



Iran in a Changing Strategic Environment

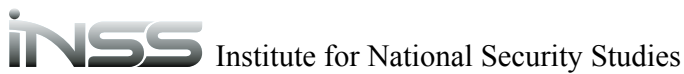
Meir Litvak, Emily B. Landau, and Ephraim Kam,
Editors

Memorandum

173

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Preface

For more than a decade, the focus of attention on Iran has been its nuclear program. A new stage in the developments related to the nuclear issue came in the summer of 2015, when agreement was reached between the six leading world powers and Iran on a Joint Comprehensive Plan of Action (JCPOA). For those that viewed the JCPOA favorably, it was welcomed as a deal that postponed the need to continue dealing intensively with Iran's nuclear activity for several years in the hope that by the time the main restrictions expire, the Iranian regime would be more moderate. They held this view despite serious concerns that Iran might violate the agreement at some stage, and even more, the risk that the regime would not undergo a significant change. This latter scenario poses a particular risk, since once the restrictions on the Iranian nuclear program are lifted, Iran will be able to break out to a nuclear weapon based on the vast and advanced uranium enrichment program it retains under the agreement.

United States President Donald Trump, who entered office in January 2017, adopted a radically different approach to the nuclear agreement. He threatened to withdraw from the JCPOA, which he regards as an extremely problematic agreement that does not serve US national security interests. As a first stage, he has demanded that the agreement be strengthened and that its main faults be rectified. Trump's position raises a question about the future of the agreement, and has drawn Iranian counter-responses.

The challenge that Trump poses to Iran is not limited to the nuclear question. The President and his administration have portrayed Iran as a major threat, not only to the United States, but to its allies as well. According to Trump's approach, the threat that Iran poses emanates from the fact that it is striving for nuclear weapons, but is also fueled by its advanced missile program, its intervention and subversion in neighboring countries, the strategic threat

that it poses to Israel, and its deep involvement in terrorism. Against this background, the President has declared his administration's goals vis-à-vis Iran: cancel or change the dangerous elements of the nuclear agreement; impose restrictions on Iran's missile program; and limit Tehran's regional influence and intervention in neighboring countries. For its part, Iran fears that Trump aims to overthrow the regime.

In addition to continued nuclear activity in spheres not restricted by the agreement, such as research and development on advanced centrifuges and Iran's ballistic and cruise missile project, Iran continues its efforts to strengthen its hold and influence in the heart of the Middle East – mainly in Syria, but also in Iraq and Yemen. Iran's activities are centered on active involvement in Syria through military forces – primarily Hezbollah and other non-Iranian Shiite militias, as well as a few Iranian ground troops. This intervention is designed first and foremost to rescue the Assad regime from its difficult plight, but also to build a stronghold for long term influence in Syria, reinforce Iran's influence in Iraq and Lebanon, and extend the threat and strengthen its deterrence toward Israel from the direction of the Golan Heights, through Hezbollah and other Shiite militias. To this end, Iran plans to leave these forces in Syria for an extended period of time, in cooperation with Russia. Iran also seeks to deepen its grip in Syria through extensive involvement in the state's reconstruction and large scale investments in the economy. At the same time, it is not yet certain whether Iran will be able to leave its forces in Syria over the long term. Iran must also take into account that placing Iranian/Shiite forces in Syria in the proximity of the border with Israel is liable to expose it to attacks and strikes by Israel.

These reservations notwithstanding, Iran has emerged strengthened from its intervention in the Arab states. The position of the Syrian regime has greatly improved, even if it must still cope with difficult problems. Iran has bolstered its influence in Syria and Iraq, and is an important element in shaping the future order in these states. Its regional cooperation with Russia has become closer, and will tighten even more in the coming years with the signing of a major arms deal now on the agenda. Russian aid to Iran in nuclear power plant construction is also likely to increase, and the economic ties between them will be strengthened. The decline of the Islamic State's capabilities, following the severe setbacks in Syria and Iraq, is important and useful for Iran, which regarded the organization as a significant threat to its security and interests.

Iran's regional influence has also grown because the Arab world is mired in severe internal problems, and there is no regional actor currently capable of standing up to Iran and balancing its influence. Syria depends on Iran, and Iraq is under Iranian influence; neither of these states has substantial military capabilities. Egypt is fully absorbed in stabilizing the el-Sisi regime, and is bogged down in economic problems and the war on terrorism in its territory. In effect, Egypt has not led the Arab world for many years. Saudi Arabia has tried to challenge Iran in recent years, especially under the rule of King Salman, and at times it appears that the two countries are nearing conflict. But Saudi Arabia's efforts have been mainly limited to curtailing Iran's intervention in Yemen and Bahrain, where Saudi Arabia has been fairly assertive due to its sensitivity to what is happening in those states; by contrast, its influence in key countries such as Syria and Iraq has remained quite limited. Furthermore, Saudi Arabia has failed in both its efforts to overthrow the Assad regime and to undermine the dominant position of Hezbollah in Lebanon.

Together with its achievements in the regional arena, the regime in Iran faces difficult challenges on the domestic front, due to the profound processes of change in Iranian society and the structural failures in the Iranian economy. In late 2017, in a development that took place after the articles in this collection were completed, there were demonstrations in over 70 cities in Iran. The major motivation behind the protests was economic distress and unemployment; the demonstrations likely resulted from disappointment following expectations of a substantial improvement in the economic situation due to the lifting of sanctions in the framework of the nuclear deal. The demonstrators' demands, however, rapidly moved into the political sphere, with statements against the regime's leaders and demands for change in the nature of the regime. These were echoed by demands to halt Iran's intervention in Syria and other countries, in favor of investing resources within Iran instead. The protests, however, did not gain enough momentum, and have so far failed to achieve their aim. There were fewer protestors than in the demonstrations that occurred in Iran in June 2009, caused by widespread belief that the results of the presidential elections that year were rigged. This time, the regime succeeded in suppressing the demonstrations within a short time. Two factors contributed to the failure of the protests. The first was that from the outset the regime formed special security forces, headed by the Revolutionary Guards, whose main task was defending the regime. These

forces were trained and equipped to act with determination and violence against any unrest against the regime, including opening fire and carrying out mass arrests. Thirty fatalities and hundreds or thousands of arrests were enough this time to convince the protestors to halt their demonstrations. The second factor had to do with the absence in the demonstrations of a central leadership, which kept the disturbances in the realm of spontaneous outbreaks in various cities with no coordination or guiding hand.

Despite the decline of the demonstrations, this is not necessarily the end of the story. Millions of Iranians are still disappointed with the character of the revolutionary regime, and seek to move it in a liberal and moderate direction. They demand a more open political system, an uprooting of the prevalent corruption, less interference in private life by the regime and the religious establishment, and most of all, an improvement in the economic situation and the problem of unemployment. These masses will wait for a more suitable opportunity to try to alter the nature of the regime; perhaps after Khamenei leaves the scene, the regime will be weaker, and power struggles and fissures will leave room for more moderate forces.

This collection contains essays analyzing the state of Iran's nuclear program and the deterrent relationship between the United States and Iran since the nuclear agreement was presented; Iran's relations with specific Middle East states; and dominant political and social issues within Iran, and their influence on Iran's foreign policy. These trends and developments constitute a changing strategic environment for Iran, which necessarily affects Iran's geopolitical stature.

We would like to extend our sincere thanks to the authors who contributed to this volume, following their participation in a conference at INSS in cooperation with the Alliance Center for Iranian Studies of Tel Aviv University in March 2017. Special thanks go to Dr. Anat Kurz, Director of Research at INSS, for her contribution in preparing this volume for publication, and to Dr. Judith Rosen for her editing of the English version. Thanks also to Moshe Grundman, Director of Publications at INSS.

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Tel Aviv, February 2018

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Iran after the Nuclear Agreement: A Status Report

Ephraim Asculai

In July 2015, Iran and the six countries that negotiated with it – the five permanent members of the UN Security Council and Germany (P5+1) – reached agreement on the future restrictions on Iran’s nuclear program and the removal of sanctions as compensation to Iran for its consent to the restrictions. Implementation of the agreement began in January 2016, six months after it was reached.

There are several major disadvantages of the agreement: the agreement is limited in time, and after its main clauses expire, Iran will have almost unlimited options for developing a broad nuclear program; the agreement covers only some of the issues related to nuclear weapons development (it does not mention the ballistic missile program, for example); and quite surprisingly, the agreement is not signed by the respective parties, and all of its clauses are “voluntary.” Nevertheless, the overall situation appears better than before the agreement, and in the absence of an agreement, the parties would probably have reached a crisis. A report by the director general of the International Atomic Energy Agency (IAEA) published in December 2015 found clearly that Iran had been developing a nuclear weapon; it left no room for doubt that this was Iran’s intention, and stressed that Iran should be supervised and prevented from achieving this capability at almost any price.¹

A military nuclear program has three main parts: production of fissile material, construction of an explosive device, and achievement of a method of delivery. Producing fissile material is the most difficult part and takes the

most time. The three parts, however, can be developed simultaneously, which saves a great deal of time. This essay describes the current and presumed state of the Iranian nuclear project until the expiration of the main clauses of the agreement, and the situation liable to prevail afterwards.

The Iranian Nuclear Project under the Duration of the Agreement

Production of Fissile Material and the Restrictions in the Agreement

The first attempt to reach an agreement was led by the three major European powers – France, the UK, and Germany. Unsuccessful, the efforts in fact enabled Iran to continue its nuclear development activity and did not materially slow it down. The intensive involvement of President Obama, first secretly and then openly, eventually led to the agreement, which involved far reaching concessions to Iran. The agreement is between Iran and six countries that appointed themselves as negotiators and reached a written but unsigned agreement with an unclear legal status, although it later received international approval when it was endorsed by the UN Security Council (Resolution 2231).

According to President Obama, the period of time in Iran between a decision to complete the process of developing a nuclear weapon and production of enough fissile material to produce a nuclear bomb, which is called the breakout time, was minimal in the period before the agreement was achieved, and was lengthened to a year as a result of the agreement. This is a fairly short period in international terms, and it is also valid only for a limited period of 10 years from now, assuming that the Iranians comply with both the letter and the spirit of the agreement.

The agreement is inadequate in many important ways:

- a. It addresses only the inspection of production of fissile material; concerns only forbidden activity, not inspection of the explosive mechanism; and does not mention means of delivery.
- b. Its main clauses are limited in time: beginning eight years after the start of the implementation in January 2016, important bans on research and development are removed, followed by the removal of the ban on uranium enrichment.
- c. The agreement is limited to routine visits to declared nuclear facilities only, and a special complicated procedure is required for inspection of other facilities (those that are known, and those suspected of forbidden

activity). All activity in development of the nuclear explosive mechanism takes place at facilities defined by the Iranians as military, and they do not allow access to these facilities. On the other hand, it is not clear whether the IAEA has submitted a formal request to visit these facilities.²

- d. The agreement does not allow a search for undeclared facilities, materials, and activities.
- e. Inspection is allowed according to the Additional Protocol, but this too is limited.

Iran is taking advantage of the agreement's weak points in order to continue its development of a nuclear explosive device in a short breakout time, as evidenced by developments in all matters pertaining to uranium enrichment. While the stock of enriched uranium in Iran was substantially reduced following the agreement, this does not necessarily prevent or significantly impede a quick breakout to a bomb, should Iran decide to achieve one. In fact, this will become easier as time passes, as under the agreement Iran is allowed to develop advanced centrifuges for uranium enrichment.³ Iran is also developing and possibly engaging in forbidden production of IR-8 centrifuges, which have an enrichment capacity 20 times that of the older centrifuges based on the IR-1 Pakistani design.⁴ If operated in cascades, the advanced model can produce far more military grade enriched uranium in far less time. The small number of centrifuges necessary to enrich uranium to military grade will enable Iran to operate them in the well protected underground facility at Fordow. Iran has also acquired additional stocks of natural uranium, and has considerable stocks of depleted and natural uranium ready for use in the enrichment facilities.

Another point in Iran's favor is the weakness of the IAEA inspection mechanism. However dedicated the inspectors, their work is subject to limitations, some of which apply to all inspections and some specific to Iran. Particularly prominent is the lack of IAEA transparency in the reports that it publishes about Iran's nuclear activities since the agreement went into effect. This differs from the procedure that existed for many years, even during the period when Mohamed ElBaradei of Egypt was IAEA director general. This lack of transparency probably dates back to the period of the negotiations for the agreement. Lack of transparency about Iran's activities affects the discussions and decisions of the Joint Commission set up to oversee implementation of the agreement. The situation has even reached an absurd state of affairs, when Iran published the decisions and discussions

about authorizations granted to it, such as permission to buy additional natural uranium from Russia.⁵

The Obama administration classified the Joint Commission's reports, and the agreement also has classified appendices. Done for Iran's benefit, there is no justification for the classification, given Iran's past as a country that violated its commitments under the nuclear Non-Proliferation Treaty (NPT). Iran managed, however, to extract this concession in the negotiations that led to the agreement. The transparency so necessary in this matter was thereby prevented, with a clear bias in favor of Iran. Despite some improvement on the subject of transparency following more frequent inspections of the declared facilities, the situation is far from desirable. To all this should be added the lack of money for the inspection teams, an issue raised previously by IAEA director general Yukiya Amano.⁶

How does Iran profit from the lack of transparency? Iran needs authorization from the working group set up by the Joint Commission for every procurement request involving equipment with a link to the nuclear program, including if these requests are submitted by the parties selling the requested equipment and/or materials. The list of requests is confidential, thereby skirting public criticism. One example that was leaked, for example, involves carbon fibers that can be used to make the rotors for advanced enrichment centrifuges. The working group apparently did not approve the request to procure large quantities of this material, but was willing to approve a number of requests for procurement of smaller quantities each time. A more important indirect benefit, however, is that the Joint Commission will probably avoid major controversies liable to upset the entire agreement. Since the agreement is beneficial mainly to Iran, despite the postponement in principle of the date on which uranium enrichment activity is allowed in general, Iran benefits from the lack of transparency.

According to reports, Iran has been caught violating a number of clauses in the agreement, including, for example, clauses governing its stocks of low grade enriched uranium and heavy water. These are considered minor violations, however, and will not cause termination of the entire agreement.

Development of the Explosive Mechanism

Development of the explosive mechanism of a nuclear device is critical to the same extent as production of fissile material, but far less difficult and

can take place concurrent with the other parts of the project, especially if a warhead based on uranium enriched to a high degree is involved.

The IAEA found that Iran had been developing the explosive mechanism at least until 2003 and probably until 2009, and might be continuing until the present time. Iran (like Libya) may well have had a detailed design of an explosive mechanism that it received from Pakistan, which was previously used by China.⁷ This old design likely required updates and further development, and presumably Iran dealt with this matter and may be doing so to this day. In all probability, Iran possesses a proven design.

While the IAEA inspection mechanism has the option of filing a request to inspect military and other facilities suspected of developing a nuclear explosive mechanism, only one inspection has actually been carried out since the agreement, at the Parchin facility. This inspection was carried out unprofessionally by any criterion set by the IAEA itself, and yielded dubious and unclear results (discovery of traces of uranium in the area where nuclear weapons development trials are suspected) that increased suspicions about activities conducted in the past at this facility. All the attempts to clarify the findings were unsuccessful, however, due to Iran's refusal to allow a visit and collection of new samples at the site.

Means of Delivering Nuclear Weapons

Iran is developing and producing ballistic missiles with ranges varying from hundreds of kilometers to 2,000 kilometers. Table 1 describes the Iranian missile program for medium ranges, which cover up to large parts of the Middle East, extending past Israel to areas in southeastern Europe. The missile issue is not included in the agreement with Iran, and a decisive 2010 Security Council resolution (Resolution 1929) banning any activity related to the development and testing of ballistic missiles capable of bearing nuclear weapons was replaced by a watered-down resolution in 2015 that merely *calls on* Iran not to engage in activities related to missiles *planned* to bear nuclear weapons (and Iran continues to assert – despite the IAEA's findings – that it has no intention of developing nuclear weapons, and never had any such intention). According to an unconfirmed report published in 2017, Iran acceded to a demand by President Obama not to develop and test ballistic missiles with ranges over 2,000 kilometers.⁸

Table 1. Iranian Medium Range Missiles⁹

Missile	Type	Range	Status
Sejjil	Ballistic	2,000 km	Operational
Shahab-3	Ballistic	2,000 km	Operational
Ghadr 1 (Shahab-3 Variant)	Ballistic	1,950 km	In development
Emad (Shahab-3 Variant)	Ballistic	1,700 km	In development
Soumar	Cruise missile	2,000-3,000 km	Operational
Khorramshahr	Ballistic	2000< km	In development

Two objections are required here: Iran is proud that it is also developing cruise missiles. The subject of cruise missiles is not mentioned in the context of Iran – not verbally, in writing, in the current agreement, or in the relevant Security Council resolutions. The second issue is the general subject ignoring the possibility that Iran will be able to operate missiles from other territories, rather than its own, such as Syria (where it is intervening in order to help save the regime). The subject of the weight of the missiles’ payload is also a problem, because a nuclear warhead, especially one with a uranium core, is heavier compared to what the Iranian missiles are able to carry, but Iran is overcoming this problem. Iran is also improving accuracy, and at some point, its missiles will be accurate enough to destroy a defined target with a nuclear warhead that does not require too much accuracy. The use of methods not employed by states also cannot be ruled out – non-military transportation methods – in order to deliver a nuclear weapon to a target in another country.

