-states-i-dont-bluff/253875/>.

14. See, for instance, “Iran Destroyed U.S. Aircraft Carrier in the Great Prophet 9 Naval Drill,” YouTube video, posted by “Parsa Tomcat,” February 25, 2015, <https://www.youtube.com/watch?v=iqFcKzSuL8Q>; “Iranian Missiles Sink Life-Size Model of U.S. Aircraft Carrier in Strait of Hormuz Navy Drill,” Memri TV video, February 24, 2015, <http://www.memritv.org/clip/en/4799.htm>; and “Iran Navy Successfully Test-Fires Nour Cruise Missile—Iran Flies Drone over US Aircraft Carrier,” YouTube video, posted by “Rumoahepta7,” January 29, 2016, https://www.youtube.com/watch?v=hRGgCwY5G_E.

15. This message has been repeatedly reinforced by the Iranian detention, humiliation, and filming of UK sailors and marines that Iran claims had crossed into its territorial waters in 2004 and 2007 and U.S. sailors whose boats (one of which was disabled) had inadvertently drifted into Iranian waters in January 2016. See, for instance, “10 American Marines and Sailors Crying after Arrested by Iran IRGC Navy,” YouTube video, posted by “Reza Rezaie,” February 10,

- Iran trumpets the successes of its “axis of resistance” and of the “resistance doctrine” of its proxies, which it believes provides a formula for success against its enemies and which constitutes a major element of its own soft power¹⁶
- Iran displays its missiles in every military parade and holds numerous missile exercises, to demonstrate its ability to land a “crushing blow” against its enemies,¹⁷ and highlights its network of hardened underground bunkers and missile silos to underscore the survivability of its force¹⁸

Iran’s nuclear program is perhaps its biggest psychological warfare enabler. Nothing strikes fear in the hearts of the IRI’s enemies like the possibility of a nuclear-armed Iran, with the implications this has for their security and regional stability. The IRI cleverly uses its missiles—the delivery means of choice for every nuclear power—to implicitly threaten its enemies with nuclear annihilation without ever explicitly making such a threat, by covering them during parades and exercises with banners that call for “death to America” and for Israel to be “wiped off the map.” Missiles are key to Iran’s use of its nuclear program for psychological warfare purposes, as well as its nascent doctrine of nuclear ambiguity and its efforts to create a “virtual” nuclear deterrent (see Chapter 6).

Nuclear technology, moreover, is the foremost symbol of technological achievement in the post–World War II international order.¹⁹ Iran’s nuclear achievements enabled it to negotiate with the world’s great powers as a coequal. Iran’s nuclear activities support the regime’s narrative of the Islamic Republic as a rising scientific and technological power.

Tehran engages in incessant efforts to burnish its own image and reputation and to diminish the stature and credibility of its enemies. It presents itself as a dependable partner and formidable adversary (“a martyrdom-seeking nation”), and pushes a triumphalist narrative that asserts Iran is a rising power with God and history on its side. At the same time, it tries to portray itself as a good global citizen that has signed onto all the major treaties related to weapons of mass destruction (such as the Chemical Weapons Convention, Biological Weapons Convention, and Nuclear Non-Proliferation Treaty) and that adheres to international law (despite its numerous transgressions, such as the occupation of foreign embassies and its involvement in international terrorism).

2016, <https://www.youtube.com/watch?v=ykElbgbRAJQ>; and “Iranian Media Airs Footage of U.S. Soldiers, Weapons, and Boats Captured by IRGC,” Memri TV video, January 12, 2016, <http://www.memritv.org/clip/en/5265.htm>.

16. See, for instance, “Iran’s Secret Army,” YouTube video, posted by “Darius Bazargan,” November 22, 2013, https://www.youtube.com/watch?v=ZI_88ChjQtU.

17. See, for instance, “SEJIL 2—2013 Iran’s Military Missile Parade,” YouTube video, posted by “Persian-eye,” October 1, 2013, <https://www.youtube.com/watch?v=w1jO4UjZJfc>; and “Iranian TV Simulation Video of Attack to Israel and United States Aircraft Carrier,” YouTube video, posted by “Manuchehr lenziran,” February 7, 2014, <https://www.youtube.com/watch?v=DxpcHl2jj20>.

18. See, for instance, “Iranian TV Report on Underground Missile Silos: We Have Countless Numbers of Silos, Ready for Launching,” Memri TV Video, June 26, 2011, <http://www.memritv.org/clip/en/3007.htm>; “Iran Launches Ballistic Missiles from Underground Silo,” Memri TV video, March 7–8, 2016, <http://www.memritv.org/clip/en/5375.htm>; and “Iran, 500 Meter Underground Secret Missile Base,” YouTube video, posted by “Iran Army,” October 14, 2015, <https://www.youtube.com/watch?v=M0le69i--TE>.

19. See, for instance, “Outcomes of Iran’s Resistance on Nuclear Issue,” Khamenei.ir, May, 28, 2012, <http://english.khamenei.ir/news/1637/Outcomes-of-Iran-s-Resistance-on-Nuclear-Issue>.

IMPLICATIONS FOR THE REGION AND U.S. INTERESTS

Tehran's efforts to employ psychological and information warfare to advance its interests have yielded mixed results. Its spin has often been undercut by the country's own political and economic problems, and by maladroit implementation—particularly the tendency of Iranian officials to issue vain and provocative boasts, to meddle in their neighbors' affairs, to overpromise and underdeliver on commitments to partners and allies, and to lecture and condescend toward others, particularly Arabs.²⁰

Iran's propaganda has repeatedly been undermined by its geopolitical missteps. Hezbollah's image of victory in the wake of its 2006 war with Israel and Iran's vocal anti-Americanism under President Ahmadinejad enhanced Iran's standing in the region among some Arab publics for a while, but revelations regarding its nuclear ambitions, its intervention in Syria's civil war, and its perceived meddling in Bahrain and Yemen have contributed greatly to the decline in its regional standing.²¹

Moreover, Iran's bragging about its success in extending its influence in Syria, Iraq, and Yemen²² while enhancing its image and standing among the 20 percent of the region's population that is Shi'ite has unnerved the 75 percent of the region's population that is Sunni. This produced an anti-Iran backlash, manifested through the formation of a loose anti-Iran axis led by Saudi Arabia and the United Arab Emirates (and including Israel), the expulsion of hundreds of Lebanese Shi'as from a number of Gulf states for alleged ties to Hezbollah, and the repression of Shi'ite communities in the Gulf and elsewhere.

This backlash created opportunities for Washington that went largely unexploited, because of its desire to conclude a nuclear agreement and improve ties with Tehran. Moreover, the outcome of the nuclear negotiations had the effect of confirming Iran's narrative regarding its so-called right to enrich and its claims of compliance with the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Yet, if the JCPOA is to achieve its intended goal, the United States will need to ensure the primacy of its own narrative of what the JCPOA requires of Iran.

20. Michael Eisenstadt, "The Strategic Culture of the Islamic Republic of Iran: Religion, Expediency, and Soft Power in an Era of Disruptive Change," *MES Monograph 7*, rev. ed., Marine Corps University (November 2015), 12–15, <http://www.washingtoninstitute.org/policy-analysis/view/the-strategic-culture-of-the-islamic-republic-of-iran-religion-expediency-a>.

21. Pew Research Center, "Iran's Global Image Largely Negative: Favorable Ratings Fall Further in the Middle East," June 18, 2014, <http://www.pewglobal.org/2014/06/18/irans-global-image-largely-negative/>.

22. See, for instance, "Sanaa Is the Fourth Arab Capital to Join the Iranian Revolution," *Middle East Monitor Memo*, September 27, 2014, <https://www.middleeastmonitor.com/news/middle-east/14389-sanaa-is-the-fourth-arab-capital-to-join-the-iranian-revolution>; Ali Younesi, "Advisor to Iranian President Rohani: Iran Is an Empire, Iraq Is Our Capital," *MEMRI Dispatch* 5991, March 9, 2015, <http://www.memri.org/report/en/print8471.htm>.

RECOMMENDATIONS FOR THE UNITED STATES AND ITS PARTNERS

Psychological and information warfare operations should play a central role in America's long-term strategic competition with the Islamic Republic, not only because Iran attaches such importance to them but because they can profoundly influence and shape the operational environment. To this end, Washington should pursue a two-track policy, continuing to engage Tehran regarding implementation of the JCPOA, while pushing back against its destabilizing policies by framing issues in ways that advance the U.S. narrative, and engaging in activities that impose costs on Iran to convince it that efforts to undermine U.S. interests are risky and futile. Strategic communication is 20 percent words and 80 percent actions, and to succeed the United States must align words and actions lest it demoralize allies and inadvertently mislead adversaries regarding its intentions and resolve.²³

Countering Iran's Nuclear Narrative

Ad hoc negotiations over implementation of the JCPOA are likely to continue, if not intensify, under the Trump administration, and it is vital that the United States build leverage for these negotiations by shaping the narrative regarding Washington's and Tehran's compliance with the agreement.²⁴ The United States should emphasize that Iran is in violation of the spirit if not the letter of United Nations Security Council Resolution (UNSCR) 2231 through its missile tests and exercises, and its arms transfers to Iraq, Syria, and Yemen. Likewise, it should not hesitate to call out Iranian violations of the JCPOA, if merited.

Moreover, if Tehran continues to harbor nuclear ambitions, another nuclear crisis is likely. This could arise in the event that Iran withdraws from the JCPOA because its high expectations were not met, restarts clandestine nuclear activities in the JCPOA's out-years when the most intrusive monitoring arrangements disappear, or opts to build an industrial-scale nuclear infrastructure (as permitted by the JCPOA) once limits on the size of its program are lifted at the 15-year mark.²⁵ The United States should ensure that it enters such a crisis from a position of strength by creating, in the interim, a narrative of American compliance and, if merited, Iranian noncompliance.

To deter Tehran from restarting clandestine nuclear activities, the United States should try to convince Iran that it would be caught by American intelligence and cyber-spying operations that

23. Michael Eisenstadt, "The Missing Lever: Information Activities against Iran," *Policy Note 1*, Washington Institute for Near East Policy, March 2010, 7, <http://www.washingtoninstitute.org/uploads/Documents/pubs/PolicyNote01.pdf>.

24. See, for instance, Bradly Klapper, "US Open to 'New Arrangement' on Iran's Missile Tests," Associated Press, April 7, 2016, <http://bigstory.ap.org/article/ff0aa48a68494bdd9eef9b26baba49bf/bahrain-kerry-treads-carefully-human-rights>.

25. Michael Singh, "Iran's Plan to Expand Its Nuclear Program—and Steps the U.S. Can Take to Deter It," *Wall Street Journal* (Think Tank Blog), August 4, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/irans-plan-to-expand-its-nuclear-program-and-steps-the-u.s.-can-take-to-det>.

render its nuclear activities transparent,²⁶ and that the United States will use all available means to halt such efforts.²⁷

The United States should, moreover, use the time gained by the JCPOA to launch a campaign to inform the Iranian people of the risks and dangers that an industrial-scale nuclear program would hold for Iran. It should try to encourage the emergence of a broad-based antinuclear movement in Iran like the antinuclear movement that emerged in Western Europe and the United States in the 1960s and 1970s that provided the impetus for nuclear arms control.²⁸ Though this is perhaps a quixotic goal, the United States has nothing to lose by trying to influence the IRI's nuclear risk/benefit calculus.

Countering Regional Activities

The United States should also try to influence Iran's ability to pursue destabilizing regional policies by encouraging popular discontent in Iran with its involvement in Syria. The United States should highlight that while most Iranians are struggling to make a living, the regime is squandering blood and treasure supporting Bashar al-Assad's regime, which uses chemical weapons against its own people.²⁹ The goal should be to strengthen the hand of those Iranian officials who would abandon Assad in order to reach a diplomatic solution in Syria.

26. To this end, the United States should quietly publicize its work on technologies for penetrating closed computer networks. See, for instance, Zachary Fryer-Biggs, "DoD Looking to 'Jump the Gap' into Adversaries' Closed Networks," *Defense News*, January 15, 2013, <http://archive.defensenews.com/article/20130115/C4ISR01/301150010/DoD-Looking-8216-Jump-Gap-8217-Into-Adversaries-8217-Closed-Network>.

27. This means addressing the credibility gap hindering efforts to make credible the threat of U.S. preventive military action against the Islamic Republic's nuclear program. Steps that the United States needs to take to redress this credibility gap include (1) set only those redlines it is willing to enforce; (2) push back against Iranian efforts to test or circumvent redlines, as failure to do so will invite additional challenges; (3) use subtle, implied threats that play on Iranian paranoia when direct, overt threats might cause the Islamic Republic to dig in its heels to save face; (4) demonstrate through words and deeds that it is increasingly tolerant of risk in its dealings with Iran; (5) indicate that it will practice deterrence by both denial and punishment to introduce uncertainty into Tehran's cost-benefit calculus; (6) respond asymmetrically and hold vital Iranian assets at risk in the event of a conflict, making the United States a more unpredictable adversary, and raising the potential cost to Iran of miscalculation; (7) use the threat of "soft warfare" to play on Tehran's greatest fears, in order to deter it.

28. Michael Eisenstadt, "Speaking about the Unthinkable: The Nuclear Debate Iran Needs to Have," *PolicyWatch* 2279, Washington Institute for Near East Policy, July 1, 2014, <http://www.washingtoninstitute.org/policy-analysis/view/speaking-about-the-unthinkable-the-nuclear-debate-iran-needs-to-have>; Michael Eisenstadt, "Glass Houses: Iran's Nuclear Vulnerabilities," Washington Institute for Near East Policy, July 1, 2014, http://www.washingtoninstitute.org/uploads/Documents/pubs/Glass_Houses_final.pdf.

