

MONTHLY REPORT



IRAN CASE FILE

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November 2019



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CONTENTS

The Executive Summary	4
Internal Affairs	9
The Ideological File	10
I. Iranian Clerics Denouncing the Protests in Iraq.....	10
II. Najaf and Its Anti-Iranian Position.....	11
III. Indications and Dimensions	13
The Political File	14
I. Victims and Financial Losses	14
II. Official Reactions	15
III. The Reformists' Position on the Protests	16
The Economic File.....	18
I. The Impact of US Sanctions on the Iranian Economy.....	18
II. The Ability of Subsidies to Improve the Standard of Living of the Poor or Solve the Financial Crisis of the Government	22
III. Will the Government's Financial Situation Improve Following the Hikes in Gasoline Prices?	23
IV. To What Extent Can the Iranian Government Resist US Sanctions?.....	24
The Military File	26
I. Domestic Manufacturing.....	26
II. Gradual Evolution of Iran's Naval Doctrine.....	27
III. Getting Down to Brass Tacks.....	28
Arab Affairs	33
Iran & Iraq	34
I. Protesters Uphold Their Demand for the Dismissal of the Shiite-dominated Government ..	34
II. Protesters Target Iranian Influence in Iraq	35
III. Iranian Attempts and Moves to Prevent the Ousting of Abdul-Mahdi	35
IV. The Motives Behind Iranian Moves to Maintain the Abdul-Mahdi Government	37
V. The Impact of the Resignation on the Scope of Iranian Influence in Iraq	37
VI. Arrangements for Forming the New Government in Light of the Protest Movement	38
Iran & Yemen.....	40
I. The Riyadh Agreement is an Extension of the Efforts of the Coalition Countries to Stabilize Yemen.....	40
II. The Position of the Yemeni Parties Towards the Agreement.....	41
III. The Position of the Houthi Militia on the Riyadh Agreement.....	42
IV. The Regional and International Position Toward the Riyadh Agreement	43
V. The Iranian Government's Stance is an Extension of Its Policy of Destabilization	44
International Affairs.....	47
Iran & US.....	48
I. Developments in the American Position on the Crisis With Iran	48
II. Iranian Policy Against the American Position	52
Iran & Russia	54
I. Eurasia and Its Geopolitical and Economic Significance	54
II. Iran's Chances to Join the EEU	55
III. Challenges Facing Iran in Joining the EEU.....	57

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THE EXECUTIVE SUMMARY

Popular rejection of the Iranian government's approach and policy at home and abroad was evident. Popular protests in Iraq and Lebanon coincided with nationwide protests in Iran in November 2019. The motive behind all these protests was the popular rejection of the Iranian government's approach which is based on political and economic corruption, as well as political elites neglecting public demands, ambitions, and hopes. People are no longer willing to sacrifice their interests, security, and welfare for the sake of the Iranian ideology which depends on interfering in the affairs of other countries, recruiting militias, and squandering money on recruiting loyal stooges. In addition, it depends on penetrating countries and governments for the sake of certain political entities that squander the rights of its people and have no concern but ensuring that Iran's ideology survives. Iran has become an element which if added to any political or social landscape, will bring nothing but political and economic corruption, a decline in economic development and isolation at the level of foreign relations.

At the ideological level, the Iranian establishment took steps this month which widened the gap between it and the Shiite citizens in Iraq and Lebanon. The Iranian religious establishment embraced a position that stands in opposition to the popular protests in the two countries. It described the young people seeking political reform in their countries as traitors and stooges. Friday sermons in Iran branded the protesters as deviants and English Shiites. The Iranian establishment believes that the protests were instigated to undermine the Arbäeen marches in Iraq, sow discord between the Iraqi and Iranian people, target the axis of resistance and punish Iraqi officials who stood in the face of the illegitimate demands of the Zionist government and the United States. These points affirm that Iran looks at Iraq as nothing but a surrogate that acts in accordance with Iran's interests regardless of whether the impact of this is positive or negative. For example, Iran has exploited Iraqis at Karbala rallies despite the negativity of sectarianism. What is striking about this opposition is that it is from a Shiite religious

establishment that supposedly embraces a revolutionary ideology and appreciates popular resistance against political authority and believes that revolutionary legitimacy based on popular consensus is the strongest legitimacy to which a ruler should submit. But the clerics in Iran viewed the popular protests in Iraq as nothing but treason and loyalty to outsiders. This position has been adopted as such uprisings contradict the interests of the religious elite and the political elite safeguarding Iranian interests. This led to a retreat in the position of the religious leadership in Qom and put it on a collision course with the Marjaia in Najaf which supported the popular protests and stated clearly that Iraq after the protests will never be the same as it was before the protests.

At the political level, protests spread across Iranian territories in the aftermath of the government's decision to raise the prices of gasoline. The move was surprising and did not take into account the social dimensions and the subsequent suffering of the people. The slogans raised by the protesters were not limited to rejecting the policies of the government but expressed opposition to the core principles of the government and the power granted to jurists within it.

The government made a sudden decision to raise the price of gasoline, claiming that it intends to raise funds to pay cash subsidies to the poor. The Iranian people did not believe this reasoning as the government had cut subsidies before.

Consequently, some protesters were violent and attacked petrol

and police stations. What exacerbated the situation

was the violent response by the security forces, including sniping and stabbings which raised the death toll to 200. Killings are common in Iran's regions with Arab and Kurdish minorities. For example, in what is known as the Mashhour massacre, the IRGC opened fire on Ahwazis, killing 200 people according to the estimates of local residents. Washington estimated the number of dead to be 100. All the statesmen in the country from the Supreme Leader Ali Khamenei to some lawmakers clung to the position that the protesters are foreign stooges and enemy states mobilized the protesters and directed them to commit sabotage. Moreover, foreign agents were responsible for the sniping and stabbing incidents.

At the economic level, the gasoline crisis has propelled many other social and economic problems. It is a direct result of the decline in the state's revenues due to the embargo imposed on Iranian oil exports as well as the decline of all Iranian economic indicators due to US sanctions. Iranian oil exports declined from 2.5 million barrels per day before the sanctions to about 125,000 barrels per day. Economic growth rates fell from 12.5 percent in 2016 to a negative growth of 9.5 percent in 2019. Foreign investment fled from Iran after the country succeeded in attracting nearly \$9 billion in 2016 to reach \$3.4 billion in 2018. Meanwhile, the exchange rate increased from 4,009 toman per US dollar in 2017 to 11,900 toman in August 2019. The subsidy program which the





Iranian government announced to support the poor will include at best paying \$49 per month, a sum which is not sufficient for three meals for a family of five.

The military field is perhaps the only area in which Iran has made partial progress as the political authority gives priority to meeting the needs of the military at the expense of the people.

Iran is now working on an ambitious program to boost the capabilities of its naval forces with the aim of conducting intensive movements in deep waters and achieving military superiority regionally. To achieve this end, Iran has taken a host of measures, including regulatory and administrative ones. It moved the command headquarters of the army's naval forces from Tehran to the port of Bandar Abbas overlooking the Strait of Hormuz. In the field of domestic manufacturing of naval equipment and ships, Iran announced the execution of an ambitious project to produce ships that displace 7,000 tons of water in comparison to rival Western vessels. In the meantime, the displacement of what Iran previously produced did not exceed 1,800 tons of water and was a simulation of the technology which Iran imported from the UK and the United States under the Shah.

Tehran also announced its intent to produce three homegrown Fateh-class submarines. In addition to the regulatory development and domestic manufacturing, Iran is developing its naval doctrine based on the vision laid out by the veteran naval commander Ashkaboos Dana Kar which is based on maintaining a presence in deep waters and setting up naval bases beyond the Iranian coast. This is in addition to taking measures to undermine rivals through laying mines, using islands as bases to annoy enemies and deploying speedboats.

As for the Arab arena and the Iraqi file, popular protests have been ongoing in the country over the past two months. The strongest participation in the protests was seen in the Shiite-majority southern provinces and the protesters reiterated their rejection of sectarianism, confirming that their protests have arisen due to a growing national sentiment. The foremost popular demand has been for a total change of the political system in order to get rid of sectarian

quotas, naming a new prime minister, amending the electoral law and dissolving the Parliament. Iraqi protesters reiterated their unmitigated rejection of Iranian meddling in Iraqi affairs by setting fire to the Iranian flag, tearing up pictures of the supreme leader and Qods Force commander, burning the Iranian consulate in Karbala and targeting the headquarters of armed militias loyal to Iran.

Iran has put pressure on Abdul-Mahdi to stay in office and suppress the protests through the use of repressive security measures. In a blatant interference that breaches the sovereignty of Iraq, the Commander of the Qods Force Qassem Soleimani openly asked the head of the Badr militia Hadi Al-Ameri to intervene and support Abdul-Mahdi even if he had to use armed militias against unarmed protesters. However, the demands of the protesters have been met as Abdul-Mahdi resigned. They are continuing to protest to ensure that the rest of their demands are met. But what happened is that the Iranian position caused a deep rift within the Shiite community in the region. At the time when the religious seminary in Qom supported the crackdown on the protesters and considered them as surrogates for the West and conspirators, the Marjaia in Najaf announced that the demands of the protesters were legitimate, voicing support for them until their demands are met.

In Yemen, the month of November saw the unification of the Yemeni factions in the face of the Houthi rebels after the signing of the Riyadh Agreement between the legitimate government and the Southern Transitional Council. The agreement stipulates that the government shall form a cabinet composed of 24 ministers. The ministerial positions shall be divided equally between the northern and southern provinces of Yemen. Yemeni President Abdrabbuh Mansour Hadi and the head of the Southern Transitional Council Aidarous al-Zobeidi asserted the importance of the role of Saudi Arabia in reaching the agreement which has been welcomed by regional and international parties. The UN Security Council issued a statement in which it affirmed its full support for a negotiated political settlement with the participation of all parties. It also reiterated the embargo on supplying weapons to the Houthis by the Iranian government. On the contrary, the position of the Iranian government contradicted that of the international community and the Yemeni parties signing the agreement. The Iranian Foreign Ministry announced that the Riyadh Agreement is a bad agreement and will not contribute to solving the Yemeni crisis. The Houthis were unable to respond to the Riyadh Agreement except for carrying out piracy operations on the western coast of the Red Sea and bombarding the port of Mokha. They summoned the UN Envoy Martin Griffiths to Sana'a to inform him of their rejection of the agreement.

Internationally, with regard to the US position, the crisis between the United States and Tehran continued to mount. The United States had openly declared support for the protests in Iran and blamed the Iranian government for killing protesters. It also imposed a new package of sanctions on the country due to the repression practiced by the government in Iran against the Iranian people. The sanctions included the Minister of Communications Mohammed Javad Azeri Jahromi on account of his role in cutting off the internet during the protests which broke out in the country. The sanctions also included nine individuals and entities close to the supreme leader. They include the general commander of the Iranian Armed Forces, the supreme leader's son Muftaba, the supreme leader's adviser Ali Akbar Velayati and the head of the Iranian judiciary Ebrahim Raisi. Due to the Iranian threat to the international community caused by the government's decision to raise the rate of uranium enrichment to 20 percent, France, the UK and Germany hinted at the possibility of activating the dispute settlement mechanism in the JCPOA through which the nuclear file could be referred to the UN Security Council and UN sanctions could be imposed on Iran.

Within the framework of confronting Iranian aggression against neighboring countries, the United States announced the deployment of 3,000 troops to Saudi Arabia in addition to sending missile and radar systems in order to prevent further attacks on oil facilities in the region. On the other side, the Iranian government continued its repressive practices, claiming that the protests are nothing but an outcome of the incitement of the United States and its allies and that the decision taken by the Iranian government on raising the price of gasoline will not be reversed. Everybody in Iran should not think that sanctions will be lifted in the coming years as the Iranian position rejects negotiations and sanctions will remain.

Internal Affairs

Despite the outbreak of popular protests that were sporadic and geographically scattered throughout 2018 as a continuation of the major protests which broke out in December 2017, surprisingly the Iranian government did not budge an inch on raising the price of gasoline threefold. Government figures were totally aware that the decision would trigger widespread protests and demonstrations. This was clear given the swift manner in implementing the decision and the security forces' repressive approach towards the protesters as well as the anti-Iran protests in Iraq and Lebanon. Therefore, Iran's decision had multiple ideological, political and economic dimensions.

Given the existence of the Iranian political elite who rose to prominence in an atmosphere dominated by militias and armed opposition, it cannot be ruled out that the decision which triggered the protests was a preplanned strategy aimed to wipe out dissidents and expose the hotspots of their concentration and preemptively thwart their movements. Perhaps the protests in Iraq and Lebanon sounded the alarm for the Iranian government. Therefore, the recent economic decisions by the Iranian government may have been taken as a preemptive step against the protests and the rejectionist sentiment growing among the Iranian people. The economic pressure that the Iranian people will face as a result of raising the price of gasoline, according to the Iranian government's point of view, is better than waiting for the collapse of the Iranian economy due to US sanctions.

But, will repression result in greater security for the Iranian government, or will Tehran seek to address the root causes of anger and disgruntlement towards it?

The speech of Khamenei during the protests indicated that there is an obstinate position against the Iranian people when he said openly that no one should believe that sanctions on Iran will be lifted. He wants to make the Iranian people psychologically poised to bear economic pressures for a long period, which may continue throughout the Iranian government's tenure. He links the survival of the Islamic Republic with the resistant economy, which means, in essence, withstanding sanctions and building an economy based on self-sufficiency.



THE IDEOLOGICAL FILE

The ideological file casts light on the ideological developments in the Iranian arena during the month of November and the impact of such developments on internal actors within the state and seminary. The central issue that will be discussed this month is the position of the Iranian religious elite with regard to the protests in Iraq which have been ongoing since October.

I. Iranian Clerics Denouncing the Protests in Iraq

The Iranian religious elite denounced the Iraqi protests, accusing protesters of conspiring against the state and being foreign stooges in a systematic attack to destroy the symbolism of the protests and undermine the image of those partaking in it.