The Iranian Nuclear Program after the End of the Agreement

What can be expected in the future? This depends primarily on the Iranian regime, but on the United States and the global political situation as well. If the attitude of the regime in Iran changes, whether toward the region or toward Israel and the United States – which at this stage appears very unlikely – it will be able to attain what it calls “a status similar to that of Japan.”¹⁰ At present, however, it must be assumed that Iran will not change its political views or its ambitions, especially on the subject of development of non-conventional weaponry.

Perhaps Iran will comply with the nuclear agreement. In this case, presumably about ten years from now, Iran will be able to build a uranium enrichment facility on a scale that will enable it to enrich a significant quantity of uranium to a military level within a short time, even if it does not carry out such enrichment immediately, and waits for an opportune time, whether political, military, or as a result of internal pressure, to attain nuclear military capability. This will not be unexpected. Iran is liable then to declare its withdrawal from the NPT, or to declare its capability with no additional activity, claiming that this is not explicitly forbidden and does not contravene its commitments. The response to this development by the world and by Israel cannot be predicted.

Given its history of concealment, cheating, and ignoring agreements and conventions, however, the possibility also exists that Iran will work secretly, and while ostensibly complying with the agreement, will clandestinely engage in activities enabling it to break out and produce the fissile material it needs on short notice. In the worst case, Iran will succeed in building a concealed conversion plant (which produces the raw material for enrichment) and a concealed enrichment plant, and will secretly produce all that it needs in order to produce a nuclear explosive device, and perhaps even a bomb. This possibility should not be ignored. Iran is very experienced and knowledgeable in concealing activities, especially if it uses advanced centrifuges, and an enrichment plant on its territory can therefore have limited physical dimensions. It has all the knowledge required, and probably also the equipment, to build such secret plants.

What will happen if and when the intelligence services detect such activities? Detection is of course by no means certain, despite the Obama administration's assurances. There is no clear historical support for such an unequivocal conclusion, and there are innumerable cases of major intelligence failures. Iran can utilize many methods of deception, and a single detection failure, in which false information leads to a false alarm, will deter those engaged in detection efforts from any future attempts. Even if the intelligence services provide proven and verified information, the UN has no way of enforcing inspection and verification, despite what is written in the agreements, especially if the information comes from clandestine sources that the governments involved are deterred from exposing to Iran, as the agreement requires in cases of such accusations.

The worst case for the world in general, and for Israel in particular, is the day on which the world discovers that Iran has broken all the rules, using its existing materials and those it produced secretly, and has produced a nuclear explosive device and performed an underground or even atmospheric nuclear test. It is doubtful whether there will be a military response to this. It is unclear whether in the situation that prevails 10 years from now, Iran will fear economic and other sanctions, and for Iran, the cases of India, Pakistan, and North Korea constitute a positive precedent.

Some regard the agreement with Iran as a breakthrough that removes the nuclear threat, at least for the near future. They may be right. Nevertheless, given the long history of Iranian nuclear development, including methods of deception, denial, and concealment, it is dangerous to ignore the existing potential, which will increase with time and will give Iran a tool for making nuclear threats, if not worse. A more basic and substantial change must occur in the Iranian regime, so that Iran will not realize any part of its nuclear ambitions in the future.

Notes

- 1 See Section 81 in the IAEA report: December 2, 2015: GOV/2015/68, <https://www.iaea.org/sites/default/files/gov-2015-68.pdf>.
- 2 Peter Kenyon, "Access to Military Sites Debated as White House Reconsiders Iran Nuclear Deal," September 13, 2017, <http://www.npr.org/sections/parallels/2017/09/13/549217764/should-nuclear-inspectors-be-demanding-access-to-irans-military-sites>.
- 3 Enriching uranium through gas centrifuges is the method used by Iran to increase the concentration of Uranium 235 above the proportion of approximately 0.7% in natural uranium to around 90% (the concentration needed for military uses). The centrifuges are connected with each other in structures of about 160 units, called cascades, in order to achieve the necessary concentrations and quantities.
- 4 See, "Iran Starts Testing IR-8 Centrifuges with UF₆," *Tehran Times*, January 28, 2017, <http://www.tehrantimes.com/news/410533/Iran-starts-testing-IR-8-centrifuges-with-UF6>. For background on IR-8, see David Albright, "Technical Note: Making Sense out of the IR-8 Centrifuge," ISIS Report, September 23, 2014, http://isis-online.org/uploads/isis-reports/documents/IR8_Sept__2014.pdf.
- 5 An IAEA statute allows classification restrictions in cases concerning the security of the inspected country or commercial secrets, but does not stipulate classification in other cases. In the case of Iran, there were many deviations from this rule.

- 6 “Long-term Funding Crucial to Monitoring Nuclear Agreement with Iran, UN Atomic Chief Warns,” UN News Centre, January 19, 2016, <http://www.un.org/apps/news/story.asp?NewsID=53038#.WeBIHBXyvIU>.
- 7 David Albright and Corey Hinderstein, “Documents Indicate A.Q. Khan Offered Nuclear Weapon Designs to Iraq in 1990: Did He Approach Other Countries?” ISIS, February 4, 2004, http://www.isis-online.org/publications/southasia/khan_memo.html.
- 8 A. Savyon et al., “According To Iranian Officials, Obama Administration Gave Unwritten Consent in the Nuclear Talks and in the JCPOA Negotiations for Iran to Develop Ballistic Missiles With a Range Of Only 2,000 km – That is, Capable of Striking Israel but not Europe,” MEMRI *Inquiry & Analysis Series*, No. 1298, February 2, 2017, <https://www.memri.org/reports/according-iranian-officials-obama-administration-gave-unwritten-consent-nuclear-talks-and>.
- 9 Taken from “Missiles of Iran,” a report by the Center for Strategic and International Studies (CSIS), <https://goo.gl/n7Zj38>; the last item is taken from the media.
- 10 Japan can currently be classified as a nuclear threshold state, i.e., a state that possesses the technical ability to attain military nuclear capability within a short time, although no desire to achieve this capability is evident. There are other countries in the same situation, such as Germany, but the world does not regard these countries as posing a risk of obtaining nuclear military capability.

In the Aftermath of the JCPOA: Restoring Balance in the US-Iran Deterrent Relationship

Emily B. Landau

The Obama Administration and Iran, post-JCPOA: Deterrence Lost

The Joint Comprehensive Plan of Action (JCPOA, otherwise known as the Iran nuclear deal) was presented to the world in July 2015; implementation began in January 2016. In the 18 months that the Obama administration remained in power following the July 2015 announcement, US deterrence vis-à-vis Iran was significantly diminished.

During these months, the Iranian regime tested the limits of the administration on issues directly related to the nuclear deal and with regard to its activities in the missile realm, as well as in the regional arena. In addition to its ballistic missile tests, which defied UN Security Council resolutions, steps taken by Iran in this period included continued harsh rhetoric against the US, and ongoing imprisonment of dual US-Iranian citizens held on bogus charges, even after the release of four such prisoners in early 2016 in exchange for \$400 million in cash. Iran significantly stepped up its military campaign in Syria, including participation in and/or facilitation of war crimes against Syrian civilians, and attempts to set up a new military presence near Israel's border – all the while continuing its efforts to transfer prohibited weaponry to Hezbollah via Syria, in violation of UN Security Council Resolution 1701. Iran became involved in the civil war in Yemen, armed and trained Shiite rebels in Bahrain, and harassed US naval vessels in the Gulf on a regular basis.

Regarding the JCPOA specifically, Iran was guilty of minor violations during 2016, including twice exceeding the limit of the heavy water stockpile allowed by the deal, and engaging in activities regarding advanced centrifuges that are of questionable legitimacy.¹ One reason for the lack of certainty regarding advanced centrifuge work is that the IAEA reports on Iran that have been released since implementation began in January 2016 have been highly cursory, no longer including critical details and data that were cited in the past.

In addition, over the course of 2016 it was reported that the P5+1 had apparently acquiesced to Iran's demand for confidentiality in its dealings with the IAEA, despite the fact that Iran is a known violator of the NPT.² Having lost the trust of the international community by violating the treaty, Iran should have lost these confidentiality privileges, certainly in the initial stage. But because confidentiality was granted, the exact provisions that were concluded with the IAEA are not known and cannot be publicly reviewed. Even the deliberations of the Joint Commission (which monitors implementation of the JCPOA) are not made public, adding to the troubling lack of transparency surrounding implementation of the deal, despite the fact that the JCPOA was presented to the public as a deal that significantly increases transparency on Iran. Iran is also suspected of making attempts to circumvent the Procurement Working Group set up by the nuclear deal, in order to illicitly procure components and technologies that can be used in a nuclear weapons program.³

The Obama administration refused to respond, even at the rhetorical level, to these provocative Iranian positions and activities. Indeed, with regard to the different challenges it presented, Iran found US limits of tolerance to be quite lax. During this period, the Obama administration was focused mainly on painting a picture of Iranian compliance, to "prove" the worthiness of the nuclear deal it concluded. The insistence that Iran was fully complying with its JCPOA commitments continued to the exclusion of all other developments – including the violations of the deal itself, and Iran's own (false) accusations of US non-compliance with the deal. The sense was that the administration was loath to admit that Iran was not behaving properly, either per the deal or with regard to Iran's regional behavior. There was no impetus to push back against Iran's bad behavior, which the administration feared might upset Iran, leading to an Iranian decision to exit the JCPOA. The administration bolstered its proclivity not to react to

Iran's regional provocations by emphasizing that the nuclear deal was never meant to tackle anything beyond the nuclear realm.

However, Iran did not read the administration's behavior as a cooperative approach, to be answered in kind. Rather, Iran seems to have interpreted the lack of response – and the US willingness to go so far as to actually defend Iran's stance – as a green light to continue. Iran saw that the Obama administration was not prepared to try to stop the regime. The upshot of this evolving dynamic was that the Islamic Republic was emboldened to pursue even more aggressive regional behavior – in Syria in particular (in cooperation with Russia), but also in the other respects mentioned above. Indeed, it became clear that Iran was effectively deterring the US, mainly by means of its implicit threat to leave the deal if the US took a more forceful stance, rather than the other way around.

Trump Charts a New Course: Putting Iran on Notice

Initial rhetoric from the Trump administration indicated its desire to change this dynamic, and shift the US-Iran deterrence equation back in favor of the United States. Trump himself had referred to the JCPOA as the worst deal ever negotiated, and several key appointments in his new administration were people known for advocating a strong no-nonsense stance on Iran. They included CIA Director Michael Pompeo, Secretary of Defense James Mattis, and National Security Advisor Michael Flynn (who resigned after just a few weeks).

The first test of the new administration's intent to shift course on Iran came within 10 days of its inauguration: after Iran tested a new ballistic missile in late January, with a range of 3000-4000 km, and capable of carrying a nuclear warhead. The response was swift – Flynn issued a statement “putting Iran on notice” and clarified that the United States would no longer be turning a blind eye to Iran's provocations.⁴ Following that, sanctions were placed on 25 companies and individuals involved in Iran's ballistic missile program and terrorist activities.⁵

The immediate reaction of skeptics was that what Trump did was actually not that different from the approach of the Obama administration, which also slapped sanctions on Iran following missile tests in October-November 2015. Moreover, some critics warned that issuing a deterrent threat can be dangerous because if the Iranians challenge the United States with another test and there are no consequences, deterrence will be damaged. Others

claimed there were more immediate escalatory risks to putting Iran on notice, and castigated Flynn for what they viewed as inflammatory bluster.

In examining these claims, it is worth recalling that any policy option is a question of choice among alternatives. In this case, the year and a half of the Obama administration doing very little in the face of repeated Iranian provocations only resulted in an increase in Iranian deterrent power vis-à-vis the United States. Indeed, refraining from responding to an aggressive opponent for fear of short term escalation can prove to be a very problematic choice over the long term.⁶ Moreover, the deterrent message that the administration delivered was a measured one – it did not set specific red lines that might force the US to respond militarily if Iran crossed them. Finally, the Trump administration’s approach was different in two important respects from Obama’s reaction in 2015-2016, despite the fact that sanctions were imposed in both cases: the Trump administration responded within days (whereas in Obama’s case it took months), and there was a sharp shift in the rhetoric, especially as far as putting Iran on notice, which set in motion a new deterrent relationship.

Message Received in Tehran

The most interesting result of the US deterrent message following the missile test is that initial Iranian reactions suggest that Iran received the message and that it had an effect. According to commentary in *al-Arabiya* from early March 2017, Iran was terrified of the Trump administration and adhered more meticulously to the JCPOA red lines: “The mullahs very well understand the language of force.”⁷ The piece clarified that the changes in Iran should not be understood as a change of heart, rather as a response to a more forceful approach from Trump. As such, an approach that conveyed greater determination and resoluteness achieved the desired result.

A more direct indication that the new approach had an effect can be found in an Associated Press article quoting the Iranian press following a successful sea-launched ballistic missile test in early March: the Hormuz 2, with a range of 300 km. In this regard, Fars News Agency quoted the chief of the IRGC aerospace division, Gen. Amir Ali Hajizadeh, as saying that Iran had prepared a ballistic missile for carrying a satellite for civilian purposes (technology that is also relevant to ICBM capabilities), but that “some people” had removed the missile from the launch pad “after a threat by the Americans” – something he viewed as “humiliating.” It is significant

that the missile that *was* finally tested was short range, and not likely to elicit the same response from the US.⁸ Significantly, when Iran reacted to an Islamic State terror attack in the heart of Tehran by firing missiles into Syria in mid-June 2017, the missiles used had a range of only 1200 km, and could not carry a nuclear payload.⁹ However, in late July, Iran did launch a missile into space with a satellite, a step that the US administration deemed a violation of UNSC Resolution 2231.¹⁰

The Trump Administration on Iran: Nuclear and Regional Linkage

In mid-April 2017, in accordance with its obligation to report to Congress every 90 days on certification of the deal, the Trump administration submitted a letter that deemed Iran had complied with the JCPOA. But in the same letter, the administration noted it was highly concerned with Iran's continued support for terrorism. Moreover, the President instructed Secretary of State Rex Tillerson to issue a statement the following day explaining the administration's position on Iran.

Tillerson's statement was released on April 19, 2017.¹¹ The Secretary of State explained that the administration was conducting a full and comprehensive review of its Iran policy. He emphasized Iran's "alarming and ongoing provocations," and stressed that as a leading state sponsor of terrorism, Iran was intensifying regional conflicts, and undermining US interests in Syria, Yemen, Iraq, and Lebanon, as well as continuing to support attacks against Israel. He made a direct link to North Korea, claiming that if Iran continued "unchecked," it had the potential to travel the same path as North Korea. On the JCPOA specifically, Tillerson warned that the deal fails to achieve its objective of a non-nuclear Iran; it only delays the problem, while "passing the buck" to a future administration.

What emerged from this statement is that the different threats that Iran poses – in the nuclear and regional arenas – cannot be separated, and the developments in North Korea underscore the dangerous implications of merely delaying a state's nuclear capability. Several times Tillerson noted that the administration did not want its policy on Iran to follow the same failed approach that resulted in the current situation in North Korea, which ostensibly resulted from buying off North Korea's nuclear advances for a short amount of time, only for the problem to reemerge for a later administration to grapple with.

Critics of the Trump administration's approach immediately accused the administration of a confused and conflicting message on Iran – if Iran was complying with the deal, why was the administration so negative the next day? In considering whether there is a contradiction in Trump's approach, the answer turns on the assessment of the JCPOA itself. For deal supporters, if Iran was found to be in compliance with its obligations, this was tantamount to validation of the deal; moreover, it was considered a major blow to critics of the deal, who (deal supporters claimed) expected Iran to cheat.

But the Trump administration has a different assessment of the nuclear deal: it views the JCPOA as severely flawed. Because of the significant P5+1 concessions that were made to Iran over the course of the prolonged negotiation, the JCPOA was weakened to the degree that it does not achieve its goal of stopping Iran in the nuclear realm.¹² Provisions in the deal that enable R&D on advanced centrifuges and the 5000 centrifuges left spinning at Natanz amount to legitimization of Iran's problematic uranium enrichment program. Moreover, the most problematic aspect of the deal is that it has an arbitrary expiration date that was not made conditional on any required changes either in Iran's behavior or its perceived interests. What that means is that when the significant provisions of the deal expire, Iran will have its breakout capability intact. And with advanced centrifuges installed and operating, Iran will be capable of moving forward to a weapons capability if it so chooses, in a very short timeframe. Of further help to Iran in this regard is its ongoing work on the delivery mechanism for nuclear weapons, namely, its advanced ballistic missile program.

The upshot of this assessment is that the nuclear deal – a far cry from the original P5+1 goal of dismantlement – is actually not a bad deal from Iran's point of view, and therein lies the problem. It means that the fact that Iran is complying with minimal nuclear concessions – and it is noteworthy that there have even been some violations, as described above – does not denote that the deal “is working,” at least from the point of view of stopping Iran's nuclear advances. The more relevant question is why Iran would *not* comply with a deal that the regime ensured would not undermine its ability to break out to nuclear weapons down the road, especially when critical sanctions relief depended on concluding a deal.