29. The United States should emphasize the Assad regime's violence against its own people, for the Assad regime's fight against Sunni jihadist groups like Jabhat al-Nusra (recently renamed Jabhat Fatah al-Sham) and Islamic State (ISIS) seems to enjoy broad support in Iran. Ebrahim Mohseni, Nancy Gallagher, and Clay Ramsay, *Iranian Attitudes in Advance of the Parliamentary Elections: Economics, Politics, and Foreign Affairs*, The Center for International and Security Studies at Maryland, January 2016, <http://cisssm.umd.edu/sites/default/files/Iranian%20Attitudes%20in%20Advance%20of%20the%20Parliamentary%20Elections%20-%2020020116%20-%20FINAL%20-%20sm.pdf>.

Likewise, Washington should highlight how Tehran uses its Lebanese, Iraqi, Afghani, and Pakistani proxies as cannon fodder in Syria, to spare its own personnel.³⁰ The United States may be able to discourage recruitment for some of these groups—for instance, the hapless, ill-trained Afghans who often agree to fight in Syria in order to gain jobs and citizenship in Iran but who are often denied these benefits upon their return. Publicizing such abuses might complicate Iranian recruiting among groups that contribute to Iran’s regional power projection.³¹

Finally, the United States should work with regional partners to support non-Salafi opposition groups in Syria in order to impose costs on Iran and its proxies, and they should highlight the achievements of Iraq’s army and police to diminish the achievements of pro-Tehran Popular Mobilization Units (PMUs). In this way they may discredit Tehran’s “resistance doctrine” and counter Iran’s image as a rising regional power.³²

Countering Military Capabilities

To assure allies and deter Tehran, Washington needs to debunk exaggerated Iranian claims of technological achievement and to cast doubt on the efficacy of key elements of its “way of war.” To this end, Washington should emphasize America’s ability to deal with Iran’s antiaccess/area-denial, terrorism, long-range strike (missile), and cyber capabilities, so that the IRI loses confidence in its ability to defend its vital interests or terminate a conflict on favorable terms.

Enhancing U.S. Soft Warfare Capabilities

Because the Islamic Republic’s leadership came to power through revolution, survival remains its foremost concern and counterrevolution its greatest fear. The United States should use this fear to pressure Tehran and bolster deterrence. To do so, it should continue to encourage private-sector cultural activities that unnerve Tehran (e.g., the development of firewall circumvention software and the facilitation of people-to-people contacts) and revive its ability to wage political warfare—including influence operations, economic warfare, and covert action—to destabilize hostile states such as the Islamic Republic.³³

30. Ali Alfoneh and Michael Eisenstadt, “Iranian Casualties in Syria and the Strategic Logic of Intervention,” *PolicyWatch* 2585, Washington Institute for Near East Policy, March 11, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/iranian-casualties-in-syria-and-the-strategic-logic-of-intervention>.

31. See, for instance, Fariba Sahraei, “Syria War: The Afghans Sent by Iran to Fight for Assad,” *BBC Persian*, April 15, 2016, <http://www.bbc.com/news/world-middle-east-36035095>.

32. See, for instance, “Sanaa Is the Fourth Arab Capital to Join the Iranian Revolution,” *Middle East Monitor*, September 27, 2014, <https://www.middleeastmonitor.com/news/middle-east/14389-sanaa-is-the-fourth-arab-capital-to-join-the-iranian-revolution>; Ali Younesi, “Advisor to Iranian President Rohani: Iran Is an Empire, Iraq Is Our Capital,” *Special Dispatch* 5991, Middle East Media Research Institute, March 9, 2015, <http://www.memri.org/report/en/print8471.htm>.

33. Max Boot and Michael Doran, “Department of Dirty Tricks: Why the United States Needs to Sabotage, Undermine, and Expose Its Enemies in the Middle East,” *Foreign Policy*, June 28, 2013, <http://foreignpolicy.com/2013/06/28/departments-of-dirty-tricks/>. See also Political Warfare Executive (UK), *The Meaning, Techniques and Methods of Political Warfare*, declassified manual, file ref. FO 898/101 (1942), <https://www.psywar.org/psywar/reproductions/MeanTechMethod.pdf>.

Undoubtedly, there will be objections to anything that smacks of meddling in Iran's internal affairs and that even remotely resembles the Anglo-American coup in 1953 to remove Prime Minister Mohammad Mossadegh. While such concerns are justified, quietly keeping such an option in reserve, to be used in extremis if Iran someday reneges on its nuclear commitments, might help reconcile these seemingly incompatible objectives.

PART THREE

A U.S. Deterrence Framework for Iran

Regional Perspectives on Iran

Jon B. Alterman

While Iranian officials reap internal political benefits from a narrative that they are besieged defenders of the Iranian revolution, their actions have deepened Iran's isolation within the Middle East and drawn in the United States and other outside powers to defend Iran's neighbors against the threat of Iranian military aggression. For the last 35 years, Iran has both united its enemies and increased their number.

The Joint Comprehensive Plan of Action (JCPOA) that the United States helped strike in July 2015 caused concern among U.S. allies in the Middle East. Although the agreement removed the looming near-term threat of a nuclear-armed Iran, it heightened regional anxieties because it seemed both to lift curbs on Iran and to turn a blind eye to Iranian efforts to expand influence in the region. U.S. allies also feared that the United States would see the agreement as a justification for limiting its military engagement in the Middle East, while Iran would build its influence as it filled the

Despite deep-seated historical enmity between Israel and the Gulf Arab states over the Israeli-Palestinian conflict, concern about Iran has brought these sides together

resultant power vacuum. To a surprising degree, Israel and its Arab neighbors share similar assessments, and they are quietly aligning their policies.¹

Despite deep-seated historical enmity between Israel and the Gulf Arab states over the Israeli-Palestinian conflict, concern about Iran has brought these sides together.

Iranian invective against its neighbors and its funding of armed groups that undermine regional security create a unifying sense of unease. Iran's widely rumored nuclear weapons program has been a contributing factor, but for

1. Israel and the Gulf Arab states have a long history of enmity, driven by the Arab-Israeli conflict. Gulf Arab states have funded Palestinian nationalist organizations, several of which have targeted and killed Israeli civilians. They also led a long and bitter boycott against any business willing to trade with Israel and worked to delegitimize Israel in international forums. Arabs see the list of Israeli offenses as long, from lethal attacks on civilians in the West Bank and Gaza and surrounding states to seizing land that Muslims and Christians view as holy. The countries do not currently have diplomatic relations, and Gulf Arab officials are generally unwilling to recognize their Israeli counterparts.

its neighbors, not the only decisive one. What truly unifies Iran's neighbors are their relative contentment with the status quo and their strong belief that Iran is a determinedly revisionist power. That belief manifests itself in different ways given the various countries' very different political context, but it has the same effect: it draws Iran's neighbors closer to each other and into a closer embrace with the United States.

Israel has long been in the sights of the Iranian political leadership. In part, Iranian hostility is genuinely held, arising out of Muslim solidarity and an objection to a Jewish government presence within what they see as properly Muslim territories. But there is an instrumental angle as well, and animosity to Israel benefits the current Iranian government in several ways. First, anti-Israeli hostility helps Iran's image in the Arab world. Iran ordinarily would not have much reach there, being a Shi'ite Persian power bordering a region that is largely Sunni and Arab. Divisions of language and religion should cripple Iran's efforts for influence. Yet, appealing to the Arab street's sympathy for the Palestinians and hostility to Israel, Iran can claim it is doing more to push a popular Arab cause than Arab governments do.

Second, anti-Israeli hostility represents a powerful rejection of the shah of Iran's policy of rapprochement with Israel before the Iranian Revolution. Israel's diversified economy and Western orientation were a powerful lure for the shah, who desired both for Iran. Hostility to such ties represented both a rejection of the shah's Western aspirations and the revolutionary regime's embrace of a genuinely Islamic identity. As such, this hostility serves to demarcate the split between the old political order and the new.

Third, an enemy like Israel helps rally the Iranian public around the government, because it is simultaneously powerful and remote. The larger Iran looms in Israel's sights, the more the Iranian leadership can present Iran as Israel's peer. That adds to Iran's prestige, especially since its conventional military capabilities pale in comparison to those of Israel. While Israel can and does send soldiers across the border to surrounding states, and even bombed an Iraqi nuclear reactor in 1981, Israel is far enough from Iran that most battles are fought through proxies such as Hezbollah rather than on Iranian soil.

Senior Iranian officials have been vociferous in their denunciations of Israel. Perhaps most famous is the statement of then-president Mahmoud Ahmadinejad in 2005, which reportedly argued for "wiping Israel off the map."² The current supreme leader of Iran, who constitutionally controls Iran's armed forces, has a long history of anti-Israeli rhetoric. He said in 1990,

Regarding the Palestine issue, the problem is taking back Palestine, which means disappearance of Israel. There is no difference between occupied territories before and after [the Arab-Israeli war of] 1967. Every inch of Palestinian land is an inch of Palestinians' home. Any entity ruling Palestine is

2. A vibrant debate has broken out over whether this represents what Ahmadinejad really said. See, for example, Ethan Bronner, "Just How Far Did They Go, Those Words against Israel?," *New York Times*, June 11, 2006, http://www.nytimes.com/2006/06/11/weekinreview/11bronner.html?_r=0.



Former secretary of state John Kerry stands with his fellow foreign ministers from the Gulf Cooperation Council (GCC)—representatives of Bahrain, Kuwait, Oman, Saudi Arabia, the United Arab Emirates, Qatar, and the GCC itself—on April 7, 2016, at the Four Seasons Hotel in Manama, Bahrain, amid a series of multilateral meetings focused on regional issues.

Source: Photo by U.S. Department of State, available at [https://commons.wikimedia.org/wiki/File:Secretary_Kerry_StandsWith_His_Fellow_Foreign_Ministers_From_the_Gulf_Cooperation_Council_Amid_a_Series_of_Meetings_in_Manama_\(2622710111\).jpg](https://commons.wikimedia.org/wiki/File:Secretary_Kerry_StandsWith_His_Fellow_Foreign_Ministers_From_the_Gulf_Cooperation_Council_Amid_a_Series_of_Meetings_in_Manama_(2622710111).jpg).

illegitimate unless it is Islamic and by Palestinians. Our position is what our late Imam [Ayatollah Ruhollah Khomeini] said, "Israel must disappear."³

The Israeli government has understood the depth of Iranian hostility, and it has responded to it. While Israel prepares itself for a wide number of threats, many of those threats have some link to Iran. Iran supports armed groups that engage in terrorism and irregular warfare, including Hamas, Hezbollah, and Palestinian Islamic Jihad. Iran's potential military threat to Israel has also emerged as a central issue for Israeli national security. In many ways, Israel sees Iran behind both its immediate threats—the array of Iranian-backed proxy groups—and its longer-term threats, represented by the Iranian nuclear weapons program.

3. Akbar Ganji, "Ayatollah Khamenei and the Destruction of Israel," *Boston Review*, November 1, 2013, <https://bostonreview.net/world/ganji-khamenei-israel>.

On the political level, Israeli politicians have used the Iranian threat as a welcome unifying theme in the face of divisive internal politics. Israel faces deep splits over religious-secular divisions in public life, economic policy, and strategy toward both its own Arab population and the Palestinian population within its international borders. Iran, by contrast, is a simple and straightforward matter, made more so by the apocalyptic proclamations of the Iranian leadership toward Israel.

Prime Minister Benjamin Netanyahu has stressed Iran as an issue in his domestic political campaigns, and has made opposition to Iran a central theme in his international engagements. In September 2012, he famously addressed the United Nations General Assembly with a cartoon drawing of a bomb with a fuse and argued that Iran was merely a year away from having enough highly enriched uranium to build a nuclear weapon. In an address to a joint meeting of Congress in March 2015, Netanyahu spoke exclusively about the threat Iran poses to Israel and the world.

For Netanyahu, Iran validates his view that Israel is surrounded by enemies and therefore remains in a perpetual state of war.⁴ He references Jewish history, especially the Holocaust, to justify his focus on Iran and persuade his audiences that Iran is the reincarnation of Nazism and previous attempts to exterminate the Jewish people.⁵ In May 2016, Netanyahu's defense minister bitterly resigned and attacked the prime minister for exaggerating the Iranian threat. The next month, he argued that the Iranian nuclear program "does not constitute an immediate, existential threat for Israel," and Israel's genuine threats were precisely the internal cleavages that alarm over the Iranian threat helps obscure.⁶

While Iran represents an easy target for Israeli politicians, it represents a much more complicated target for the Israeli military. In contrast to the Israeli political cacophony over the Iranian threat, the Israeli military has adopted a strategy of quiet deterrence. A strikingly clear policy document issued in 2016, *IDF Strategy*, focuses explicitly on Israel's deterrence strategy and the need to maintain a deterrent threat.⁷ While Israel has been increasingly successful deterring the states on its borders, Iran poses a more complicated problem. In part, there is the straightforward issue that if Iran were to develop a nuclear weapons capability, it could endanger Israel, thereby deterring Israel from responding to an Iranian attack (although, to be sure, Israel is widely reported to possess at least 200 nuclear warheads, representing a very real and substantial deterrent to Iran).

Less theoretical is Iran's support of a range of violent nonstate actors that threaten Israel from within and beyond its borders. Former head of Israeli Defense Forces (IDF) Military Intelligence

4. In a meeting with members of the Knesset's Foreign Affairs and Defense Committee, Netanyahu reportedly told Knesset members, "You think there is a magic wand here, but I disagree. I'm asked if we will forever live by the sword—yes." See Barak Ravid, "Netanyahu: I Don't Want a Binational State, but We Need to Control All of the Territory for the Foreseeable Future," *Haaretz*, October 26, 2015, <http://www.haaretz.com/israel-news/premium-1.682374>.

