



# IRAN CASE FILE

Your window on Iran from inside and abroad

April 2020



**RASANAHA**  
المعهد الدولي للدراسات الإيرانية  
International Institute for Iranian Studies

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April 2020

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# THE EXECUTIVE SUMMARY

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**T**hroughout April, Iran tried to overcome the fallout from the coronavirus pandemic by partially reopening its economy. Tehran attempted to paint a picture to the public at home and abroad that it had managed to strike a balance between the medical recommendations, such as social distancing and reopening the economy at an acceptable level to ensure the continuation of economic life and prevent the total deterioration of living conditions. This policy has had implications at all levels in Iran. These implications will be highlighted in the Iranian Case Report for April 2020.

At home, at the ideological level, owing to the influence exercised by clerics within the Iranian political system, there was growing pressure on the government to accelerate the reopening of religious shrines even though there is a high probability of coronavirus infections increasing as a result of this decision. The religious seminary in Qom is increasing pressure on the Iranian government to reopen holy shrines.

The Iranian government, led by Iranian President Hassan Rouhani, wanted to inform the public of the dangerous situation when it released a map showing the regions where the virus is spreading in Iran. The areas were divided into red for the most dangerous areas, yellow for the less dangerous areas and white for the areas where there were no coronavirus infections. Despite mounting pressure by clerics to reopen holy shrines in the cities of Mashhad and Qom, these cities were in the red zone. However, religious shrines in several less dangerous cities have reopened ahead of schedule. This could make Iran vulnerable to a second wave of coronavirus which is more severe than the first. This already happened in the last days of April. Due to the government's inability to resist the pressure imposed on it by clerics, coronavirus cases are increasing.

At the political level, corruption files resurfaced once again in Iran while the public pressure grew on the government to adopt economic programs to support segments of the population hard hit by the economic shut down. The files related to the embezzling of public funds came to the fore once again. Considering the fact that Iran suffers from

a volatile exchange rate and there are multiple prices for the dollar against the local currency, the Iranian government allocated funds to importers to purchase basic food products at the official exchange rate of the dollar, which was less than one third of the dollar's price on the free market. Therefore, those who had clout rushed to buy these low-priced dollars to allegedly purchase essential food products. But this did not happen. Highly profitable luxurious goods were bought instead, which was exposed by the financial regulatory body's report.

The response of the Iranian government reflected ongoing political conflicts in Iran. It announced that the financial regulatory body focuses only on the government while ignoring the regime's apparatuses not controlled by the government, allowing them to do whatever they want. This reflects the fact that the Iranian state suffers from a crisis in morality rather than mismanagement.

The Iranian government presented a financial package to help the Iranian people. For the first time, the Iranian supreme leader approved wealth to be released from the National Development Fund to ease the country's economic burdens and address the budget deficit.

Perhaps the supreme leader's decision is part of Iran's quest to obtain a loan from the International Monetary Fund (IMF) which is opposed by the United States. Iran obtaining a loan would weaken the US maximum pressure strategy against Tehran.

The Iranian government's economic policies failed to address growing popular discontent. The government decided not to raise the minimum wage to the level approved by Iranian law which stipulates that the minimum wage should be raised in line with the inflation rate. The news of Iranian officials receiving high wages while the country experiences an economic downturn fueled further popular discontent.

Despite most Iranian files experiencing a downturn, the military file witnessed some successes. This reflects the priorities of the Iranian state and its strategic objectives. Iran announced that it successfully launched its first military satellite, using a domestically made missile. Iran's space program had been launched during the Shah's era, nearly four decades ago. But if we look at Iran's track record in this field, we will find that it has had more failures than successes. But the hallmark of Iran's space program is persistence and repetition without paying heed to the costs. Perhaps this Iranian tenacity is driven by other aims, such as Tehran's desire to obtain the technology necessary to develop intercontinental ballistic missiles similar to those used to launch satellites.



In the meantime, this led to objections from the United States and some other countries as the launch of the satellite using Qasid, an Iranian homegrown missile, constitutes a breach of UN Security Council Resolution 2231. This decision bans Iran from conducting tests on ballistic missiles which have the potential to carry nuclear warheads.