Building on its critique that the deal did not achieve its goal of a non-nuclear Iran, and coupled with its assessment that Iran was getting even more aggressive due to previous US acquiescence with its bad behavior, the new

administration is in the process of carving out a different approach – one that links the nuclear dimension in Iran’s profile to the rest of its actions in the Middle East, and incorporates the imperative of restoring US deterrence vis-à-vis this dangerous proliferator.

A Broader Deterrent Message: To Syria and North Korea

The Trump administration has expressed its new determination and resolve to deter WMD proliferators in messages to North Korea and Syria as well. In response to the wave of North Korean nuclear threats and posturing in March-April 2017, both Secretary of State Tillerson and Vice President Pence sent clear messages of warning, in an effort to deter and prevent nuclear weapons use. Tillerson clarified that while the US would try to work with China to prompt North Korea to reverse course in the nuclear realm, if this stubborn proliferator continued to escalate its nuclear threats, America could have no choice but to take preemptive action. Similarly, Pence sternly warned North Korea not to test US resolve, and the use of a MOAB in Afghanistan shortly before his visit to the region was widely interpreted as a message to North Korea as well.¹³

In Syria, the message was delivered by means of the very quick US decision to respond to Assad’s chemical weapons (sarin) attack on Syrian civilians in early April 2017 by striking the airfield used by Assad forces to launch the chemical attack. The use of 59 Tomahawk cruise missiles to strike the air base – damaging aircraft and infrastructure – was a limited and measured use of military force, to deliver the message that using chemical weapons is a breach of a well-established international norm that Assad ostensibly accepted when he joined the CWC in 2013 and forswore chemical weapons possession and use.

In each of the three cases – Iran, Syria, and North Korea – there is a similar deterrent message being delivered by the Trump administration, by different means. Each response has been tailored to the specifics of the case in question. One of the most important features of the new Trump approach is quick reaction time. Rather than getting into lengthy deliberations and debates, the administration has acted swiftly and decisively, which helps to get across a message of determination – a key requirement in these situations. On the other hand, overly hasty messages to North Korea – especially when delivered via Twitter – can risk undermining the very deterrence that Trump seeks to establish.

Conclusion

The initial months of the Trump administration indicate that it is not only charting a new course on Iran, but that it is building up its deterrence vis-à-vis two additional problematic WMD proliferators: North Korea and the Assad regime. For deterrence purposes, there could be a synergetic effect among the three cases; in other words, the enhanced deterrent posture toward North Korea and Syria can help bolster deterrence toward Iran as well. In addition to direct messages to the proliferators, the Trump administration has signaled its desire to work together with regional allies – pragmatic Arab states and Israel – in confronting Iran. This came out very clearly in his May 2017 visit to Saudi Arabia and Israel, when he placed Iran squarely in the crosshairs.

While all of these developments indicate a changed US approach, the results are far from ensured. North Korea is so far along in its nuclear program that it can probably only be deterred from actual use of nuclear weapons. Moreover, since July 2017, when Kim Jong-Un demonstrated his ability to fire an ICBM that can reach the US mainland, the “deterrence dialogue” escalated, with many fearing that it can escalate out of control. On the other hand, when facing an aggressive proliferator like North Korea – one that achieves the ability to strike the US with a nuclear missile – the new deterrent messages from the administration were hardly a surprise. Due to North Korea’s reckless advances, the relationship will likely witness additional turbulence before a more stable deterrent relationship can emerge.

In mid October 2017, President Trump outlined the new United States policy toward Iran, reinforcing Secretary Tillerson’s message of the previous April: a comprehensive approach to Iran that takes into account both Iran’s nuclear aspirations and its overall aggressive activity and hegemonic ambitions in the Middle East. The question is whether the administration will have the stamina to follow through on this new approach over the long term. To succeed, the Trump administration will need to be consistent in its messaging over time. The fact that Iran did launch a missile with a satellite in late July indicates that Iran continues to provoke, and it is a setback as far as the new and more determined approach expressed by the Trump administration upon coming into office, and its ability to deter Iran.

However, it is too early to determine whether the setback indicates that the administration will not succeed in its more forceful approach.¹⁴ The President’s speech of mid October indicates that at least on the rhetorical

level, the Trump administration will pursue a more forceful approach to Iran in order to regain its power of deterrence.

Notes

- 1 See David Albright and Andrea Stricker, “Analysis of the IAEA’s Fourth Iran Deal Report: Time of Change,” Institute for Science and International Security (ISIS), November 15, 2016, <http://isis-online.org/isis-reports/detail/analysis-of-the-iaeas-fourth-iran-deal-report-time-of-change>, and David Albright and Andrea Stricker, “Analysis of the IAEA’s Fifth Iran Nuclear Deal Report,” ISIS, March 3, 2017, <http://isis-online.org/isis-reports/detail/analysis-of-the-iaeas-fifth-iran-nuclear-deal-report/8>.
- 2 See for example George Jahn, “AP Exclusive: Document Shows Less Limits on Iran Nuke Work,” *AP*, July 18, 2016, <http://bigstory.ap.org/article/140ca41aba7a42cda13792f07df4b8d3/ap-exclusive-secret-document-lifts-iran-nuke-constraints>.
- 3 On transparency issues see Valerie Lincy, “Increasing Transparency under the JCPOA,” Wisconsin Project on Nuclear Arms Control, May 3, 2017, <http://www.wisconsinproject.org/increasing-transparency-under-the-jcpoa/>; and Valerie Lincy and Gary Milhollin, “Iran’s Nuclear Veil,” Wisconsin Project, February 1, 2017.
- 4 Statement by the National Security Advisor, February 1, 2017, <https://www.whitehouse.gov/the-press-office/2017/02/01/statement-national-security-advisor>.
- 5 Statement by National Security Advisor Michael T. Flynn on Iran, February 3, 2017, <https://www.whitehouse.gov/the-press-office/2017/02/03/statement-national-security-advisor-michael-t-flynn-iran>.
- 6 Emily B. Landau, “Without Deterrence, America Can’t Confront Nuclear Mavericks,” *National Interest*, April 9, 2017, <http://nationalinterest.org/feature/without-deterrence-america-cant-confront-nuclear-mavericks-20087?page=2>.
- 7 See Heshmat Alavi, “Iran Honestly Abiding by Nuclear Deal or Terrified of Changing Times?” *al-Arabiya*, March 7, 2017, <http://english.alarabiya.net/en/perspective/features/2017/03/07/Iran-honestly-abiding-by-nuclear-deal-or-terrified-of-changing-times-.html>.
- 8 The full statement is quoted in in a *Defense News* article: Associated Press, “Iran Successfully Tests Ballistic Missile,” March 9, 2017, <http://www.defensenews.com/articles/iran-successfully-tests-ballistic-missile>. For a fuller review of Iran generally taking a more cautious approach due to fears of the Trump administration policy, see MEMRI article: A. Savyon et al., “Facing Trump Administration, Iran Shows Fear and Military Self-Restraint,” *Inquiry and Analysis Series*, No. 1305, March 20, 2017, The authors maintain Iran is displaying more restrained behavior in a number of respects.
- 9 AP and ToI, “Iran Launches Missile Strike into Syria in Response to Tehran Attacks,” *Times of Israel*, June 18, 2017, <http://www.timesofisrael.com/iran-launches-missile-strike-into-syria-for-tehran-attacks/>.

- 10 Reuters, "US Issues Sanctions after Iran Rocket Test," *Voice of America*, July 28, 2017, <https://www.voanews.com/a/us-sanctions-after-iran-rocket-test/3964003.html>.
- 11 See YouTube clip via *Washington Post*, <https://goo.gl/rhVFH5>.
- 12 For analysis of the problems of the deal and the negotiation that produced it, see, for example, Emily B. Landau, "Obama's Legacy, A Nuclear Iran?" *Middle East Quarterly*, 24, no. 2 (2017), <http://www.meforum.org/6561/obama-legacy-a-nuclear-iran>.
- 13 On Tillerson see Matt Stiles and Tracy Wilkinson, "Tillerson Warns of Possible Military Strike on North Korea," *Los Angeles Times*, March 17, 2017, <http://www.latimes.com/nation/la-fg-tillerson-asia-20170317-story.html>; and on Pence, see Roberta Rampton and Sue-Lin Wong, "Pence Warns North Korea of U.S. Resolve Shown in Syria, Afghan Strikes," *Reuters*, April 16, 2017, <http://www.reuters.com/article/us-northkorea-usa-missile-idUSKBN17H0NL>, and AP, "Mike Pence Asia Trip: US Vice President Warns North Korea 'Era of Strategic Patience is Over,'" *First Post*, April 17, 2017, <http://www.firstpost.com/world/mike-pence-asia-trip-us-vice-president-warns-north-korea-era-of-strategic-patience-is-over-3389164.html>.
- 14 An analysis published by MEMRI on August 28, 2017, argues that the approach of the Trump administration to Iran shifted after the first three months from one of "might and deterrence" to "weakness and retreat." See A. Savyon, Yigal Carmon, and U. Kafash, "The Great Reversal: The U.S. vs. Iran – From Might and Deterrence to Weakness and Retreat," *Inquiry and Analysis Series*, No. 1333, August 28, 2017, <https://memri.org/reports/iran-first-year-trump-administration-second-year-historic-nuclear-deal-regional-expansion>.

Iran-Russia-Syria: A Threefold Cord is not Quickly Broken

Ephraim Kam

There are a number of reasons why Iran has almost no allies at the state level. The regime in Tehran, led by religious figures with a radical approach, differs from the regimes elsewhere in the region. More than any other country, it is identified as a Shiite state and leader of the Shiite camp that threatens the Sunni camp. It is perceived as seeking to undermine other regimes. Its strategic goal is to achieve hegemony in the Middle East, in order to influence important regional developments, limit threats to its security, and overpower its rivals. For that purpose, it is involved in the affairs of other states, operating terrorists and building nonconventional military strength that endangers the rest of the region. Since the Islamic Revolution, it has cut off relations with its friends, including the United States, the superpower that supported it, and Israel.

The Iran-Syria Axis

The only country that could be defined as an ally of Iran is Syria, under the control of the Assad family, father and son. This alliance was formed after the Iranian revolution – a long alliance in Middle East terms. One of the cornerstones of this alliance is Iran's belief that the survival and stability of the Assad regime are essential to it. As Iran sees it, there is no substitute for the Assad regime, because Syria gives it the link to Lebanon, and together they are building Hezbollah as a Shiite organization that promotes its influence in Lebanon and creates a front that threatens Israel. Syria also shares Iran's

hostile approach to the United States. These are the reasons why for many years Iran has invested money, military aid, weapons, and oil in Syria.

The upheaval in the Arab world since 2010 has had enormous influence on Iran's regional status and activity. It poses some dangers for Tehran, of which the most important concerns the future of the Assad regime. Although with the help of Iran and Russia Assad's position improved during 2017, the stability of his regime is not yet assured and its future is unclear. Even if the regime does stabilize, it will not be the same regime or the same Syria. It will be more dependent on Iran, and it will also consume more human and economic resources. Overall, Syria's current severe distress and its inability to deal with this crisis on its own weakens the Iran-Syria axis.

Since the start of the Syrian civil war, Iran has invested massive resources to provide military and economic aid to the Assad regime. Iran's military intervention in Syria has increased dramatically since 2014, and particularly since September 2015, when Iran sent thousands of fighters from the Quds Force and ground troops from the Revolutionary Guards and the regular Iranian army to Syria. But the main component of the forces sent by Iran consists of thousands of fighters from Hezbollah and the Shiite militias that it built, or helped to build in Iraq, and volunteer Shiite units from Afghanistan and Pakistan. By mid-2017 Iranian forces and Shiite militias had suffered over 2,000 casualties in battles in Syria, which led to internal criticism of Iran's involvement in Syria and the price of this activity, even though the vast majority of the fighters and the casualties came from the militias.

At the same time, the dangers to the Assad regime offered opportunities and benefits to Iran. At this stage, the regime is not at immediate risk of collapse, and Iran's military presence in Syria ensures its ongoing influence there and preserves its interests. Moreover, Iran is building a sphere of control and influence between Iraq and Syria, and from there to Lebanon by means of Hezbollah and the Shiite militias, which will enable it to continue strengthening Hezbollah while using it to widen the front against Israel in southern Lebanon to the Golan Heights. However, creating this space, which is known as the "corridor," presents numerous problems and risks to Iran, mainly because any movement there, so far from Iran, could expose the forces to Israeli or American attacks.

Iran has other achievements. Its military cooperation with Russia has bolstered its regional status, notwithstanding their disagreements and mutual suspicions. Iran is perceived in the international arena as having positive

influence in the struggle against the Islamic State and on future arrangements in Syria and Iraq. Moreover, the Arab world is enmeshed in its own weakness and difficult internal problems, and is unable to organize against the Iranian threat. Today there is no regional element that can block or balance Iran, such as Iraq during Saddam Hussein's rule. Although Saudi Arabia has shown increasing determination to deal with Iranian regional activity, this applies mainly to Iranian involvement in Yemen and Bahrain, which is highly troubling to Riyadh. Activity opposing Tehran is far less obvious with respect to Iranian involvement in Syria. Under the Obama presidency, the United States was also perceived as hard pressed to face the Iranian challenge. While the Trump administration presumably is eager to isolate and weaken Iran, which it sees as a serious threat to its regional interests, how successful it will be in this respect remains an open question.

The Iran-Russia Axis

Relations between Iran and Russia are overshadowed by a long tradition of mutual fear and suspicion, going back hundreds of years. Until the 1990s, Iran was worried that Russia might invade Iran as a way of reaching the Gulf. This concern was realized in the nineteenth and twentieth centuries, when Russia, and then the Soviet Union, invaded northern Iran and Afghanistan, and some of the territory seized by Russia – in the Azerbaijan area – has never returned to Iran. In the previous century Iran was also worried about communist subversion in its territory, through the Iranian communist party, the Tudeh. These fears lessened considerably following the collapse of the Soviet Union, because the worry regarding communist subversion in Iran declined and Russia no longer shares a border with Iran. Moreover, since 1989 Russia has become a primary supplier of weapons to Iran, and in the 1990s it made an important contribution to the Iranian nuclear program. It also withdrew its forces from Afghanistan, and thus helped to mitigate some of Iran's suspicions about its intentions.

Since 2012 Iran and Russia have grown even closer. This was reflected in numerous top level meetings between the two countries, Russia's political support for the Iranian position, expansion of their economic links, and talks on the provision of additional Russian aid to broaden the Iranian nuclear program. But above all, this closeness is reflected in military cooperation between the two countries in Syria, with the aim of strengthening the Assad regime, and in the talks to finalize a large weapons deal, following the

significant decline in the supply of Russian weapons to Iran after the mid 1990s.

There are a number of reasons for this increased closeness. The turmoil in the Middle East poses risks for both countries and has encouraged them to expand their cooperation, particularly in the provision of assistance to the Assad regime and the common struggle against the Islamic State. Iran's growing influence, and the legitimacy it received in the international arena with the nuclear agreement, encouraged Russia to expand its ties with Iran, particularly since the removal of many of the sanctions imposed on Iran allowed it to extend their economic links. At the same time, Russia wants to increase its influence in the Middle East, and Iran can help it do so. Iran was also worried about the power and presence of the United States in the region, and the tensions between Russia and the US helped draw Russia and Iran closer.

Among their spheres of cooperation, the most important one at present is the military intervention in Syria, involving Russian and Iranian forces. Russia has recognized the legitimacy of Iran's intervention in Syria. Based on a shared interest in the stability and survival of the Assad regime, Russia and Iran divided up their activity in Syria. Russia's contribution to the fighting consists of aerial attacks and advanced military technology, while Iran contributes ground troops, particularly from Hezbollah and the Shiite militias it has set up, led by officers and units from the Revolutionary Guards and the Quds Force.

In the long range there is the weapons deal discussed by the two governments. If it comes to fruition, it could be the largest deal ever signed between them, and it will renew Iran's aging weapons repository, particularly its aircraft array, which at present consists entirely of outdated American, Russian, and Chinese planes. The main obstacle to the deal is a Security Council resolution that bans the supply of weapons to Iran until 2020, although Iran has also not signed a large weapons deal with Russia since the 1990s – apart from the agreement to supply S-300 air defense systems – given financial difficulties. But it appears that this hurdle will not prevent finalizing the future deal, perhaps also because the removal of sanctions on Iran as part of the nuclear agreement will enable it to sign the deal.

However, Russia and Iran are divided by disagreements and conflicts over important issues, deriving from the differences between their interests and their goals. Russia is a superpower, and naturally its relationships,

constraints, and priorities are different from those of Iran, while Iran is a regional power with its own objectives, which sometimes counter Russian goals. Thus, the Iranians apparently have reservations over the increasing importance of Russia in the Middle East, where it has taken over leadership of the Syrian crisis, and is playing a central role in determining the moves and possible resolution in Syria, while until now Iran was the leading external actor in Syria. Iran is also worried by the possibility that Russia will be willing to sacrifice Assad's rule in the framework of a settlement with the United States, if there is no choice. While it is true that both Iran and Russia have a shared interest in saving the Assad regime, for Iran this is a vital interest, while for Russia it is important but not vital, and it will be ready for a settlement without Assad as long as its most important interests in Syria are maintained, including continued use of marine services in the port of Tartus.