5. Numerous articles have highlighted the influence of Benjamin Netanyahu's father, Benzion Netanyahu, who was a scholar of the Spanish Inquisition, on shaping the prime minister's worldview. See, for example, Avner Ben-Zaken, "The Father, the Son (Bibi) and the Spirit of Catastrophe," *Haaretz*, May 24, 2015, <http://www.haaretz.com/israel-news/premium-1.657593>.

6. Ben Hartman, "Ya'alon Pans Netanyahu as Fear-Monger, Announces Run in Next Election," *Jerusalem Post*, June 16, 2016, <http://www.jpost.com/Israel-News/Yaalon-Israel-doesnt-face-any-existential-threat-not-even-Iran-456978>.

7. Belfer Center, *Deterring Terror: How Israel Confronts the Next Generation of Threats* (Cambridge, MA: Belfer Center, 2016), <http://belfercenter.ksg.harvard.edu/files/IDF%20doctrine%20translation%20-%20web%20final2.pdf>.

Amos Malka writes that the latter problem is especially confounding because the “equation of deterrence” between a state and a terrorist organization is largely asymmetric. This is illustrated by two important concepts: “the weakness of power” and “the power of weakness.” According to Malka, the weakness of power is “the inability to translate potential force and a clear strategic advantage into effective deterrence.” Its corollary, the power of weakness, is the “capability of the weaker side . . . to create local or functional power to deter the stronger side and/or extend its room for maneuver asymmetrically.”⁸

The IDF’s answer to this new threat environment is “deterrence through a continuous uninterrupted offensive effort” or the concept of the “campaign between wars.” The objective is an ongoing and routine series of covert and overt military operations intended to strengthen deterrence, postpone war, and lengthen the time between Israel’s military conflicts.⁹

Israel has sought to develop its deterrence against Iran by striking Iranian allies. In September 2007, Israeli jets quietly destroyed Syria’s al-Kibar nuclear facility before it could be operationalized. But Israel has largely failed to deny Hezbollah sophisticated antitank and antiship missiles such as the C-802, which incapacitated an Israeli Navy corvette during the 2006 war, or drones that have repeatedly probed Israeli airspace.

Israel’s strikes against Iranian allies have served their purpose to be sure, but they have also incurred costs to Israel. The consistent use of disproportionate retaliation, as well as the destruction of civilian infrastructure, has drawn widespread international criticism.¹⁰ Israel can achieve gains on the battlefield, but its victims win gains among sympathetic global publics.

Israel’s most visible effort to deter Iran is its force structure. For decades Israel has sought to maintain a technological edge or a qualitative military edge (QME) against its enemies to compensate for its lack of geographic depth and for its smaller armed forces. U.S. support has been instrumental in building and maintaining Israel’s QME, which has become enshrined in U.S. legislation. But QME is increasingly more difficult to maintain and only partially addresses Israel’s complex threat environment. Israel’s acquisition of the F-35 joint strike fighter will enhance its deterrence against Iran, if Iran believes that Israel would launch a military strike against the country, though the F-35 will not change Israel’s deterrence equation against Hezbollah, Hamas, or Jihadi-Salafist groups. Short of an explicit military threat against Iran with clear redlines, Israel’s ability to deter Iran from both supporting nonstate actors and cheating on JCPOA terms is limited. Only the United States and other signatories to the agreement have direct influence to deter Iran from cheating, either through imposing snapback sanctions or other penalties. Israel could threaten to use force should Iran violate the agreement or take certain actions related to its nuclear infrastructure, but that could potentially put Israel at odds with the United States and other key states. Moreover, given past speculation about Israeli military strikes against Iran, it is unclear

8. Amos Malka, “Israel and Asymmetrical Deterrence,” Institute for Policy and Strategy, 2, http://blogs.brandeis.edu/siis/files/2014/04/Malka-_Israel_and_Asymmetrical_Deterrence.pdf.

9. See Gadi Siboni, “The IDF Strategy: A Focused Action Approach,” *INSS Insight* no. 739, Institute for National Security Studies, August 27, 2015, <http://www.inss.org.il/index.aspx?id=4538&articleid=10446>.

10. The UN’s Goldstone Report following the 2008–2009 confrontation with Hamas is an important example.

whether a future Israeli threat would be credible enough to deter certain Iranian activities or decisions.

In notable response to its neighbors, Israel has been reluctant to engage in proxy wars with Iran, especially in Syria. While Israel historically made common cause with some Christian groups in Lebanon during the Lebanese civil war, it has resisted much direct involvement in Syria's ongoing civil war, occurring across the Golan Heights. This is for at least two reasons. First, Israel is deeply hostile to the jihadi groups fighting the Assad government, as they are hostile to Israel. As much as there is enmity with Syria, the alternative looks no better for Israel. Second, and perhaps more importantly, Israel has successfully deterred Assad and his patrons for years. Deterring jihadis would be a whole different kind of challenge for the Israeli military, and it would have an uncertain outcome. Israel seems trapped in not wanting either side to win, but it certainly is not troubled that each side is preoccupied fighting an enemy other than Israel. There are persistent reports of Israeli coordination with some of the non-jihadi forces fighting Assad, and of Israel providing medical treatment to injured fighters and others.¹¹ It remains unclear how much of that effort is a covert action intended to boost the fortunes of the Free Syrian Army, and how much is intended to create a counternarrative to the vociferous state-sponsored anti-Semitism that has flowed out of Syria for decades.

Israeli government attitudes toward a potential threat from Iran are easier to discern than those of the Gulf states for several reasons. In part, as a democracy, Israeli political leaders are quite open about their perceptions of threats and what to do about them. They work hard to win over the broad citizenry to their point of view. The press and academia are similarly open, and they frequently put forward a wide variety of viewpoints and alternative analysis. Even though its operational details are heavily guarded, the Israeli military is also relatively open to public scrutiny, and its officers and veterans are widely quoted in the press and elsewhere.

By contrast, many of the Gulf Arab states are more closed. They tend to see security strategy as a prerogative of the ruler, and royals generally populate the highest reaches of the military and security establishment. While all of the Gulf Arab states have legislative bodies, they are deferential to the ruling families and generally abstain from open discussions about alternative strategic postures. Military budgets are not subjected to legislative scrutiny, nor are treaties submitted to elected bodies for ratification. It is surprising, then, to note that while Gulf Arab leaders have been outspoken about the threat they feel from Iran, the preponderance of what they have said and written is in English and not in Arabic. Thus although there is a global English-language debate about both the nature of the Iranian threat and the proper response to it, in Arabic there is more of a consensus not only that Iran is a threat but that rulers' response to that threat is legitimate and internally uncontested.

For many of the Gulf states, Iran's hostility long predated the Islamic Republic, and will survive long after it. When asked about Iranian support for sectarian divisions in the region almost 10 years ago, a senior Gulf royal observed, "The Iranians have only been Shi'a for 500 years. They have been

11. See, for example, Dov Lieber, "Is Treating Syrians a Humanitarian Gesture or Strategic Policy for Israel?," *Times of Israel*, March 20, 2016, <http://www.timesofisrael.com/the-curious-case-of-israels-syrian-patients/>.

Persians for millennia.”¹² Similarly, officials in the Gulf Arab states bristle at terming the body of water on their shores the “Persian Gulf,” for fear of legitimizing Iranian claims of regional dominance. The Gulf Arab states supported Saddam Hussein throughout the 1980s, seeking to build up Iraq as an Arab balancer against Iranian regional dominance. Beginning in the 1980s and continuing until today, they assembled massive arsenals of U.S. weaponry including more than a hundred billion dollars’ worth of fighter jets, attack helicopters, missile defense systems, antiarmor missiles, tanks, and advanced frigates. Integral to the Arab states’ strategy was the knowledge that arms agreements entail long engagements of training and maintenance that would keep the United States interested in their fortunes for decades to come. Each Gulf state save Saudi Arabia also has at least one U.S. military base (U.S. troops were at the Prince Sultan Airbase until withdrawn under domestic pressure following 9/11; the United States maintains a mission advising the Saudi National Guard at a base outside Riyadh). In addition, many of the Gulf states maintain supplementary security relationships with European countries such as France and the United Kingdom, driven by weapons sales and training.

Among the GCC states, Saudi Arabia and the United Arab Emirates have been most outspoken about the threat from Iran, and they have been the most active responding to what they see as the new threat environment emerging after the JCPOA.

At least verbally, Saudi Arabia has refrained from condemning the JCPOA, as it had reacted to an initial framework agreement two years before.¹³ In a tepid announcement, the Saudi cabinet allowed, “The government of the kingdom sees that if there was goodwill, this agreement could represent a preliminary step towards a comprehensive solution to the Iranian nuclear program.”¹⁴ Yet, alongside reassurances were not-so-quietly whispered warnings of potential Saudi responses. Parallel to statements supporting the initial deal in 2014, connected Saudis warned that the kingdom was considering developing its own nuclear weapons capabilities to match Iran’s, and suggested that the kingdom would be willing to become a pariah state and rupture its ties with the United States if it had to.¹⁵ Other reports claimed that the kingdom would seek the protection of Pakistan by asking the South Asian nation either to extend a nuclear umbrella or to provide the kingdom with nuclear weapons in the event that Iran successfully developed such capabilities.¹⁶

Saudi Arabia is leading regional initiatives that aim to roll back Iranian advances, put a stop to perceived Iranian encroachment on traditional Saudi spheres of influence, and weaken Iran’s grip on its own established bases of power. These proxy conflicts span the Middle East, affecting Lebanon, Syria, Yemen, Iraq, and others. In Syria, Saudi Arabia has been one of the biggest supporters of rebel fighters waging a campaign against the Assad regime. The kingdom has

12. Private conversation with an Emirati royal, January 2007.

13. Adam B. Learner, “Saudi Arabia Cautiously Endorses Iran Deal,” *POLITICO*, June 4, 2015, <http://www.politico.com/story/2015/04/saudi-arabia-iran-nuclear-deal-116694>.

14. “Saudi Arabia Welcomes Iran Nuclear Agreement,” *Al Jazeera*, November 25, 2013, <http://www.aljazeera.com/news/middleeast/2013/11/saudi-arabia-welcomes-iran-nuclear-agreement-2013112513519366380.html>.

15. “Saudi Arabia Considers Its Own Nuclear Options after Iran Deal,” *Reuters*, July 21, 2015, <http://www.reuters.com/article/us-iran-nuclear-saudi-nuclear-idUSKCN0PV1GC20150721>.

16. Simeon Kerr, “Gulf States Publicly Praise, Privately Fear Iran Nuclear Deal—FT.com,” *Financial Times*, July 15, 2015, <http://www.ft.com/cms/s/0/c740cae0-2644-11e5-bd83-71cb60e8f08c.html#axzz4GClfqxt>.

bankrolled arms transfers to rebel forces (both “moderate” and Islamist) and funded covert training programs in Jordan and Turkey.¹⁷ The Saudi strategy of arming and training rebels to fight in Syria came as a direct response to Iran’s continuous and large-scale support of the Assad regime, support that has taken the form of weapons, cash, foreign fighters, and Islamic Revolutionary Guard Corps (IRGC) personnel (including high-ranking members).¹⁸ Both Saudi Arabia and Iran know that the fall of the Assad regime would be a severe blow to Iranian interests in the region; Bashar al-Assad’s demise would cut off a vital supply line to Hezbollah (an essential component of Iran’s deterrence strategy in the region) and reverse the trend of Saudi losses in the region.

Saudi Arabia has also been operating a punishing war in Yemen since 2015 against Houthi rebels, who have waged their own battles against the Saudis for more than a decade. In an interview with *Der Spiegel*, Saudi foreign minister Adel al-Jubeir voiced the Saudi view that the Houthis are “radical militia allied with Iran and Hezbollah that took over the country.”¹⁹ Many observers believe that the Houthis’ ties to Iran are far less direct than Iran’s ties to Hezbollah; further, Yemen provides a relatively low-cost way for Iran to remind Saudi Arabia of Iran’s ability to affect Saudi Arabia’s security interests.

The United Arab Emirates shares much of Saudi Arabia’s strategy. While it too issued statements of quiet support for the JCPOA, UAE officials were clearly distressed by what they saw as Western overeagerness to open up to Iran.²⁰ When EU foreign policy chief Federica Mogherini authored an article in the *Guardian* that discussed incorporating Iran into a regional security framework, UAE minister of state for foreign affairs Anwar Gargash chastised her, saying the article “lacks context and understanding of Iran’s regional and aggressive policy and sectarian overtones that have polarized the Middle East.”²¹

17. Mark Mazzetti and Matt Apuzzo, “U.S. Relies Heavily on Saudi Money to Support Syrian Rebels,” *New York Times*, January 23, 2016, <http://www.nytimes.com/2016/01/24/world/middleeast/us-relies-heavily-on-saudi-money-to-support-syrian-rebels.html>; C. J. Chivers and Eric Schmitt, “Saudis Step Up Help for Rebels in Syria with Croatian Arms,” *New York Times*, February 25, 2013, <http://www.nytimes.com/2013/02/26/world/middleeast/in-shift-saudis-are-said-to-arm-rebels-in-syria.html>; Mark Mazzetti and Ali Younes, “C.I.A. Arms for Syrian Rebels Supplied Black Market, Officials Say,” *New York Times*, June 26, 2016, <http://www.nytimes.com/2016/06/27/world/middleeast/cia-arms-for-syrian-rebels-supplied-black-market-officials-say.html>.

18. “Iran ‘Sending Arms to Syria Despite Ban,’” *Al Jazeera*, May 17, 2012, <http://www.aljazeera.com/news/americas/2012/05/20125175553158930.html>; Eli Lake, “Iran Spends Billions to Prop Up Assad,” *Bloomberg View*, June 9, 2015, <https://www.bloomberg.com/view/articles/2015-06-09/iran-spends-billions-to-prop-up-assad>; Saeed Kamali Dehghan, “Afghan Refugees in Iran Being Sent to Fight and Die for Assad in Syria,” *The Guardian*, November 5, 2015, <https://www.theguardian.com/world/2015/nov/05/iran-recruits-afghan-refugees-fight-save-syrias-bashar-al-assad>; Ruth Sherlock, “Iran Boosts Support to Syria,” *The Telegraph*, February 21, 2014, <http://www.telegraph.co.uk/news/worldnews/middleeast/iran/10654144/Iran-boosts-support-to-Syria.html>.