In the Friday sermon of November 1, Tehran's interim Friday prayer leader Ayatollah Mohammad Ali Movahedi-Kermani⁽¹⁾ said, "The point that I want to clarify about the protests of Iraq is the emergence of some deviant groups, which we call 'the English Shiites,' they have committed crimes in Karbala, Basra, and Amara in particular. The Iraqi people should distance themselves from them."⁽²⁾

Also, Kermani branded the Iraqi uprising as sedition and he concluded his sermon with a prayer, asking God to end this sedition. In addition, he asked God to bring unity to the Iraqi and Lebanese people as fast as possible.⁽³⁾

The position of Friday prayer leaders throughout October was no different from Kermani's position. They denounced the protesters and accused them of being foreign stooges. On the first Friday after the first wave of Iraqi protests that broke out on October 4, Ayatollah Mohammad Emami Kashani, a Tehran Friday prayer leader, said, commenting on the protests, that the reason for this opposition is that the banner of Hussein stands for martyrdom and resilience. "This banner awakens nations to stand up to repression. This banner is the banner of those chanting 'we will never be humiliated.'" All the masses who partake in the Arbreen marches are an embodiment of the slogan "we will never be humiliated." The enemy does not want to see this. God willing, the issues and problems which surfaced will be resolved. They will participate in the Arbreen marches."⁽⁴⁾ Also, he believes that the true life is the one lived by martyrs who died for the sake of God. Kashani said, "Those who continue on the path of martyrs and stand up to problems and enemies shall have the real life."⁽⁵⁾

On October 11, Tehran's interim Friday prayer leader Ahmed Khatami said during a sermon that the enemies of the Iranian people have hijacked the wave of protests in Iraq. According to him, the enemies of the Iranian people aimed to achieve four objectives through these protests. First, they aimed to distract attention from the Arbreen marches as they wanted to instill fear and panic in the hearts of the people in order for them not to partake in the marches. But they failed to achieve this. Second, the enemies wanted to sow sedition between the Iraqi and Iranian people. Third, the enemies sought to target the axis of resistance. Fourth, the enemies wanted to punish the Iraqi officials who stood in the face of the illegitimate demands of the Zionist government in Israel and the United States.⁽⁶⁾



We notice that there are some points which have been raised and reiterated during the Friday sermons in Tehran throughout October and November regarding the protests in Iraq and Lebanon.

The Friday prayer leaders said the protests are:

- Supported by Arab countries, Israel and the US;
- Intended to divide the people;
- Aimed at targeting the axis of resistance;
- and instigated by English Shiites.

After the second wave of protests on October 25 which claimed the lives of 60 people and wounded more than 2,000 protesters, the supreme leader of Iran said during the graduation ceremony of a new batch of Iranian army officers on Wednesday 30 October, 2019, commenting on the protests in Iraq and Lebanon, "The legitimate demands of the people can only be fulfilled within the legal frameworks of their respective countries. The biggest blow that any country could be dealt with is its enemies depriving it of security. This is witnessed in many regional countries. I enjoin those who are keen on Iraq and Lebanon to tackle the rioting and the lack of security caused in their countries by the hands of the US, Zionist regime and some Arab countries and by the money of some reactionary countries."⁽⁷⁾

The position of Iranian clerics is no different than that of Iranian diplomats and the Ministry of Foreign Affairs. They express their position regularly via official statements.⁽⁸⁾

II. Najaf and Its Anti-Iranian Position

Najaf has adopted a position different from that of Tehran regarding the Iraqi uprising. The Marjaya called on the protesters not to go back to their homes until their demands were met while the Iranian supreme leader accused the Iraqi protesters of sedition.

Najaf rejected Iranian meddling in Iraqi affairs. Ayatollah Ali al-Sistani said, in what is considered a response to Iranian interference, that no regional or international entity or party has the right to hijack the will of the Iraqis.⁽⁹⁾ Sistani's remarks came in response to Khamenei's accusation against the protesters of being foreign stooges and rioters as well as Khamenei's assertion that legitimate public demands can only be met through Iraqi and Lebanese legal frameworks.⁽¹⁰⁾

The Supreme Marjaya declared support for the protesters from day one. On Friday corresponding to October 4, after the first wave of uprising, the Supreme Marjaya said



at a Friday sermon that things should be addressed before it is too late.⁽¹¹⁾ They called on the government to respond to the demands of the protesters, denouncing the violence against them.

During the Friday sermon held on November 1, the Supreme Marjaya reiterated their advice to the government not to use violence against protesters and not to catapult the young people into a confrontation with the security forces. They tacitly denounced Iranian meddling, especially the remarks of the Iranian supreme leader in which he described the Iraqi protests as riots. The Marjaya said, “Today, the Marjaya assert that reform, although it is an urgent necessity as reiterated on multiple occasions, what is required for reform and what should be done in this respect rests with the Iraqis, with all their factions and segments from the southernmost to the northernmost parts thereof. No personality, group or entity embracing a certain orientation or any regional or international party have the right to hijack the will of the Iraqis in this matter and impose its own views upon them.”⁽¹²⁾

The Marjaya released a statement on November 9, 2019. In it they denied what was circulated in the media concerning them agreeing with Iraqi political forces to keep the government of Prime Minister Adel Abdul-Mahdi in power and end the current protests. The statement asserted

the position of the Marjaya on the current popular protests, the way to address them and how to meet protester demands. The statement was read out during Friday sermons and it made clear that any rumors circulating in the media concerning the Marjaya’s alleged position are nothing but an attempt by some entities to politically exploit the situation.⁽¹³⁾

On November 11, Ayatollah al-Sistani met with the Head of the United Nations Assistance Mission for Iraq (UNAMI) Jeanine Hennis-Plasschaert. The Marajaya issued a statement following the meeting that reiterated the people’s right to protest and that their legitimate demands must be met before they returned to their homes. It also rejected outside meddling. Sistani said, “The situation cannot continue as it was before the protests.”⁽¹⁴⁾ It is noticed that the Marjaya reiterated their rejection of foreign interference and asserted once again the right of the people to hold peaceful protests. The Marjaya adopted this position as they felt embarrassed in front of the people and protesters as the number of dead and wounded was high. This led to a confrontation between the Marjaya and protesters. The protesters demanded a *fatwa* from them, which would protect them from the repression carried out by Iraq’s security forces and pro-Iran militias.

Meanwhile, the statement of the Marjaya did not label the protesters as conspirators, surrogates, rioters, English Shiites or Zio-American agents as was noticed in the speeches and statements of the Iranian religious elite.

However, the Supreme Marjaya in Najaf are unlikely to go beyond issuing condemnations and statements— as was the case with previous incidents such as the Basra protests which were put down using live bullets— for the following reasons:⁽¹⁵⁾

- The Iraqi Marjaya have no power over public affairs unlike the absolute leadership of Iran through the adoption of *Velayat-e Faqih*.
- It is not a solid establishment of the Iraqi state, so it cannot stand up to armed militias loyal to Iran. Therefore, it has always been said that the right to keep and bear arms is the

exclusive right of the state.

■ The Marjaya have intertwined interests with politicians, threatening the national economic and political interests of the country.

The relationship between clerics and politicians emerged in 2003 and cannot be monitored unless fundamental changes are made to the Iraqi Constitution.

III. Indications and Dimensions

There are signs and indications in the aftermath of the Iraqi and Lebanese uprisings, which indicate that Iranian regional clout is eroding, most notably:

1- The network of the marjayas across the region is shrinking whether inside Iran or abroad in addition to a rebellion against the Velayat-e Faqih leadership concept.

2- The mounting differences between Iran and Najaf.

To maintain its marjaya network, Iran depends on two parallel approaches for enhancing its sectarian and religious clout in the region. Iran establishes solid militia-style and sectarian forces, which bypass the power of the nation-state, and popular incubators and marjayas who are loyal to Iran and operate parallel to the Supreme Marjaya of Najaf, which is the historic arch-foe of the Iranian religious elite.

But it seems, contrary to Iranian claims, that these incubators are fragile and their legitimacy is eroding due to the policy of Iranian proxies at the political and economic levels. These pro-Iranian proxies are accused of being involved in corruption and exploiting institutions for their own benefit. Given this backdrop, it is not surprising that the Iranian consulate in Karbala was attacked by protesters, slogans were chanted against the supreme leader and his pictures were torn up in Shiite-dominated provinces.

As for the differences between Najaf and Iran, they have surfaced in the aftermath of the protests due to what Iran considers as Najaf's misplaced passiveness and neutrality, while Najaf considers what Iran is doing as a violation against Najaf's historic position as Shiism's Supreme Marjaya.

Conclusion

The striking thing about the Friday prayer leaders in Tehran is that they speak of Iraqi affairs and then they claim that there are regional forces which meddle in Iraq's affairs. The religious elite believes that Iraq is totally an Iranian affair, which should be under the custodianship of Velayat e-Faqih.

In general, regardless of the final outcome of these protests, the situation will never be the same as before the protests as the Najaf seminary indicated in its statement. This will not be the case domestically only but also externally, when it comes to Iraq's relationship with Tehran. The Iraqi people, especially those embracing Shiism did not expect that violence would be used against them under the patronage of Iran and with Iranian weapons, which has caused a deep rift in the Iraqi collective mind towards Iran. Therefore, Iran, even if its clout continues to be active in Iraq after the October protests, will depend only on its sectarian and military proxies and not the massive popular incubators it had in the past.

This disgruntlement towards Iran in Shiite hotspots is increasing and social circles and movements are growing in case Iran does not back down from supporting corrupt apparatuses and despotism. Iran is unlikely to concede ground as it is mainly responsible for corruption and despotism in Iraq and Lebanon. Hence, any retreat will be a loss of all that Iran has invested in Iraq since 1979 so far, not only since the downfall of Saddam Hussein. This will be considered as an erosion and retreat of *Velayat-e Faqih* based on the mindset of the Iranian religious elite.

THE POLITICAL FILE

The numerous protests that took place in Iran from 2017 until November of this year reveal the scale of suffering and the escalating economic hardships due to international pressures and the US sanctions targeting the Iranian economy. The protests also revealed the level of popular discontent towards the mismanagement of the country and the domestic and foreign policies implemented that have contributed to putting Iran in such a volatile situation.

As a natural outcome of this situation, Iranian President Hassan Rouhani had no option but to search for alternatives which could help him overcome the severe economic crisis which the country is undergoing. But the options that Rouhani had were confined to increasing taxes or raising the price of gasoline. He picked the second option. The government issued a decision to legalize the distribution of gasoline and raised its price, which led to long queues of cars lining up in front of oil stations. As a result of this decision, the price of an ordinary liter of gasoline rose by 50 percent for the first 60 liters of gasoline bought each month, and 300 percent for every additional liter after the first 60 liters.

The Iranian street, which was holding its breath ahead of the government issuing this decision, quickly expressed its unmitigated rejection of the price increase. Angry protests hit the streets in the cities of Ahwaz in Amidiya, Mahashher, Birjund and Sirjan.⁽¹⁶⁾ In the course of a few days, more cities joined the protests in all Iranian provinces, raising the total to more than 100 regions and cities.⁽¹⁷⁾ In addition to the increase in fuel prices, there were other objective reasons which prompted citizens to take to the streets such as the unprecedented rise in the price of basic commodities, the rise in inflation and failure to combat financial and administrative corruption.

I. Victims and Financial Losses

Although these protests were not the first and surely will not be the last, the Iranian government responded with repressive measures, showing unprecedented aggression towards the protesters. This resulted in more deaths, injuries and detainees.

From the beginning of the protests until its end, the Iranian government continued to impose a blackout regarding the number of victims. It rejects all data which indicates a rise in fatalities. Amnesty International gathered data on the number of victims. In its latest tally, Amnesty International declared that 208 people were killed, and suggested that the real number might be much higher than this figure. It also revealed that the Iranian authorities warned the families of victims against any communication with the media and prevented them from holding condolence ceremonies. This is in addition to forcing families to pay sums of money to retrieve the corpses of their relatives who were killed in the protests.⁽¹⁸⁾

Kaleme news website which is closely associated with the reformist leader Mir-Hossein Mousavi announced that the Iranian authorities buried 156 bodies of the victims of the recent Iranian protests in the cemetery of Behesht-e Zahra in the capital Tehran. 80 more corpses were sent to Iranian cities.⁽¹⁹⁾ The number of detainees reached 7,000 according to the Spokesman for the Foreign Policy and National Security Committee of

the Iranian Parliament Hossein Naqavi Hosseini.⁽²⁰⁾

The protesters responded angrily to the government's crackdown, calling into question the legitimacy of the government, calling for it to be toppled, burning pictures and destroying statues of Khomeini and Khamenei as well as chanting slogans against Khamenei and President Rouhani. Also, public and private properties came under arson attacks. Banks, oil stations and government facilities were set on fire. Police forces were targeted and main roads were blocked in a number of cities.

II. Official Reactions

The reaction of the Iranian government varied. It spoke of a foreign scheme, used excessive violence, labelled the protesters as traitors and threatened to try those partaking in the protests. Supreme Leader Ali Khamenei voiced support for the gasoline price rise. He accused what he called the counter-revolutionaries and the enemies of Iran of stirring up crises and fomenting the protests inside the country. In another response, Khamenei said, "The recent actions were security issues, and cannot be identified as popular protests."⁽²¹⁾ Such accusations are an old tactic which Khamenei has used after every crisis Iran has suffered.

President Rouhani, hoped that the protests which Iran witnesses from time to time would help him force the supreme leader and conservatives to agree to renegotiating the nuclear deal since it is the main cause for US sanctions and the economic crisis. They used Khamenei's words to describe the protests and protesters; he branded the protesters as 'saboteurs' and 'rioters' who are working according to a scheme hatched by some regional countries, the Zionists and the Americans.⁽²²⁾

Due to the mounting protests, and the failure to contain them as well as fear that they could grow bigger, President Hassan Rouhani announced a decision to offer financial aid to disenfranchised segments.⁽²³⁾ But this decision did not halt the protests. After the protests had stopped, Rouhani considered that the success of Iran's security forces in repressing the protests was a historical test that Iran had successfully passed.⁽²⁴⁾

Following in the footsteps of the Supreme Leader Ali Khamenei and the Iranian President Hassan Rouhani, the rest of the government's apparatuses in Iran have dealt with the protests as a security problem, not as peaceful protests against the rise in the price of gasoline. The Deputy Commander in Chief of the IRGC, Admiral Ali Fadavi, said that his country will punish the mercenaries severely due to the savage acts that they have committed. He added that the Iranian security forces had arrested all of them and the detainees had confessed to being mercenaries for the United States and other countries. In addition, they confessed to having connections with the oppositionist group the People's Mujahedin of Iran.⁽²⁵⁾

The Iranian army issued a statement where it condemned the recent riots and described the protesters as mercenaries. It also considered the protests to be nothing but a scheme hatched by Iran's enemies and Iranian citizens should be warned against this. The army said its forces are ready to defend the independence of the country and the integrity of its territories.⁽²⁶⁾

As the protests continued to surge, the Supreme National Security Council of Iran issued a decision to shut down internet services completely under the pretext that false and delusive reports had been published which prompted the protesters to attack government facilities. Local media outlets were prevented from airing reports and images of the protests, which affirms the point that the government was planning to impose a complete blackout on its repression and killings as it feared the protests could continue to grow and expand.