In the past, under American pressure, Russia acted against Iran's interests. In the second half of the 1990s, in the framework of an agreement with the United States, Russia froze all arms sales to Iran for a few years. Even after cancelling this agreement under Putin, for several years Russia froze implementation of the agreement to supply the S-300 air defense system to Iran. Russia also voted several times in the Security Council in favor of sanctions on Iran in the context of its nuclear program. Although these were milder sanctions, the very fact that Russia supported them worried Tehran. Russia's good relations with Israel are also not to Iran's liking, particularly if Russia takes Israel's interests into account – mainly regarding the situation in Syria – and objects to Iranian moves that harm Israel.

Therefore, Iran and Russia wish to extend their cooperation in the areas of weapons supply, economic ties, and investment in the Iranian nuclear program. But apart from these important ties, there is no alliance between them. As far as is known, there is no Russian commitment to support Iran in key issues. Considerations regarding relations with the United States are very important to Russia, for better or worse, their objectives for the future of Syria are not identical to those of Iran, and there is still a significant degree of suspicion in their relations.

Significance for Israel

The military presence of Iran and its proxies in Syria creates a threat to Israel, both because of the risk of the situation degenerating into armed conflict,

whether intentional or accidental, and because inter alia it is designed to strengthen Hezbollah against Israel. This presence is expected to continue for some time and could become part of the Iranian aim of expanding the front with Israel, through Hezbollah, from south Lebanon and the Golan Heights. A stronger Hezbollah means swifter ground movement along the corridor from Iraq to Syria and Lebanon, and the establishment of factories to produce weapons in Syria and Lebanon. This extended front will also likely involve other Shiite militias from among those brought by Iran to fight in Syria, particularly the Iraqi militias that have links to Iran and experience of fighting American forces in Iraq from the previous decade. On the other hand, placing militias linked to Iran – and certainly Iranian forces – in Syria, close to the border with Israel, would require Iran to be restrained and very cautious, because such a situation would give Israel additional opportunities to attack Iranian objectives.

Hezbollah absorbed relatively heavy losses while fighting in Syria, but at the same time acquired important military experience, including the operation of larger units than in the past, and this experience could be of use in possible future fighting against Israel. Iran too has acquired important combat experience, after it had not engaged in warfare since the end of its war against Iraq in 1988.

The weapons deal that is on the agenda with Russia, the largest weapons deal signed between the two countries since 1989, is significant. It would renew and upgrade the arms in Iranian hands, which have not been renewed since the mid-1990s – and above all, it would upgrade the aircraft of the Iranian air force. It could also enable Iran to transfer new weaponry to Hezbollah and other Shiite militias.

On the other hand, boosting the military ties between Iran and Russia, intensifying Iran's presence in Syria, and implementing the weapons deal mentioned above could be expected to increase the sense of the Iranian threat in the eyes of other states in the region, chiefly Saudi Arabia. A growing sense of the Iranian threat could cause these countries to be more interested in quiet talks with Israel on the question of blocking Iran. This development could also lead the Trump administration to intensify its efforts to put a stop to Iran's regional activity.

Iran's Enhanced Regional Posture

Iran in Iraq:
An Area of Strategic Influence

Meir Litvak

Turkey and Iran:
Two Regional Powers and the Relations Pendulum

Gallia Lindenstrauss

Iran in Iraq: An Area of Strategic Influence

Meir Litvak

Since the Islamic Revolution, Iraq has been and remains the central arena for Iranian foreign policy for several reasons. Iran set its sights on Iraq as the first target for exporting the Revolution because of Iraq's Shiite majority, which suffered severe discrimination and even oppression under the various Sunni-dominated regimes since 1920. Iraq is also home to the Shia's four holy cities (Najaf, Karbala, Kazimain, and Samarra). Strategic rivalry between the two countries, both of which sought hegemony in the Persian Gulf, heightened the ideological conflict between the Shiite Islamic Republic and the Ba'ath regime, which advocated secular Arab nationalism. The Iraqi border is Iran's longest land border (1450 km), and there are many unresolved disputes between the two countries regarding the precise route of the border. The Iran-Iraq War was the cruelest in modern Middle Eastern history. Iran lost over 200,000 people, and some 700,000 soldiers and civilians were wounded; its cities were bombarded by missiles and its soldiers were attacked with chemical weapons. In 1988, however, Iran, without gaining its objectives, was forced to agree to a ceasefire that was essentially a return to the pre-war situation.¹ As a lesson of the war, Iran was determined to enhance its influence in Iraq, in order to preclude any threat from it in the future. Concurrently, it was also important to Iran to maintain the territorial integrity of Iraq, fearing that the secession of the Kurdish region in Iraq would have an effect on its own Kurdish minority and encourage it to press for independence.

Moreover, Iraq under Shiite control stood to become an important player in the consolidation of a regional Shiite bloc and the anti-American and anti-

Israel “resistance axis” under Iranian leadership. The axis’s other members include Syria, Hezbollah in Lebanon, and (the Sunni) Hamas. Since the outbreak of the Syrian civil war in 2011 and its deepening involvement there, Iran has sought to turn Iraq into part of a contiguous land bridge under Shiite-Iranian control, leading from its western border to Lebanon, so that it would be able transfer supplies directly to Hezbollah, and in particular establish its hegemonic status in the region. In early September 2016, Ali Akbar Velayati, adviser on international affairs to Supreme Leader Ali Khamenei, explained this strategy by stating that cooperation between Iran, Iraq, and Syria was essential to save the region from the United States and “the Zionist regime.” He described it as “a resistance chain,” so that “if one link was removed, the whole chain would come apart.”²

Advancing Iranian Interests in Iraq

Iranian leaders expressed public opposition to the United States invasion of Iraq in 2003, which to them reflected US imperial ambitions. For a while, they feared that Iran would be next in line, and were concerned with what looked like American encirclement, due to the US presence in the Gulf and Afghanistan. However, as time passed it became clear that Iran was the main strategic beneficiary from this war. The fall of Iraq’s leader Saddam Hussein marked the end of a bitter strategic foe and rival, and prompted the shift of power in Iraq to the Shiite majority after a thousand years of Sunni hegemony. These changes served Iran’s objective to turn Iraq into an Iranian client state free of American or Turkish influence. In addition, many of Iraq’s new leaders had been exiles in Iran. Not only were they grateful to Iran; they also recognized the need for Iranian backing in view of the Sunni resentment to their loss of influence and the hostility of many Sunni Arab states toward Iraq.

Since 2003 Iran has worked in Iraq on three interconnected levels in order to consolidate its influence:

- a. The inter-state level: Iran persuaded the leaders of Iraq to sign a long list of cooperation agreements in the fields of security and economics. It initiated funding of urban reconstruction projects in Iraqi cities and assisted in the construction of power stations and schools. In return, Iraq supported Iranian policy in Lebanon and Syria, and even helped it circumvent the economic sanctions imposed on it. The latest expression of

- this policy is the memorandum of understanding to increase cooperation in the struggle against terror, signed by the two countries on July 23, 2017.³
- b. The party-movement level: While Saddam Hussein was in power, Iran granted asylum and assistance to Iraqi opposition organizations, of which the most prominent were the General Council of the Islamic Revolution in Iraq, led by Muhammad Bakr al-Hakim, and the Da'wah Party. Iran stepped up its activity after 2003, and exerted heavy pressure on the various Shiite parties to form a unified bloc in Iraq, in spite of the rifts between them, in order to preserve Shiite hegemony. Iran also armed and trained the Shiite militias that operated under the patronage of the various parties. In addition, Iran did not limit its efforts to the Shiite sector and was active with Arab-Sunni and Kurdish parties and movements as well, particularly Jalal Talabani, leader of the Patriotic Union of Kurdistan. Thanks to these contacts, Iran established itself as an arbitrator among the various Shiite factions, and even influence the shaping of decisions of the Iraqi government.⁴
 - c. The military-strategic level: Iraq's military-strategic importance for Iran is manifested, inter alia, by the fact that Iran's three ambassadors in Baghdad since 2003, including the current one, Brigadier Iraj Masjadi, who took office in March 2017, were senior officers in the Revolutionary Guards (Pasadaran).⁵

The Struggle for Hegemony in the Shiite World

From the early nineteenth century until the establishment of the Iraqi Ba'ath regime, the city of Najaf was the most important center of Shiite learning and religious leadership. Unlike the official doctrine in Iran whereby the supreme political leader had to be a cleric, leading religious figures in Iraq presented alternative models for the relations between religion and state. Ayatollah 'Ali Sistani (born 1930), considered the foremost contemporary Shiite jurist, advocated only indirect clerical involvement in politics as spiritual guides and advisers behind the scenes, and publicly supported the parliamentary regime set up in Iraq.⁶

Iran was worried that thanks to its sanctity, Najaf would once again rise as the leading Shiite center that would compete with the religious center in Qom in Iran, and more ominously, that the political model there would appeal to large segments of the Iranian public. In order to prevent these developments and to gain control of Najaf, Iran operated in two principal

ways: dozens of senior Iraqi Shiite clerics who had lived in Iran and were loyal to the Iranian regime returned to Najaf in order to gradually take over its community of learning (*hawza 'ilmiyya* from the inside. Iran understands that it cannot undermine the status of Sistani, but it is cultivating the next generation of religious figures who are loyal to it, so that they will lead Najaf after his death. At the same time, Khamenei's office in Qom has offered generous payments to teachers in religious colleges in Najaf and very large scholarships to their students in order to "buy" their loyalty. Hundreds of thousands of Iranian pilgrims who visit the holy Shiite cities each year have become a very significant factor in the local economies of these cities, and even of Iraq as a whole, and therefore serve as a lever for Iranian influence. In addition, Iranian charities have built mosques, religious seminaries, and clinics in Najaf, Baghdad, and other Shiite population centers, in order to highlight Iranian generosity.⁷

Its efforts notwithstanding, Iran has encountered many difficulties in achieving hegemony in Iraq. The ethnic tension between Arabs and Iranians has not disappeared even among Shiites, and has perhaps even increased due to the fear of Iranian hegemony and the massive economic involvement that marginalized Iraqi companies. As a result, the party that was most closely identified with the official Iranian line failed in the parliamentary elections in 2010. It changed its name from the Supreme Council of the Islamic Revolution to the Supreme Council of Iraq in order to highlight its Iraqi identity and blur its proximity to the Iranian model of government. By contrast, the Shiite Da'wah party led by then-Prime Minister Nouri al-Maliki worked to strengthen the alliance with Iran but sought to maintain some independence and avoid becoming an absolute Iranian satellite. Moreover, the many splits among the Shiite movements, mainly on personal grounds, "ensure" that there will always be those who object to too much Iranian patronage.⁸

Foreign Forces and the Struggle for Hegemony in Iraq

Another rival creating difficulty for Iran was Turkey under Recep Tayyip Erdogan. Turkey has its own hegemonic ambitions as the leader of the Sunni camp – at least in its self-perception – and as the representative of an alternative to the Iranian model for religion and state relations in Islam. Thus, while Iran supported Maliki's Shiite government, Turkey became the protector of the Sunni minority and for a while even the ally of the Kurds

in Iraq. In the economic field, Iranian companies were defeated by Turkish companies in Iraq, including in the Shiite south.⁹

The surprising achievements of the Islamic State in Iraq and Syria in capturing significant parts of Iraq and eastern Syria, and above all the capture of Mosul in June 2014, the second largest city in Iraq, posed a threat to Iran, but also opened up several possibilities. Iran found itself adjacent to an extreme Sunni-Salafi anti-Shiite entity on its western border that declared its intention to capture the holy Shia cities in Iraq and “purify” them of “the Shia filth.” In view of the gravity of the threat, since the Islamic State appeared to be on the brink of capturing Baghdad, Iran threatened that should the Islamic State attack the Shiite holy cities, Iran would send its army into Iraq, something it had previously avoided. At the same time, the growing chaos in the Arab world cast Iran in a positive light among Western countries, particularly the United States, as a stable country that could play a central role in the efforts against the Salafi jihadi threat and in any political arrangement in the region. Apparently, the focus on the Islamic State as the greatest danger to regional peace and the change in the image of Iran were among the factors that led the Obama administration to soften its position in the negotiations on the Iranian nuclear program and yield to Iranian demands on a series of technical issues. The Islamic State threat also helped Iran strengthen its influence over the weak Iraqi government and over the Kurds. Iran took advantage of the developments in Iraq in order to reinforce its arguments in support of the murderous regime of Bashar al-Assad, for allegedly fighting fanatical Sunni-Salafi terror and not against a popular revolt. In the economic sphere, the Islamic State conquests hindered the transfer of goods from Turkey to Baghdad and southern Iraq, and helped Iran to expand its economic activity in these areas and tighten its economic hold on Iraq.¹⁰

The Islamic State threat created a partial confluence of interests between Iran and the US, and even some indirect cooperation between them. While Iranian President Hassan Rouhani expressed willingness for significant cooperation with the US in the struggle against Salafi terror, Khamenei adopted a cunning approach. He approved tactical cooperation with the US, but rejected any strategic alliance, accusing the US and Israel of inciting the split between the Sunnis and Shiites, and of responsibility for the formation of the Islamic State. It seems that Khamenei has pursued the traditional Iranian line, which is ready to let other countries shed their blood in the fight against Iran’s enemies, while the Islamic Republic maintains its ideological purity.¹¹

The threat from the Islamic State did not put an end to the splits among the various Shiite groups in Iraq. Haider al-'Abadi, appointed Prime Minister in September 2014 to replace the failing Nouri al-Maliki, needs Iran, but is careful to avoid becoming its puppet. In response, Iran transferred its patronage to al-Maliki in order to undermine al-'Abadi, causing an internal rift in the dominant Dawah party. The young radical leader Muqtada al-Sadr, who had previously enjoyed Iranian patronage, adopted an independent and even anti-Iranian policy because he felt that the Iranians had exploited him.

In view of the collapse of the regular Iraqi army in Mosul and the threat to Baghdad, tens of thousands of Iraqi Shiites answered the call of their religious leaders, led by Sistani, to enlist in the Shiite militias, known collectively as the Popular Mobilization Units (al-Hashd al-Sha'bi) in order to fight the Islamic State. According to various sources, the total number of members of these militias is close to 110,000. Three of these militias are loyal to Sistani or to al-Sadr. However, the commanders of the three largest militias, 'Asa'ib Ahl al-Haq, the Badr organization, and Kata'ib Hizbullah, are considered Iranian proxies in Iraqi politics.¹²

Al-'Abadi, who understood the threat to his rule from these militias, announced in July 2016 that they would be subordinate to the regular Iraqi army. However, as these militias have not been dissolved as independent forces, and nor were they subordinated to the authority of the government, it appears that this merging could turn them into a lever for Iranian influence within the ranks of the Iraqi army, and even in the broader Iraqi political system. Thus, while the government promised to pay the salaries of the militia soldiers, the administration of the payments was given to the militia commanders, who are close to Iran and who managed to discriminate against militias that opposed them. Qais al-Khaz'ali, commander of the 'Asa'ib Ahl al-Haq, announced in February 2017 that the militias would refuse to give up their independent status, and that "they will be present in the political arena just as they are present on the battlefield."¹³ In early August 2017 the pro-Iranian militias took a further step and announced their intention of setting up a joint political bloc in order to take part in elections to the Iraqi parliament. On the other hand, relations between the al-'Abbas Brigades militia, which supports Sistani, and the army grew stronger. In other words, while Iran is increasing its efforts to make the militias that it patronizes a powerful lever of influence in the military and political fields, it also encounters opposition to these efforts.¹⁴ The sense of the threat of

major Iranian influence facilitated a meeting between Saudi Crown Prince Muhammad Bin Salman and al-'Abadi, the first such meeting since Saddam Hussein's invasion of Kuwait in 1990.¹⁵

Iraq also served as an important source of Shiite volunteers recruited to fight in Syria in order to help Assad put down the revolt against the regime. In 2003, a faction led by Sheikh Akram al-Ka'bi split from the 'Asa'ib Ahl al-Haq and set up the Islamic Resistance Hezbollah Movement – the Elect, whose main purpose was to fight alongside the Assad regime in Syria. The extent of al-Ka'bi's commitment to Iran was evident in his statements from November 2016, that his men would fight with the Houthis in Yemen and even against the Iraqi government if Khamenei ordered them to do so. On March 11, 2017, al-Ka'bi announced the formation within his organization of a unit to liberate the Golan, and boasted that the “resistance” could defeat “the axis of evil” (Saudi Arabia and the United States) and the Zionist entity. This announcement was intended to send two messages, one that the Shiite militias would continue their activity according to their ideological and political agenda even after the liberation of Mosul from the Islamic State, and two, that the Iraqi Shiite militia was a tool for advancing Iran's objective of opening another front against Israel to help Hezbollah in Lebanon.¹⁶