19. Adel al-Jubeir, interview by Samiha Shafy and Bernhard Zand, “Interview with Saudi Foreign Minister Adel Al Jubeir on Syrian War,” *Spiegel Online*, February 19, 2016, <http://www.spiegel.de/international/world/interview-with-saudi-foreign-minister-adel-al-jubeir-on-syrian-war-a-1078337.html>.

20. Alexander Cornwell, “Iran Nuclear Deal to Spur UAE Trade, Investment,” *GulfNews*, July 14, 2015, <http://gulfnews.com/business/economy/iran-nuclear-deal-to-spur-uae-trade-investment-1.1550400>.

21. William Maclean, “Gulf Arab Power UAE Chides EU over Opening to Iran,” *Reuters*, July 29, 2015, <http://uk.reuters.com/article/uk-iran-nuclear-emirates-eu-idUKKCN0Q324E20150729>.

Yousef Al Otaiba, the United Arab Emirates' ambassador to Washington, acutely expressed the UAE's skepticism toward Iran in a *Wall Street Journal* op-ed marking the JCPOA's first anniversary. Otaiba confessed that the agreement might have made the world safer, but followed up with the opinion that it had done so "only in the short term and only when it comes to Iran's nuclear-weapons proliferation."²² Otaiba went on to lament the fact that Iran has continued to act in a "hostile, expansionist, [and] violent" manner, and that since the signing of the nuclear deal "Iran has only doubled down on its posturing and provocations."²³ Afterward, the Emirati ambassador to Washington listed many Iranian infractions that took place after the signing of the agreement, demonstrating Iran's lack of commitment to upholding the agreement they had signed less than a year ago. He reached the conclusion that "if the carrots of engagement aren't working, we [the international community] must not be afraid to bring back the sticks"—a thinly veiled call for military and political action.²⁴

The United Arab Emirates has invested billions of dollars in its independent military capacities in the last decade, developing a skilled jet fighter capability, an advanced antimissile capability, and small but highly capable special forces.

The United Arab Emirates has demonstrated its capacities through an active role in military operations in Yemen, deploying 30 fighter jets and a brigade of troops.²⁵ In mid-2016, however, the United Arab Emirates seemed to refocus its operations on jihadi groups operating in the Hadramawt (in the far east of the country) and the south, putting relatively less attention on Iranian-backed rebels in the north.

The United Arab Emirates' relationship with Iran is more complicated than Saudi Arabia's, however, because Iran remains such a large trading partner despite tensions between the two governments. Dhows have plied the waters between Persia and the Arab ports on the tip of the Arabian Peninsula for centuries before either Iran or the United Arab Emirates existed, and that trade has been consistently over \$10 billion a year even at the height of sanctions. There is a considerable Iranian population resident in the United Arab Emirates, and a considerable number of Emiratis of Iranian heritage. In practice, familiarity with Iran eases tensions, while the presence of Iranians makes some Emiratis uneasy that an Iranian-backed fifth column is lurking within the country.

Qatar seems the most conflicted in its approach to Iran. Like the United Arab Emirates, it shares important common interests. The most significant is the South Pars/North Dome gas field, which is shared between the two countries. Qatar's diplomacy has often sought to avoid angering its far more powerful partner, seeming to try to triangulate between Iran, Saudi Arabia, and the United States.

In recent years, however, Qatar has appeared more alarmed by Iran's regional behavior. In response, it has helped support some of the more radical forces fighting against Iranian-backed

22. Yousef Al Otaiba, "One Year after the Iran Nuclear Deal," *Wall Street Journal*, April 3, 2016 <http://www.wsj.com/articles/one-year-after-the-iran-nuclear-deal-1459721502>.

23. Ibid.

24. Ibid.

25. Saeed Al-Batati and Kareem Fahim, "Foreign Ground Troops Join Yemen Fight," *New York Times*, August 3, 2015, <http://www.nytimes.com/2015/08/04/world/middleeast/foreign-ground-troops-join-yemen-fight.html>.

troops in Syria. Qatar's arming of Syrian rebels reached the extent of supplying them with Chinese and Eastern European-made Man-Portable Air-Defense Systems (MANPADS), which the U.S. government had expressly urged Arab allies not to do.²⁶ In addition to providing weapons to groups willing to fight the Assad regime, Qatar has also helped finance the training of vetted rebels and "allowed a Qatari base to be used as an additional training location."²⁷

Qatar was an active part of the anti-Houthi coalition in Yemen, although reporting on the Qatari contributions to the fight has declined precipitously since news came out of the initial commitment of 10 fighter jets, 1,000 ground troops, 200 armored vehicles, and 30 Apache attack helicopters.²⁸

Kuwait has played a generally cautious role, in part because of its proximity to Iran and in part due to its large resident Shi'ite population (which is partly comprised of Iranian émigrés who came as tradesmen, and also of some very powerful old trading families). Kuwait seemed cautiously optimistic that the JCPOA would usher in sharply reduced tensions between Iran and its Gulf neighbors. In a July 2015 meeting with Mohammad Javad Zarif, Kuwait's minister of foreign affairs stressed, "All countries in the region unanimously agree that we should start a comprehensive regional dialogue with Iran, as one of the important and influential countries in the region. We collaborate with many countries and many regional and international organizations, so why shouldn't we do the same with Iran?"²⁹ The thawing of relations between Kuwait and Iran took a sharp turn toward the second half of 2015. Multiple arrests and uncovered terror plots, by groups with alleged links to Iran, quickly soured relations between the two nations.³⁰

In Syria, from 2011 to mid-2014, Kuwait emerged "as a financing and organizational hub for charities and individuals supporting Syria's myriad rebel groups."³¹ Private donors took advantage of Kuwait's unique freedom of association and its—at the time—relatively weak financial rules to

26. Mark Mazzetti, C. J. Chivers, and Eric Schmitt, "Taking Outsize Role in Syria, Qatar Funnels Arms to Rebels," *New York Times*, June 29, 2013, <http://www.nytimes.com/2013/06/30/world/middleeast/sending-missiles-to-syrian-rebels-qatar-muscles-in.html>.

27. Mazzetti and Apuzzo, "U.S. Relies Heavily on Saudi Money to Support Syrian Rebels."

28. "Saudi 'Decisive Storm' Waged to Save Yemen," *Al Arabiya English*, March 25, 2015, <http://english.alarabiya.net/en/News/middle-east/2015/03/26/GCC-states-to-repel-Houthi-aggression-in-Yemen-statement-.html>; "Qatar Deploys 1,000 Ground Troops to Fight in Yemen," *Al Jazeera*, September 7, 2015, <http://www.aljazeera.com/news/2015/09/qatar-deploys-1000-ground-troops-fight-yemen-150907043020594.html>.

29. Saeid Jafari, "How Iran Should Approach the GCC," *Al-Monitor*, August 3, 2015, <http://www.al-monitor.com/pulse/originals/2015/08/iran-gcc-relations.html>.

30. "Kuwait Charges 24 'Linked to Iran' with Plotting Attacks," *Alaraby*, September 1, 2015, <https://www.alaraby.co.uk/english/news/2015/9/1/kuwait-charges-24-linked-to-iran-with-plotting-attacks>; Habib Toumi, "Smuggled Arms Buried near Iraqi Border Came from Iran," *Gulf News*, August 16, 2015, <http://gulfnews.com/news/gulf/kuwait/smuggled-arms-buried-near-iraqi-border-came-from-iran-1.1567743>.

31. Elizabeth Dickinson, "Playing with Fire: Why Private Gulf Financing for Syria's Extremist Rebels Risks Igniting Sectarian Conflict at Home," *Analyses Paper no. 16*, Brookings, December 2013, <https://www.brookings.edu/research/playing-with-fire-why-private-gulf-financing-for-syrias-extremist-rebels-risks-igniting-sectarian-conflict-at-home/>.

channel money to an estimated 1,000 rebel brigades fighting against Syrian president Bashar al-Assad.³²

The outlier in all of this has been Oman, a country that has assiduously strived to remain non-aligned amid rising tensions in the Gulf. Oman, after all, hosted U.S. and Iranian negotiators for the initial secret talks that led to the JCPOA. This appears to be partly for commercial reasons—Iran and Oman are developing an underwater gas pipeline to supply Oman—but also for strategic ones. Oman is a consistent outlier in regional initiatives, avoiding military engagement in Yemen and Syria, eschewing a 34-country “counterterrorism coalition” pushed by Saudi Arabia in December 2015, and refusing participation in a regional ballistic missile defense system. Oman carefully maintains a balance between the region’s powers, ensuring that it is useful to all as a means of protecting its sovereignty.

Oman seems to have concluded what its other neighbors have not: that engaging with Iran, even from a position of inferiority, will protect the national interests. Many other neighbors made precisely the opposite conclusion. They saw Iran’s regional activities and weapons programs, and they concluded that Iran’s thirst for power and influence was one that cannot be slaked. While they differ in their combativeness, they are unified in their view that Iran represents a persistent threat to the Middle East.

Iran has a diverse set of neighbors with a diverse set of capabilities. While the Gulf Arab states and Israel take a variety of approaches to their relations with Iran, they are unified in one thing: each sees Iran as a threat to itself and to the region. This is in part because Iran’s size—more than 75 million people—dwarfs them, and in part because Iran is a non-Arab and non-Sunni power that is seeking influence in a region that is predominantly Sunni Arab. Yet, Iran’s actions play a large role in these countries’ perceptions. Time and time again the Iranian government’s actions remind these states that the Iranian government seeks to change the status quo, by force if necessary, and they must remain on guard.

For each and every country, the response to the Iranian threat is the same: to seek to bring the United States on board in order to confront Iran more directly. U.S. military capability and diplomatic ties exceed those of any of the parties in the region. The GCC states are reluctant to cooperate extensively with each other on security, seeking to deepen bilateral security cooperation with the United States rather than multilateral cooperation with each other. In some areas, such as missile defense, U.S. officials privately complain it makes no sense to provide individual assistance to GCC states, because each would be far better protected by an integrated regional system of detection and interception. And yet, more than 20 years of U.S. efforts to promote a genuine regional security framework have faltered. Mutual distrust among the GCC states has undermined effective and close security collaboration, and some also fear a collective security relationship would put distance between individual GCC governments and the United States, leaving the individual governments more vulnerable. For some in the U.S. government, the whole exercise smacks of moral hazard. That is to say, the U.S. protection drives some Gulf Arab countries to be reckless with Iran, which draws the United States in closer to protect them, which frees them to be

32. Sylvia Westall and Mahmoud Harby, “Insight: Kuwaitis Campaign Privately to Arm Syrian Rebels,” Reuters, June 27, 2013, <http://www.reuters.com/article/us-syria-kuwait-insight-idUSBRE95P0TG20130627>.

more reckless. The outgrowth, they argue, is an increasingly costly U.S. role that actually provides diminishing security.³³

The story is somewhat different with Israel, which has a massive U.S. military aid relationship but no U.S. bases and no regional allies with which it can form military alliances. Yet, in the case of Israel as well, the U.S. relationship is the ultimate guarantor of security against Iranian aggression. For some analysts, all of the talk of an Israeli strike on Iran as the JCPOA was being negotiated was not so much a direct threat but an effort to move the United States and other nations to protect Israel's interests.³⁴

For both the Gulf Arab states and Israel, a fear that the United States might abandon the Middle East by rebalancing toward Asia is real. Similarly disturbing is the prospect that President Donald Trump might rethink the way that the United States engages with global partners, insisting that they give more and get less. They are reassured by initial signs that the Trump administration is less concentrated on Asia and more focused on Iranian malfeasance than the Obama administration had been. Iran tops the list of international threats for all of them.

In July 2016, retired Saudi major general Anwar Eshki traveled to Jerusalem to meet with Israeli officials. While Eshki claimed that his trip enjoyed no royal endorsement and was undertaken on behalf of his Jeddah-based think tank, it was widely perceived as an exploration of closer Saudi-Israeli ties. Eshki stressed that he brought up the Arab Peace Initiative to bring an end to the Arab-Israeli conflict, which originated in Saudi Arabia in 2002. It is an issue on which the two sides have differed. Eshki must have looked for common ground in his meetings as well, and Iran must certainly have been the central element in that discussion. In pursuing its security strategy, Iran has brought two of its most powerful adversaries together.

33. President Obama was somewhat more diplomatic when he told an interviewer, "An approach that said to our friends 'You are right, Iran is the source of all problems, and we will support you in dealing with Iran' would essentially mean that as these sectarian conflicts continue to rage and our Gulf partners, our traditional friends, do not have the ability to put out the flames on their own or decisively win on their own, and would mean that we have to start coming in and using our military power to settle scores. And that would be in the interest neither of the United States nor of the Middle East." Jeffrey Goldberg, "The Obama Doctrine," *Atlantic*, April 2016, <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>.

34. Jeffrey Goldberg, "Netanyahu Could Be Bluffing," *Bloomberg View*, March 12, 2012, <https://www.bloomberg.com/view/articles/2012-03-12/in-iran-standoff-netanyahu-may-be-bluffing-commentary-by-jeffrey-goldberg>.

Crafting a U.S. Security Strategy for Iran

To construct an effective and credible deterrence framework, the United States must take stock of Iran's approach and the effectiveness of the current U.S. strategy to deter Iran's destabilizing behavior. This chapter assesses the current strategies of both Iran and the United States, describes a set of pathways for the Trump administration and Congress to consider as they weigh options for U.S. Iran policy, and provides recommendations for how to navigate those potential pathways to secure U.S. interests.