III. The Reformists' Position on the Protests

The heavy crackdown unleashed by the security forces on the protesters during the recent wave of protests pushed the leaders of the reformist movement to condemn the excessive use of force against citizens. Kalemeh news website said that the reformist leader Mir-Hossein Mousavi who has been under house arrest since 2009 along with his wife Zahra Rahnavard and Mehdi Karroubi, compared the crackdown under the Supreme Leader Ali Khamenei with the repression under the shah. According to the website, Mousavi likened the crackdown carried out by the security forces against the protesters who took to the streets to condemn the rise in the price of gasoline to the opening of fire by the shah's security forces on protesters in 1978, which led to upheaval and the eventual ousting of the shah in 1979.⁽²⁷⁾



These remarks include indirect warnings to the leaders of the Iranian government that the violence against the protesters may lead to counter-violence and a continual neglect of legitimate public demands would lead to an all-out revolution which could oust the entire political system as happened with Shah Mohammad Reza Pahlavi in 1979.

After months, former President Mohammed Khatami broke his silence and spoke about the protests. In one aspect, his remarks attempted to please his rivals. He stopped short of blaming the government for all the acts of violence witnessed during the protests. He said the protesters did not commit acts of violence but at the same time asserted that subversive acts and attempts to turn the protests into riots existed. On the other side, he expressed regret for the deaths among the protesters, expressing condolences to the victims. He asserted that the reasons for the protests in Iran are deep-rooted and attributable to poverty, economic deterioration and mismanagement. He also believed that ending the protests requires a change in the pattern of governance.⁽²⁸⁾

Mehdi Karroubi, a former speaker of Parliament who has been under house arrest since 2009 expressed his utter rejection of the crackdown unleashed against the protesters. He said, "The roots of the recent protests must be sought in the corruption, humiliation, discrimination, and inequalities of the regime and not overseas."⁽²⁹⁾

Conclusion

The recent protests against the rise in gasoline prices were a natural continuation of the wave of protests which began strongly in 2017. The main reason behind these protests is that the root causes and economic and political determinants continue to be unaddressed as well as the government's failure and clumsy approach to tackling the severe economic crises impacting Iranian citizens. As the picture seems to be bleak for Iranian citizens and there are no signs of a breakthrough in resolving Iran's economic crisis, the outbreak of protests once again at any time is still within the realm of possibility. Also, it is not ruled out that these protests may lay the foundations for another phase which could be more dangerous for the future of the political system.

THE ECONOMIC FILE

The Iranian government's decision to raise the price of gasoline at a rate which reached 300 percent at the maximum in mid-November had swift repercussions on the Iranian street. Angry protesters took to the streets in several Iranian cities. Although the government's avowed motive for making this decision was to secure cash subsidies for 60 million poor Iranian households, nearly \$16 billion, the reaction of the Iranian people indicated a lack of trust in this officially announced reason. There is no doubt that this decision has repercussions on the financial situation of the Iranian government and the extent of its resilience in the face of popular anger and the inevitable financial squeeze in the near future.

The manner and timing of this decision raised many questions on the real reasons and motives of the Iranian government in light of the increasing pressures on it as a result of US sanctions and the government changing the terms of the draft budget due to its failure in securing the expected revenues in the first draft budget.

This leads us directly to discuss the impact of US sanctions on the Iranian economy a year and a half after their imposition. This will allow an understanding of the motives which led the government to raise the price of gasoline. It was expected in advance that this decision would stir popular protests.

I. The Impact of US Sanctions on the Iranian Economy

A great deal of damage has been caused to the Iranian economy and most of its vital indicators have declined since the United States withdrew from the nuclear agreement in May 2018 and reimposed sanctions on Iran in November of the same year. This economic damage includes a decline in the overall growth index, a staggering decline in Iran's oil and non-oil exports, a deficit in the government budget and a sharp rise in inflation. The sanctions did not only impact Iran's economic indicators, but also had a severe impact on social indicators. Poverty and unemployment rates among Iranians have seen a surge. The impact of US sanctions on other indicators and economic sectors are discussed below:

1- Oil Exports

Iranian oil exports declined as Iran exported 2.5 million barrels per day on average



during 2016-2017. Exports fell to 2 million barrels per day in 2018 after the United States imposed sanctions and granted exemptions to eight countries from its sanctions for a period of six months. Afterwards, the United States decided to renew the exemptions and exports continued to decline to very low levels close to 125,000 barrels per day in November 2019.^[30]

It is worth mentioning that, due to US sanctions, the Iranian government announced the consideration of a bill to draft the general budget for the coming two fiscal years with zero reliance on oil for the first time and the creation of other financial sources and revenues. This comes as an attempt to avoid a new financial crisis as the draft budget of the fiscal year 2019-2020 is based on 1.5 million barrels of exports, but the reality is totally different from this estimate.

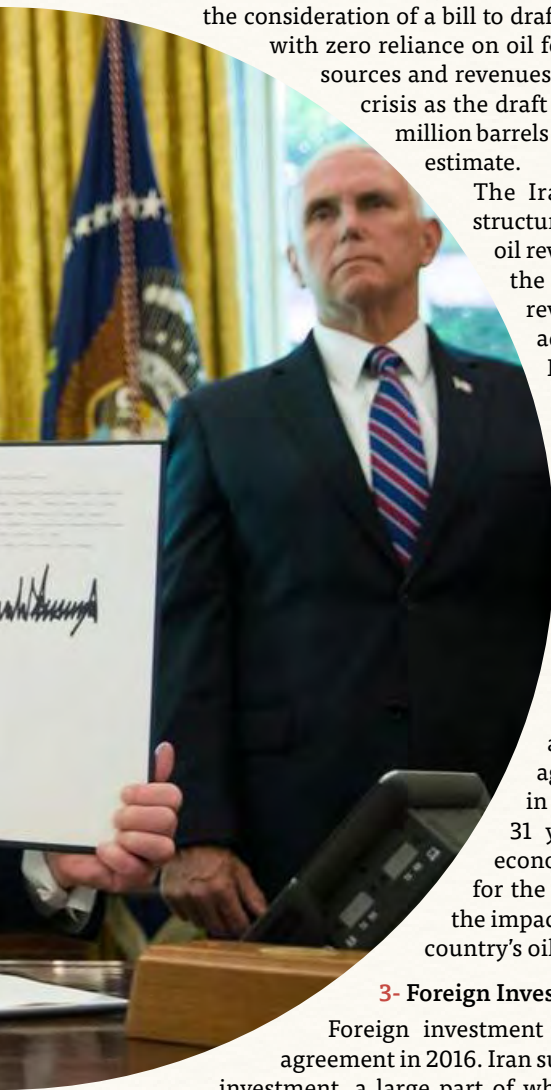
The Iranian government cannot meet its promise to structure the budget in a way that reduces its dependence on oil revenues to zero. President Hassan Rouhani submitted the 2020-2021 budget with 14 percent reliance on oil revenues. The Parliament has not approved it yet. In addition, the proposed budget is around \$37 billion. It declined by 14 percent compared to last year, given the rates of inflation and exchange rates in the free markets.

2- Economic Growth Rates

Economic growth rates have declined due to US economic sanctions after they had risen in the aftermath of the signing of the nuclear agreement. Iran, according to International Monetary Fund statistics, posted a growth of 12.5 percent in 2016 after the signing of the nuclear agreement and 4 percent in the following year. Then the economy contracted by approximately -5 percent in 2018, after the United States pulled out of the nuclear agreement. This contraction worsened to -9.5 percent in 2019,^[31] a figure that Iran has not seen in the past 31 years. For comparison, developing countries and economies posted an average growth rate of 4.5 percent for the same year. This sharp contraction is largely due to the impact of US sanctions on Iran, which mainly targeted the country's oil exports, foreign trade and banking transactions.

3- Foreign Investment

Foreign investment in Iran increased with the start of the nuclear agreement in 2016. Iran succeeded in attracting about \$9.176 billion of foreign investment, a large part of which was directed at the oil and industrial sectors. Foreign investment declined due to the exit of some companies in 2017, reaching \$5 billion. Once US sanctions entered into force, most companies actually withdrew in 2018, bringing investment levels to \$3.48 billion.^[32] Meanwhile, it is expected that foreign investment in 2019 will be much lower in light of significant capital flight, including from unexpected quarters like the investment of some Chinese companies in oil and gas fields. Moreover, many Iranians have started to take their money out of the country and transfer it to neighboring countries, especially Turkey, to buy real estate.



Iranian foreign trade declined. The total volume of Iran's trade with the world reached \$108 billion in 2018. As a result of the US banking blockade on Iran, the embargo on trading in the US dollar and the ineffectiveness of the European INSTEX mechanism, Iran's trade declined in 2019 in general. Although Iran has not released full data yet on the volume of its foreign trade in 2019, it can be seen in the sharp decline in its oil exports and non-oil trade with some of its main partners like Europe, for example, whose trade with Iran decreased by 74 percent (January - September 2019) compared to the same period last year.⁽³³⁾

On the other hand, Iran focused on opening new commercial markets with neighboring countries such as Iraq, Afghanistan and Turkey. Nevertheless, it does not make up for the severe shortage in its total trade with the world compared to the pre-sanctions period.

4- Exchange Rate

The Iranian currency has gone down against the dollar compared to the pre-sanctions period. In October 2017, the exchange rate of \$1 was 4,009 Iranian tomans, on average, on the free market, before the imposition of the US sanctions. However, its value reached a historic low against the dollar on September 26, 2018, as the value of the US dollar hit 19,000 Iranian tomans days after the imposition of sanctions. Then the rial regained about 40 percent of its market value against the dollar by August 2019, standing at around 11,400 tomans, although it was still at a very high level compared to its value before the imposition of US sanctions as shown in Figure 1.

The dollar then resumed its upward trend amid renewed popular protests in mid-November due to the increase in the price of gasoline to reach 13,060 Iranian tomans on December 5, 2019, after the relative stabilization that it saw during the past months.⁽³⁴⁾ These sharp fluctuations, whether current or directly after the imposition of sanctions, show the fragility of the economic situation and its vulnerability to outside and domestic changes.

**Figure 1: The Exchange Rate of the USD Against the Iranian Rial
(October 5, 2017- December 5, 2019)**



Source: BONBAST - live exchange rates in Iran's free market.

5- Inflation and Unemployment

US sanctions have directly affected the standard of living of the Iranian people, as they have caused a sharp increase in the rate of inflation and unemployment. According to the International Monetary Fund, the inflation index in 2017 reached 9.7 percent⁽³⁵⁾ before rising sharply due to the imposition of sanctions to hit 30.5 percent in 2018. In November 2019, it hit 41 percent.

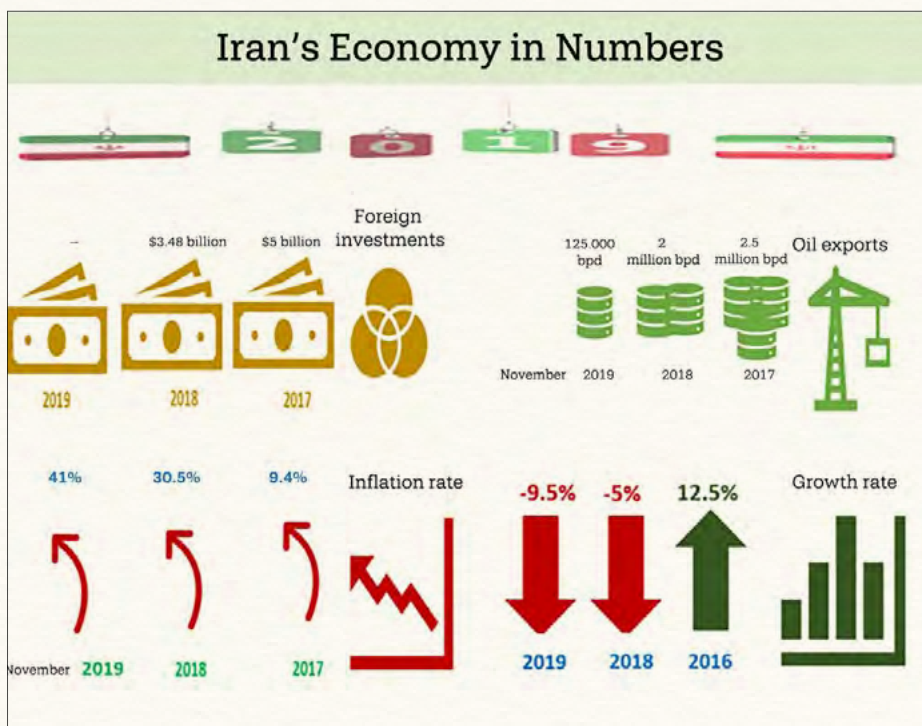
After the recent decision taken by the Iranian government to raise the price of gasoline, it is expected that inflation will continue to rise.

When it comes to citing some examples about the pressures experienced by Iranians due to the increase in prices, we mention some of the Iranian statistics issued by the Iranian Statistics Center. The price of food and drink increased by 60 percent at the present time compared to last year. The average housing price per square meter also increased by 82 percent compared to last year.

As for unemployment, official statistics reveal that it surged from 11.8 percent in 2017 to 13.8 percent in 2018. The unemployment rate continues to increase. In March 2019, it reached 15.4 percent.⁽³⁶⁾ This is when we cite official statistics, while unofficial statistics suggest higher levels among young people in general and surpasses 33 percent among college students in particular.

The following Figure 1 sums up the impact of US sanctions on the Iranian economy and the Iranian people over the last two years, compared to the period prior to the imposition of sanctions.

Figure 2: Indicators of the Iranian Economy Before and After US Sanctions (2016-2019)



Source: ©2019 Rasanah

II. The Ability of Subsidies to Improve the Standard of Living of the Poor or Solve the Financial Crisis of the Government

The topic of subsidies is one of the thorny economic issues in Iran. Since the era of former Iranian President Ahmadinejad, Iran has tended to provide cash subsidies instead of subsidies paid in the form of commodities. Then the government went through successive stages of reducing the value of subsidies and narrowing the base of those benefiting from it, which increases Iranian skepticism about the sincerity of the government's intention for raising the price of gasoline to provide cash subsidies to the poor.

1- The Ability of Subsidies to Solve the Problems of the Poor

The government justified raising the price of gasoline to ease the economic problems facing poor families via offering subsidies to 18 million low-income families, nearly 60 million Iranians. The move aims to enhance social justice according to government officials. But there is an important question: Is this financial assistance able to improve the conditions of the targeted families?

To answer this question, we will cast light on two points: the first point is the real value of this assistance compared to the price of a small basket of main edibles. Food is among the things that the poor spend on the most. The second point revolves around the direct and indirect impact on the livelihood of the poor families following the increase in gasoline prices.