According to the Chief of Staff of Iran's Armed Forces, General Muhammad Bakeri, the Shiite militias have become an integral part of the Iranian defense system. At the same time, they are part of a broader strategic move to bring together an Arab military force as an instrument for promoting Iran's regional aspirations. Another expression of this policy was the August 18, 2016 statement by Brigadier Muhammad 'Ali Falaki of the Revolutionary Guards, regarding the establishment of the Shiite Liberation Army under the command of Qassem Soleimani, commander of the Quds Force, which is responsible for the Revolutionary Guards' activities beyond the Iranian borders. The new force, which includes Iraqis, Afghans, and Lebanese and is designed to fight in Iraq, Syria, Yemen, and wherever Shiites need protection, is in fact a code name for all the Shiite militias under the influence and authority of Iran.¹⁷

Although the Shiite militias did not play a direct part in the liberation of Mosul from the Islamic State, since the US made its aerial assistance to the fighting conditional on their absence, they still managed to take over important territory around the city, and ensured that Iran would also have influence in this region. Even worse, their brutal treatment of the Sunni

population, particularly in the Diyalah district, including expulsion of tens of thousands of Sunnis from their homes, threatens to deepen the religious-ethnic rift in Iraq for many years to come.¹⁸

Iran has always preferred to use proxies instead of its own forces, not only to avoid fatalities among its own soldiers, but also to avoid arousing national opposition in Iraq to the presence of foreign forces, and in order to maintain its image as a state that does not harbor expansionist goals. At a conference on history and nationalism in Iran, Hujjat al-Islam 'Ali Yunesi, adviser to President Rouhani on minority affairs, raised the vision of “greater Iran” whose culture, civilization, religion, and spirit extends from China’s border in the east to the Persian Gulf in the west, from the northern part of the Indian sub-continent in the south to the northern Caucasus in the north. As for Iraq, he stated that “in the current situation, Iraq is not only a region of our cultural influence, but also an identity, a culture, a center, and also our capital. This issue exists today, as in the past, because it is not possible to divide the territory of Iran and Iraq, nor is it possible to dismantle our culture... The purpose of this union is not to eliminate borders, but for all the states in the Iranian area to draw closer because their interests and their security are linked to each other.” Yunesi clarified that this vision does not mean that Iran must control Iraq or other countries, but “they should know our position, and reach historical self-recognition, in other words think about the global dimension but act as Iranians.” His words, which sparked angry reactions in Iraq, were also strongly criticized by many leading figures in Iran, including Supreme Leader Khamenei, because they presented Iran as an imperialist power.¹⁹

The Islamic State threat enabled Iran to increase its influence over the Kurds in Iraq, who since 2003 enjoyed almost complete independence and became very close to Turkey. Shortly after capturing Mosul, Islamic State fighters defeated the Kurdish Peshmerga militia and threatened Irbil, the capital of the Kurdish region. While the Western countries, led by the United States, were undecided over the proper response, Iran quickly took action. Qassem Soleimani came to Irbil at the head of a delegation of advisers to help the Kurds and reorganize their forces. Iran likewise sent weapons and intelligence information that enabled the Kurds to halt the advance of the Islamic State.²⁰ This assistance was also intended to send a political message to the Kurds, namely, that they were too weak without Iranian support and

that they should not think of independence, but be satisfied with the status of an autonomous region within Iraq.

Since Masoud Barzani, leader of the autonomous Kurdistan Regional Government, raised the idea in March 2017 of a referendum over national independence, Iran worked at two levels to dissuade the Kurds from this step. Apart from the declarations by the Iranian Foreign Ministry regarding the need to maintain Iraqi territorial integrity, Qassem Soleimani visited Irbil several times to warn the Kurdish leaders of the consequences of such a move, apparently including implied threats about preventing the passage of goods between eastern Kurdistan and Iran. Iran fears that an independent Kurdish state in Iraq will encourage the Kurds in Iranian territory to likewise demand independence. Iran is also wary of the Salafist influence in Iraq on the Kurds in Iran, who are primarily Sunni. The terror attack of June 7, 2017 on the Iranian parliament and the tomb of Khomeini by Kurdish fighters loyal to the Islamic State demonstrated how radical Sunni terror has leaked into Iranian territory.²¹ After the referendum was held in Kurdistan on October 2, 2017, Iran worked again on two levels. Following their practiced method of “divide and conquer,” the Iranians reached understandings with the Patriotic Union of Kurdistan party, whereby the PUK would withdraw its forces peacefully from the oil-rich Kirkuk area, and in exchange receive Iranian protection in east Kurdistan once they severed ties with their rival Barzani. At the same time, the Shiite militias controlled by Iran helped the Iraqi military take over Kirkuk. Thus, Iran succeeded in foiling the Kurds’ independent aspirations, at least for the foreseeable future.²²

Conclusion

At the time of this writing it appears that Iran is succeeding in realizing its main strategic objectives in Iraq. It has substantial influence on the government and political system in Iraq, thanks to its de facto control of the largest military force in Iraq, the Shiite militias, and also thanks to its strong influence over the various Shiite parties, even if they do not wish to look like its puppets. This status has received indirect approval from the United States as well. On the other hand, the ethnic tension between Arabs and Iranians, and the deep rift among the Shiite elite in Iraq, as well as the deep enmity between Shiites and Sunnis, make it hard for Iran to achieve full control over the Iraqi political system.

Iran failed in its efforts to stop the Kurds from holding a referendum on independence. However, it managed to block the Kurdish drive toward independence, and possibly even reverse it by a skillful combination of political and military pressure. At the broader strategic level, Iraq is a central link in Iran's efforts to create a strategic axis under its own leadership and a contiguous Shiite-dominated territory from its western border to the Mediterranean Sea. An expression of Iran's confidence can be found in the statements by various military commanders that Iran has extended its strategic border in the war against its enemies to the eastern coast of the Mediterranean and to North Africa, and that its status as a regional power is recognized by all the major parties in the region.²³

Notes

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Turkey and Iran: Two Regional Powers and the Relations Pendulum

Gallia Lindenstrauss

Over the past decade, despite periodic hostile statements on the one hand and high level visits on the other, Turkey-Iran relations have experienced few surprising developments. As Hakki Uygur has argued, “The Turkish-Iranian relationship can be considered one of the most consistent and predictable sets of relations in the Middle East region.”¹ During this time, Turkish-Iranian relations have fluctuated within a defined range whereby despite the intense competition, they never reach the point of deep crisis. However, even in the case of shared interests, the two states have not proved capable of achieving close strategic cooperation.

One of the stable features of the Middle East regional system since the end of World War II has been its multipolarity, meaning, that it contains more than just one or two dominant regional powers. Indeed, the current system has five states that can be identified as regional powers: Iran, Turkey, Egypt, Israel, and Saudi Arabia. In such a system, when one power grows excessively strong, the other actors naturally attempt to counterbalance it. In this way, the strengthening of Iran in recent years has encouraged closer relations between Israel, Saudi Arabia, and Egypt. This in turn has made it an Iranian interest to establish closer relations with Turkey. Although Saudi Arabia has also made attempts to establish closer relations with Turkey, it has encountered difficulties stemming from the confrontation between Turkey and Egypt, the ideological proximity between the Turkish Justice and Development Party and the Muslim Brotherhood movement, and especially

the warm relations between Turkey and Qatar. The developments stemming from Russia's intervention in the Syrian civil war and the fact that both Iran and Turkey have regarded the Kurdish steps toward independence in northern Iraq as a threat have contributed to the warming of relations between Ankara and Tehran. At the same time, Turkish-Iranian relations have been characterized by tensions stemming from what Iran regards as Turkey's neo-Ottoman intentions and its attempts to increase its influence in the Middle East, as well as Iran's aspirations toward regional leadership.

This article will examine the major issues in Turkish-Iranian relations as well as the interests that from Ankara's perspective bring Turkey closer to Iran.

The Kurdish Question

Over the years Turkey and Iran have been partners in an effort to prevent the Kurds from moving forward toward independence. They expressed resolute opposition to the September 25, 2017 referendum in the territory of the Kurdish Regional Government and the disputed territories regarding the question of independence, out of fear that Kurdish independence would serve to inspire the Kurdish minorities within their borders. Each country has invested in developing relations with competing elements among the Kurds in northern Iraq: Turkey has forged a close relationship with the Kurdistan Democratic Party (KDP), whereas Iran has established close ties with the Patriotic Union of Kurdistan (PUK). The fact that Iran and Turkey support competing elements in the internal Kurdish environment has had an impact on relations among the regional powers, although it has also helped restrain certain actions, for example, by quashing similar aspirations in the past to hold a referendum. Although in recent years it has been Ankara that has significantly advanced the Kurdish Regional Government by allowing oil to be exported from the region in a manner that circumvented Baghdad, it has been estimated that one quarter of Iran's trade with Iraq is actually conducted with Iraq's Kurdish region.² The severe reaction following the Kurdish referendum – particularly the coordinated action between Tehran, Ankara, and Baghdad to suspend international flights to the region, and the Turkish and Iranian military maneuvers in conjunction with forces of the Iraqi military along the border with the Kurdish Regional Government – has created an extremely problematic situation for the Kurds. Without the demonstration of such a unified position, it is doubtful whether the Kurds

would have withdrawn peacefully from Kirkuk, as they did on October 17, 2017, and from a number of additional disputed areas.³

Ankara is also interested in tactical and intelligence cooperation with Tehran against the Kurdish underground – the PKK – and its Iranian branch, the Kurdistan Free Life Party (PJAK).⁴ Yet while the Kurdish underground is an issue at the top of the Turkish security agenda, it is less of a priority for the Iranians. For this reason, when Turkey proclaimed that the two states were about to embark upon a joint military operation against the Kurdish underground, Tehran was quick to issue a denial.⁵

Iraq

The question of Iraq's future beyond the Kurdish question has implications for relations between the two states, each of which has a different perception of the desired situation: Iran would like to continue to see Iraq as a weak country under its influence, controlled by the Shiites, whereas Turkey would like to see the country controlled by as broad a coalition as possible, with the Sunni minority also having influence.⁶ Particularly since the withdrawal of American forces in 2011, mounting Iranian influence in Baghdad and the strengthening of the Shiite militias have been causes for concern in Ankara. For example, in February 2017, Turkish President Recep Tayyip Erdogan accused Iran of “Persian nationalism” and attempting to divide both Iraq and Syria.⁷ In October 2016, Iraqi Prime Minister Haider al-Abadi voiced fierce opposition to the continued Turkish military presence of some 2,000 troops in the country's northern region, and Erdogan responded by telling him that “he should know his place.”⁸ Turkey's claims were that these forces are in northern Iraq at the invitation of the Kurdish Regional Government in order to train the Peshmerga forces, and there is no urgency in their departure. Despite the shared view between Ankara and Baghdad regarding the referendum on Kurdish independence, Baghdad has not softened its position that these forces must be removed.⁹ That being the case, it is likely that tensions between Ankara and Baghdad will reemerge in the future and that they will have an impact on relations between Tehran and Ankara.

The Iranian Nuclear Program

When the international sanctions were imposed on Iran because of its nuclear program, one of the ways in which Tehran succeeded in circumventing the negative impact of the banking sanctions was “gold for energy (oil/natural

gas)” deals. Turkey regarded the manner in which the international community had conducted previous negotiations with Iran regarding its nuclear program as faulty and as economically detrimental to its interests. Therefore, in 2010, in conjunction with Brazil, it presented a deal that was meant to prevent the intensification of international sanctions against Iran. The deal, however, ultimately did not receive the support of those negotiating with Iran.¹⁰

“Gold for energy” schemes constitute an issue that has a continuing presence in Turkish-Iranian relations; the brokers of these deals have been accused *inter alia* of bribing Turkish government ministers. This stems in part from the fear that the Trump administration could reinstate the international sanctions on Iran, once again making Tehran in need of Turkish assistance. Moreover, in view of the conviction in the United States in January 2018 of Hakan Atilla, a Turkish banker, for violating the sanctions on Iran, Ankara fears heavy fines will be leveled on certain Turkish banks. During the trial, incriminating evidence regarding the scope of the corruption and the Iranian-Turkish cooperation in this context was revealed.¹¹

Despite Turkey’s assistance to Iran in its effort to overcome the negative impact of the sanctions, Turkey is not interested in seeing Tehran attain nuclear capability. It is also evident that Turkey’s efforts to arm itself and increase its capacity to produce advanced weaponry on its own have stemmed in part from the regional arms race in general, and the threat of Iranian missiles in particular. It is especially difficult to see the Turkish intention to develop long range missiles as anything but a response to Iran’s missile capabilities.¹² An important issue in this context is whether in the event that Iran achieves a declared military nuclear capacity, Turkey will follow in its footsteps. Turkey’s situation as a NATO member in this context is better than that of Saudi Arabia. However, the poor state of Turkey’s relations with its NATO allies, and its traditional suspicions that at the moment of truth NATO will not come to its aid, may also encourage Ankara to pursue the road to proliferation.

Syria

The outbreak of the civil war in Syria, Iran’s staunch support of Syrian President Bashar al-Assad, and the resolute position adopted by Turkey calling for the ouster of the Syrian ruler has positioned Turkey and Iran on different sides of the divide and introduced significant tension in their relationship. In Tehran, the call to topple Assad has been understood as part

of a neo-Ottoman policy aimed at reinstating Turkish control over regions that were once part of the Ottoman Empire.¹³ In practice, Turkey even allowed the Islamic State organization and other Sunni extremist groups to use its territory to gain strength, based on the view that in order to topple Assad, all means were permitted. When the Islamic State began carrying out attacks inside Turkey, Ankara increased its supervision of the Turkish-Syrian border, and in this manner contributed to the international coalition that achieved the Islamic State organization territorial defeat.

With Tehran's success, in cooperation with Russia, in reestablishing Assad's control of large areas of the country, and with the strengthening of the Kurds in northern Syria, Ankara has been forced to rethink its policy.¹⁴ Turkey is in need of Iranian and Russian cooperation to prevent the Syrian Kurds from advancing toward independence. Turkey would not have been able to intervene militarily in Syria (in August 2016 in northwestern Syria, in October 2017 in Idlib, and in January 2018 in Afrin) without Moscow's consent, in light of Russia's dominance of the air space over northern Syria. Ankara also does not wish to see the scenario of Kurdish autonomy in northern Iraq repeat itself in northern Syria. Ankara is particularly troubled by the dominance of the Democratic Union Party (PYD), which is a branch of the Kurdish underground, the PKK.

From Tehran's perspective, the picture is somewhat more complex. Whereas the Iranians are also troubled by the Kurdish underground and by the possible separatist intentions of the Kurds in Iran, some see a role for the Kurds in creating an Iranian corridor from Tehran to the Mediterranean Sea.¹⁵ In addition, in the course of the civil war in Syria, the Assad regime did not object to the strengthening of the Kurds in northern Syria, and there was even tactical cooperation between the Kurds and the Assad regime from time to time, which has influenced Iran's relations with the Democratic Union Party. In view of the Iranian-Russian success in keeping Assad's regime in power, Turkey prefers to be part of the process of forging a settlement in Syria in order to influence it in a manner that suits its interests.

Qatar and the Other Gulf States

The crisis in the Persian Gulf, which saw Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt sever relations with Qatar in June 2017, created fertile ground for closer relations between Iran and Turkey. Turkey, which signed an agreement with Qatar to establish a military base there, accelerated

the plan's implementation in light of the crisis. In addition, Turkey and Iran helped Qatar transport goods as a means of dealing with the economic embargo that was imposed on it. The initial list of demands presented by Saudi Arabia as conditions for ending the crisis included a demand to remove the Turkish forces from Qatar,¹⁶ although in the new list of demands, presented in July 2017, the removal of Turkish troops was not a condition.¹⁷ The base built by Turkey was designed to accommodate approximately 5,000 troops, yet thus far it has been staffed by only approximately 100.¹⁸ In the past, Turkey's plans to build a base in Qatar were also presented as anti-Iranian.¹⁹ However, in view of the fact that the Turkish support strengthens Qatar against Saudi Arabia and the Saudi-led bloc in the current crisis, it is actually consistent with short term Iranian interests. Still, the Turkish-Qatari alliance rests on the shared ideological foundation of support for the Muslim Brotherhood movement and therefore constitutes a competing axis vis-à-vis the Iranian-led Shiite axis and the Saudi-led Sunni axis.

The crisis in Qatar and its impact on Turkey's relations with the other Gulf states is consistent with the Iranian interest of distancing Turkey from Saudi Arabia. Riyadh has invested significant efforts in attempting to improve relations with Ankara, and has used the tool of financial investment to this end. From Turkey's perspective, this is important, in light of the sharp decline in foreign investments in the country stemming in part from the impact of the July 2016 failed coup attempt.²⁰ Still, after the failed coup, Erdogan felt that it was Iran that stood by its side, noting suggestively to the United Emirates: "We know very well who in the [Persian] Gulf was happy when the coup attempt took place in Turkey."²¹ In general, there are concerns in Ankara that the fall of the Qatari regime would result in increased pressure on Turkey on the part of the Gulf states, which makes Turkey a less unbiased mediator and a more resolute supporter of Qatar.