ASSESSING IRAN'S STRATEGIC APPROACH

Iran portrays its security posture as defensive in nature, a kind of self-reliant deterrence against more powerful adversaries bent on keeping it weak, while it wants to end its isolation. It also tends to see security decisions in zero-sum terms. Regardless of its actual motivations, however, Iran's regional behavior often manifests in aggressive and destabilizing ways. The Trump administration should assume Iran's strategic approach seeks to fulfill the larger goals of the regime in Tehran, which include but are not limited to the domestic survival and primacy of the Islamic Republic, an increase in Iran's regional power and influence in the Middle East, a place of political and economic importance within the international community, and the ability to deter adversaries from posing an existential threat to Iran. Iran is aware of its conventional inferiority to its adversaries—particularly the United States and Israel, but also to a lesser extent the Gulf Cooperation Council (GCC) states—and thus typically relies on a blend of unconventional and conventional capabilities and asymmetric tactics to deter and project power and influence.

Iran in the "Gray Zone"

Iran employs a strategy to achieving its national security and foreign policy interests that seeks to ensure that escalations fall short of large-scale warfare. This strategic approach encompasses a range of coercive activities, from developing missiles and engaging in hostile maritime activities to

supporting proxies and terrorist groups and exploiting cyber tools and psychological and information operations. Operating in the “gray zone” between war and peace, Iran exercises threshold avoidance by incrementally antagonizing the United States and its regional partners in the maritime sphere and through the gradual progression of its missile development program. The use of nonmilitary coercive tools—cyber, psychological, and information operations—also allows Iran operating space to target its adversaries without provoking significant retaliation. Additionally, Iran’s exploitation of ambiguity, particularly through its use of proxy groups in the Middle East, allows the country to indirectly attack its adversaries and counter Sunni influence in the region. These activities, employed strategically in the pursuit of Iran’s interests, accrue gains as well as costs to Tehran, all the while exacerbating tensions with its adversaries.

Advantages of Iran’s Strategic Approach

By operating below the threshold of large-scale warfare, Iran seeks to achieve its goals without provoking a conventional war with the United States or its regional allies and partners. Supporting substate proxy groups such as Hezbollah in the Levant and the Houthis in Yemen allows Iran to pursue its goals of increased influence in the Middle East, but without suffering significant kinetic consequences. Iran enjoys a substantive measure of plausible deniability with this particular pillar in its strategic approach. As Iran is not directly implicated in any acts carried out by these proxy groups, it benefits from its ability to subvert its regional rivals below the threshold of conventional conflict. This dynamic also can deter Iran’s regional rivals from taking actions that could trigger a potential backlash from the proxy groups.¹ Hezbollah’s presence in southern Lebanon, for instance, serves as a deterrent against Israel, as Hezbollah has embedded effectively in Lebanese localities and civilian structures. Iran uses proxy groups to infiltrate and influence state institutions incrementally in countries with weak governance (e.g., Iraq, Lebanon, and the Palestinian territories), while promoting the Islamic Republic’s ideology among local recruits. In addition, while the United States and its allies and partners must operate within international norms, Iran is able to leverage its capabilities and asymmetric activities without playing by international rules.

The deterrence of Iran’s adversaries extends to the maritime space, where the country employs two naval forces—the conventional Islamic Republic of Iran Navy (IRIN) and the paramilitary Islamic Republican Guard Corps Navy (IRGC-N). By employing asymmetric naval tactics in the close confines of the Gulf and the Strait of Hormuz, Iran has the ability to conduct ambushes and hit-and-run operations, although it mostly relies on close-encounter interactions and frequent harassment of U.S. vessels in shared waters to demonstrate its capabilities. The IRGC-N is at a particular advantage against the United States and the Combined Maritime Forces’ CTF-152 due to greater maneuverability in the maritime space and the element of surprise. Although Iran’s hostile maritime behavior has provoked political ire within significant elements of the U.S. government, the United States is deterred from retaliating due to Iran’s “home-court” advantages: its capacity to deploy swiftly, significantly shorter lines of communication, and the threat posed by higher

1. J. Matthew McNnis, *Iran’s Strategic Thinking: Origins and Evolutions* (Washington, DC: American Enterprise Institute, 2015), 20, <https://www.aei.org/wp-content/uploads/2015/05/Irans-Strategic-Thinking.pdf>.

maneuverability and swarm tactics against a conventional U.S. naval presence.² Iran's clever employment of information operations in the maritime space—widely circulated reports of naval exercises and videos of Iran detaining and embarrassing stranded U.S. sailors, for instance—also promulgates an inflated image of Iranian power domestically as well as internationally.

Tehran's goal of projecting itself as a power player is also furthered by its missile program. Taking full advantage of the ambiguity surrounding ballistic missile development in the JCPOA, Iran continues to enhance its capabilities with relative impunity. The JCPOA specifically restricts the development of nuclear weapons technology and the consequent UN Security Council Resolution (UNSCR) 2231 goes one step further by stating that Iran is "called upon not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology."³ Of the 800 short- and medium-range ballistic missiles allegedly in Iran's arsenal, the majority can carry a warhead of over 500 kilograms and are therefore potentially capable of delivering a nuclear payload.⁴ However, these missiles are dual purpose and not explicitly advertised as built for nuclear delivery; therefore, they do not directly violate the terms of the JCPOA or UNSCR 2231. Using this ambiguity to its advantage and insisting its missile program does not have nuclear ambitions, Tehran continues to improve its arsenal and has conducted at least eight missile tests since the signing of the JCPOA.⁵ This improved technology enhances Iran's credibility in deterring regional adversaries and the United States.

Iran has also leveraged cyber and information warfare tools to project power, destabilize its competitors, and shape the regional environment. Its cyber activities have sought to test the parameters of U.S. and regional resiliency to penetration. Its information operations effectively influence and shape the regional environment, amplifying Iranian intent and capabilities to dissuade, deter, and motivate actors in the region to its advantage.

Disadvantages of Iran's Strategic Approach

Iranian activities in pursuit of its strategic goals have, in some instances, backfired and imposed unintended costs on the regime. By testing the limits of the JCPOA through its missile tests, continuing its naval provocations in the Gulf and the Strait of Hormuz, and its support for terrorist groups in the region, Iran has perpetuated its image as an outlier in the international community.

2. Afshon Ostovar, Rebecca Edelston, and Michael Connell, *On Shifting Sands: Iranian Strategy in a Changing Middle East* (Washington, DC: Center for Naval Analyses, 2013), 23, https://www.cna.org/CNA_files/PDF/DRM-2013-U-006026-Final.pdf.

3. United Nations Security Council, Resolution 2231, S/RES/2231 (July 20, 2015), [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2231\(2015\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2231(2015)).

4. *Iran's Ballistic Missile Program Hearing before the Senate Committee on Banking, Housing, and Urban Affairs*, 114th Cong., 2nd sess. (March 24, 2016) (statement of Mr. Michael Elleman), http://www.banking.senate.gov/public/_cache/files/f64d023a-d6fc-4dc4-84a7-ea10ba8192cf/90DC029490361D182584B92FCAD76111.052416-elleman-testimony.pdf; National Air and Space Intelligence Center (NASIC), *Ballistic and Cruise Missile Threat* (Wright-Patterson AFB, OH: NASIC, 2013), https://fas.org/programs/ssp/nukes/nuclearweapons/NASIC2013_050813.pdf; Anthony H. Cordesman, *Iran's Rocket and Missile Forces and Strategic Options* (Washington, DC: CSIS, December 2014), https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/141218_Cordesman_IranRocketMissileForces_Web.pdf.

5. *Iran's Ballistic Missile Program*.



The foreign affairs ministers of Germany, the United Kingdom, China, the United States, France, Russia, the European Union, and Iran meeting in Geneva for the interim agreement on the Iranian nuclear program on November 24, 2013.

Source: Photo by U.S. Department of State, available at <https://www.flickr.com/photos/statephotos/11034112846>.

This is best exemplified by the unwillingness of international banks and businesses to invest in Iran despite the lifting of significant international sanctions against the country under the JCPOA.⁶ Unilateral U.S. sanctions on Iran for its ballistic missile program remain intact, as do sanctions for Iranian human rights violations and its support for proxy terrorist groups.⁷

Iran is also disadvantaged by a principal-agent problem vis-à-vis its proxies, which do not always act in accordance with Iranian interests. This is currently most visible in Iraq. Some armed Shi'ite proxy groups that receive Iranian support and can secure territory but are also able to survive without an Iraqi government. Yet, Iran does not desire the complete fragmentation of Iraqi state governance; it wants a national Iraqi government that can be pliable to Iranian interests, while continuing to support Iraqi Shi'ite militias that can keep the Iraqi government in check.

Additionally, the economic repercussions of Iran's strategic approach have limited its ability to invest in military and paramilitary capabilities. A weaker economy, further eroded by the persistence of low oil prices, inhibits Iran's ability to modernize and improve its military.⁸ From 2006 to

6. Laurence Norman, "U.S., EU Urge European Banks, Businesses to Invest in Iran," *Wall Street Journal*, May 19, 2016, <http://www.wsj.com/articles/u-s-eu-urge-european-banks-businesses-to-invest-in-iran-1463699065>.

7. Carol Morello and Karen DeYoung, "International Sanctions against Iran Lifted," *Washington Post*, January 16, 2016, https://www.washingtonpost.com/world/national-security/world-leaders-gathered-in-anticipation-of-iran-sanctions-being-lifted/2016/01/16/72b8295e-babf-11e5-99f3-184bc379b12d_story.html.

8. Anthony H. Cordesman, "The Conventional Military," in *The Iran Primer*, ed. Robin Wright (Washington, DC: United States Institute of Peace, 2010), <http://iranprimer.usip.org/resource/conventional-military>.

2016, Iranian military expenditure decreased by approximately \$4.01 billion, and that number is unlikely to change significantly in the near term given continued U.S. sanctions and international hesitation to invest in Iran.⁹ Limited cash flow also inhibits Iranian ability to fund proxies in the Middle East. Then-acting treasury undersecretary for terrorism and financial intelligence Adam Szubin asserted in May 2016 congressional testimony that as a result of U.S. sanctions on Iran for its support of Hezbollah, “the group is in its worst financial shape in decades.”¹⁰

The GCC’s backlash to coercive Iranian activities also hampers Iran’s security interests. Reacting to Iranian proxy subversion and empowerment of Shi’ite groups in the region, the GCC has empowered anti-Iranian Sunni proxies of its own, particularly in Syria. Reported Saudi and Qatari funding for Jabhat Fateh al-Sham (formerly Jabhat al-Nusra) and other Salafist groups in Syria directly counters Iranian efforts to increase its influence in the region, and poses a security threat to Iranian interests.¹¹ The GCC is also bolstering its conventional capabilities, with Saudi Arabia looking to become the fifth largest buyer of arms in the next five years, with a budget upward of \$60 billion.¹² Despite its best efforts, Iran will be unable to keep up with that level of military spending.

Constraints on Iran’s Strategic Approach

Several factors constrain Iran’s ability to pursue its security goals and national interests. Perhaps the most significant constraint on Iran is the persistence of low oil prices. Already strapped for funding because of past and present sanctions, the country loses out on profits from one of its only sources of wealth, impacting the country’s economy, and by extension, its ability to fund its capability development and its proxy partners. Although the IRGC is isolated from international pressure, it operates at the will of Iran’s supreme leader, who does react to domestic demands. Constraints on Iran’s economy and resulting pressures on the Iranian people can affect the supreme leader’s strategic calculus.

In addition, despite Hezbollah’s fealty to Iran since its inception, reports of war weariness among fighters in Syria and an increasing stake in domestic Lebanese politics point to competing pressures on Hezbollah that may mitigate Iranian influence, at least for the duration of the Syrian civil war.¹³ If these trends persist, they may diminish Iranian control over the very groups that are pivotal to its strategic approach in the region.

Although Iran seeks to rally pan-Islamic support, its status as a Shi’ite minority in a Sunni Arab majority region, and one at cultural and political odds with the traditional Sunni nodes of power, proves a significant hurdle in the achievement of its goal. Although Iran has attempted to promote

9. “Data for All Countries from 1988–2015 in Constant USD,” SIPRI Military Expenditure Database, <https://www.sipri.org/sites/default/files/Milex-constant-USD.pdf>.

10. Ron Kampeas, “Hezbollah in ‘Worst Financial Shape in Decades,’ Says Top Sanctions Official,” *Jerusalem Post*, May 27, 2016, <http://www.jpost.com/Arab-Israeli-Conflict/Hezbollah-is-broke-thanks-to-US-sanctions-says-White-House-official-455199>.

11. Kimberly Kagan, “The Smart and Right Thing in Syria,” *Strategika*, issue 01, Hoover Institution, April 1, 2013, <http://www.hoover.org/research/smart-and-right-thing-syria>.

12. Alia Chughtai, “GCC Military Spending Spree,” *Al Jazeera*, June 4, 2016, <http://www.aljazeera.com/indepth/interactive/2015/08/gcc-military-spending-spree-150808120255563.html>.

13. Jesse Rosenfeld, “Hezbollah Fighters Are Fed Up with Fighting Syria’s War,” *Daily Beast*, December 30, 2015, <http://www.thedailybeast.com/articles/2015/12/30/hezbollah-fighters-are-fed-up-with-fighting-syria-s-war.html>.

an image of itself as the only credible adversary to Israel—an issue that certainly unites both the Persian and Arab populace within the Middle East—Iran’s continued support for Syrian president Bashar al-Assad and subversive Shi’ite agitation in countries like Yemen and Bahrain skews popular sentiment in the Muslim world against Iran.