According to the government plan, 55,000 tomans per month are to be paid to a family consisting of one person, 103,000 tomans for a family of two people, 138,000 tomans for a family of three, 172,000 tomans for a family of four, and 205,000 tomans for a family of five people or more.^[37]

If we look at the actual value of these sums, we find that the highest assistance amounting to 205,000 tomans is approximately \$49 (according to the official exchange rate: \$1 = 4,210 tomans) which in its purchasing power is equivalent to less than the value of three meals that barely satisfies the need of a family of five people. We detail this as follows:



We calculated the value of a meal consisting of 1 kilo of meat, half a kilo of white rice and one liter of milk only. It is equivalent to 81,343 Iranian tomans, or nearly 40 percent of the total financial aid. This is according to the food and living costs in Iran updated on the NUMBEO website.⁽³⁸⁾ The prices are as follows: a kilo of red meat = 71,506 tomans, 1 liter of milk = 3,765 tomans, half a kilo of rice = 6, 072 tomans. Therefore, a more important question arises about the extent of change that this aid, which is not equivalent to even three simple meals, can bring to the life of a poor family of five and more. This is in addition to the current economic realities and the high inflation rates that have impacted basic needs such as food, beverages, transportation, housing, and high prices for services such as electricity and water.

The second point is that the increase in gasoline prices will lead to hikes in inflation rates, curbing the effectiveness of cash subsidies. The foremost sectors to be impacted are transportation and shipping, particularly the shipping of food via gasoline or diesel fueled vessels. In addition, public and private transportation vehicles are expected to be affected by the price hikes.

Some government officials claim that fuel is nothing but a luxury item, especially for poor families. But realities suggest otherwise. The livelihoods of the people, of which the poor make up the greatest part, is linked to fuel on a daily basis. If the opposite was correct, protests in both major and small cities would not have hit the streets. The poor-majority areas were bolder and preceded the other parts of the country in organizing protests.

A 100 percent increase in the price of gasoline causes an increase of about 5 percent in production expenditures in the food sector, taking into account the official food sector's dependence on the overland transport⁽³⁹⁾ network, given that a large portion of transport runs on diesel, not gasoline.

Therefore, with a 300 percent increase in gasoline prices, inflation in particular in the current situation will affect several sectors inside Iran. There are also more pessimistic statistics, according to a study conducted by the Consumer Protection Authority,⁽⁴⁰⁾ which shows that for every 10 percent increase in gasoline prices, the inflation rate increases by 2 percent. Therefore, given this increase in gasoline prices, inflation will increase from 10 percent (*according to price ratios*) to 60 percent (according to the price on the free market). Since both prices are used, the inflation rate may be somewhere between these two figures, which eliminates any possible effectiveness of the cash subsidies proposed by Rouhani's government.

III. Will the Government's Financial Situation Improve Following the Hikes in Gasoline Prices?

Iranian officials estimate that the current year's budget deficit is between \$24 to \$36 billion⁽⁴¹⁾ at the very least. With the increase in gasoline prices by 300 percent, the Iranian government promised to provide \$16 billion in direct gasoline subsidies, according to the statement of the head of the Iranian Budget and Planning Organization. This may limit the smuggling of gasoline to neighboring countries, and save additional quantities of gasoline for the government. The increase in gasoline prices has improved the financial position of the government by between 44 percent to 66 percent, which is a significant amount. This is in addition to the Iranian government's efforts to create non-oil financial resources such as selling financial bonds and government assets and withdrawing from the sovereign wealth fund. These measures will enable the government to overcome the financial crisis in the very short term – until the end of the current Iranian year (March 2020) – in exchange for bearing the brunt of popular protests and direct costs to Iranian citizens. But what about the coming few years?

Through 2024, according to the expectations of the *Economist Intelligence Unit*, it

is likely that the financial situation of the Iranian budget or government will remain unchanged over the coming years. The deficit will reach 4.6 percent of GDP (around \$25 billion at least, assuming GDP will be around \$550 billion) compared to 5.9 percent in 2019/ 2020. It may exceed 4.6 percent as a result of a sharp decline in oil exports, a possible zero contribution of oil to future budgets, and a 30 percent increase in government expenditures.⁽⁴²⁾ Given the rise in inflation to around 40 percent, government expenditures allocated to subsidies, social welfare and containing the public anger of the street will increase as well. This is in addition to the limited alternatives for outside borrowing if sanctions on Iran remain in place, except for credit facilities from China or Russia. If the Iranian government can tackle the fiscal deficit by raising gasoline prices now, how will it then be able to face the financial deficit estimated at tens of billions of dollars over the next four years?

IV. To What Extent Can the Iranian Government Resist US Sanctions?

As we have seen above, all the visible indications and reality-based indicators point to the difficult financial situation of the government and the deteriorating living conditions of the people, in addition to the increased rate of popular protests. The government is still resilient so far on two fronts: popular and financial. It is financially resilient by reducing expenditures and attempting to generate non-oil revenues such as by domestic borrowing and withdrawing from the reserves. It is resilient at the popular level by using force and repression. But by repeatedly using such tools, will the government ensure its resilience and continuation for the coming two years at a minimum? The answer is definitely no.

When it comes to financial resilience, Iran cannot ensure total control during the next two years. In case sanctions – and the oil and banking embargo in particular – remain in place, financial resilience is a vital factor for the continuation of the government. It is a key factor for the government to pay its minimum financial obligations such as salaries and pensions and operate public facilities across the country. The government may withdraw from the reserves of the National Development Fund (estimated at \$80 billion) or foreign exchange reserves (estimated at \$100 billion). As we know, what does not go up, goes down. The National Development Fund depends on the accumulating savings from oil exports, which have come to a near stop.

While reserves depend on the trade balance surplus between exports and imports, this surplus is actually decreasing during the current year and may post negative rates during the coming year. This comes as the country needs \$50-60 billion annually to fulfill all of its essential imports of food and medicine. Meanwhile, the expected total exports to Iran during the next year are less than \$60 billion, which is sufficient to pay for basic imports as long as the government is limiting its imports in terms of quantity and quality.

But the trade surplus will not be enough to increase foreign exchange reserves. This exposes the government to the risk of withdrawing from its reserves which do not increase. If the government withdraws from its reserves excessively, it risks a further decline in the price of the local currency and the cost of living increasing for its citizens more than it is already. In brief, it can be said that if the oil and banking sanctions are not lifted, financial resilience will not be ensured. Continued sanctions will bring a high risk for the government's ability to fulfill its financial obligations to ensure survival in the short run.

Ensuring popular resilience is hard to predict, even in light of tight security measures, deterrence and the killing of protesters. Examples from the Arab Spring are the closest thing to cite. The living conditions of Iranians have dramatically changed from the past. The middle class, the backbone of society, has been shrinking. Iranian tallies indicate that

nearly half of the country's population lives under the poverty line. This rate is alarming given the spread of technology, public awareness and education. Iran's ambitious youth compare their country with its neighbors which possess less human and natural resources yet are more developed.

In addition, the recent cash subsidies promised following the rise in gasoline prices, despite being important for the poor, will not solve many of the poor's problems and will not provide them with job opportunities. The subsidies are even less in value compared to those that were disbursed under the government of Ahmadinejad, which Iranian economists themselves called into question as the subsidies had contributed to increasing liquidity problems without a parallel rise in production levels. This led to a rise in inflation rates for both the poor and the rich. Meanwhile, the problems of industrial and agricultural production shortages, an unattractive environment for local and foreign investment and tensions with the outside world remain unresolved. The same aforesaid scenario is now being repeated by the government of Rouhani. Cash subsidies are not at all a guarantee for the government's resilience at the popular levels as long as the aforementioned problems remain unresolved.

This means that the financial and popular resilience of the Iranian government in the coming two years will be extremely difficult to maintain if the oil and banking sanctions remain in place. This will pressure the Iranian government to take a step forward in the nuclear deal in order to ensure the survival of the political system in its entirety and face the erosion happening from within.

The impact of US sanctions imposed on Iran is clear on the Iranian economy in general and the financial situation of the government in particular. However, the current sanctions have not curbed Iran's regional activities; the IRGC, the armed wing of the Iranian political system, is enhancing its businesses and enterprises at home as its competitors are diminishing in the local markets. Moreover, the IRGC is still managing to receive the revenues needed to pursue its regional activities while the government is facing a critical financial situation. Therefore, the government has resorted to giving up one of its most integral roles, supporting energy. If the Iranian government does not make progress in solving the current crisis, the simmering public anger will increase leading to a clash between the people and their own government. This scenario is likely to happen if Trump is re-elected and the United States fails to reach an agreement with Tehran. Moreover, this scenario would occur on top of an expected conflict between the government and reformists on the one hand and fundamentalists on the other, leading to chaos in the medium term.

THE MILITARY FILE

Tehran's plan to upgrade the Islamic Republic of Iran Navy (IRIN) signifies its ambition to project power in the region. Though Tehran's revolutionary leadership has come to realize that Iran's Islamic Revolutionary Guard Corps (IRGC) is not an answer to its strategic and tactical challenges, its ambition to create a blue-water navy has not quite materialized so far. The year 2019 began with the IRIN announcing a plan to send warships to the Atlantic on a five-month-long mission, close to US waters. The mission included wargames in Cuban and Venezuelan waters.⁽⁴³⁾ However, the mission was abandoned as it was incommensurate with the capabilities of Iran's naval ships. The same year ended with plans to build large warships and submarines domestically to equip the IRIN with the requisite assets before announcing a naval mission.

The unusual ascendancy and priority given to the IRIN did result in certain not-so-consequential technological upgrades as well as the relocation of Iran's naval headquarters from Tehran to Bandar Abbas. The greater attention given to the IRIN does not come at the cost of the IRGC, particularly the IRGC Navy, which remains the first and foremost Iranian naval asset. The higher than usual priority and soaring budgetary allocation are indicative of what the IRIN might be preparing in anticipation of the partial lifting of the ban on access to arms in October 2020.

I. Domestic Manufacturing

At this year's IRINMEX,⁽⁴⁴⁾ the naval expo held in November every year, Iran announced its plans to build a destroyer displacing as much as 7,000 tons of water, potentially placing it roughly in the same class as its American and European surface rivals. Iran's ambitious plans have been impaired not only by resource constraints resulting from US sanctions but also by technological gaps. Yet the 'mega-ton' destroyer as reported by Iranian media is a bid at preparing for the post-sanctions period starting from October 2020⁽⁴⁵⁾ if the JCPOA holds and the snapback clause is not invoked by the UNSC.

Also, Iran unveiled plans to invest in a 300-foot-long, helicopter-carrying ship called Safineh. Iran's Navy seeks the flat-top for use "in asymmetric coastal warfare and rapid-reaction operations."⁽⁴⁶⁾ The vessel won't have the capability of long, test voyages on the high seas.

So far, various naval inductions and upgrades have been merely for media consumption as there has been no significant change in the design of Iran's ships which are based on British designs from the 1960s. Also, better engines have not been produced or installed. The case in point here is the Damavand frigate that was damaged in an accident and needed extensive repairs in January 2018.⁽⁴⁷⁾ It received no worthwhile upgrades, except for minor changes with negligible impact on its lethality.

Iran has been working to reverse-engineer three more corvettes of the British Alvand class, in an effort to raise its total to eight. These vessels can be effective for the IRIN only in the Gulf and won't propel its ambition of power projection into the open seas.

By far, Sahand has been the most hyped vessel commissioned by Iran, which is the country's second locally-built 'advanced' destroyer. It possesses torpedo launchers, anti-

aircraft and anti-ship guns, surface-to-surface and surface-to-air missiles and electronic warfare systems. Jamaran, its predecessor, was launched in 2010. Contrary to official claims, Sahand is a corvette built on the design of the British-origin Moudge-class frigate.⁽⁴⁸⁾

Iran has also stated that it is building three more Fateh-class submarines while it has one 'advanced attack submarine' in service. The newer submersibles are said to be equipped with air-independent propulsion (AIP) systems, allowing them to stay stealthy while operating underwater without access to atmospheric oxygen (by surfacing or deploying a snorkel). Recently, Iran also released a video clip of one of its submarines launching a Jask 2 cruise missile, also claimed to be locally manufactured.⁽⁴⁹⁾

Even though Iran plans to induct the planned vessels, it will still not be able to launch a mission to South America. Iran had to abandon its plan for a cross-Atlantic mission in 2014 as well, primarily due to a lack of logistical capability and other states refusing to refuel its ships. The Atlantic's extreme conditions necessitate meticulous planning and the availability of technical and logistical reinforcements. By canceling its ambitious plan to send warships close to US waters, Tehran has been wanting to avoid global embarrassment.



The farthest Iran's navy has been able to go has been the South African coast of Durban in September 2016, which sits on the Indian Ocean.⁽⁵⁰⁾ The mission was anything but a projection of its power. At best, the Iranian navy can engage in an active mission in the Gulf of Aden.

II. Gradual Evolution of Iran's Naval Doctrine

Rear Admiral Askhbus Daneh-Kar, the architect of Iran's naval doctrine had emphasized on Iran's capability to launch a 'guerilla war' by building layered defenses, and strengthening its capability to launch surprise attacks as well as inflicting psychological victories while avoiding sustained and direct conflict.⁽⁵¹⁾ The IRIN adopted his doctrine and undertook tactics to obstruct the maritime movement of rival states. For example, the IRIN planted mines, used islands as makeshift naval bases to harass enemy ships, built capacity to obstruct oil routes, and deployed speedboats. Admiral Askhbus also called for making the Gulf of Oman Iran's first defensive perimeter and a base for submarines.

After its gains in Iraq, Syria and Lebanon, Iran's military leadership is adopting a more outward posture. Two decades after Admiral Askhbus, Iran's Chief of Staff Major General Mohammad Hossein Baqeri has been seeking a major shift in the country's conventional military doctrine and posturing. Soon after assuming office, he stated that the deterrent effect of naval bases abroad "could be ten times more efficient than nuclear power."⁽⁵²⁾ Ever since then the idea of establishing naval bases in Syria and Yemen has become ever-more noticeable. During Ahmadinejad's time, Iran had tried to develop its relations with Atlantic Ocean rim states, Nigeria and Senegal. The plan to build military bases abroad seems fraught with challenges. While the prospect of setting up a military base in Yemen is out of the question, the continuation of Bashar al-Assad in power makes it possible for Iran to have a naval presence in Tartus, and Latakia.

Since Iranian mines inflicted significant damage to the USS Samuel B. Roberts destroyer near Qatar's coast in 1988 and the US Navy sank six Iranian warships,⁽⁵³⁾ the IRIN has struggled to revive its ability to go beyond the Gulf without compromising Iran's national security. Any successful expedition to the doorstep of the United States would not only raise the morale of Iran's sailors but also stir nationalistic pride at testing times.