Israel and the Gaza Issue

The deterioration in Turkish-Israeli relations since 2008, and particularly the resolute positions voiced by Erdogan and other Turkish politicians against Israeli policy regarding Gaza, was in many ways consistent with the Iranian interest of weakening Israel and strengthening Hamas. In other ways, however, it turned Turkey into the flagbearer for opposition against Israel. For example, in a comprehensive survey among Arab respondents in 2010 and 2011, Erdogan was selected as the most admired world leader,

surpassing Hezbollah leader Hassan Nasrallah and then-Iranian President Mahmoud Ahmadinejad.²² Competition between Turkey and Iran also emerged regarding who would be the patron with the closest relations with Hamas. At the same time, the *Mavi Marmara* incident of May 2010 and the six years it took to resolve the dispute that ensued between the states, inter alia benefited Iran by causing the cessation of Israeli Air Force training in Turkish airspace.

In light of the close relations between Israel and Turkey that characterized the 1990s, and the fact that this relationship also benefited Israel vis-à-vis Iran (Israeli Air Force training in Turkish territory and, as indicated by different media sources, intelligence gathering in the process),²³ Tehran had reason for concern regarding the June 2016 Israeli-Turkish normalization agreement, which resulted in the reinstatement of ambassadors in Ankara and Tel Aviv. This agreement, which Washington had also promoted over the years, was consistent with the American interest of improving relations between Israel and Turkey and added another dimension to Iran's dissatisfaction. Still, in light of the resumption of Erdogan's severe statements against Israel, also in the context of the Temple Mount crisis of the summer of 2017²⁴ and on the issue of the Kurdish referendum, in which he accused the Israeli Mossad of involvement,²⁵ and following US President Donald Trump's recognition of Jerusalem as the capital of Israel in December 2017, it is clear that the normalization agreement between Israel and Turkey is extremely vulnerable and that distrust between the two states will make it more difficult for them to cooperate in a manner that poses a significant threat to Iran.

Trade and Energy Relations

Despite repeated declarations regarding both sides' aspirations to increase the scope of their mutual trade to a total of \$30 billion, and despite a trade agreement with preferential terms that went into effect in January 2015,²⁶ trade between the states has amounted to only \$10 billion.²⁷ This is in contrast to 2012, when mutual trade amounted to \$22 billion, due particularly to the "gold for energy" deals. During Erdogan's visit to Iran on October 4, 2017, the two sides agreed to conduct trade in the local currencies.²⁸ In 2016, after years of a Turkish trade deficit, for the first time the trade balance was in Turkey's favor, much to Ankara's satisfaction and perhaps marking a positive future trend.

Turkey is a significant importer of energy from Iran. During the first seven months of 2017 Iran replaced Iraq as the largest supplier of oil to Turkey, providing more than 50 percent of Turkey's total oil consumption.²⁹ Iran also constitutes Turkey's second largest supplier of natural gas³⁰ and intends on increasing these exports. Despite disagreements on the matter in the past, Tehran has honored a mediated decision, which stipulated the payment of \$1.9 billion in compensation to Ankara for being charged excessively high prices between 2011 and 2015, and has already paid 40 percent of this sum through the supply of natural gas.³¹

Conclusion

As regional powers, Iran and Turkey play significant roles in the Middle East. At the present time, both states are also challenging certain aspects of the international order – in part regarding the Islamic world's limited influence within major international institutions – and have complicated relations with the world powers. Iran views the United States as a force that threatens and seeks to replace its current regime, and, to a certain extent, so does Turkey. In comparison to the past, when it was Turkey's pro-Western policies that made it suspicious in Tehran's eyes,³² Tehran views Ankara's anti-Western and anti-Israeli positions with satisfaction. At the same time, Turkish-Iranian cooperation has limitations stemming from the aspirations of each of these actors to achieve a more dominant position in the region.

One of the elements contributing to the stability of a multipolar regional system is the fact that each actor can theoretically cooperate with another actor in the system.³³ On the other hand, in the Middle East multipolar regional system, Iran and Israel, and Iran and Saudi Arabia, view the present reality as a zero-sum game, and will not cooperate with each other. Moreover, to a lesser extent, the Turkish-Egyptian crisis continues and has thus far evaded resolution. As a result, and due to the crisis with Qatar, it appears that Turkish-Iranian relations will continue to grow closer. This can create a dangerous situation in which the multipolar regional system loses flexibility and becomes a bipolar system based on blocs: Iran and Turkey on the one hand, and Saudi Arabia, Egypt, and Israel on the other.

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The Influence of Internal Processes on Iran's Foreign Policy

Internal Political Struggles in Iran and
their Impact on Foreign Policy

Meir Litvak

The Effect of Economic and Social Processes
on Iranian Foreign Policy

Raz Zimmt

Internal Political Struggles in Iran and their Impact on Foreign Policy

Meir Litvak

The Iranian political system has never been monolithic. It has always featured ideological splits and struggles, both institutional and personal. As in other countries, these struggles have a major impact on how foreign policy is shaped, even though Iran is not a democratic country.

The division in the internal political theater in Iran in recent years can be described in two ways. A prevalent approach in Iranian discourse distinguishes between those who emphasize the republican foundation – or the role of the people – in the Islamic Republic, and those who emphasize the Islamic element, which gives clerics absolute control and reduces the role of the people to obedience to the clerics. The republicans, led by President Hassan Rouhani, come mainly from the ranks of the elected institutions in the political system, in other words, the government and the Majlis (parliament). The Islamists, on the other hand, represent the leading trend among the clerics. They are led by Supreme Leader Ayatollah Ali Khamenei, the Revolutionary Guards, and the Basij militia.

However, this short essay uses the older definition that distinguishes between reformists and conservatives, because the struggle between the two groups is broader than just the issues of democracy and religion. It also encompasses economic policy – recognition of the need for substantial economic reforms versus a vision of the “resistance economy” – and the link between the economy and foreign policy; a dispute about the degree of openness to the external world that is desirable for Iran; and the extent

of Iran's involvement in regional conflicts. Both sides are part of the ruling establishment, both want to guarantee the survival of the current regime in the long term, and both seek to promote Iran's standing as a regional power. They disagree, however, on two important questions: which is the most significant threat to the regime, and what is the best way of safeguarding Iran's strategic goals.

Reformists and Conservatives

President Rouhani, regarded as the pragmatist closest to the reformist movement, is a veteran politician who previously served in a number of senior security roles, most notably as first secretary of the Supreme National Security Council in 1989-2005. In other words, he is not an intellectual, as was former President Mohammad Khatami. He is less interested in cultural issues, questions about the essence of Islamic democracy, and a dialogue between civilizations, which were of great interest to reformist President Khatami, although he is not indifferent to such matters. He is highly concerned, however, by the severe weaknesses of the Iranian system. In a speech before senior officers of the Revolutionary Guards in September 2015, he came close to heresy when he declared, "Today, the main enemy of the Islamic Republic of Iran is not America and Israel, rather it is unemployment, inflation, sandstorms, lack of water and the environmental disaster facing the country."¹ The response by one of the Revolutionary Guard commanders that Rouhani was more dangerous than the Mujahedin-e-Khalq terrorist organization, which is as an anathema in Iranian discourse, highlights the subversive dimension of Rouhani's speech.²

In other words, the reformists and Rouhani believe that in order to deal with the challenges before it, Iran must open itself to the world, so that it will attract investments. This means a more conciliatory foreign policy, at least at the tactical level. It is clear to them that openness to the world requires economic changes within Iran that will affect the domestic structures of power. Some of the reformists may also wish to encourage a degree of political openness, but this is assigned a lower priority than economic reform. They are also aware of their limited ability to generate political liberalization, given the great sensitivity of the Supreme Leader on this issue, which effectively neutralized Khatami during his second term as president in 2001-2005.

As Khamenei and the conservatives see it, the true threat to Iran is twofold: the external threat of the West, led by the United States; and the internal threat, led by the weakening of religious and revolutionary fervor within the public, especially among young people. Khamenei's speeches and statements during his long term as Supreme Leader are replete with warnings as to the plots and threats against Iran by the "enemy," identified first and foremost with the West. Yet he is not worried about a military invasion by the United States but by what he calls the "soft war" and the cultural offensive (*tahajom-e farhangi*) against Iran by the West, conducted in order to overthrow the Islamic Republic from within. This offensive is especially dangerous because of the seductive attraction of Western culture, which also endangers the believers' soul, since for believers, spiritual corruption is more dangerous than physical danger.³ The conservatives are determined to preserve the political and cultural status quo in Iran, believing that any openness to the outside jeopardizes the regime. They well remember the processes led by Mikhail Gorbachev in the Soviet Union, which culminated in the Soviet Union's downfall.

The Economic Factor

The Revolutionary Guards and the Basij militia want to preserve the economic empires they have built over the past 20 years. These empires, which control substantial sectors of the Iranian economy, directly and indirectly employ millions of Iranians, and therefore constitute a very powerful political instrument. The Revolutionary Guards and Basij militia fear that opening the economy to the world will harm their economic interests, because they have developed a "black" economic system for circumventing the sanctions imposed on Iran. They are also worried that the corporations that they dominate will be unable to compete against foreign companies, and will be obliged to comply with the rules of proper administration, which will detract from the political benefit that they confer.

For the reformists, the nuclear agreement concluded in July 2014 is essential for rebuilding the Iranian economy, because it is designed to open up Iran to massive foreign investments, first and foremost in the oil sector, but also in industry and infrastructure. Indeed, in the first year following the implementation of the agreement, hundreds of leading businesspeople from all over the world came to Iran and signed tentative investment agreements. So far, however, most of these agreements have not been carried out because

of various obstacles, described below. For their part, the conservatives regard these investments as a threat to the regime, because they realize that they will be followed by what is necessarily a negative cultural influence from the West. As an alternative, Khamenei raised the vision of a resistance economy, a self-sufficient economy that does not depend on imports from other countries. In other words, the conservatives are willing to pay a heavy economic price, as long as Iran retains its revolutionary purity or, to put it more cynically, they are willing to thwart necessary economic reforms, as long as their political interests are maintained.⁴

Rouhani sought to loosen the Revolutionary Guards' grip on the economy, and also tried to induce them to adopt his attitude towards foreign investments. He offered the Revolutionary Guards a significant share of the contracts signed with foreign investors, thereby enabling them to benefit from the anticipated economic prosperity, if they accept the change. At the same time, he warned that the alternative to the nuclear agreement was escalation to a war against the US. At present, however, it appears that the Revolutionary Guard commanders prefer the status quo to the economic and political risk incurred by opening Iran to the world.⁵

Conservatives against Rouhani

The Revolutionary Guards and the media associated with them often use the term “nofuzi” to describe Rouhani and his supporters, meaning agents of foreign influence who are determined to change the regime's revolutionary character. Revolutionary Guards commander 'Ali Jafari even publicly cast doubt on Rouhani's loyalty to the Islamic Republic. Nor do the Revolutionary Guards confine themselves to words. They have staged deliberate provocations in order to sabotage Rouhani's efforts to achieve a thaw with the West. For example, they arrested a number of Iranians with dual citizenship, conducted military maneuvers at diplomatically sensitive moments, initiated provocative contact with US naval vessels in the Persian Gulf, and leaked embarrassing details about the nuclear agreement that have strengthened the agreement's opponents in the US.⁶

Khamenei has never abandoned his hostile and suspicious attitude toward the West. He encourages rivalry between the Revolutionary Guards and Rouhani, which helps him maintain his position as the supreme decision maker in the Iranian system. In addition, he has always objected to strong presidents, fearing their independent conduct. It is therefore reasonable to

assume that he backed the Revolutionary Guards' provocations in order to put Rouhani in his place.

A glaring manifestation of the dispute between the priority of economic development versus an ideological siege approach was the storm that broke following a speech by former Iranian President Hashemi Rafsanjani, who died in January 2017. In his speech at an educational conference in August 2016, Rafsanjani hailed Germany and Japan, saying that they rebuilt their economy after WWII, thanks to investing their capital in scientific innovation instead of in the military, and expressed hope that Rouhani would pursue a similar course in Iran. In response, the conservative media accused him of seeking to weaken and even completely dismantle Iran's military power. They stated that by following Rafsanjani's recommendations, Iran would lose its independence and revert to being an American satellite.⁷ Khamenei joined the dispute when he attacked Rafsanjani in a speech to the Revolutionary Guards in September 2016, for distorting the principles of the revolution, and for actually seeking to destroy its achievements. He contended that Rafsanjani was prepared to subject Iran again to the Western world order and have it adopt a Western way of life, ostensibly in order to end Iran's diplomatic isolation and integrate it in the international community.⁸

The nuclear agreement, Rouhani's most important foreign policy achievement, which was intended to serve as a lever to push the Iranian economy forward, has had only a limited impact so far. Thanks to the nuclear agreement and the removal of a significant part of the sanctions imposed on Iran, the Iranian economy registered growth, mainly in oil exports, which have doubled, but less than the Iranians had hoped for. Even before US President Donald Trump took office, investors were deterred from carrying out the investment plans they had signed, due to international restrictions on the Iranian banking system and the structural flaws of the Iranian economy: excessive bureaucracy, corruption, and politicization.

The Test of Banking Reform

A good example that highlights the link between the political struggles, the economy, and foreign policy is banking reform. The banks in Iran are afflicted with a series of acute structural problems, the biggest of which was isolation from the SWIFT international clearance system as a result of the sanctions imposed over the nuclear issue. In addition, the Iranian banks have suffered from from poor management caused by the subordination of

economic considerations to political ones, particularly toxic loans for populist projects with no chance of ever returning the investment. Thus, the Iranian Central Bank, the Iranian equivalent of the Bank of Israel, estimated that the Iranian government owed the banks \$33 billion. This debt will probably not be repaid, meaning that the banks' true equity is substantially lower than their declared equity, and some of them may suffer large equity deficits. One reflection of the banking system's weakness was the 37.5 percent plunge in the share price of Bank Mellat on January 24, 2017, after the bank had to adapt its accounting and reporting system to the prevailing standards in the international system, and the adjustment revealed the extent of its equity deficit.⁹

One of the preconditions for reintegrating the Iranian banks in the international financial system is accepting the terms of the Financial Action Task Force (FATF), an international agency founded in 1989 in order to combat money laundering by banks and the aid to criminal and terrorist organizations. Iran has been included in the FATF blacklist since 2008. Rouhani hoped that the nuclear agreement would free the Iranian banking system from the restrictions imposed on it, and reached an agreement with FATF whereby Iran would abide by the rules set by the organization. In April 2016, the Majlis passed a law forbidding financing of terrorist organizations and a law banning money laundering. In exchange, Iran was reintegrated in the SWIFT system, and the FATF report dated June 2016 announced the suspension of all sanctions against Iran for 12 months, and extended the suspension in February 2018. The report, however, also called for governments to warn their banks about the risk of doing business with Iran, because it was not yet meeting the terms of the agreement, in part because of the aid it provides to Hamas and Hezbollah, which are on the list of terrorist organizations compiled by the United States and the European Union.¹⁰ This declaration means that if Iran does not change its policy on these matters, the banking sanctions will be reinstated. International banks will refuse to work with Iranian banks, and the hope for a massive stream of capital into Iran will suffer a severe setback.

The conservatives realized the opportunity to harm Rouhani, and the significance of the FATF terms for Iran's foreign policy. They have accused Rouhani of treason, and have warned that implementing FATF principles would force Iran to concede its sovereignty. They have also asserted that these principles contravene Islamic religious laws, and have threatened to appeal

to the Iranian Supreme Court, the Supreme National Security Council, the Prosecutor-General, and the Majlis in order to stop Rouhani from acceding to the demands. They have also denied the obvious meaning of signing the agreement – that the Iranian banks have engaged in money laundering, and have transferred funds to terrorist organizations.¹¹ The conservative newspaper *Javan*, for instance, claimed that one of FATF's objectives was to weaken Iran, and especially to damage the Revolutionary Guards, Hezbollah, and Islamic Jihad. The newspaper asserted that by signing the agreements, Iran had accepted the Western classification of the Revolutionary Guards and Hezbollah as terrorist organizations, while they were actually liberation organizations.¹² Rouhani argued that Iran had no alternative but to accept the FATF terms.

Another problem was the direct consequences of the banking sanctions against the Revolutionary Guards, and the personal sanctions against its senior officers. Iranian compliance with the agreements will have a detrimental effect on the Revolutionary Guards' economic empire, and will force the Guards to find other ways of transferring large sums of money to terrorist organizations outside Iran. In September 2016, Rouhani won a partial victory when two large banks, Sepah and Melli, announced that they would no longer work with the Khatem al-Anbiya company, the Revolutionary Guards' major holding company, so they would not be subject to sanctions.¹³ In line with his usual practice, Khamenei positioned himself between the two sides. His senior foreign policy advisor, 'Ali Akbar Velayati, stated that Iran should not sign the undertakings, and portrayed Khamenei as adhering to revolutionary purity. Khamenei himself made no public statement, thereby enabling Rouhani to continue his struggle for the agreement.¹⁴

The FATF issue, however, reflects a deeper question, namely, whether Iran is willing to accept the rules of the game in the international system. In other words, the question is whether Iran is willing to undergo a process of normalization, as urged by the reformists, or to continue to adhere to the revolutionary approach advocated by the conservatives, which regards these rules and the systems of international law as an expression of the distorted balance of international power that perpetuates Western hegemony. The question of the degree to which Iran is willing to make these economic changes in the coming years may serve as a good measure of the extent of its willingness to fulfill a constructive role in the international system.