On balance, Iran’s strategic approach provides short-term deterrence benefits, but to the detriment of the country’s longer-term objectives. It has deterred kinetic U.S., Israeli, and Gulf Arab actions, but it has failed to date in improving its standing within the international community, negatively impacting its economy and its security calculus. The regional reactions to Iranian coercive behavior have also created unlikely avenues for dialogue and possible cooperation among traditional adversaries, notably between Israel and Saudi Arabia and Israel and the United Arab Emirates. These countries share deep concerns about Iranian destabilizing activities and have discussed political and economic ways to curb them. The U.S. security approach toward Iran must recognize Iran’s incentives to coerce and deter below the threshold of large-scale war in an effort to rationalize the dilemmas it faces.

CURRENT U.S. POLICY AND POSTURE

The United States’ broader Middle East policy rests on pursuing counterterrorism efforts, preventing the development and proliferation of weapons of mass destruction, ensuring the free flow of oil and gas to global markets, and upholding U.S. political and security commitments to allies and partners in the region. In pursuit of these regional goals, the Obama administration implemented a dual-track strategy with Iran: exerting economic pressure through sanctions and amplifying U.S. and partner military posture in the region to demonstrate a credible deterrent, while simultaneously enticing Tehran with the potential for economic relief through diplomatic nuclear negotiations. Since the signing of the JCPOA in July 2015, upholding the agreement has been the United States’ highest priority, so as to ensure that Iran adheres to its commitments and halts the development of nuclear weapons. The United States has not, however, ignored Iran’s destabilizing behavior in other areas, and continues its policy of economic sanctions against Iranian human rights violations and support for terrorist groups, as well as sanctions on the country’s ballistic missile program.¹⁴

Maintaining credible deterrence against Iran’s conventional and unconventional threats remains a high priority for U.S. forces in the region.¹⁵ The United States maintains a presence of roughly 35,000 military personnel in the Middle East, to include the Fifth Fleet stationed in Bahrain and over 5,000 troops involved in the counter-Islamic State (ISIS) Operation Inherent Resolve.¹⁶ The United States also has a presence in several multinational forces operating

14. Barack Obama, “Statement by the President on Iran,” White House, Office of the Press Secretary (January 17, 2016), <https://www.whitehouse.gov/the-press-office/2016/01/17/statement-president-iran>.

15. *United States Central Command, United States Africa Command and United States Special Operations Command: Hearing before the Senate Committee on Armed Services*, 114th Cong., 2nd sess. (March 8, 2016) (statement of General Lloyd J. Austin III, Commander, U.S. Central Command), http://www.armed-services.senate.gov/imo/media/doc/Austin_03-08-16.pdf.

16. Heritage Foundation, *2015 Index of U.S. Military Strength* (Washington DC: Heritage Foundation, 2015), <http://index.heritage.org/military/2015/chapter/op-environment/middle-east/>; Missy Ryan, “U.S. Adds More Troops to Iraq ahead

Table 9.1. Deterrence in the Middle East

Thomas Schelling describes deterrence as the threat of the use of force to restrain an adversary's actions—"a threat to keep him from starting something."* In practice, credible and effective deterrence often requires a blend of military, economic, informational, and diplomatic tools and suasion to achieve desired political and military outcomes. Leveraging the comparative advantages of allies and partners can also strengthen deterrence but also may lead to entangling effects if threat perceptions and objectives of the United States and its allies and partners are not aligned.
Types of Deterrence
General Deterrence
<ul style="list-style-type: none"> • Peacetime military posture designed to project power, assure partners, and provide access for crisis and contingencies • Example: U.S. ground forces rotating "heel-to-toe" in the Gulf
Immediate Deterrence
<ul style="list-style-type: none"> • Deterrence against a short-term challenge that threatens U.S., allied, and partner interests • Example: Stepped-up U.S. naval presence in the Gulf during periods of heightened tension
Challenges of Deterrence
<p>Deterrence activities can be mistaken for escalation—a phenomenon known as the "Spiral Model." Deterrent actions are misinterpreted by the adversary as escalatory behavior, leading the adversary to similarly take deterrent steps that are, in turn, misinterpreted as escalatory. Resultant arms races and alliance-building exacerbate tensions, leading to spirals of instability that have the potential to escalate to war.</p> <p>For instance, U.S.-GCC naval exercises in the Gulf, conducted in the name of deterrence, could be perceived by Iran as a threat, prompting the IRIN and IRGC-N to conduct exercises of their own. The United States and GCC countries may see this as an escalation by Iran, prompting them to take additional defensive measures against Iran, leading to cycles of escalation that create an increasingly tense operating environment and heightening instability, which could lead to miscalculation or inadvertent escalation.</p>

* Thomas Schelling, *The Strategy of Conflict* (Cambridge, MA: Harvard University Press, 1981), 195.

broadly within the region, such as the Combined Maritime Forces (CTF-152) and the Multinational Force and Observers (Sinai MFO).¹⁷ In order to broaden its deterrence network in the region and commit to the security of its partners and allies, the United States has a significant presence in the Middle East, particularly within the GCC states, where thousands of troops are stationed in

of Mosul Offensive," *Washington Post*, September 28, 2016, <https://www.washingtonpost.com/news/checkpoint/wp/2016/09/28/u-s-adds-more-troops-to-iraq-ahead-of-mosul-offensive/>.

17. International Institute for Strategic Studies (IISS), *The Military Balance 2016* (London: IISS, 2016), 350; "Command Sponsorship Program," U.S. Air Force Central Command, <http://www.afcent.af.mil/Units/379thAirExpeditionaryWing/CSPAUB.aspx>; "MFO Military Personnel," Multinational Force & Observers, 2015, <http://mfo.org/en/mfo-in-numbers>.

installations such as Camp Afrikan and Camp Buehring in Kuwait, Al Dhafra Air Base in the United Arab Emirates, and the facilities of the U.S. Naval Support Activity Bahrain. The United States has defense cooperation agreements with Bahrain, Kuwait, Qatar, and the United Arab Emirates. It conducts regular training and exercises and sells billions of dollars' worth of weapons systems and other materiel to the GCC countries, Israel, Iraq, Jordan, and Lebanon to bolster regional resiliency and deterrence vis-à-vis Iran.¹⁸ In recent months, the United States has also directly countered Iranian proxies in the region, providing logistical and intelligence support for the Saudi-led efforts to counter the Houthi rebels in Yemen, and on at least three different occasions, blocking shipments of Iranian weapons to the rebel group.¹⁹

ASSESSMENT OF CURRENT U.S. APPROACH

The U.S. approach to Iran has deterred significant leaps forward in Iranian activities and capability development. Sustained U.S. leadership in mobilizing an international push for a dual-track policy of diplomacy and economic sanctions resulted in the achievement of the JCPOA. Despite some ambiguities in JCPOA implementation discussed later in this chapter, the international nuclear agreement has curtailed Iran's routes to a nuclear weapon, put in place vigorous and intrusive transparency measures to verify Iran's compliance, and ensured sanctions can be snapped back into place if Iran violates the deal. The United States has also made sound investments and enhanced training and exercises to improve regional partners' military capabilities, particularly in the counterterrorism and intelligence, missile defense, air strike, and maritime domains. Yet, as discussed in Chapter 8, these substantial military relationships and investments have instilled little confidence among regional allies and partners in the U.S. commitment to pressing back against Iranian destabilizing behavior and capability development, due to differences in threat perceptions and concerns about the United States distancing itself from the region.

The United States has largely been unable or unwilling to deter Iran's incremental extension of regional power and threshold testing across a range of military and paramilitary activities. The United States has failed to effectively curb the deepening reach of Iran's network of proxy actors and activities in Syria, Iraq, and Yemen. Regional cyber infrastructure is vulnerable to Iranian penetration, challenging economic, energy, and operational activities of key U.S. partners. U.S. military presence in the Gulf has failed to stem Iranian provocation in the maritime domain. Regional missile defense capabilities have grown in the last 5 to 10 years but remain vulnerable to accelerating Iranian missile capabilities. Finally,

The United States has largely been unable or unwilling to deter Iran's incremental extension of regional power and threshold testing across a range of military and paramilitary activities

18. Kenneth Katzman, "Iran: Politics, Gulf Security, and U.S. Policy," Congressional Research Service, October 25, 2016, 36–40, <https://fas.org/sgp/crs/mideast/RL32048.pdf>; IISS, *The Military Balance 2016*, "Chapter 7: The Middle East and North Africa," 307–361; Slobodan Lekic and Hendrick Simoes, "Islamic State Tactics and Lack of Intel Strain US Strategy," *Stars and Stripes*, May 19, 2015, <http://www.stripes.com/news/islamic-state-tactics-and-lack-of-intel-strain-us-strategy-1.347125>.

19. Katzman, "Iran," 40.

Iran's ability to wage "soft" or political warfare through information operations, projecting its regional activities and capability development to magnify and glorify its power and influence, remains largely unchecked by the United States and its allies and partners.

PATHWAYS FOR FUTURE U.S.-IRAN POLICY

The Trump administration and Congress have an opportunity to chart a pathway forward vis-à-vis Iran that protects U.S. interests, strengthens deterrence, and sets the conditions for changing Iran's behavior. The United States should evaluate a range of policy choices to determine the most important security objectives in its Iran strategy and prioritize them accordingly. Inevitably, there will be tensions among these objectives that the United States will need to assess and address. The following pathways are designed to clearly illustrate the opportunities, risks, and implications of prioritizing one particular U.S. objective over others. These pathways are not mutually exclusive, however. The United States would likely choose a combination in practice.

Pathway 1: Clarify Ambiguities in JCPOA

This pathway prioritizes U.S. interests in countering weapons of mass destruction and upholding commitments to U.S. allies and partners. It recognizes the value of the JCPOA but seeks to clarify a number of ambiguities in implementation through midlevel negotiations within the framework of the UN Security Council plus Germany (P5+1), possibly through the Joint Commission created by the JCPOA, to close any remaining loopholes. These possible loopholes might include Iranian nuclear development as the JCPOA enters its latter years and its missile development. Another is whether foreign banks can conduct dollar-denominated transactions with Iranian entities with tangential contact with the U.S. financial system, restoring the "U-turn" transactions by which dollar transactions between Iran and foreign banks can be cleared by the New York Federal Reserve bank. Left unaddressed, the P5+1 could risk certain Iranian activities that run counter to the intent of the JCPOA, or inadvertently "reward" Iran for its destabilizing behavior. This pathway would also more fully correlate specific U.S. steps to Iranian actions than is the case today by linking concessions on both sides as a single move.

Should the Trump administration want to renegotiate the JCPOA, it will find little support among the other parties to the deal—the Europeans, Russians, and Chinese—who see few prospects of negotiating tougher terms and would strongly prefer not to jeopardize revived economic opportunities with Iran. Since the JCPOA was concluded in July 2015, European industrial leaders have visited Iran to discuss aviation, telecommunication, agriculture, automotive, and energy opportunities.²⁰ In January 2016, China signed 17 trade and industrial deals with Iran.²¹ Despite historical competition, Russia and Iran have sought to solidify ties in oil and gas production and power generation and collaborate on transportation initiatives and have found some convergence on backing Assad

20. Maysam Bizaer, "EU Eyes Return as Iran's First Trade Partner," *Al Monitor*, June 1, 2016, <http://www.al-monitor.com/pulse/originals/2016/06/iran-eu-trade-relations-post-jcpoa-mogherini-tehran.html>.

21. Ilan Berman and Jonathan Schanzer, "Iran and China Get Cozy," *Foreign Affairs*, October 27, 2016, <https://www.foreignaffairs.com/articles/china/2016-10-27/iran-and-china-get-cozy>.

in Syria.²² In addition, U.S. allies in Asia are eager to resume energy opportunities with Iran. Sustaining coalition momentum to pressure Iran will be challenging.

Iranian hardliners would likely resist U.S. and P5+1 efforts to address ambiguities in the JCPOA, casting it as an attempt to reopen negotiations on the deal. The United States and its allies will need to use existing lines of communication with Iran to stress that these talks would be exploratory and that the United States remains firmly committed to the terms of the JCPOA, but certain ambiguities must be addressed to ensure the deal's survival. Iran may attempt to amplify its proxy, cyber, and information warfare activities to demonstrate its regional leverage and influence as a scare tactic. It may also take further aggressive action in the Gulf versus U.S. or commercial shipping, similar to when IRGC-N assets seized a Maersk commercial liner during the height of the JCPOA negotiations in 2015.

Ultimately, the United States, its allies, and Iran all have strong interests in preserving the JCPOA. However, ambiguities in the deal's implementation may harden U.S. congressional and domestic resistance to the deal if unaddressed, particularly if the deal inadvertently allows Iran to receive economic concessions without it taking requisite steps in the JCPOA framework as well. The United States and its allies will have to craft a diplomatic approach that enables a dialogue with Iran to address these ambiguities meaningfully while ensuring that they do not unravel U.S. or Iranian commitment to the overall deal.

Pathway 2: Constrict Iran's Destabilizing Activities

Pathway 2 prioritizes U.S. interests in countering terrorism and upholding commitments to the security of regional allies and partners. Despite short-term U.S.-Iranian alignment of interests regarding ISIS, Iran's support for terrorist proxy groups and growing IRGC activities and influence run counter to U.S. counterterrorism policy. If the United States were to work closely with Iran to defeat ISIS and other Sunni violent extremists, Sunni powers would in turn step up their own support to proxies to counter Iran's activities. Once ISIS is degraded and attention turns toward stabilization efforts in Iraq and Syria, IRGC-supported groups in Iraq and Syria will be in a strong position to threaten and/or deter states and actors that would seek to contain and press back against Iranian influence. Growing Sunni-Shi'ite and Arab-Kurd tensions foreshadow the risks of another ethno-sectarian war. In addition, after Mosul is cleared, it is possible that some Shi'ite militias could revert to "first principles" of resisting U.S. influence and presence, possibly even through kinetic means, against remaining U.S. personnel in Iraq. Although Iran has less incentive and influence to create true proxy forces in Yemen and Bahrain, it will continue to seek to keep the GCC off-balance with its support to groups (e.g., arms flows and propaganda) in those countries.