The vision of Admiral Askhbus is being operationalized in almost every way possible. "We are building two naval zones and three naval bases on the Makran coasts," Rear Admiral Habibollah Sayyari, told the media in Tehran. He added, "This is in line with our policy of making a return to the sea."⁽⁵⁴⁾ Not only is Tehran building military infrastructure on its side of the Makran coast but it has also handed over Chabahar port to Delhi, a Washington ally.

The IRIN giving greater significance to the Makran coast is indicative of the emergence of Iran's Indian Ocean policy which is becoming a theatre of force and competition between China and the United States, along with their respective allies. On December 22, Iran is holding a joint naval exercise with Russia and China.⁽⁵⁵⁾ However, none of the other two participants have hinted at challenging the status quo as Tehran has. The joint naval drill will focus on anti-piracy missions.

III. Getting Down to Brass Tacks

On November 21, Navy Commander Rear Admiral Hossein Khanzadi inaugurated⁽⁵⁶⁾ the navy's new headquarters in the southern Iranian city of Bandar Abbas where construction work continues but the naval headquarters will continue to relocate from Tehran in phases.

Admiral Khanzadi said, "A significant part of Navy HQ elements will be transferred [to Bandar Abbas] and the naval forces will be led with an increased focus." Three campuses spread over 26,432 square meters will house the headquarters. The Bandar Abbas naval facility perched on the Persian Gulf along the Strait of Hormuz is not new for it served as the headquarters of the Imperial Iranian Navy during the 1970s.

Tehran eyes strategic and tactical dividends by placing the IRIN and the IRGCN in close proximity with each other at the strategically located military city. While the IRIN is a strategic force, the IRGCN is a tactical one.

The shifting of the navy's headquarters, and the induction of newer and larger vessels, as well as expeditions in the Atlantic Ocean are sufficient indicators of Iran's leadership reposing greater confidence in the otherwise neglected arm of its military. For over three decades, in particular, the IRIN has been a green-water navy operating to fight in regional waters. The IRIN's submarine fleet is dated despite various upgrades while its destroyers, which are mostly of western origin, are rusted due to lack of overhaul facilities. Iran's navy, like its air force, could have received a significant upgrade had the 1979 revolution not interrupted the plans of the shah's government.⁽⁵⁷⁾

Tehran's shifting of its naval resources to Bandar Abbas will help address the operational challenges of interoperability between the IRIN and the IRGCN. With its aspirations to project power by building a blue-water navy, Iran intends to adopt a more assertive posture vis-à-vis its challengers.⁽⁵⁸⁾

Conclusion

Tehran shifting its naval headquarters closer to various operational bases will help it save logistical time in organizing joint meetings and joint training missions as well as potentially help in launching better-coordinated operations in Iran's territorial waters. Also, the two navies will be able to practice acting in unison during ongoing tensions and hostilities. The shifting of headquarters to Bandar Abbas provides Iran's top military commanders an opportunity to more frequently supervise overseas simulations including joint training missions as well as the sharing of assets and troops.

Bandar Abbas remains intrinsically vulnerable to enemy attacks and this vulnerability will increase in the future due to the presence of the twin headquarters of the IRIN and the IRGC. Also located there are submarines, aircraft and helicopter pads as well as the Shahid Darvishi defense complex which is affiliated with the Maritime Industries Group, a subsidiary of Iran's Defense Industries Organization.

Iran is gradually moving to advance its naval diplomacy. Naval power projection through joint naval exercises with its allies away from home ports will help in this matter. Tehran is part of multilateral arrangements against terrorism, piracy, and has participated in environmental monitoring. Such interactions bring Iran some much-needed goodwill and clout.

If the Joint Comprehensive Plan of Action (JCPOA) stays intact, the country will gain some space in 2020 to acquire tactical military weapons besides reducing the hesitancy amongst its reluctant friends such as India to hold joint military drills. Over the past four decades, the scope of Iran's naval diplomacy and strategic messaging has been limited not only due to the UNSC and American sanctions but also due to the revolutionary leadership's indifferent attitude towards the navy.

The shifting of naval headquarters along with the planned induction of newer domestically produced vessels and weapons systems point to the beginning of a costly and complex transformation for Iran's navy in order to fill a wide technological and numerical gap.

To conclude, Iran's pursuit of a bold naval doctrine is a futuristic move whereby no legal, geopolitical and financial constraints will be disruptive enough to impede Iran's naval ambitions. The institutional harmony between the IRIN and the IRGC will foster the evolution of the navy into a professional military force. The navy's technological and resource gulf will be lessened and naval diplomacy will pave the way for economic expansion and vice versa as good naval relations with coastal states will help in developing new economic opportunities, and keeping sea-lanes open and secure. In addition, assistance can be sought in the event of accidents, technical malfunctions or medical emergencies.

Endnotes

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Arab Affairs

Iran's infiltration project in the region faced two successive setbacks in both Iraq and Yemen in November 2019. The Iraqi popular protests restored the Iraqi people as a major actor in the balance of relations between Iran and Iraq and greatly altered the political equation. After Iran had brought stability to Iraq through the infiltration of pro-Iran armed militias within the Iraqi political elite allowing it to control Iraq's political decision-making, the Iraqi people raised their slogans condemning Iranian interference, burnt Iranian flags and stormed the Iranian consulate. Iraqi protesters imposed their will to change the Iraqi government and continue to pursue the rest of their demands. Therefore, the future of pro-Iranian elements, whether politicians or armed militias are at stake. However, the Najaf Marjaya announced that Iraq post the protests would never be the same as it was before the protests. In Yemen, through sponsoring the Riyadh Agreement, Saudi diplomacy succeeded in bridging the rift between the legitimate Yemeni government and the Southern Transitional Council. This represents an important step in the process of achieving a peaceful solution to the Yemeni issue. Evidently, all the parties to the Yemeni crisis, excluding the Houthis and their Iranian supporters, are inclined to prioritize peace and negotiations in order to avoid bloodshed and work for the interests of the Yemeni people.



IRAN & IRAQ

The Escalation of the Protest Movement Against Iranian Influence in Iraq Leading to the Overthrow of the Government of Abdul-Mahdi

After nearly 60 days of widespread protests which claimed the lives of more than 450 protesters and left 16,000 wounded up to the end of November 2019, Prime Minister Adel Abdul-Mahdi announced his resignation on November 30, 2019. Protests were held in the southern governorates with a high Shiite population due to deteriorating economic conditions, widespread corruption, and a high unemployment rate. The resignation came in response to the demands of the protesters and the Supreme Marajya (Shiite religious authorities) in Iraq to form a new government that works to de-escalate the situation in the country. Abdul-Mahdi's cabinet is scheduled to assume a caretaker role for 30 days so that a new prime minister can be appointed. This raises several questions such as: what are the manifestations of the protest movement against Iran? Why did the protesters target Iranian influence? What were the motives behind Iranian attempts to prevent the ousting of Abdul-Mahdi? What are the implications of Abdul-Mahdi's resignation on the scope of Iranian influence in Iraq and what are the arrangements for forming a new government?



I. Protesters Uphold Their Demand for the Dismissal of the Shiite-dominated Government

Since the eruption of the Iraqi protests on October 1, 2019, protesters have continued to demand the resignation of the pro-Iran government of Abdul-Mahdi, which is affiliated to the Shiite element in Iraq. They also called for the formation of a new government that

does not adopt a narrow sectarian approach and prioritizes Iraqi interests rather than working for the interests of Iran and its supporters. This led Abdul-Mahdi to eventually submit his resignation despite the strenuous endeavors of the Iranian government to prevent his resignation. Now that the protesters' demand for the removal of Abdul-Mahdi has been realized, there are several other demands that have been placed on hold for the time being. However, if these demands are met, Iranian influence will be negatively impacted. The additional demands of the protesters include:

- 1-Naming an independent head of government who will amend the electoral law and ensure the independence of the electoral commission.
- 2-Dissolution of the Iraqi Parliament and holding early elections under international supervision once the electoral law has been amended.
- 3-The initiation of a comprehensive change in the government by abolishing sectarian quotas and establishing a technocratic government.
- 4-The elimination of all pillars of the government and political figures as well as combating widespread corruption in the country.
- 5-The conviction of the perpetrators involved in the killing of protesters.

II. Protesters Target Iranian Influence in Iraq

The protests revealed the extent to which the Iraqi youth are aware of the identity, civilization, history, and Arab character of their country. These protests also highlighted their rejection and awareness of the ideological brainwashing that Iran has been implementing in Iraq since 2003, to create an Iraqi identity which is different from its Arab identity in order to keep Iraq within the Iranian sphere of influence. Therefore, the protesters expressed their rejection of Iranian influence and sectarian rule, which works for Iranian interests and ignores the concerns of Iraqi citizens and their poor standard of living, as well as their struggle against growing unemployment and poverty. The rejection of Iranian influence was demonstrated through the following:

- 1-The continuous burning of the Iranian flag in many Iraqi provinces, especially those with a high Shiite population.
- 2-Defacing the pictures of the supreme leader and Quds Force Commander Qassem Soleimani. In several Shiite provinces, protesters hurled shoes at their pictures.
- 3-Firing at the Iranian consulate in Najaf for the third time since the eruption of the protests.
- 4-Burning the Iranian consulate in the city of Karbala, which is visited by millions of Shiites annually.
- 5-Targeting the headquarters of pro-Iranian armed militias in some Iraqi cities.

III. Iranian Attempts and Moves to Prevent the Ousting of Abdul-Mahdi

Iran's policymakers made vigorous efforts to prevent the ousting of Abdul-Mahdi to maintain its gains in Iraq. The first indication of these efforts was when Al-Monitor, a media site focusing on Middle East affairs, revealed on October 11, 2019, that Abdul-Mahdi was under intense pressure from Iranian agents and proxies in Iraq. This pressure was imposed by: Abu Jihad al-Hashemi the negotiator of the Al-Fatah Alliance, the closest alliance to Iran in Iraq; and Nassar al-Rubaie the negotiator of the Saairoun Alliance who is very close to Iran, during their three-hour meeting with Abdul-Mahdi at his office in Baghdad on October 4, 2019. This meeting aimed to prevent him from submitting his resignation after he offered it. Al-Rubaie, who is close to Muqtada al-Sadr, informed Abdul-Mahdi that the submission of his resignation was not part of the agreements that he had made to get to his current position as prime minister. During this meeting, Abdul-Mahdi received a letter from Soleimani, inviting him to withdraw his



resignation and to conduct a cabinet reshuffle only.⁽¹⁾

The second indicator was the 700 leaked Iranian intelligence documents which revealed the extent of the Iranian incursion in Iraq since the US invasion of Iraq in 2003, published by the New York Times on November 19, 2019. These documents also revealed that Qassem Soleimani visited Iraq during the protest movement to support Abdul-Mahdi who has maintained links with Iran since he was Iraq's oil minister in 2014. The New York Times article stated, "No Iraqi politician can become prime minister without the blessing of Iran." The newspaper added, "The Revolutionary Guard, especially the Quds Force, is the primary body that determines Tehran's policies in Iraq, Lebanon, and Syria." The article

further stated, "The ambassadors of these countries are appointed by the highest ranks of the Revolutionary Guards, rather than by the Iranian Ministry of Foreign Affairs."⁽²⁾

This reflects the nature of the conflict between the Revolutionary Guards and the Iranian Ministry of Foreign Affairs in implementing Iranian foreign policy. In the same context, Mohammad Javad Zarif in February 2019 voiced his objection to the growing role of the Revolutionary Guards in the Iranian Foreign Ministry but subsequently withdrew this objection. The content of these documents did not reveal anything new as Iran's interference in Iraq is well known. However, what is interesting is the timing of the leak which coincided with the protest movement against Iranian influence in Iraq.

The third indication of Iranian attempts to keep Abdul-Mahdi in his post was when Qassem Soleimani called on Iran's closest ally in Iraq: Hadi al-Amiri, the leader of the Fatah Alliance and the Badr Organization, to continue to support Abdul-Mahdi even if he had to resort to the use of armed militias backed by Iran to suppress the protests as revealed by Reuters on October 31, 2019.⁽³⁾ This reinforces the accusations that to invoke fear among the protesters, the Iraqi government deployed pro-Iranian militia fighters and used snipers from rooftops in governorates to suppress the protest movement and to force the protestors to drop their demand for Abdul-Mahdi to resign.

In November 2019, the Spokesman for the National Security and Foreign Policy Committee of the Iranian Parliament, Hossein Naqvi, attributed the protests in Iraq to the policies of the enemies of the resistance axis. He referred to Israel and the Gulf states as these countries oppose the Iranian regional plan, and the United States - according to him, the United States seeks to prevent the reconstruction of Iraq.⁽⁴⁾ In the same context, an expert on regional issues, Saadallah Zaraei, considered that Iraq, from the perspective of the West and its Arab allies, has the ability to become a regional power, stating that the enemies of Iraq do not want to see Iraq in this position. He also believes that ongoing internal conflicts are preventing Iraq from becoming a regional power.⁽⁵⁾

This protest movement is a result of a continuation of Iranian policy in Iraq, but this fact is denied by certain political figures in order to conceal Iran's destructive plans in Iraq and Syria and the other Arab countries targeted by Iran. However, denial does not change the reality and one just needs to ask two simple questions to comprehend Iran's destructive policies in Iraq: Has not the situation become much worse in Iraq after more than a decade and a half of Iranian interference? Despite its oil and water resources has not Iraq become a weak and impoverished country steeped in corruption?

IV. The Motives Behind Iranian Moves to Maintain the Abdul-Mahdi Government

1 - Abdul-Mahdi's position on US sanctions on Iran: On the first day of his nomination as prime minister on October 24, 2018, Abdul-Mahdi announced his rejection of US sanctions on Iran and underlined that since they are unilateral sanctions, they would not end relations between the two neighboring countries, given Iraq's need for Iranian electricity and gas. Iran supports Iraq by meeting a portion of its electricity needs as Iraq imports thousands of megawatts of electricity from Iran, and millions of cubic meters of gas per day to produce electricity. Despite this, Iraq continues to suffer from a shortage of electricity.

2- Preserving political, commercial and military gains: Iran fears an Iraqi government that is disloyal to it. Since 2003 until the present time, politically, Iran has achieved several gains in Iraq. A pro-Iranian parliamentary bloc dominating the Iraqi Parliament and a number of ministers heading key ministerial portfolios in Abdul-Mahdi's government serve Tehran's interests. Commercially, Iran has become one of the most important trading partners of Iraq. Militarily, Iran has widespread militia deployment in the oil-rich southern Shiite provinces. This grants Iran pressure cards to influence the Iraqi equation in order to realize Iranian interests in Iraq in the post Saddam Hussein era.