At the regional level, in particular Iran's relations with its Arab neighbors, Tehran is facing the likelihood of having its role diminished in Syria due to the growing role of Russia and the possibility of removing Bashar al-Assad from power. The latter is due to Russia changing its position on al-Assad remaining in power. Russia wants to create a political situation in Syria which allows for the crisis to come to an end. In addition, it wants a new constitution to be drafted and the situation in Syria to return to the pre-crisis period. Meanwhile, the Iranians aim to change the demographic makeup, dominate the Syrian economy, and secure positions close to Lebanon and Israel. These Iranian aims undermine the Russian plan of transforming Syria into an arena where Moscow exerts great influence. This comes as Bashar al-Assad seems to be more in agreement with the Iranians and at odds with the Russians. Thus, al-Assad's power and the Iranian presence are expected to witness a decline in the coming period.

As for Iraqi affairs, Iran agreed to Mostafa al-Kazemi becoming the prime minister in Iraq despite the fact he is not part of the Iranian camp like the others. But he is not hostile to Tehran and could be a good mediator between Iran and the United States. He could avoid opening the file concerning the possession of weapons by pro-Iran militias. In the meantime, it seems that he will not put much focus on the issue of expelling US forces from Iraq. These two files are the most important ones for Iran in Iraq for the time being. Hence, the Iranian presence in Iraq would retreat from 'being supported by the Iraqi government' to 'being not opposed' to it. It is true that Iran still maintains a strong presence in Iraq. But there is no doubt that this presence is not as strong as before the Iraqi protests broke out or before Qassem Soleimani was killed.

The main indicators on the Yemeni scene are still the same. Iran still provides the Houthis with weapons and rejects any peaceful initiatives. The Houthis have violated consecutive ceasefires announced by the Arab coalition forces in Yemen. The ceasefires were declared to allow an opportunity to fight coronavirus in Yemen and alleviate the suffering of the Yemeni people. The Houthis, on the other side, increased their armed attacks on the fronts close to Sanaa, taking advantage of the relatively calm situation on the Western Coast.

At the international level, Iran failed in its diplomatic efforts to gain international support to lift the economic sanctions imposed on it by the United States. It has pushed the idea that the US sanctions hinder its efforts to fight the coronavirus outbreak, calling the US sanctions "medical terrorism." Despite, Iranian efforts, the US administration is continuing with its sanctions and has imposed more sanctions on Iran during the past two months. On the other hand, Russia announced its initiative called 'the Green Corridor' aimed to facilitate trade exchange among countries hit by US sanctions, including Russia itself. The move comes to boost the ability of these sanction hit countries to fight coronavirus.

So far, there is no possibility for the Russian proposal to be implemented. Iran has had some success in obtaining some international aid from all European countries, Japan, Russia and China.

# Internal Affairs

Iran has announced the partial reopening of its economy, claiming it is able to strike a balance between implementing medical recommendations such as social distancing and resuming economic activities. Iran deemed its experience in combating coronavirus as successful. Hence, Iranian domestic discussions began to revolve around whether to reopen the Iranian economy or not amid the coronavirus outbreak. Economic actors within the Iranian economy began to compete with one another to make the largest possible gains amid a situation of political rivalry which pays no heed to public benefit. Iranian clerics increased pressure on the government to reopen religious shrines so that they could resume their da'wa activities and dominate the religious discourse among the Iranian people. Iranian politicians were exposed due to their manipulation of the foreign exchange rate to import basic commodities, and public anger grew towards them because of their huge salaries amid the coronavirus crisis. This scandal led to finger-pointing between moderates and conservatives once again. Meanwhile, the Iranian people continue to suffer because the government did not raise the minimum wage in proportion to the inflation rate as stipulated in Iranian law. In addition, the financial subsidies presented by the government to counter the economic implications of coronavirus were insufficient. Military officials remain untouched by the consequences of the economic crisis as their budgets and allocations have increased. This enabled them to launch Iran's first military satellite into space.