To curb this trend, in pathway 2, the United States remains committed to upholding its end of the JCPOA with Iran, but seeks to reduce or counter Iranian support of terrorist proxy groups, particularly when Iran threatens allies and interests in the region. The United States would ratchet up direct and indirect, targeted and calibrated operations to disrupt IRGC activity, interdict support for proxies, and undermine Iran's regional cyber activities. Through amplified information operations,

22. Eric Wheeler and Michael Desai, "Iran and Russia: A Partnership in the Making," Middle East Institute, September 12, 2016, <http://www.mei.edu/content/iran-and-russia-partnership-making>.

Table 9.2. Blending Punitive Actions with Incentives to Maximize Effects on Iran's Calculus

<p>Even a U.S. strategic approach to Iran that seeks to significantly amplify pressure on Iran cannot be purely punitive, or it will prove escalatory and feed the Iranian narrative that the United States' sole objective is to undermine Iran's stability. Iran has an ideological aversion to engagement with the United States. The United States should consider a range and combination of incentives and engagement to test for areas of constructive Iranian behavior that are linked to changes that Iran makes, such that they are synchronized as one move. Incentives should only reward positive action taken by Iran; some incentives are more significant than others and will require greater changes in Iranian behavior to merit their use. The sequencing of incentives, and blending them with punitive actions, should be clearly communicated to Iran via diplomatic channels. These steps could include the following:</p>		
Diplomatic Options	Economic Options	Military Options
<ul style="list-style-type: none"> • Explore membership in multinational organizations to enhance Iran's voice in international political and economic issues, making Iran potentially more responsible for its actions by "buying into" the international system (e.g., moving forward with WTO accession) • Continue to include Iran in political negotiations on Syria, Iraq, and Yemen, in the context of a broader strategy created by the United States and its Arab regional partners 	<ul style="list-style-type: none"> • Offer economic incentives through third-party countries, particularly in Asia, while retaining pressure through U.S. and European sanctions • Attempt more commercial sales from the United States and Europe, if Iranian behavior improves and sanctions relief is possible (e.g., the Boeing/Airbus licenses) 	<ul style="list-style-type: none"> • Negotiate payload caps on Iran's missile development • Encourage Indian Ocean maritime countries to engage Iran's conventional navy in combined exercises to normalize professionalism at sea and to diplomatically reinforce the importance of abiding by international norms in the maritime domain • Allow resumption of conventional arms sales to Iran when the JCPOA ban on trading conventional weapons expires in 2020
<p>Conventional Military Development as a Possible Offset</p>		
<p>Conventional capability development could diversify Iran's military investments, perhaps with less emphasis on its unconventional capabilities that have proven among the most destabilizing to U.S. and regional interests in the past 35 years. Such capability development must remain in the bounds of the regional military balance of power so as not to undermine the security of U.S. allies and partners. The United States should assure Israel and Gulf partners that this development is linked to additional capability development, arms sales, and financial incentives for Israel and the Gulf countries to preserve their primacy.</p>		

the United States would publicly expose groups that receive Iranian support and exploit national sentiment in the region, already vexed by Iranian interference through information operations. These information operations are best done indirectly, through local and credible sources in the region, rather through U.S. spokespeople. The United States would build the capabilities of and regularly exercise with regional partner security forces, employing scenario-based exercises focused on Iran and its proxy groups among other activities. It would also patch known vulnerabilities in the cybersecurity of the region's critical infrastructure to complicate Iranian efforts to compromise the confidentiality, integrity, and availability of critical systems and structures, through cooperative efforts with regional partners.

Absent drastic ideological changes in the Iranian government, the United States will not be able to change Iran's reasoning for supporting proxy groups in general or its use of proxies to deter U.S. and regional actions specifically. This pathway may prompt Iran to reassess its commitment to the JCPOA, due to backlash among Iranian hardliners toward policies of Rouhani and Zarif, especially if the United States imposes new terrorism-related sanctions that mimic prior nuclear ones. U.S. or allied action against Iranian proxies could be seen as a serious act of aggression if not calibrated to maximize effect while mitigating blowback. Iran is likely to respond with kinetic attacks, information operations, and cyberattacks on U.S., allied, and partner personnel and economic interests in the region via its proxies. The United States should, in such an instance, employ asymmetric responses and apply pressure to Iran.

Under pathway 2, U.S. actions would need to be calibrated to prompt behavior-changing results and send a message that certain groups, interests, and assets are off limits. The U.S. government will need to determine internally what its redlines are with respect to Iranian proxy activity, perhaps by tiering threats to U.S., allied, and partner interests, and broadly destabilizing activities, and to take concrete action when the threshold is tested. It must determine when to make its counterterrorism actions known and when the action and message should be telegraphed privately (or to let it speak for itself).

Pathway 3: Counter Iranian Aggression over Gulf Waters

This pathway prioritizes U.S. interests in ensuring the security of the global commons for the free flow of commerce, oil, and gas to worldwide markets, and upholding its commitments to U.S. allies and partners. After repeated Iranian provocations in the Strait of Hormuz against international shipping and U.S. military assets, the United States would halt Iranian probing and incrementalism by countering and deterring their maritime provocations and missile development.

Although primarily defensive at the strategic level, Iran's maritime strategy centers on a layered defense approach, including the integration of sea, land, and air capabilities designed to overwhelm an adversary at close distance with swarming small boats, undersea mines, and missile salvos. As of September 2016, the United States and Iran had experienced 31 "unsafe" encounters in the Gulf, up from 23 in 2015. To curb this trend, the United States would take a more assertive stance to enforcing current rules of engagement for U.S. personnel in the Gulf vis-à-vis Iranian provocations, which could involve shooting warning shots over Iranian assets, amplifying unmanned aircraft system (UAS) overflight along the Iranian coastline, and even low-level kinetic

responses if Iranian vessels fire upon or repeatedly and aggressively approach U.S. ships in international waters. The United States would encourage partners to conduct more maritime exercises in the Combined Maritime Force, buttress capability development of partners' maritime and missile defense forces, and mobilize an international effort to pursue sanctions against Iranian missile development, all the while remaining committed to upholding the JCPOA.

By attempting to signal that it is unwilling to compromise international access to the global commons, the United States might inadvertently precipitate escalation in the Gulf, particularly in the case of decentralized IRGC-N commanders making their own decisions. With its nuclear capability set back, Iran has elevated its missile development as its new "ace in the hole" against regional players and the United States, as well as a source of national pride. Absent alternatives or incentives, Iran will view additional sanctions on its missile program as a direct attack on the regime. This pathway may prompt Iran to reassess its commitment to the JCPOA, due to backlash among Iranian hard-liners toward policies of Rouhani and Zarif. Iran may also respond horizontally, via terrorism or cyberattacks, against U.S., allied, and partner interests.

A stronger policy and posture in the Gulf elevate the need for greater communication in the Gulf between the United States, the coalition, and Iran in order to deconflict possible altercations or miscommunications. The lack of common "rules of the road" between the United States and Iran in the Gulf raises the potential for altercations; establishing a rulebook would help mitigate that risk. The Code for Unplanned Encounters at Sea Agreement, brokered in 2014 by the United States, China, and 19 other countries to prevent escalations in the Pacific, could serve as a model for creating such a framework in the Gulf. The United States might also encourage India, Pakistan, Oman, and Horn of Africa countries to deliver a consistent message to Iran's navy to press it to abide by international maritime norms, which could influence the broader Iranian maritime approach. Continued harassment of commercial shipping could prompt the United States and its regional partners to consider assisting shipping companies by hardening their defenses. If Iran backslides on its JCPOA commitments, or takes aggressive action elsewhere (e.g., amplifying its terrorist proxy or cyber activities), the United States and its allies and partners will need to be prepared to respond horizontally or in kind.

Pathway 4: Prioritize JCPOA

This pathway prioritizes the U.S. interest in countering weapons of mass destruction. If fully implemented, the JCPOA would significantly set back Iran's nuclear program for at least the next 10 to 15 years. Sanctions relief would follow internationally verified evidence that Iran is complying with the terms of the deal, and could "snap back" if there is evidence of Iran violating the terms of the agreement.

Intrusive international inspectors would monitor Iran's compliance. The JCPOA provides a long-sought-after "proof of concept" for testing for improved relations with Iran on areas where interests converge, especially as short-term U.S.-Iranian interests align against ISIS. While Iran's destabilizing activities must be countered, the United States must in this scenario prioritize upholding the JCPOA and be willing to take risks in other areas.



Lieutenant Junior Grade Nick Green, assigned to Commander Task Force 55, and Lieutenant Commander Ali Al-Abdouli, UAE navy, establish communications with the UAE navy fast attack craft *Mubarratz* (P 141) aboard the guided-missile destroyer USS *Mitscher* (DDG 57) during a maritime infrastructure protection exercise, November 3, 2014. *Mitscher*, homeported in Norfolk, Virginia, is deployed supporting maritime security operations and theater security cooperation efforts in the U.S. Fifth Fleet area of responsibility and is participating in the International Mine Countermeasures Exercise (IMCMEX).

Source: U.S. Navy photo by Mass Communication Specialist 2nd Class Anthony R. Martinez/Released, available at <http://www.navy.mil/management/photodb/photos/141103-N-RB546-050.JPG>.

Insisting on upholding the JCPOA and assuming risk in other areas of Iranian activity could result in Iran continuing its provocations and nonnuclear capability development that may begin at a low level but would surely increase in quantity and intensity absent a response from the United States. Iran will likely continue to test the threshold of tolerance for provocations and capability development vis-à-vis the United States and its regional partners as it seeks to preserve its access and influence in a fragmenting regional environment. This would lead the United States' regional partners and allies to doubt the credibility of U.S. commitments to the region's security.

Increased Iranian conventional and unconventional activities and capability development in the region, potentially enabled by the sanctions relief that this pathway assumes, would leave the United States weakened in the eyes of its allies, partners, and adversaries, and may enhance Iran's leverage over regional affairs and outcomes in ways that run counter to other U.S. interests and objectives. Iran would threaten broader regional interests in a scenario where it perceives it can

operate with relative impunity, and in the long run, there could be questionable benefit to the United States for adopting this pathway. Alternatively, the JCPOA—assuming Iran achieves the economic benefits it envisioned when signing the agreement—could become the model for other complex multinational negotiations with Iran over missiles and other regional security issues.

NAVIGATING AN INTEGRATED PATHWAY

The application and sequencing of U.S., allied, and partner action to address Iran's behavior will require changes to policy and resourcing. It will also necessitate geostrategic choices about how high the United States wants to prioritize Iran policy in its dealings with European and Asian allies and with competitors such as Russia and China, all of which have countervailing economic and energy interests in Iran. The shift to a strategy that emphasizes constricting Iran's destabilizing behavior and the growth of proxies, represented in pathway 2 above, would involve the greatest degree of change from the current U.S. approach. A greater focus on countering Iran's maritime provocations in the Gulf described in pathway 3 would require some changes to current resourcing and rules of engagement but would not fundamentally depart from current policy. Pathway 1 would require significant diplomatic and negotiating effort by the Trump administration, in coordination with other members of the P5+1; although it could leverage the existing JCPOA negotiations framework, new relationships would have to be forged between Iran's leadership and the Trump administration. Pathway 1 would also require a clear-eyed understanding of the trade space with Iran and a willingness to provide incentives linked to Iranian actions to close ambiguities in the JCPOA. Pathway 4's approach of prioritizing JCPOA implementation represented the Obama administration's policy, as understood by U.S. policy planners and practitioners and regional partners, but is a more explicit and public prioritization of implementing the deal.

The JCPOA remains fundamentally important to setting the region on course for greater stability over the next 10 years, but it cannot come at the expense of other key U.S. interests and objectives. In fact, U.S. regional partners' skepticism of the JCPOA and perceptions of U.S. withdrawal from the region have led some to act independently in Yemen and Syria, in ways not always consistent with U.S. interests. The United States should not let regional partners' fears of Iran oblige Washington to give blanket support to activities that are not in U.S. interests. In addition, the United States likely has more latitude and capability in pressing back against other Iranian activities, while still upholding the JCPOA, than it has been willing to employ. On balance, adopting a strategy that blends pathways 2 and 3, while clarifying ambiguities described in pathway 1, will best serve U.S., allied, and partner interests. The recommendations below seek to amplify this approach.

OVERALL RECOMMENDATIONS FOR THE U.S. ADMINISTRATION AND CONGRESS

The United States, in collaboration with allies and partners, must renew and sharpen its strategy to deter Iran's incremental extension of power and threshold testing that challenge U.S. and partner

interests. This strategy should address ambiguities in the JCPOA, constrict Iran's destabilizing activities, and incentivize Iranian cooperation where possible.

Uphold U.S. Commitment to the JCPOA, but Strengthen It by Addressing Ambiguities

The speculation around the status of the JCPOA under the Trump administration has, of late, created significant ripples within the United States and the international community. President Trump's strong stance against the Iran deal throughout his presidential campaign has been echoed by political leaders close to him.²³ Revoking the deal, as some of the president's advisers have advocated, would be counterproductive for U.S. interests in the region; it would allow Iran to resume its nuclear activities without the oversight provisions of the JCPOA, and have very little punitive impact on the country otherwise, seeing as the rest of the P5+1 have made it abundantly clear that they will continue on the trajectory set forth by UNSCR 2231.²⁴ Moreover, the deal itself is not easily undone, as it is a multinational agreement. It would thus be in the administration's best interests to work within the parameters of the JCPOA, aiming for a stricter enforcement of its tenets to keep Iran accountable, and using diplomatic channels to address ambiguities in the agreement's implementation. Clarifying guidelines on Iran's nuclear development in the last years of the JCPOA, its missile development, and commercial transactions could strengthen the deal but will be met with resistance by Iran. Negotiations to strengthen the JCPOA will inevitably require further tradeoffs among the United States, other members of the P5+1, and Iran, but are worth pursuing and will require a balance of punitive action and incentives. A Trump administration, with the backing of a Republican-led Congress, will have inherent political momentum to make a push along these lines.