3- Iranian concern about a new government, which pursues a policy of balance or redirects Iraq towards its Arab surroundings: The advent of an independent Iraqi government will reduce Iranian influence in Iraq. From Iran's perspective it has paid a material and human cost in Iraq and is waiting to reap the benefit. Iraq is of great importance in the Iranian strategy because it represents the western wall to cross towards Syria and the Mediterranean, a central passage for the transportation and smuggling of weapons to the Lebanese Hezbollah and Syria, and an economic access point to re-export oil to the outside world to reduce the impact of harsh US economic sanctions.

The Iranian presence in Iraq prevents the establishment of a strong Iraqi government capable of undermining its plan similar to the former Iraqi government led by the late Saddam Hussein so that it remains under Iran's subordination: Iran is concerned about losing the political, economic and military gains that it has achieved in Iraq since the advent of the Abdul-Mahdi government, most importantly the implementation of the 1975 Algiers Agreement as a result of which, Iraq loses half of its historically inherited right over the Shatt al-Arab waterway in favor of Iran. Abdul-Mahdi represented the best option for Iran in order to secure its plans and implement the economic contracts signed between the two countries since the beginning of his term.

However, Iranian pressures to keep Abdul-Mahdi in power revealed the extent of Iraq's submission to Iranian decision-making and the waning credibility of Abdul-Mahdi's famous phrase, "my resignation is in my pocket" because he could only announce it after two months due to Iranian pressure.

V. The Impact of the Resignation on the Scope of Iranian Influence in Iraq

Many observers of the Iraqi equation agree that fundamental changes need to be made to the current Iraqi political structure including the present election system, which is controlled by pro-Iranian parties. In addition, Iraq's ethno-sectarian quota system has to be abolished and a non-sectarian multi-party system needs to be developed. If the aforementioned changes are not undertaken, a similar scenario as today with Iranian-backed Shiite elements dominating Iraqi politics will continue into the future. This may lead to the eruption of a civil war between the components of Iraqi society.

Some of these observers consider the resignation of Abdul-Mahdi as a harsh lesson

for Iran and its sectarian strategy in Iraq and the other Arab countries that it continues to target. Abdul-Mahdi represents a great loss for Iran, and a strong blow to General Qassem Soleimani for the aforementioned reasons. In addition, Abdul-Mahdi has a close relationship with the Iranian government and agreed to many Iranian projects in Iraq. The latest project which links the Khomeini Port to Latakia in Syria through Basra, would create an effective foothold for Iran on the Mediterranean.

Abdul-Mahdi's resignation from his post revealed the extent of Iranian influence over Iraqi decision-making. These developments also show that most of the critical decisions, especially those made by the Iraqi sovereign, cannot be finalized without Iranian approval, and that Abdul-Mahdi submitted his resignation after Iranian approval to circumvent and quell the Iraqi protests. Iran's involvement in consultations to nominate Abdul-Mahdi's successor is indicative of its influence and its needs to find a successor who fits its plan in Iraq.

VI. Arrangements for Forming the New Government in Light of the Protest Movement

Iran faces a major challenge in choosing a successor to Abdul-Mahdi. Most prominently, he must be accepted by the protesters who refused the appointment of a new prime minister from among Iraq's ruling political class, and sectarian elite. In addition, they refused any figure affiliated to regional and international actors influencing the Iraqi equation. According to Article 76 of the Iraqi Constitution of 2005, which sets out the process of organizing political matters upon the resignation of the government, the next steps to form the Iraqi government will be as follows:⁽⁶⁾

- 1- The President of the Iraqi Republic shall charge the nominee of the largest Council of Representatives bloc with the formation of the Council of Ministers within 15 days from the date of the election of the President of the Republic.
- 2- The Prime Minister-designate shall undertake the naming of the members of his Council of Ministers within a period not to exceed 30 days from the date of his designation.
- 3- If the Prime Minister-designate fails to form the Council of Ministers during the period specified in clause (2) of Article 76 the President of the Republic shall charge a new nominee for the post of Prime Minister within 15 days.
- 4- The Prime Minister-designate shall present the names of his members of the Council of Ministers and a program of activity to the Council of Representatives. He is deemed to have gained its confidence upon the approval, by an absolute majority of the Council of Representatives.
- 5- The President of the Republic shall charge another nominee to form the Council of Ministers within 15 days in case the Council of Ministers does not win a vote of confidence.

Given the vigorous protests in Iraq on the one hand, and the size of Iranian incursions on the other, choosing another person as the head of the Iraqi government will not be easy. The protesters will not give up on their demand for a technocratic figure to be chosen so that new elections can be held, and the electoral law amended, as well as for an independent election commission to be formed and a Constitution which is non-sectarian. On the other side, Iran will not give up the gains it has achieved in Iraq. The United States will also not stand idle; it wants to change the compass of Iraq in accordance with its strategies, directions and interests away from Iranian control over the Iraqi government. Therefore, consensus on a new prime minister will be hard to achieve due to the balance of interests between competing factions and their regional and international supporters.

The protest movement revealed a number of new facts of great importance, most notably it exposed the great division within the Shiite bloc. Some Shiite armed parties and militias loyal to Iran stood against the protesters as they considered them to be part of an external conspiracy. The Supreme Shiite Marajya in Iraq and the Shiite leader Moqtada al-Sadr underscored the legitimacy of the protesters' demands. They support the protesters until their demands are met. The protests revealed the crisis faced by the pro-Iranian Shiite forces in Iraq and the deep rooted differences between the Qom and Najaf Marajya . The Supreme Maraja of Iraq considered this uprising as more important than the ballot box as it expressed the true will of the people and provided an opportunity for them to select a leader who will represent and govern them. The Marajya and Moqtada al-Sadr believe that if the government of Abdul-Mahdi was the result of the ballot box, these protests then take away its legitimacy, since the will of the people represents the first and last source of government legitimacy. If the will of the people is defied, the prime minister and members of his government will lose their legitimacy.

IRAN & YEMEN

In a step considered as a turning point in the course of the Yemeni crisis and representing a new stage for stability and peace in Yemen, on November 5, the Saudi capital, Riyadh, witnessed the signing of an agreement between the legitimate government and the Southern Transitional Council called the Riyadh Agreement. This agreement was welcomed by the Arab states and the international community since it is a decisive step towards uniting efforts to enhance the security and stability of the Federal Republic of Yemen.

On the other hand, the Iranian position on this agreement was an extension of Iran's policy which is based on contradictions and the exploitation of the strategic void between the Yemeni political components. In the same context, Iranian behavior undermines all peace and stability efforts in the region and Yemen in particular. However, any strategic vacuum between Yemeni political components is an opportunity for the Iranian government to intervene directly through supporting the Houthis politically and militarily and to serve its expansionist project in Yemen and the region. We will review the most prominent reactions to the Riyadh Agreement among Yemen's political components, the position of regional and international powers towards the agreement, and the Iranian government's and the Houthis' reaction to the agreement. In addition, we will also highlight the most important developments in the Yemeni arena in November:

I. The Riyadh Agreement is an Extension of the Efforts of the Coalition Countries to Stabilize Yemen

This agreement reflects the efforts exerted by the Kingdom of Saudi Arabia and the Arab coalition countries to support the legitimate government, the federal Yemeni project, and all consensual initiatives to resolve the Yemeni crisis, starting with the Gulf Initiative, which provides for the peaceful transfer of power to avoid bloodshed. The Riyadh Agreement reached between the legitimate government and the Southern Transitional Council represents the strategy of the Kingdom of Saudi Arabia and the coalition countries to support all efforts and initiatives to bring peace to Yemen. The efforts of the coalition countries and the legitimate government led by the Kingdom of Saudi Arabia in implementing the provisions of the Stockholm Agreement is a continuation of previous efforts along with the recent signing of the Riyadh Agreement between the Yemeni parties. This agreement prioritizes the interests of Yemen, contributes to achieving security and stability and gives hope for reaching a fundamental solution to all the crises in



Yemen. It is a turning point in the course of finding a political solution and represents the beginning of a new stage led by the Yemeni government to form a government of 24 ministers. They are equally distributed between the southern and northern governorates in Yemen and appointed directly by the Yemeni President Abdrabbuh Mansur Hadi. The agreement aims to include all military and security forces from both sides to unify and to activate state institutions in order to serve Yemeni citizens and meet their living needs.⁽⁷⁾

Several regional and international parties and organizations have praised the efforts of Saudi Arabia and the coalition countries in reaching this agreement. On the other hand, the Iranian position which opposes this agreement is an extension of the Iranian government's policy which is based on supporting chaos by using the Houthis to cause an escalation at all levels to serve its strategic interests that are not in line with the stability of Yemen.

II. The Position of the Yemeni Parties Towards the Agreement

Yemeni President Abdrabbuh Mansur Hadi underscored the role played by the Kingdom of Saudi Arabia and the UAE to broker the Riyadh Agreement. His statement was made during his meeting with the G20 ambassadors, "We want this agreement to establish a good ground to move towards a more comprehensive solution, despite the carelessness of the Houthis concerning the humanitarian situation and their use of this file as a pressure card and political blackmail." He also called on the G20 countries to support



the agreement. He reviewed with them the developments and challenges that Yemen is witnessing due to Iranian interventions represented by the Houthis, stressing that the Riyadh Agreement will establish a new phase in Yemen.

The Yemeni president stated that the Riyadh Agreement “Marks the beginning of a new phase of security, stability and peace and completion of liberation against rebel forces and the coup of the Iranian-backed terrorist Al-Houthi militia.” He also underlined that the role of the Houthi militia obstructs all peace and stability efforts in Yemen, including the non-implementation of the Stockholm Agreement on the ground. In the same context, the G20 ambassadors praised the efforts of the Kingdom of Saudi Arabia and the United Arab Emirates in making this agreement a success. They stressed that the signing of this historic agreement is a major step and achievement which Yemen needs to build on to achieve a comprehensive peace outcome.⁽⁸⁾

In this context, the Prime Minister of the legitimate government, Maeen Abdulmalek Saeed, stated that the Riyadh Agreement was an important step to address the humanitarian disaster that the Houthi militia caused by waging war. The Riyadh Agreement contributes to readdressing the disaster through a comprehensive peace and a rebuilding of state institutions. He also added, “When I say it is a step towards a comprehensive peace, I mean that strengthening the state is always in the interest of peace and stability. Comprehensive peace and agreement needs a pot to pour into, otherwise it will remain on paper. This pot is the state and its institutions. Therefore, all of us must cooperate to support and build state institutions. Thus, it will be able to carry out its tasks, understand the peace agreement and establish security and stability.” These remarks were made during his meeting with the United Nations organizations and agencies engaged in Yemen.⁽⁹⁾

On the other hand, the head of the Southern Transitional Council, Aidarous Qasim al-Zubaidi, emphasized the importance of the Riyadh Agreement and praised the significant role played by the coalition countries led by the Kingdom of Saudi Arabia to accomplish this agreement. He said, “The Riyadh Agreement is the first building block for comprehensive peace. It creates great hope among people because it is a real opportunity for construction and development, the establishment of security and the restoration of services.”⁽¹⁰⁾

III. The Position of the Houthi Militia on the Riyadh Agreement

The Houthi militia realizes that the Riyadh Agreement is an important step towards reducing its influence in Yemen. It responded to the Riyadh Agreement through a number of statements made by its members and intensifying military escalations inside Yemen. In the same context, the militia shelled the port of Al-Mokha and carried out acts of piracy on the western coast of the Red Sea.

Medical sources said that seven soldiers of the Giants Brigades were killed and others were wounded when the Houthis shelled some sites belonging to the west coast forces. Yemeni sources said that this escalation was a continuation of the sabotage carried out by the Houthi militia against all peace agreements, including the Stockholm Agreement, under Iran's command. This escalation illustrates Iran's rejection of the Riyadh Agreement between the Southern Transitional Council and the Yemeni government. The Houthis bombed the port of Al-Mokha with four ballistic missiles and the air defenses of the Arab coalition took down three of these rockets in addition to a drone.⁽¹¹⁾

The Houthi position, which rejects the Riyadh Agreement, is more evident now than before the agreement was finalized. This was made clear when the Houthis called for the UN Special Envoy Martin Griffiths to come to Sana'a to receive the message that they reject this agreement. This position is not surprising given the Iranian government's

political and military support for the Houthi militia and the Iranian command for them to escalate at all levels. Military sources said that an attempt to smuggle substances used in the explosives industry from Iran to the Houthis across the west coast was foiled in October. The aim of smuggling these shipments is to prolong the Yemeni crisis. The smuggling of these weapons is managed by a group of Iranian experts in Hodeidah. They coordinate with their counterparts in Sana'a to agree on a way to ship them. These shipments are transported via militias by using civilian transport to Saada and Sana'a, which are the assembly points of ballistic missiles and drones.^[12]

In this context, Yemeni sources stated that the Iranian government provided Houthi militias with high-tech listening devices capable of breaking into mobile networks. As a result, the Houthi militia is able to detect and target civilian and military sites. Notably, the Houthi militia has installed a number of these devices on several camouflaged vehicles patrolling near the main battle fronts and they monitor all incoming calls from military personnel. According to military sources, these devices were shipped to the Houthi militia through merchant ships. These sources revealed that these operations are run by Iranian experts who have been in Hodeida for years.^[13]

The Arab coalition stated that Houthi terrorism resurfaced on the Red Sea coast through armed robberies and the seizure of a tugboat in the Red Sea. The Arab coalition stated that this Houthi escalation was expected since these terrorist operations coincided with intense international moves led by the efforts of the Kingdom of Saudi Arabia, represented by the Riyadh Agreement, to attain comprehensive peace in Yemen.

The coalition exposes the ongoing operations of the Houthi militia in Hodeida, particularly its planting of sea mines and the use of small boats and fishing boats to smuggle weapons from the Horn of Africa to the port of Hodeida. Experts stated that these terrorist operations bear Iranian fingerprints because they are carried out via speed boats that are supplied to the militia by the Iranian government as terrorist tools to threaten navigation and blackmail the international community.^[14]

Yemeni Prime Minister Maeen Abdulmalek Saeed stressed that the Iranian government's continuous support for the Houthi militia which undermines security and stability in Yemen requires a determined international stance in order to stop Iranian interference in Yemen's affairs and curb its support to terrorist militias. He stated that his country has not been and will not be an arena for Iranian adventures and projects that threaten international navigation and undermine the security and stability of neighboring countries and the region. He also praised the determined US stance towards Iran's sabotaging role in Yemen and the region.^[15]

IV. The Regional and International Position Toward the Riyadh Agreement

The Riyadh Agreement was welcomed and received international praise in regard to the efforts of the coalition countries and regional and international parties to reach this agreement. Egyptian President Abdel Fattah Al-Sisi said, "The agreement is a great step in the course of resolving the Yemeni crisis, bolsters the unity of brotherly Yemen and establishes stability and peace in the region." The Kuwaiti Ministry of Foreign Affairs considered the agreement as a hope and starting point to the desired political solution in a manner that preserves the stability of Yemen and the security of the region.