Foreign Relations and Internal Political Wrangling

Another expression of the political split is the conservatives' effort to thwart Rouhani's conciliatory policy toward Iran's neighbors, driven by the desire to undermine him at every opportunity, and perhaps also in the realization by the Revolutionary Guards that a confrontationist posture in foreign policy strengthens their political standing inside Iran.

One prominent example of this phenomenon is Rouhani's effort to lower the level of hostility between Iran and Saudi Arabia and the other Gulf states, and the Revolutionary Guards' determination to exacerbate this tension.¹⁵ There are also reports that Rouhani is interested in cutting back Iranian involvement in Syria because of the heavy burden it constitutes for the Iranian economy.

The conservatives, on the other hand, make many provocative statements against Iran's rivals, partly in order to embarrass Rouhani and portray him as a weakling vis-à-vis Iran's enemies. For example, Alireza Zakani, a conservative member of the Majlis, boasted two years ago that Iran controlled four Arab capitals. Former Basij commander Yahya Rahim Safavi declared in May 2014 that Iran's real border extended to the shores of the Mediterranean Sea and southern Lebanon. Similarly, Revolutionary Guards Brigadier General Hossein Salami boasted that while formerly Iran fought the enemy on the border on the banks of the Karkheh River, i.e., in the Khuzestan area, it has now extended its strategic border in the war against its enemies to the eastern shore of the Mediterranean and North Africa.¹⁶ These statements can be regarded as an expression of self-confidence, far reaching regional ambitions, and part of the internal debate in response to those who think that the aid to Assad is becoming too expensive.

The conservatives have also used relations with Saudi Arabia as a tool for taunting Rouhani. Beyond the strategic and religious rivalry between Saudi Arabia and Iran, bilateral relations between the two countries have deteriorated over the past two years, with diplomatic relations severed following several events – one of them being the execution in Saudi Arabia of Shiite Sheikh Nimr Baqir al-Nimr on January 2, 2016, which sparked severe Iranian responses. Khamenei threatened grave consequences in response to the execution, and said that Saudi Arabia would suffer from divine wrath. Despite the extreme tone of the response, however, leaving punishment in the hands of God was designed to exempt Iran from the moral duty to avenge Sheikh Nimr's blood.

The popular response in Iran to the execution included the burning of buildings in the Saudi embassy in Tehran and the offices of the Saudi consulate in Mashad. Saudi Arabia and other Persian Gulf countries responded by severing the diplomatic relations with Iran. There are many indications that this “spontaneous mass rage” was organized by conservative groups wishing to embarrass Rouhani. This did not, however, prevent the conservative media from attacking Rouhani by alleging that his weak policy had encouraged Saudi Arabia to adopt tough aggressive measures, and that this policy had aroused the justified anger of the Iranian public. They argued that had Rouhani taken a more assertive stand against Saudi Arabia, this regrettable event would not have taken place. In other words, Rouhani was to blame for the violent behavior of his opponents.

A similar pattern occurred before the 2016 elections in the US. Like certain groups in Israel, the conservatives in Iran preferred Trump to Clinton, under the assumption that his hostility would destroy the chances of improving relations with the US and prevent the penetration of destructive American cultural influence in Iran, thereby harming the reformists, who sought better relations with the US. They likewise hoped that Trump’s policies would isolate the US in the international arena. The economic price for Iran was less important to them than the political gain.

Trump fulfilled some of the conservatives’ expectations with his order barring Iranian citizens from entering the US, and the statement by then-US National Security Advisor Michael Flynn that Iran was “on notice.” Khamenei attacked the US, saying that it had revealed its true face, and it had again been proven that the Americans could not be trusted, because they had not abandoned their hostile attitude toward Iran and Islam. Criticism was also directed against Rouhani for his naivete in believing the Americans and his willingness to compromise with them.

The missile tests carried out by the Revolutionary Guards in 2017 were designed to present a belligerent and challenging stance to Trump, and to establish Iran’s red lines by delivering the message that the nuclear agreement would not affect continued missile development. The tests were also a measure by the Revolutionary Guards, with Khamenei’s approval, designed to put Rouhani on the spot and force him to either confront the US or risk criticism from Khamenei. The conservatives excel in such provocations, as evidenced by the arrest of 13 Jews as spies in 1999, which was aimed at posing a similar problem to then-President Khatami.

Conservative spokesmen complained that Iran had paid dearly for Rouhani's excessive dabbling with the Americans, because he had not respected the red lines set by the Supreme Leader on the nuclear issue and had made excessive concessions in the nuclear agreement.¹⁷ A February 4, 2017 editorial by the conservative newspaper *Vatan-e Emrooz*, for example, asserted that Trump's very presence in the White House was a blow to those who believed in developing ties with the West. The newspaper explained that the reformists would be unable to win the presidential elections by creating a false dichotomy between peace and conflict, and between improvement of the economic situation and consolidation of a resistance economy.¹⁸ The important point here is that alongside their criticism, the conservatives, including Khamenei, are claiming that Trump's rhetoric need not be taken too seriously, and that there is no risk of the United States attacking Iran.

Hossein Shariatmadari, the hard line conservative editor of *Kayhan*, attacked Trump from the opposite direction – for not keeping his election pledge to annul the nuclear agreement. Shariatmadari called the agreement a “golden document” for the US, while saying that there was nothing for Iran in it other than loss and humiliation. He added, however, that Trump had unfortunately come to his senses and realized that his friends in the White House had cheated and defrauded Iran in this agreement, and that he therefore now wishes to preserve it.¹⁹ It is clear from this context who was to blame for such a terrible agreement for Iran.

The Presidential Elections: The Reformists' Limited Victory

The Iranian presidential elections on May 19, 2017 highlighted the close connection between internal politics and foreign policy. Rouhani emphasized the positive contribution of the nuclear agreement to Iran's economy, thanks to the removal of most of the sanctions imposed on Iran, and the elimination of the risk of war hanging over Iran. He also pledged to take action to remove those other sanctions that had not yet been removed. Rouhani took a more critical and daring line against the conservatives as election day approached. He quoted the instructions of Islamic Republic founder Ayatollah Khomeini forbidding the Revolutionary Guards to intervene in politics and control various communications media.²⁰ Prominent conservative candidate Ebrahim Raisi, on the other hand, who headed Astan Quds Razavi, the wealthiest Muslim waqf in Iran, and possibly in the entire Muslim world, attacked Rouhani for his failure to deal with Iran's difficult economic problems.

He said that this failure refuted Rouhani's promises about the economic benefit of the nuclear agreement. As an alternative, Raisi asserted that foreign policy should serve the resistance economy vision, but at the same time made demagogic promises of a generous distribution of funds by the government, without explaining where the enormous sum necessary to fund his promises would come from.²¹ Supreme Leader Khamenei, who ostensibly remained neutral in the elections, expressed indirect support for Raisi when he publicly denied Rouhani's claim that the nuclear agreement had prevented a military threat to Iran, and asserted that the determination of the Iranian people had prevented war.²²

Rouhani's convincing victory with a 57 percent majority of the voters reflects the desire of most Iranians for more economic and cultural openness to the world, and their support for a more moderate foreign policy that will make such a policy possible. On the other hand, Raisi's relative achievement reveals two phenomena: the continued existence of a stratum of devout regime supporters (around 30 percent, taking into account the figures from all of the recent election campaigns), and the appeal of Raisi's populist promises among the economically disadvantaged groups, which have thus far not enjoyed any benefits from openness to the world. Despite their failure, the conservatives have made it clear that they do not intend to allow Rouhani to go ahead with his policy. Shariatmadari attacked Rouhani for his conciliatory policy toward the United States and its Arab allies, and said that Rouhani's attacks against the Revolutionary Guards encouraged Trump and the Arab Gulf states to issue a series of declarations against Iran, hinting that Rouhani's remarks had demonstrated weakness and subversion of the basic principles of the regime.²³ Shariatmadari thereby closely linked Iran's foreign and internal policies.

At first glance, Rouhani's victory has limited significance for Iranian foreign policy, because policy is determined by the Supreme Leader based on an array of strategic, ideological, and personal considerations and constraints. At the same time, its significance for the various forces trying to influence the shaping of foreign policy cannot be completely discounted; the line represented by Rouhani does have some impact. It appears that the Iranian leadership will find it very difficult to ignore the clear message delivered by the majority of the Iranian people. Even if no significant change takes place in Iranian foreign policy, the Iranian leadership lacks popular backing for

a reckless and injudicious foreign policy, and it can be hoped or assumed that this will constitute a restraining factor on Iran's policy.

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The Effect of Economic and Social Processes on Iranian Foreign Policy

Raz Zimmt

During the Iranian presidential election campaign in the summer of 2013, candidate Hassan Rouhani stated that the centrifuges in the Iranian nuclear facilities should continue spinning, provided that the lives of the citizens and the economy move forward. This statement, which he repeated in a speech to students at Shahid Beheshti University in Tehran in December 2013,¹ expressed Rouhani's recognition that rescuing the Iranian economy from its deep crisis required the removal of the sanctions, even at the cost of compromising on his country's nuclear policy.

This is not the first time that internal constraints forced the Iranian leadership to adapt foreign policy to the changing circumstances at home. Following the 1979 Iranian revolution, Iranian foreign policy was recast on the basis of the revolutionary ideology and overall strategic goals. Nevertheless, since the revolution, the Iranian regime has demonstrated a large degree of pragmatism and willingness to deviate from its policy, even on matters of principle requiring a personal decision by the Supreme Leader. Among the considerations that have influenced foreign policy are social and economic processes underway in Iran in recent decades.

Guidelines for Iranian Foreign Policy

Since the Islamic Revolution, Iranian politics have been marked by ongoing tension between the political institutions elected by the public, including the President and the Majlis (parliament), and the unelected political institutions,

headed by the Supreme Leader. The Leader serves as the head of state and holds the main governing authority in his hands. This authority was further extended in the framework of the amendments made to the Iranian constitution following the death of Ayatollah Ruhollah Khomeini, leader of the Islamic Revolution, and the transfer of government to the hands of his successor, Ali Khamenei, in 1989.

From a constitutional standpoint and regarding control of the power centers in Iran, the Supreme Leader has the final say, while the President carries out the policy dictated by the Supreme Leader. While the President's authority in internal matters is extensive, the decision about foreign policy strategy is traditionally considered to be reserved exclusively for the Supreme Leader, who in this case receives assistance from the Supreme National Security Council and a limited group of advisors, such as Ali Akbar Velayati, the Supreme Leader's senior advisor for international affairs, who is also a former Minister of Foreign Affairs. When former President Mahmoud Ahmadinejad tried to deviate from this principle, he encountered firm resistance from the Supreme Leader. Shortly after he was elected President in 2005, Ahmadinejad began to display excessive involvement in issues relating to foreign policy and sought to alter the policy of the preceding government, which focused on relieving tensions in the international arena. Khamenei, who objected to the President's increasing intervention in foreign affairs, declared in June 2006 the establishment of a strategic council for foreign relations headed by Kamal Kharazi, who was Minister of Foreign Affairs in the government of former President Mohammad Khatami. This council was designed as an advisory body for foreign policy, and its establishment was interpreted as an expression of Khamenei's dissatisfaction with Ahmadinejad's conduct and an attempt to step up supervision over him.

Although the current Supreme Leader does not readily deviate from his revolutionary world view, Iranian policy from the beginning of the revolution showed a large degree of pragmatism. There are ostensibly differences and contradictions in the conduct of Iran's leadership since the revolution, especially since the death of Ayatollah Khomeini. Along with an emphasis on the political and economic interests of the Iranian state, Iran strives to realize revolutionary Islamic ideals; while emphasizing Islamic unity, Iran waves the flag of particularistic Iranian nationalism. These apparent contradictions, however, are misleading. Iran's policy is actually a combination of Islamic ideology and a revolutionary Islamic vision with

Iranian nationalistic concepts and state interests. This combination is what enables Iran to realize most effectively its historic ambition to achieve dominance and hegemony in the region and become a regional, even a global, power. Under certain conditions, Iran's leadership prefers the interests of the Iranian state to revolutionary and Islamic ideological concepts, in the belief that this flexibility is temporary and does not supplant the long term strategic and ideological goals. In other cases, Iran prefers to act in accordance with its ideological vision by striving toward revolutionary changes and bringing about a new regional and international order. Underlying the considerations dictating Iranian policy are also internal constraints that force the leadership in Tehran to take internal public opinion into account and adjust its policy to the changing reality.

The Economic and Social Situation in Iran

Easing social and economic distress and achieving political freedom were among the important objectives of the Islamic Revolution. With the revolution in its 38th year, the Iranian regime has not yet succeeded in satisfying the desires of its citizens, and the gap between the public and the revolution's institutions is widening. In recent years, Iran has faced a severe economic crisis, in part due to structural problems in the Iranian economy, such as dependence on state oil revenues, the weakness of the private sector, and widespread corruption, some of which result from poor economic management and some from the sanctions. Signs of the economic crisis are clear among the entire population, but its effects are especially conspicuous among young people.

Due to the sharp rise in the birth rate during the 1980s, Iran today has a young population. Despite the steep fall in the birth rate to 1.27 percent in 2012, which was achieved as a result of the supervisory efforts of the regime starting in the late 1980s, Iran's demographic momentum continues to this day, because millions of young people born in the 1980s have sought to enter the labor market. In the summer of 2015, a report published by the Statistical Center of Iran revealed that the unemployment rate among young Iranians in most Iranian provinces had reached 20-30 percent.² Moreover, in a report published by the International Monetary Fund (IMF) in 2009, Iran was in first place among 91 developing countries experiencing a brain drain. According to the IMF figures, between 150,000 and 180,000 educated Iranians with academic degrees emigrate from Iran each year. The high

unemployment rate, low income of lecturers and experts, an inadequate level of science, and political and social instability were cited as important factors encouraging a brain drain, which costs Iran over \$50 billion in annual revenues.³

Since the implementation of the nuclear agreement signed in the summer of 2015 between Iran and the world powers, Iran's economic situation has improved. At the same time, Iran has found it difficult to unfreeze the tens of millions of dollars deposited in overseas accounts and frozen following the sanctions. Banks and companies in the West are still recoiling from a renewal of business relations with Iran, mainly out of fear about the reaction of the United States. In January 2017, President Rouhani called a press conference on the first anniversary of the implementation of the agreement, at which he presented its achievements, principally a steep rise in oil exports and the opening of the Iranian economy to foreign investment. Rouhani said that over the previous year, Iran's growth rate was over 7 percent, an unprecedented achievement. He noted that a solution to the unemployment crisis, especially among young people, depended on foreign investment. He emphasized that all the sanctions related to the nuclear program had been removed following the agreement, and that the remaining banking problems were unrelated to the agreement. His opponents, on the other hand, argued that the economic figures clearly indicated a worsening in Iran's economic situation over the past year. They attributed this *inter alia* to the steep decline in the rial, the continued rise in the prices of basic commodities, despite the government's claims about a dramatic fall in inflation to less than 10 percent, and a rise in unemployment. According to Rouhani's opponents, while many European trade delegations visited Iran in 2016, these visits produced only a few transactions that did not help solve the economic distress among Iran's citizens, above all the growing unemployment.⁴ Figures published by the IMF in February 2017 also indicate a mixed trend. The IMF estimated the economic growth rate in Iran during the Iranian year ending on March 20 at 6.6 percent, and the medium term growth rate at 4.5 percent. It also pointed to a dramatic drop in inflation. On the other hand, the IMF cited the high unemployment rate, and warned of the effect of the secondary American sanctions on the willingness of Western companies to return to business dealings and investments in Iran.⁵

Complementing the economic distress is the widening gap between the ruling institutions and the religious establishment and the younger generation.