The U.S. strategy should address ambiguities in the JCPOA, constrict Iran's destabilizing activities, and incentivize Iranian cooperation where possible

23. Sarah Begley, "Read Donald Trump's Speech to AIPAC," *Time*, March 23, 2016, <http://time.com/4267058/donald-trump-aipac-speech-transcript/>; Dan Clark, "Nuclear Deal Allows Iran to Assets," *PolitiFact*, August 5, 2016, <http://www.politifact.com/new-york/statements/2016/aug/05/rudy-giuliani/no-one-writing-iran-check-under-nuclear-deal/>; Mitt Romney, "The Calamity of Obama's Iran Deal," *Wall Street Journal*, July 22, 2015, <http://www.wsj.com/articles/the-calamity-of-obamas-iran-deal-1437608955>; Josh Siegel, "Nearly a Year Since Nuclear Deal, Tom Cotton Alarmed by 'Empowerment of Iran,'" *Daily Signal*, June 8, 2016, <http://dailysignal.com/2016/06/08/nearly-1-year-since-nuclear-deal-tom-cotton-alarmed-by-empowerment-of-iran/>; Michael Flynn, interview by Jason Criss Howk, "Lieutenant General (Retired) Michael Flynn and the Iranian Nuclear Agreement," *Observer*, September 24, 2015, <http://observer.com/2015/09/lieutenant-general-retired-michael-flynn-and-the-iranian-nuclear-agreement/>; Geoff Dyer, "Trump CIA Nominee Mike Pompeo Promises to Roll Back Iran Deal," *Financial Times*, November 18, 2016, <https://www.ft.com/content/e2849b56-ada7-11e6-ba7d-76378e4fef24>; Cynthia Roldan, "Nikki Haley and 14 Other Governors Announce Opposition to Iran Deal," *Post and Courier*, September 7, 2015, http://www.postandcourier.com/politics/nikki-haley-and-other-governors-announce-opposition-to-iran-deal/article_2d087199-9d3d-5ea0-babb-240599ecad24.html.

24. Chelsea Schneider and Maureen Groppe, "Pence Says He's against Iran Nuclear Deal," *Indianapolis Star*, September 8, 2015, <http://www.indystar.com/story/news/politics/2015/09/08/pence-says-iran-nuclear-deal/71885290/>; Tim Hains, "Giuliani on Trump Foreign Policy: He Can Tear Up Iran Nuclear Deal on Day One," *Real Clear Politics*, November 15, 2016, http://www.realclearpolitics.com/video/2016/11/15/giuliani_on_trump_foriegn_policy_.html.

Forge a Comprehensive Iran Strategy with Allies and Partners

The Trump administration will have to deal with the same capacity issues and regional skepticism of U.S. support in the Middle East that hindered efforts by the Obama administration over the last few years. The United States should work closely with regional partners and extraregional allies (e.g., the United Kingdom, France, and Australia) to create an Iran strategy that leverages comparative capability advantages to address the range of Iranian challenges. They should convene regular and structured senior leader dialogue and scenario-based exercises to address differing threat perceptions, and to develop solutions to deter Iran's destabilizing behavior and capability development. To reassure regional partners and allies of continued U.S. commitment to regional security and to empower partners to better deter Iran on their own, the United States should continue to build partner capacity. This engagement should include, but would not be limited to, enhancing military training and exercises, improving missile defense and counterterrorism capabilities, bolstering regional critical cyber infrastructure, and maintaining a credible U.S. deterrent posture in the region, comprised of conventional forces and special operations forces (SOF), maritime forces, missile defense, and strike capabilities. The United Arab Emirates and Jordan's SOF have become key U.S. counterterrorism partners and serve as models for other regional partnerships across other capability areas. Strengthening U.S., allied, and partner deterrence of Iran's destabilizing activities, blending the approaches of the aforementioned policy pathways 2 and 3, while clarifying ambiguities in the JCPOA described in pathway 1, can serve as a frame for creating a strategy.

Amplify Efforts to Counter Iranian Support of Terrorist Proxy Groups

Even as the United States continues to uphold the JCPOA and engages Iran on the diplomatic side, it can simultaneously counter Iranian activities in nonnuclear areas such as its support of terrorist proxy groups. The administration should ratchet up direct and indirect targeted operations aimed at disrupting IRGC activities, interdicting support and materiel for proxies. Unlike true nonstate actors like ISIS and al Qaeda, IRGC proxies are much more detectable and easier to track. The United States has the capability to contain and push back on these groups but has refrained from taking actions that Iran may deem too provocative and jeopardize the JCPOA or other regional objectives. The United States must calibrate its operations to determine which threats to prioritize and act upon, assess Iranian redlines to avoid unnecessary escalation, communicate its intentions clearly, and refrain from playing into the narrative of Iran's proxy groups which paint any U.S. presence as an invading force.

Sustain Financial Pressure on Iranian Destabilizing Behavior

The United States should maintain its economic sanctions on Iran for its human rights violations, support for terrorist proxies, and development and testing of ballistic missiles. Sustaining financial pressure on Iran for its destabilizing behavior in the region will send the message of continued U.S. commitment to regional allies and partners, while simultaneously influencing Iran to change its behavior. Sustaining international coalition cohesion to financially pressure Iran will require deft U.S. diplomacy and suasion, given the countervailing economic and energy interests Europe, Japan, South Korea, China, and Russia have in Iran. Lessons from the current sanctions regime, including how funds flow through the Iranian system and affect entities linked to the IRGC and

what works in terms of “snapback effects,” should inform future sanctions development. U.S. lawmakers should design sanctions to include indicators and trigger mechanisms to track Iranian behavior.

Incentivize Areas of Iranian Cooperation Where Possible

Solely relying on punitive actions would, in the long run, be insufficient for the U.S. administration. A combination of punitive actions for bad behavior and incentives to encourage behavioral change is a more likely formula for success in deterring and compelling Iran. These policy moves should be sequenced to achieve maximum effect; incentives should follow behavioral changes that Iran makes. The order of the sequencing should be made clear through diplomatic channels with Iran. These incentives could range from giving Tehran a greater stake in the international community via multinational organizations and regional political negotiations (i.e., Syria, Iraq, and Yemen), to providing economic incentive using commercial and third-party routes, and perhaps allowing the ban on third parties’ conventional arms sales to Iran to expire after the JCPOA-mandated date of 2020, to offset Iran’s investments in unconventional capabilities. Higher-order or higher-risk incentives should require greater Iranian changes first.

COUNTERING IRAN’S COERCIVE AND SHAPING TOOLS

Chapters 3 through 7 discuss in detail how Iran leverages various coercive and shaping tools along the spectrum of conventional and unconventional capability and operations in the pursuit of its strategic objectives. The following are recommendations for how the United States should specifically address each of these tools.

Constricting Iran’s Support of Terrorism and Proxies

Iran’s proxies have expanded in size and complexity over time, with a capability for significant mobilization in theaters of strategic importance. So long as Iran lacks the capacity to match the conventional military capabilities of the United States and its allies and partners in the Middle East, and absent ideological changes in the Islamic Republic, Iran will continue to rely on the proxy groups curated and nurtured over time by the IRGC to serve the dual purpose of retaliatory and passive deterrent against its adversaries. To constrict Iran’s support of terrorism and proxies, the United States should take the following actions:

- Expose Iranian support for proxy groups, front companies and their financial activities, to inform the public and demystify the inflated perception of Iran’s influence and reach
- Contain and push back IRGC support for proxies, preventing the formation and growth of such groups by setting the conditions for improved governance
- Divide and undermine local support for IRGC activities using information operations and diplomatic activities to create more separation between Tehran and its proxies

Curbing Iran's Cyber Activities

Iran seeks to expand the role of cyber capabilities in its broader national security strategy, using cyberspace to control its population, defend itself from external threats, and impose costs on its rivals in the Middle East and West. To curb Iran's cyber activities, the United States should take the following steps:

- Be well informed but realistic about the threats that Iranian cyber activities do and do not pose, while continuing to monitor Iran's changing priorities and broader geopolitical sensitivities
- Respond promptly and proportionally to aggressive Iranian cyber operations
- Improve the cybersecurity of U.S. and allied critical infrastructure, reinforcing known vulnerabilities in the cyber domain

Deterring Provocative Iranian Maritime Activities

Iran has the capacity to negatively impact the world economy by interdicting or slowing maritime traffic in the Strait of Hormuz, and uses its maritime forces to pressure and intimidate U.S. regional allies whose economies are dependent on maritime transportation routes in the Gulf. Although Iran is unlikely to deliberately provoke a maritime conflict in the Gulf, the possibility of inadvertent escalation remains due to Iran's persistent naval provocation and the lack of common U.S.-Iranian "rules of the road." To deter Iran's provocative maritime activities, the United States should act as follows:

- Maintain a credible regional deterrent in the form of forward deployed naval and air units, including surge capability for crises, with advanced strike, coastal patrol, demining, and regular carrier presence, synchronizing with the United Kingdom and France to augment forces and rotations
- Conduct key leadership engagements, military exercises and training events, and security cooperation efforts with regional partners tailored to filling capability gaps relevant to the Iranian threat, including demining, coastal patrol, and strike
- Continue to foster and encourage GCC participation in CTF-152, and encourage coordination and information sharing between GCC militaries
- Explore options for partnering with regional governments and even the private sector to harden channels of maritime commerce in the region
- Establish a "rules of the road" common framework for maritime incidents in the Gulf, like the 2014 Code for Unplanned Encounters at Sea Agreement concluded by Asia Pacific nations

Capping and Deterring Iran's Missile Program

Iran's development of ballistic and cruise missiles represents a critical component of Iran's conventional strategic outlook. Tehran's continued post-JCPOA efforts to improve its missile program do not just boost Iran's domestic prestige and perceived regional influence, it also raises the stakes—and therefore elevates the deterrent threshold—for adversaries such as the United States,

Israel, and the GCC states as they calculate the risks of potential conflict with Iran. To cap and deter Iran's missile program, the United States should do the following:

- Use diplomatic channels to roll back Iran's ballistic missile capabilities, negotiating a range and/or payload cap on Iranian missiles
- Enhance missile defense cooperation with and among GCC states, and strengthen regional capacity (military, legal, etc.) to stem missile proliferation to Iranian proxies
- Consider the U.S. Army's request for nine Terminal High Altitude Area Defense batteries and an additional Patriot battalion to reduce force strain, allow for operational flexibility, and permit a timelier upgrade cycle
- Use the foreign military financing route to channel U.S. missile defense assistance to Israel, to avoid competing with other priorities within the Missile Defense Agency budget

Countering Iranian Psychological and Information Warfare

Psychological and information operations permeate Iran's strategic activities across the spectrum of coercive and shaping tools, serving as the underlying theme of Iran's destabilizing behavior. These operations help the Islamic Republic maintain an image of its domestic primacy and elevate its importance on the global stage. Psychological and information warfare activities are likely to remain important in Iran's ongoing involvement in Syria and Yemen, in its strategic competition with the GCC states, and in its asymmetric activities against the United States and Israel. To counter Iranian psychological and information warfare, the United States should proceed as follows:

- Focus greater attention on "soft warfare" against Iran, exposing the country's destabilizing activities in the region to its own populace, revealing the risks and implications of the resumption of the Iranian nuclear program, and debunking exaggerated claims of military and political strength
- Emphasize America's ability to deal with Iran's anti-access/area-denial, terrorism, missile, and cyber capabilities, so that Iran loses confidence in its ability to defend its vital interests or to terminate a conflict on favorable terms
- Convey U.S. willingness to use all means necessary to prevent the resumption of Iran's nuclear activities, while promoting the image of U.S. compliance with the JCPOA and, if merited, Iran's noncompliance

CONCLUSION

The Trump administration and Congress have an opportunity to recalibrate U.S. policies toward Iran and bring about changes in Iran's destabilizing behavior. This study has highlighted advantages and disadvantages of Iran's strategic approach, identified gaps in the U.S. policy, and offered potential policy pathways for the United States to pursue. With a new team of policymakers and a fresh outlook, the Trump administration has the opportunity to rectify ambiguities in the JCPOA,

hold Iran more strictly accountable to the terms of the agreement, and more effectively deter Iran from engaging in subversive actions in the region.

In addition, the United States, Israel, and the GCC countries should renew and strengthen robust, multilateral dialogue and engagement to align threat perceptions, plan for Iranian contingencies, and ensure that there is a shared, comprehensive vision for addressing common challenges. Along with continued—and where necessary, enhanced—training and collaboration with the GCC states, the United States must also encourage intra-GCC cooperation, joint exercises, and intelligence sharing, so as to create a more lasting and sustainable deterrent against challenges from Iran.

To further these goals, potential avenues for further study and engagement include convening independent, multilateral scenario-based tabletop exercises that simulate scenarios of a range of Iranian challenges highlighted in this report versus U.S., allied, and partner interests. Such tabletop exercises could include current and former U.S. and foreign government officials, as well as Iran and regional security experts from think tanks and academia. The goal of these exercises would be to illuminate gaps and differences in perceptions of different Iranian challenges, evaluate priorities of different stakeholders, and identify risks, tradeoffs, and key processes and avenues for communication and collaboration, to better synchronize deterrent and compelling action to change Iranian behavior. Such exercises would be particularly effective if they involve a multilateral group of experts and practitioners, providing findings, and practical recommendations for the Trump administration to better coordinate its efforts vis-à-vis Iran in the Middle East with its allies and partners.

Iran will remain a central player in the Middle East, and its trajectory raises the stakes for U.S., allied, and partner interests. Renewed commitment to a comprehensive deterrence strategy will require U.S. leadership, a thorough evaluation of risks and opportunities, and the synchronization of allied and partner action.

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