At the international level, the UN Security Council welcomed the signing of the



agreement. This was mentioned in a statement issued by the Security Council on the Riyadh Agreement, praising the efforts exerted by Saudi Arabia. The Security Council considered the agreement as a positive step towards a comprehensive political solution in Yemen. Members of the Security Council also emphasized the need for banning the supply of weapons to the Houthis by the Iranian government. This underscores the support of the Security Council to Yemeni President Abdrabbuh Mansur Hadi and for the efforts of the Gulf Cooperation Council. The text of the Security Council statement stated, “the Security Council reiterated their full support for a negotiated political settlement that engages all parties to resolve differences and addresses the legitimate concerns of all Yemenis, in accordance with relevant Security Council resolutions, including Resolution 2216 (2015), the Gulf Cooperation Council Initiative and its Implementation Mechanism, and the outcomes of the comprehensive National Dialogue Conference.”⁽¹⁶⁾

The European Union welcomed the agreement as illustrated by the statement of the spokesman for the European External Action Service, “The conclusion of the agreement is an important step towards de-escalation and peace for Yemen and for the region. It calls on the signatory parties to seize this opportunity to resume work towards a negotiated and sustainable peace under the auspices of the United Nations, ensuring the involvement of all Yemenis in the de-escalation and reconciliation process.” In this context, the United Kingdom welcomed the conclusion of the Riyadh Agreement, noting Saudi efforts to restore security and stability in Yemen.⁽¹⁷⁾

A report issued by the International Crisis Group on the agreement stated, “The Riyadh Agreement acts as a bridge to reach a comprehensive political settlement in Yemen.” It also added that the two parties to the agreement – the internationally recognized government of Yemen and the Southern Transitional Council – have ended the ongoing standoff that threatened to end their relationship. The report also stated that there are still obstacles, but the Riyadh Agreement is seen as a hope to end the Yemeni crisis.⁽¹⁸⁾

In a briefing to the Security Council by the UN Envoy Martin Griffiths on the Riyadh Agreement, he stated that the agreement paves the way for a political solution in Yemen. He also added that the agreement establishes a new phase of cooperation, and unites efforts to eliminate the coup as well as permitting the resumption of development in liberated areas. At the same time, he expressed the United Nations’ concern about the behavior of the Houthi militia on restricting the freedom of action and movement of the UN team in Hodeidah.⁽¹⁹⁾

For his part, the American president said that the Riyadh Agreement is a very good start, calling on all Yemeni parties to strive for a comprehensive agreement that would end the Yemeni crisis.⁽²⁰⁾

V. The Iranian Government’s Stance is an Extension of Its Policy of Destabilization

While the Riyadh Agreement was welcomed internationally, the Iranian government attacked the agreement. This position is considered as an extension of the Iranian approach that opposes all peace agreements in Yemen. Some observers believe that this Iranian position is no different to previous Iranian positions on all projects that contribute to ending the Yemeni crisis. In a statement the Iranian Foreign Ministry said, “The Riyadh Agreement reached between the Mansour Hadi government and the Transitional Council is imperfect, and will not solve the Yemen crisis and its problems.”⁽²¹⁾

Under the Iranian government’s policy that continues pushing the Yemeni file toward further complication, the Iranian government handed the Houthi militia the headquarters of the Yemeni diplomatic mission with all its equipment in Tehran, after Ibrahim Al-Daylami was accredited as the new ambassador of Sana’a to Tehran by Iranian President Hassan Rouhani in November.

The move was made after the Houthis' spokesman, Mohammad Abd al-Salam, announced the appointment of a new Houthi ambassador to Tehran after his papers were accredited by the Iranian Foreign Minister, Mohammad Javad Zarif, in early September. The Yemeni Ministry of Foreign Affairs considered this step as a violation by the Iranian government of the United Nations Charter and Security Council resolutions.⁽²²⁾

According to the official Yemeni news agency, the Yemeni Foreign Ministry expressed in its statement, "It condemns and denounces Iran handing over the diplomatic headquarters of Yemen in Tehran to a representative of the Houthi group and its recognition of its representative as Yemen's ambassador." The Yemeni Foreign Ministry held Iran accountable for the repercussions of this blatant violation. It also confirms Iran's involvement in supporting the Houthis and the obstruction of all endeavors to find solutions to the Yemeni crisis. The Yemeni Foreign Ministry strives to take all appropriate legal measures to deal with Iran's destabilizing behavior which undermines Yemen's security and stability.⁽²³⁾

The Arab League condemned this step. The Arab League Secretary General Ahmed Aboul Gheit stated, "This step is a flagrant violation of diplomatic norms and a blatant violation of the United Nations Charter, the Vienna Convention on Diplomatic and Consular Relations, and relevant Security Council resolutions, especially Resolution 2216." The Secretariat General of the Arab League considered Iran's behavior as a continuation of its destabilizing policy in Yemen and the region. An official source in the Arab League Secretariat stated that Iran's behavior destabilizes security in Yemen, saying, "It reflects an Iranian insistence in pursuing hostile behavior aimed at destabilizing Yemen which in turn threatens the security of its neighbors."⁽²⁴⁾

The Arab Parliament condemned the Iranian government for handing the headquarters of the Yemeni embassy and its buildings, money and property to the Houthi militia. The President of the Arab Parliament, Dr. Meshaal bin Fahim Al Sulami stated that it is a blatant violation of international diplomatic norms. In a statement, he said, "The Iranian position is a clear violation of international diplomatic norms, the principle of inviolability of diplomatic and consular premises, and a clear violation of the Charter of the United Nations, the Vienna Convention on Diplomatic and Consular Relations and relevant Security Council resolutions, in particular Resolution No. (2216) of 2015." He considered this as hostile behavior and a violation of the sovereignty of Yemen. He held the Iranian government accountable for the consequences of this position since this step obstructs the efforts to achieve a political solution in Yemen.⁽²⁵⁾

Conclusion

While Arab coalition countries continue to support the legitimate government aimed at curbing the terrorist acts of the Houthi militia in Yemen, and with the recognition of international parties and organizations for the efforts of the coalition countries led by the Kingdom of Saudi Arabia to support Yemen's security and stability in various fields, the Iranian government continues its escalation by supporting the Houthi militia politically and militarily, shuffling cards and using the Houthis as a tool to implement its expansionist project by undermining all peace efforts in Yemen, blackmailing the international community and threatening navigation in the Red Sea.

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International Affairs

During November 2019, Iranian interactions on the international scene witnessed important developments. One of the most prominent interactions concerned Iran's relationship with the United States as Washington's maximum pressure strategy continued to be enforced to pressure Iran to negotiate a new agreement. However, Iran adhered to its original position of not negotiating while under US sanctions. As a result, Iran-US relations were characterized by tension and mutual escalation in November. In the framework of Iran-Russia relations, by seeking to join the Eurasian Economic Union (EAEU) Iran attempts to mitigate the impact of the US imposed economic sanctions and find new trading opportunities after the decline in its foreign trade volume.



IRAN & US

The crisis between the United States and Iran continued to escalate during November 2019, and the most important features of the relationship between the two sides can be outlined through the following elements:

I. Developments in the American Position on the Crisis With Iran

On the American side, the following developments can be singled out:

1- Sanctions and Pressure Intensifying

The United States continued to impose more pressure and sanctions on Iran. Table 1 shows the most important pressures imposed on Iran.

Table 1 – US Pressure on Iran During October 2019

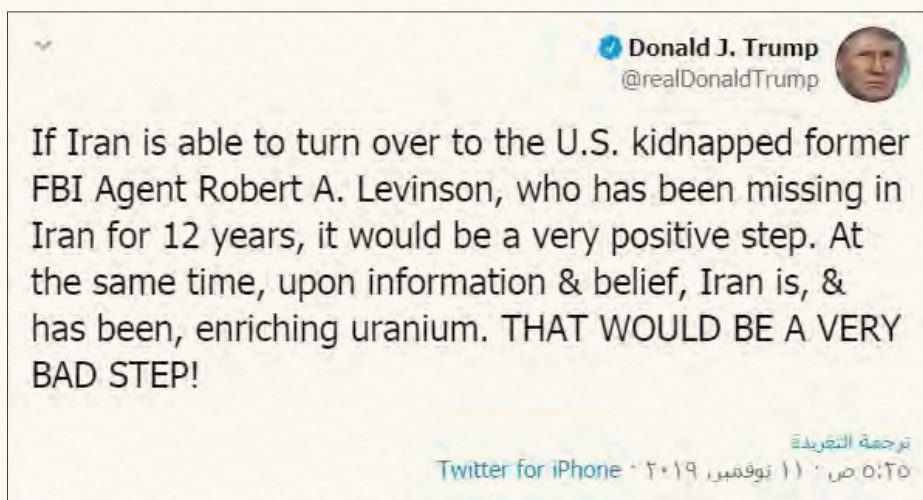
Date	Sanctions
November 4	The US Treasury sanctioned nine people and entities close to Khamenei: the General Staff of the Armed Forces, Mojtaba Khamenei's son, the adviser to the Supreme Leader Ali Akbar Velayati, and the head of the judiciary, Ibrahim Raisi, and ⁽¹⁾ .others
November 13	The US Commerce Department added more than a dozen companies and individuals to its trade blacklist for allegedly providing material support to chemical and biological weapons activity in Syria and diverting US items to Iran ⁽²⁾ .without authorization
November 22	Sanctions were imposed on the Communications Minister Mohammad Javad Azari-Jahromi for his role in "widescale internet censorship" during the protests that broke out in .Iran
November 18	The United States ended its sanctions waiver granted to Iran's Fordow nuclear plant. The waiver was effective from .December 15, 2019

The United States threatens Iran with further sanctions in the context of its maximum pressure strategy. Also, the United States calls on the international community to increase the pressure on Iran.⁽³⁾ The US administration has called on global social networks to block the accounts of Iranian leaders in response to the restrictions on the internet imposed by Iranian authorities.

Furthermore, US sanctions contributed to Iran's failure to ratify the "Palermo" and "CTF" regulations and join the International Financial Action Group "FATF." If these regulations are ratified, Iran's financial dealings with the world will not change in light of the US sanctions since these sanctions do not allow Iran to establish commercial relations with international actors.⁽⁴⁾

2- The US Position With Regard to Iran Resuming Uranium Enrichment

The International Atomic Energy Agency (IAEA) confirmed that Iran has started to enrich uranium at its underground Fordow nuclear plant and is accelerating enrichment more broadly. This activity is seen as Iran's latest violation of the nuclear agreement that it signed with the major powers. In addition, in its latest report, the IAEA announced that uranium particles have been detected at an undeclared nuclear site in Iran.⁽⁵⁾ The United States views Iran's escalatory steps with regard to its nuclear program with caution, and US President Donald Trump considered these steps as very bad.



Although the United States believes that Iran is heading towards blackmailing the international community by threatening to rapidly increase its rate of uranium enrichment to 20 percent, Iran's nuclear activity has benefited the United States, because this move prompted Britain, France and Germany to address the possibility of activating the dispute resolution mechanism in the nuclear agreement. This may bring Iran's nuclear file before the UN Security Council and lead to the reimposition of international sanctions on Iran.

3- Confronting Iran's Regional Influence

Despite the American withdrawal from Syria, the United States sent military reinforcements to the Gulf. President Trump announced the dispatch of 3,000 soldiers to Saudi Arabia, as well as radar and missile systems. In addition, an Air Expeditionary Wing which includes two additional planes from the US Air Force. The announcement also included the improvement of defense systems against air and missile threats. These military moves were conducted in light of the threat posed by Iran to the security and stability of the region and American interests.⁽⁶⁾

The United States has also supported popular protests in both Iraq and Lebanon against the Iranian government, in the context of countering Iran's influence in the

region. President Trump retweeted his message about protesters storming the Iranian consulate in Karbala to stress his solidarity with the protesters against Iran's influence in Iraq.


Arab News



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The United States believes that the demonstrations in Iraq and Lebanon indicate the rejection of Iran's policy of exporting the revolution and the Iraqi people's rejection of Iranian hegemony in their country. Brian Hook threatened to impose more sanctions on Iraqi officials who have relations with Iran and play a role in pillaging the wealth of Iraq. According to Brian Hook, Khamenei and Qassem Soleimani want to turn Iraq into another Lebanon where it wields great influence through Hezbollah. Moreover, the United States strives to end the war in Yemen. It believes that the Iranian government is the biggest obstacle to ending the war, and that the Houthis took a path other than that of Iran.

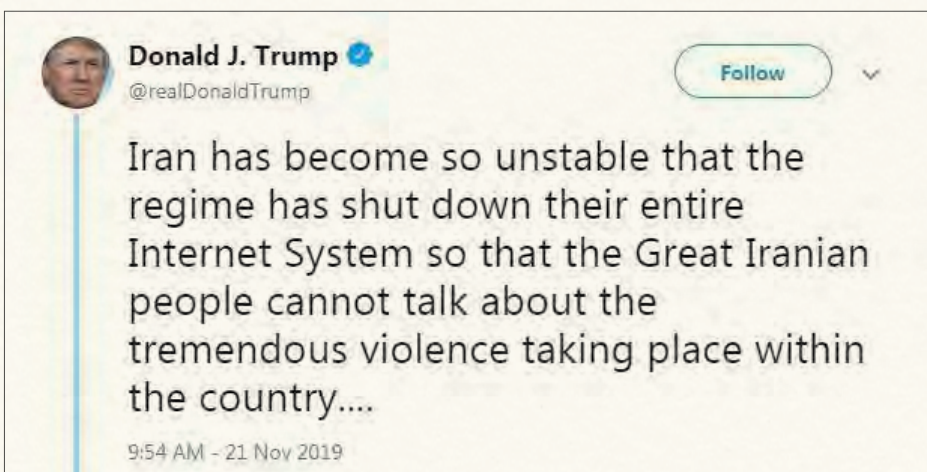
4- The US Position Toward the Protests

US officials announced their support for the protests that erupted in Iran on November

16, 2019. Commenting on the protests, Trump said in a tweet that the Iranian government does not want transparency. In his tweet Trump said, "It believes that the world will not find out the death and tragedy the Iranian regime is causing." His tweet was preceded by a tweet in which he said that the Iranian government's decision to shut down the internet revealed the instability of the Iranian political system.