Many young people distance themselves from the values of the revolution and adopt a Western lifestyle, despite efforts by the authorities to halt what they perceive as a culture infiltration by the West. For example, Ali Jannati, Minister of Culture and Islamic Guidance in Rouhani's cabinet, admitted in December 2013 that the government's efforts to forbid the use of satellite dishes by Iranians to view television broadcasts from abroad had failed, and that over 70 percent of Tehran's residents watched these broadcasts.⁶ Ayatollah Seyyed Ahmad Alam-ol-Hoda expressed the religious establishment's concern about society's alienation from the Islamic values when he stated on the eve of the anniversary of the revolution that Iranian society was now worse from a cultural standpoint than it was before the revolution. He complained that young people preferred to watch satellite television broadcasts and movies or listen to music than to deal with religious matters.⁷

Another social trend likely to arouse concern in the religious establishment is the secularization process underway in Iranian society and the erosion in the status of clerics in recent years. Blogger Reza Taran, a theology student at a seminary in Qom who authors a personal blog on the lives of theology students, has commented in recent years on the gap between the religious establishment and citizens. He attributes this disconnection to a continual decline in the status of the clergy since the Islamic Revolution. He contends that before the revolution, clerics were identified with the struggle of Iranian citizens for justice and against oppression and exploitation by the authorities, and that this greatly contributed to sympathy toward them among the general population. Today, clerics are identified with the Islamic regime, and instead of criticizing the government and supervising its activity, they have become the executors of its policy. He claims that their relatively advantageous economic status also alienates clerics from the common people.⁸

Acknowledging the Situation, Offering Various Solutions

The economic and social distress of Iranians and their demand for change has not escaped the attention of the regime, which is aware of the public's expectations and recognizes the need to respond. However, Iranian authorities are divided about the necessary solutions prompted by the internal challenges. Since his election as president, Rouhani has expressed his commitment to cultural and social changes. The President selects his issues carefully, and has thus far preferred to focus on economic issues and the nuclear agreement in an effort to have the sanctions removed. It is nevertheless evident that he is

determined to lead gradual changes in an effort to reduce the government's interference in people's lives and provide a response to the public's demand for change. His rivals in the conservative camp, on the other hand, headed by Supreme Leader Khamenei, steadfastly oppose internal reforms, which they regard as liable to jeopardize the regime's stability. The government's initiatives in internal policy have not gone without a response from the conservative camp. The regime has had to allow the President to institute some changes due to its recognition of the public's demand for change, which was expressed in the election results. Senior regime officials are nevertheless determined to set red lines for the President and his government; they believe that crossing these lines is liable to subvert revolutionary values and pose a real challenge to its stability. In their efforts to thwart any attempt to promote significant reforms, the conservative establishment has no scruples about exploiting its control of the judicial branch and the security and law enforcement agencies.⁹

An internal dispute between President Rouhani and his right wing conservative opponents is also underway in the economic sphere. While Rouhani seeks to take advantage of the removal of sanctions to attract foreign companies to the Iranian economy, the Supreme Leader continues to emphasize the need for a "resistance economy" consisting mainly of reducing Iran's dependence on foreign parties and self-reliance. From the conservatives' perspective, the return of the foreign companies to Iranian markets is likely to expand the exposure of Iranian society to Western influences that are not limited to the economic sphere, and jeopardize the economic interests of the Revolutionary Guards, whose involvement in national economic projects has increased due to the international sanctions and the abandonment of Iran by the foreign companies.

Foreign Policy as a Response to Internal Constraints

The regime's recognition of the public's desires and its sensitivity to internal pressure has a clear influence on foreign policy. In the decade following the Islamic Revolution, and especially as the revolutionary enthusiasm in Iran began to wane, the regime showed increasing awareness of public opinion and the need to take it into account in its strategic decisions on foreign policy issues. One prominent example was Ayatollah Khomeini's decision in July 1988 to approve a ceasefire after eight years of war with Iraq, contrary to his rejection throughout the war of any solution that did

not include the overthrow of the Ba'ath regime. The decision, which was justified in retrospect by his heir, Khamenei, was taken as a result of the difficult military situation caused by Iran's battlefield losses against Iraq, the heavy loss of life, and the difficult blow to the Iranian economy. These factors led Khomeini to believe that continuation of the war was liable to jeopardize the regime's very survival. When Khomeini realized that taking the decision served the interests of Iran and the Islamic regime, he agreed to change his earlier views on the subject. He appealed to the nation in an emotional speech, in which he said that he had been willing to drink the "poisoned chalice" in order to serve the interests of the revolution and the regime.

Another example of the influence of internal considerations on Iranian foreign policy can be seen in the position taken by Iran in the conflict that erupted in 1988 between Azerbaijan (a Shiite Muslim country) and Armenia (a Christian country) over the Nagorno-Karabakh territory. Iran tried to adopt a balanced approach toward the two enemies, even though it served as the main supply route to Armenia, thereby in effect serving the Armenian war effort in its struggle against Azerbaijan. In this case, Iran, which feared that the success of secular Azerbaijan was liable to encourage separatist aspirations among the large Azeri-speaking minority in Iran, gave preference to its state interest over religious solidarity.

Iran's consent to return to the nuclear negotiating table under the influence of the economic sanctions and its acceptance of compromises on its nuclear program constitute a significant expression of its willingness to agree to substantial concessions in response to pressure. The economic sanctions severely damaged the Iranian economy and exacerbated the frustration among the public, which was reflected in the results of the presidential elections in the summer of 2013. Rouhani's victory, which championed the most moderate of the six candidates competing in the elections, reflected the criticism of the nuclear policy adopted by the regime and the public's demand for a change in the nation's priorities. Even though public criticism of the nuclear program itself, its importance, and its value was rarely heard, the presidential election campaign provided – for the first time – a platform for voicing sharp criticism of Iran's nuclear policy. The election results proved that Khamenei's contention that the Iranian people could withstand heavy economic pressure for a prolonged period, as it had during the Iran-Iraq War, was mistaken. The escalating economic crisis resulting from the

sanctions culminated in growing pressure on the Supreme Leader to agree to concessions out of concern that continuation of the current crisis was liable to undermine the regime's stability in the long term. The election of Rouhani and the renewal of the nuclear negotiations created an opportunity for renewed consideration of the role of the nuclear program in Iran's priorities, after years during which the idea of even discussing the matter was regarded as taboo.

The regime's sensitivity to the public's views was also clear in cases in which Iran deviated from its official policy. An example of this is Iran's military intervention in the civil war in Syria. The heavy losses among the Iranian combatants in Syria led in 2016 to a significant reduction of the Iranian order of battle there. The regime's recognition of the public's sensitivity toward the heavy price in casualties exacted by the continuation of the military campaign forced it to supply explanations that could justify the Iranian presence in Syria. These explanations include the use of Shiite religious symbols, the glorifying of sacrifice and defense of the Shiite holy places, and an emphasis on the importance of involvement in Syria for preserving the interests and national security of Iran. Although internal criticism of the Iranian aid to the Assad regime was limited mostly to intellectuals and political activists identified with the reformist movement, the regime could not ignore the challenge it posed, especially when economic distress provided fertile ground for criticism of the regime's policy. One expression of such criticism can be seen in the widespread wave of protest that swept through Khuzestan Province in mid-February 2017 following prolonged halts in the supply of electricity and water caused by severe dust storms accompanied by heavy rain. These events further aggravated distress among residents of the province, where members of the Arab minority comprising 2 percent of Iran's population are concentrated. Following the crisis, voices were heard in Iran blaming the severe situation in the province on the faulty priorities of the authorities, who continued their support for the Syrian regime, instead of addressing distress in Iran.¹⁰

The influence of internal considerations on Iranian foreign policy does not imply that there is a clash in all cases between the public's views and those of the regime on issues relating to national security and foreign policy. A survey of Iranian public discourse, especially through the social networks, shows the regime's ability to recruit public support in matters perceived by Iranians as involving critical national interests or a feeling of national honor.

For example, the restrictions imposed by President Trump on the entry of Muslims into the United States, including Iranians, aroused strong opposition among the Iranian public. The presidential directive was perceived by Iranians as not only an unjust decision, but also a humiliating and contemptuous act. It reignited the known sensitivity among Iranians to expressions of arrogance and insults to their national pride. The widespread criticism of the directive succeeded in uniting both residents and exiles, despite the political differences of opinion that are usually typical of Iranian society.¹¹

The public letter by 30 Iranian exiled activists calling on President Trump to cancel the nuclear agreement and extend the sanctions against Iran also led to sharp responses by Iranians. Following the publication of the letter, which the exiles sent to Trump in late December 2016, thousands of responses appeared on the Iranian social networks, all of them by critics of the regime, objecting to its content and accusing the senders of treason. The responses to the letter reflected the broad opposition in Iran to the sanctions policy, which is perceived as an illegitimate means of pressure by the West that violates Iran's sovereignty.¹²

The internal dispute is also reflected in the attitude on policy toward the United States. Recognition of the need to reach a nuclear arrangement with the West that facilitates the removal of sanctions forced Khamenei to allow Rouhani to negotiate with the United States. In contrast to the President's position, however, which sees potential in direct dialogue with the United States for adopting a more open policy towards the West, the Supreme Leader remains opposed in principle to any possibility of normalizing relations between the two countries. Even before Trump's election, Khamenei attacked the United States on a number of occasions, and stressed that he did not trust it. In response to Trump's taking office and a change in the attitude of the American administration towards Tehran, Khamenei thanked the new President for exposing the true face of the United States to the world. He again expressed his position that the "Great Satan" must not be trusted, and that no hopes should be pinned on those who oppose the very existence of the Islamic regime in Iran.¹³

Conclusion

The influence of social and economic processes on Iranian foreign policy reflects the pragmatism typical of the Iranian regime's policy since the Islamic Revolution, and to a greater extent since the late 1980s. The Iranian regime

is sensitive to internal criticism, responds to external and internal pressure, and is willing to adjust its policy, even at the price of substantial ideological concessions, when critical national interests require this.

The readiness of the Iranian regime to deviate from its policy nevertheless depends on its subjective interpretation of the risks and opportunities facing it. This interpretation can change according to the various perceptions of the world – which are sometimes contradictory – of the different sections in the regime’s leadership. These perceptions can also provide different answers to the question of the correct strategy for ensuring critical Iranian interests, above all maintaining the regime’s survival. Radical elements in the regime can respond to growing pressure at home or from outside by increasing repression at home and defiance in foreign affairs in order to neutralize potential threats to the regime’s stability and deter the enemies of the Islamic republic. More moderate elements in the Iranian leadership, on the other hand, are likely to respond to pressure with willingness to make the regime’s stance more flexible, and to adopt a more moderate policy.

The Iranian public is not monolithic, and does not adopt a uniform stance on the national agenda. Furthermore, despite the widening gap between parts of the public, especially young people, and the regime and the values of the Islamic Revolution, the public in Iran frequently shows willingness to stand behind the regime in cases that it regards as reflecting damage to critical interests or a feeling of national honor, such as a challenge to Iran’s territorial integrity, threats of military attack, and others.

It is therefore important that the influence of internal processes on foreign policy be taken into account not only by the Iranian regime, but also by decision makers in the West in designing their policy toward the Islamic republic. Internal processes in Iran, the internal balance of power, the Iranian public’s views, and the reciprocal relations between society and regime must all be considered when formulating policy towards Iran. The internal processes in Iran have the potential to change Iran’s policy, and in the long term, perhaps even encourage political change. Those who believe that such change is essential must nevertheless take into account how Western policy affects the transformation of this potential into real change.

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Ephraim Asculai, a senior research fellow at INSS, worked at the Israel Atomic Energy Commission (IAEC) for over 40 years, mainly on issues of nuclear and environmental safety. In 1986 he began working at the International Atomic Energy Association (IAEA) in Vienna to work on issues of radiation protection of the public, and in 1990-1991 he served as the scientific secretary of the International Chernobyl Project. Upon his return to Israel, Dr. Asculai became heavily involved in the deliberations leading to the conclusion of the Comprehensive Test Ban Treaty (CTBT). In his final period at the IAEC, he served as the Director of External Relations. He retired from civil service in 2001, and in 2002 joined the Jaffee Center for Strategic Studies (now incorporated into INSS). Dr. Asculai has published widely on WMD nonproliferation, particularly as it relates to the Middle East, and the Iran nuclear threat. While on sabbatical at the Institute for Science and International Security (ISIS) in Washington, he wrote *Verification Revisited: The Nuclear Case*, and he is also the author of *Rethinking the Nuclear Non-Proliferation Regime* (2004). He holds a Ph.D. in atmospheric sciences from the Hebrew University of Jerusalem.

Ephraim Kam is a senior research fellow at INSS, and for eighteen years served as deputy head of INSS. Before joining the Jaffee Center (now incorporated into INSS), Dr. Kam served in senior positions in IDF Military Intelligence for 28 years, including as assistant head of the research division and an adviser in the National Security College, and retired at the rank of colonel. Dr. Kam's main fields of expertise are Middle East security problems, particularly the Iranian challenge, and intelligence failures. For twenty-four years he taught M.A. seminars at Tel Aviv University on national security concepts of Arab states and Iran. Dr. Kam holds a B.A. in economics and

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Emily B. Landau is a senior research fellow and head of the Arms Control and Regional Security Program at INSS, where she is in charge of the program's research, conferences, and training for young researchers. Her principal fields of research are global nuclear proliferation, new trends in arms control thinking, Middle East regional security, the Iranian threat, and the challenge from North Korea. Dr. Landau's first book (co-authored with Ariel Levite), *In the Eyes of the Arabs: Israel's Nuclear Image*, published in 1994 early in her career, remains a seminal work on the Arab world's understanding of Israel's deterrent messages, despite its policy of opacity. She is the author of *Arms Control in the Middle East: Cooperative Security Dialogue and Regional Constraints* (2006) and *Decade of Diplomacy: Negotiations with Iran and North Korea and the Future of Nuclear Nonproliferation* (2012). For eight years Dr. Landau was a member of the EuroMeSCo steering committee, and she is a member of IISS in London. She holds a B.A. and M.A. from Tel Aviv University, and a Ph.D. from the Hebrew University of Jerusalem.

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Meir Litvak is an associate professor in the Department of Middle Eastern History and the director of the Alliance Center for Iranian Studies at Tel Aviv University. He is the author of *Shi'i Scholars of Nineteenth Century Iraq: The 'Ulama' of Najaf and Karbala'* (Cambridge University Press, 1998); co-author of *Iran: From a Persian Empire to an Islamic Republic* (Open University of Israel, 2014, Hebrew); and co-author with Esther Webman, *From Empathy to Denial: Arabic Responses to the Holocaust* (Columbia University Press, 2009, Hebrew edition 2015). Prof. Litvak has edited and co-edited eight books, most recently *Constructing Nationalism in Iran: From the Qajars to the Islamic Republic* (2017). He has also published articles on modern Shi'i and Iranian history as well as on modern Islamic movements.

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INSS Memoranda, September 2016–Present

- No. 173, March 2018, Meir Litvak, Emily B. Landau, and Ephraim Kam, eds., *Iran in a Changing Strategic Environment*.
- No. 172, February 2018, Meir Litvak, Emily B. Landau, and Ephraim Kam, eds., *Iran in a Changing Strategic Environment* [Hebrew].
- No. 171, January 2018, Carmit Valensi, Udi Dekel, and Anat Kurz, eds., *Syria – From a State to a Hybrid System: Implications for Israel*.
- No. 170, January 2018, Doron Matza, *Patterns of Resistance among Israel's Arab-Palestinian Minority: A Historical Review and a Look to the Future*.
- No. 169, September 2017, Einav Yogev and Gallia Lindenstrauss, eds., *The Delegitimization Phenomenon: Challenges and Responses*.
- No. 168, September 2017, Carmit Valensi, Udi Dekel, and Anat Kurz, eds., *Syria: From a State to a Hybrid System: Implications for Israel* [Hebrew].
- No. 167, July 2017, Udi Dekel, Gabi Siboni, and Omer Einav, eds., *The Quiet Decade: In the Aftermath of the Second Lebanon War, 2006-2016*.
- No. 166, July 2017, Yehuda Greenfield-Gilat, *The Palestinian Refugees: The Israeli Interest* [Hebrew].
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- No. 164, February 2017, Einav Yogev and Gallia Lindenstrauss, eds., *The Delegitimization Phenomenon: Challenges and Responses* [Hebrew].
- No. 163, February 2017, Nizan Feldman, *In the Shadow of Delegitimization: Israel's Sensitivity to Economic Sanctions*.
- No. 162, November 2016, Yoel Guzansky, *Between Resilience and Revolution: The Stability of the Gulf Monarchies* [Hebrew].
- No. 161, November 2016, Udi Dekel, Gabi Siboni, and Omer Einav, eds., *The Quiet Decade: In the Aftermath of the Second Lebanon War, 2006–2016* [Hebrew].
- No. 160, November 2016, Pnina Sharvit Baruch, *The Report of the Human Rights Council Commission of Inquiry of the 2014 Operation in the Gaza Strip – A Critical Analysis* [Hebrew].
- No. 159, September 2016, Meir Elran and Gabi Sheffer, eds., *Military Service in Israel: Challenges and Ramifications*.
- No. 158, September 2016, Doron Matza, *Patterns of Resistance among Israel's Arab-Palestinian Minority: A Historical Review and a Look to the Future* [Hebrew].

For more than a decade, the focus of attention on Iran has been its nuclear program. A new stage in developments related to the nuclear issue emerged in the summer of 2015 when agreement was reached on the JCPOA, a deal viewed by President Donald Trump as highly problematic. President Trump sees Iran as a major threat, not only to the United States, but to its allies as well. According to this approach, the threat emanates from the fact that Iran is striving for nuclear weapons, but is enhanced by its advanced missile program, its intervention and subversion in neighboring countries, the strategic threat that it poses to Israel, and its deep involvement in terrorism.

In addition to continued nuclear activity in spheres not restricted by the agreement, such as research and development on advanced centrifuges and Iran's ballistic and cruise missile project, Iran continues its efforts to strengthen its hold and influence in the heart of the Middle East – mainly in Syria, but also in Iraq and Yemen. Yet along with its achievements in the regional arena, the regime in Iran faces difficult challenges on the domestic front, due to the profound processes of change in Iranian society and the structural failures in the Iranian economy.

This collection contains essays analyzing the state of Iran's nuclear program and the deterrent relationship between the United States and Iran since the nuclear agreement was presented; Iran's relations with specific Middle East states; and dominant political and social issues within Iran, and their influence on Iran's foreign policy. These trends and developments constitute a changing strategic environment for Iran, which necessarily affects Iran's geopolitical stature.

The Editors

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