Against the background of Iran shutting down the internet, the US State Department called on Facebook, Twitter and Instagram to block the accounts of Iranian leaders until they restore the internet service in Iran. For his part, the US Secretary of State on Thursday, November 21, called on the Iranian people via Twitter to send videos, photos and information about the Iranian government "suppressing protests" to his account, stating that "the United States announces its condemnation of the suppression of the protests".

The American administration believes the protests are the result of its maximum pressure strategy, and that these protests exert internal pressure on the government, which increases the possibility of forcing Tehran to negotiate and change its behavior externally.



II. Iranian Policy Against the American Position

Iran's policy toward US pressure can be illustrated by the following elements:

1- Iran to Pursue Its Policy of Resistance and Confrontation

On November 3, 2019, Iranian Supreme Leader Ali Khamenei in a speech to thousands of students on the 40th anniversary of the storming of the American embassy in Tehran, said that "one of the ways to limit America's influence is to refuse to hold any talks with it. This means that Iran will not yield to American pressure. Those who believe that negotiations with the enemy will solve our problems are 100 percent wrong." He also stressed that his country's problem with the United States dates back to Mossadegh's era in the mid-1950s.

Although President Rouhani has hinted at conducting negotiations with the United States to address the current crisis, Iran's negotiating conditions have stalled all initiatives and mediation efforts to persuade the two sides to sit at the negotiating table, in particular, its demand for the US to lift its sanctions and for talks to take place within the framework of the P5 + 1

The Iranian government is currently relying on its policy of balanced resistance and confrontation. This is evident by the government's adoption of next year's budget which excludes reliance on oil, given that US sanctions have reduced Iran's oil exports to nearly 200,000 barrels per day from nearly 2.5 million barrels before the reimposition of US sanctions. The Iranian government continues to develop its local wealth in order to strengthen its resistance economy.⁽⁷⁾

For its part, the Iranian Revolutionary Guards announced on November 8, 2019, the continuation of Iran's policy of resistance and that the ongoing sanctions would increase the determination of the armed forces and the revolution's defenders to implement the appropriate scenarios to confront the United States and its allies.⁽⁸⁾

On the other hand, the government mobilized the masses on the 40th anniversary of the storming of the American embassy in Tehran, or what is historically known as the hostage crisis which took place on November 4, 1979, in the capital, Tehran. The demonstrators also raised slogans against the United States of America, Israel, and Tehran's opponents.

2- Implementation of the Fourth Stage of Reducing Its Nuclear Commitments

Iran announced the fourth phase of reducing its nuclear obligations. The important measures of this step are to resume uranium enrichment at the Fordow nuclear facility and increase the rate of enrichment in other places. This poses a risk because this facility is controversial and was designed to avoid being detected and attacked. Indeed Iran started injecting (uranium) gas into centrifuges at the Fordow facility in the presence of IAEA inspectors on November 16, 2019.

Iran believes that it did not violate the terms of the agreement despite taking the above measures. The Supreme Leader Ali Khamenei claimed that Iran will not develop nuclear weapons because their use is forbidden in Islam, affirming its nuclear program is for peaceful energy production. In addition he affirmed that Iran would only scale back some of its commitments in the nuclear deal.

The Iranian side considers that the unilateral US position on the nuclear agreement and the inability of the Europeans to implement their obligations is what drove Iran to adopt a more rigorous approach on the nuclear issue. This stage may be the beginning of wider Iranian nuclear transgressions in case US sanctions continue and the Europeans are unable to support the nuclear deal. This is consistent with what Abbas Araghchi said about the possibility of reconsidering Iran's nuclear doctrine.

Abbas Araghchi's threat is unprecedented. Iran believed that the nuclear agreement achieved two main things: legally it changed Iran's status in international law through the lifting of international sanctions, and provided economic gains. If Iran's file is dealt with again under Chapter VII of the United Nations Charter, the legal and economic gains will be undermined, thanks to US sanctions, which will force Tehran to reconsider its nuclear policy to pressure the United States and the European parties.⁽⁹⁾

3- Criticizing the American Position Toward the Protests

Iran considered the American administration's position in regards to the protests that broke out in Iran between November 16 and 21, 2019 as interference in Iranian internal affairs. The government asserted that the protests were the result of an American conspiracy against Iran to spread chaos and undermine Iran's ability. The US talk about supporting the Iranian people is nevertheless inconsistent to what the Iranian government considers as economic terrorism against the Iranian people because US sanctions have led to Iran's internal situation deteriorating.⁽¹⁰⁾

Iran believes that the United States aims to force it to comply with its illegal demands through economic pressure and that American officials' support for the "Iranian people" is a lie. Iran also believes that an administration that bans the delivery of food and medicine to ordinary people, both elderly and sick, through the practice of economic terrorism can never be trusted to show its support for the Iranian people, according to Foreign Minister Mohammad Javad Zarif.⁽¹¹⁾

Conclusion

The United States of America continues to pressure the Iranian government. It is expected that the US will increase its bet by creating more internal challenges for the Iranian government to face in order to push it to renegotiate and accept US conditions, especially after the eruption of popular protests against the Iranian government.

The United States will maintain its pressure by imposing more sanctions on Iran and denying it of sources to finance its budget by blocking the export of its main products, in addition to obstructing Iran's financial dealings with the world except for food and medicine, as well as exerting more pressure on any international party which provides help to Iran, including European parties, China and Russia.

On the other hand, the Iranian government decided to continue with its policy of resistance and the strategy of strategic patience against American and international pressure, hoping to find an international solution to the crisis, before it makes substantial concessions that would harm the gains it has achieved in recent years. However, Trump is suffering an internal crisis due to allegations he improperly sought help from Ukraine to boost his presidential bid. If Trump is not impeached, or is forced to resign, Iran has hope that his popularity will decline, which will prevent him from running for president again in 2021.

IRAN & RUSSIA

As part of Iran's efforts to find solutions to its economic crisis resulting from the US strategy of maximum pressure and sanctions implemented by the United States since May 2018, Iran has made a strong shift towards joining regional economic unions where the Russian Federation is engaging and leading. These unions include former soviet republics that broke from the Soviet Union.

Despite the economic weakness of these countries and their inability to meet Iran's entire needs, Iran views them as reliable partners that can somewhat stand up to US pressures. This shift in perspective came after it became clear that the economies of the capitalist European countries which are deeply integrated with the US economy are unable to resist submitting to US sanctions despite their avowed position against the US strategy of maximum pressure imposed on Iran.

Therefore, on November 26, 2019, Iran announced that it had commenced official economic relations with the Eurasian Economic Union (EEU) in which it found an economic partner through which it could expand the scope of cooperation with the Russian Federation and ease its economic crisis.

I. Eurasia and Its Geopolitical and Economic Significance

In gradual steps that closely resemble the approach followed by the founding members of the European Union, beginning with the formation of the European Coal and Steel Community in 1951, the establishment of the EEU was announced in 2015. At the time of amalgamation, the EEU included the Russian Federation, Belarus, Kazakhstan, Armenia and Kyrgyzstan, and its work revolved around the establishment of a customs union among its member states.

Russian President Vladimir Putin has declared that the establishment of the EEU is tantamount to announcing the birth of an economic bloc connecting Europe to the Pacific.⁽¹²⁾ The combined gross domestic product of the members of the EEU is estimated at \$2.5 trillion.⁽¹³⁾

Efforts to establish the EEU began immediately after the fall of the Soviet Union. At that time, the goal was not establishing an alternative body to the Soviet Union insofar as maintaining the framework of cooperation that brought together the countries of the former Soviet Union. The founding members were limited to the Russian Federation, Belarus, Kazakhstan, and Armenia and Kyrgyzstan joined shortly after the official announcement establishing the union. Perhaps what distinguishes these four countries from the rest of the former Soviet Union members is their adherence to Russian culture and non-integration into projects led by the European Union and the United States.⁽¹⁴⁾

Although the EEU was not the only economic cooperation model among the countries of the former Soviet Union, as there were other bodies like the Central Asian Union Economic Association (CAU) in 1998, the Central Asian Cooperation Organization (CAREC) in 2002 and the Collective Security Treaty Organization (CSTO), the EEU has raised doubts and fears in Western Europe more than the other bodies.

Perhaps this is because of the realistic founding steps it pursued, which focused



mainly on unifying the customs systems among the member states and beginning with a small group of commodities which increased gradually based on certain criteria set by the EEU's member states. Unification of customs systems began among the Russian Federation, Belarus and Kazakhstan only in 2010. Armenia and Kyrgyzstan joined them in 2015.⁽¹⁵⁾

In reality, the EEU is still a project that provides economic benefits to some member states while securing political benefits for other countries. Reducing tariffs has benefited Belarus, Kyrgyzstan and Armenia in obtaining Russian gas and oil at a lower price. The EEU has also provided access to the Russian labor market where wages are higher compared to the rest of the member states.

But what threatens the EEU and makes it susceptible to breakdown is the hegemonic attitude of the Russian Federation. Russia does not consider the EEU an economic grouping but a tool to

institutionalize its hegemony over its neighbors as an essential part of a new global order. This stirs up tensions with member states and prevents other countries among those who signed partnership deals with the European Union from joining the EEU. Undoubtedly, the Ukrainian crisis and the European Union's imposition of sanctions on Russia were among the reasons for announcing the establishment of the EEU.⁽¹⁶⁾

There is no doubt that Russia's hegemonic attitude will make joining parallel unions with China or signing partnership deals with the European Union more tempting for Central Asian and Eastern European countries than joining the EEU.

II. Iran's Chances to Join the EEU

During his speech at the EEU summit, Iranian President Hassan Rouhani said that after the imposition of US sanctions and the implementation of its maximum pressure strategy, Iran is looking for new economic opportunities. Iran made intense efforts to join the union, which included Iran's proposal in 2016 to establish a free trade zone between Iran and the EEU countries. Discussing and implementing the proposal took two years until the proposed zone was opened in May 2018. Afterwards, Iranian President Hassan Rouhani visited Armenia on September 30, 2019, which represented the final step for signing the preferential trade agreement with the EEU. Then, on November, 26, 2019, a preferential trade agreement was signed between Iran and the EEU which included 862 commodities, of which 360 are preferential and granted by Iran to the EEU member



states and 502 are preferential which are granted by the latter to Iran.⁽¹⁷⁾ The customs tariff is reduced to the same level as goods imported from countries outside the EEU, which gives them greater competitiveness.

Iran's joining of the EEU gives it several opportunities, including the reduction of customs tariffs for trade with EEU member states, and less dependence on the US dollar in foreign trade. Benefits of trade among the EEU member states include using national currency in 70 percent of transactions, which means facilitating Iran's trade which suffers from a ban on using US national currency. Iran can also conduct duty-free exchange of goods with EEU member states via the free trade zone it established with them after three years.

The number of member states in the EEU is expected to increase. The first country expected to join is Uzbekistan. There is also a list of countries who are potential trade partners via preferential customs tariff agreements such as China, South Korea, India, Egypt and Serbia, which means more commercial opportunities for Iran as a partner of the EEU. According to official statistics, total Iranian exports to the EEU countries in 2018 amounted to \$918.2 million. On the contrary, its imports from EEU countries in the same year surged to \$1.775 billion. Most Iranian imports, worth \$1.207 billion, come from Russia. The biggest part of Iranian exports went to Russia and amounted to \$533 million.⁽¹⁸⁾

The transit trade among the member states of the EEU with the countries of South Asia, in particular Pakistan and India via Iranian territories, is the biggest opportunity for Iran. Iran has put the formation of a transit trade committee on the agenda of the EEU summit as an important part of the North-South Corridor project.



III. Challenges Facing Iran in Joining the EEU

The foremost challenge facing Iran on the path of joining the EEU is the basis on which it can obtain membership. Russia does not see itself as an Asian or European country, but a Eurasian one according to Russian President Vladimir Putin. It wants to shape a special identity for the EEU. The elements of this identity are not completely realized by Iran. Although Iran is not engaged in partnership agreements with the European Union, the reason for which Baltic countries Georgia and Moldova were denied membership in the EEU, the element which Iran lacks is the Russian culture as the Russian language constitutes one of its main elements.

Although the EEU includes two Muslim countries – Kazakhstan and Kyrgyzstan – Russian culture is pervasive in these two countries. The Iranian case regarding membership in the EEU bears a striking parallel to the European Union's rejection of Turkey as a full member.

The second challenge is the implications for Iran arising from joining the EEU, as the burdens may outweigh the benefits that it will obtain. Russia, which grants economic benefits related to energy and mutual trade with EEU member states in exchange for getting political advantages, on top of which comes keeping the European Union and NATO away from spilling over towards its territories, will make Iran share the burdens with it. In the meantime,

stopping the spillover of the European Union eastwards does not pose a danger to Iran. It is considered an opportunity to support the European-Iranian approach. Hence, Iran is committing a grave historic mistake, which is supporting a Russian policy which runs counter to Iranian interests.

The third challenge is shaping a political and economic union in the countries neighboring Iran. These countries will oscillate between membership in the EEU and partnership with the European Union. The Caucasus, for example, has become clearly divided. Georgia and Azerbaijan signed a partnership agreement with the European Union, while Armenia was on the threshold of signing a similar agreement and engaged in negotiations with the European Union.

But Russia swiftly convinced it to join the EEU. Perhaps the armed conflict between Azerbaijan and Armenia was the decisive factor in the latter choosing to join the EEU. It is well known that Russia offers huge military assistance to Armenia and has a massive military base on Armenian territories.

As for Central Asia, the EEU includes only two countries – Kazakhstan and Kyrgyzstan – from among the five Central Asian Republics. Meanwhile, the Shanghai Cooperation Organization includes all the countries of Central Asia except for Turkmenistan which was granted observer status like Iran.

It is true that there is no spirit of confrontation or contest between the EEU and the Shanghai Cooperation Organization. But perhaps the member states of the Shanghai Cooperation Organization will be invited to pull out of it after the legal framework of the EEU is expanded, which sets the European Union's model as an example to follow. This could further complicate the political and economic scene in the neighboring countries of Iran and exacerbate Iran's economic problems in the medium term.

Conclusion

Despite the importance of joining regional economic unions for Iran to alleviate its severe economic crisis, the EEU does not represent the best opportunity for Iran.

In addition to not obtaining full membership, Iran would face multiple dangers and challenges as a result of joining this union, such as high political and economic costs which surpass the gains arising from reducing customs tariffs with EEU member states. Also, Iran's demand for full membership in several regional unions such as the EEU and the Shanghai Cooperation Organization is met with rejection due to the UN sanctions imposed on Iran. This is in addition to the Iranian policy of meddling in the affairs of the countries it pursues, which caused Tajikistan to express objection to Iran's membership in the Shanghai Cooperation Organization.⁽¹⁹⁾

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