# THE IDEOLOGICAL FILE

This file casts light on the ideological developments among Iran's religious elite during the month of April 2020 and the impact of these developments on the religious and political scene in Iran. The Ideological File for the month of March cast light on the position of the religious establishment and secularist groups concerning the coronavirus outbreak in the country.

This month's report deals with the ensuing debate among Iranian clerics about whether to reopen holy shrines or not. It also touches on the remarks of several Iranian officials who linked Imam Mahdi's reappearance with coronavirus as well as the religious and political exploitation of the crisis. In addition, this file attempts to analyze the relationship between the president and the religious elites and the opposing viewpoints concerning the reopening of holy shrines. Iranian clerics are no longer able to bear their closure further. This file also seeks to answer questions about the scope of employing the Mahdi issue in the recent coronavirus crisis.

## I. Rouhani and the Clerics: The Dispute Over Shrines

The government's supporters pressured it to reopen religious centers in the country and attempted to prepare public opinion for their reopening. In the same context, nearly 266 clerics and Meddahs sent a letter to President Hassan Rouhani in which they called on him to reopen religious places in the holy month of Ramadan. Media outlets close to the conservatives argued that the demand to reopen religious centers was "the will of the Iranian people."<sup>(1)</sup>

The director of religious seminaries called for reopening religious shrines ahead of schedule. It seems that President Hassan Rouhani is aware of this growing pressure. He said that the government changed its decision on the request of the director of religious seminaries and moved forward its plan to reopen religious shrines by fifteen days.<sup>(2)</sup>

President Hassan Rouhani announced this rescheduling based on the request by the director of religious seminaries. This indicates Rouhani's or his government's unwillingness to take responsibility for this decision. Maybe the rescheduling is a message from Rouhani to the public that the reopening of shrines is a complicated issue which is not wholly determined by the government. There are other actors concerned with the issue such as Iran's clerics in general and the ruling religious elite in particular.

Therefore, Rouhani's remarks could be construed as frankness with the Iranian people to some extent as he feared the consequences of the decision to reopen shrines. Rouhani also aims to shift blame on the conservatives and make them bear the consequences of the decision on the other hand.

Although Qom and Mashhad have not yet been designated as white zone cities according to the map featuring the rate of the coronavirus spread in Iran prepared by the government, Rouhani hopes the two cities will be designated as white zone cities soon to enable the reopening of shrines in the two cities.<sup>(3)</sup>

Rouhani, in defending the position of clerics and the closure of shrines, said, "Obsessions and concerns of clerics and scholars to maintain the lives of citizens given the outbreak of coronavirus were parallel and as significant as those of health officials. It

is a highly significant issue.”<sup>(4)</sup> Rouhani reiterated the cooperation of clerics on the closure of holy shrines, thanking them. He said, “Here we should deeply thank all clerics, scholars and Friday prayer leaders for their collaboration and coping with this path [crisis].”<sup>(5)</sup>

Rouhani’s defense of clerics, particularly their position towards the coronavirus pandemic may be in response to those who doubt the seriousness of Iran’s clerics in dealing with this health crisis.

In the end, Rouhani kept the door open on the issue of reopening holy shrines in the month of Ramadan. He said, “The concerned committees submitted the results of their studies on reopening religious centers and assigned the Health Ministry to look into these results with a deadline of May 4, outline the necessary instructions and decide whether it is possible to reopen the shrines in the remaining days of Ramadan to enable the believers to perform the rituals of the holy month at the sacred shrines and mosques.”<sup>(6)</sup>

## II. Pressure on Najaf

In the same context, Iran has increased pressure on officials in Iraq and Najaf to reopen holy shrines to Iranian citizens. In a move sidestepping Iraqi institutions, the head of the Hajj and Pilgrimage Organization in Iran Alireza Rashidian announced that there are plans to resume visits to holy shrines in Iraq and Syria while considering health measures. He said, “We have prepared protocols about delegating visitors to the holy shrines in Iraq and Syria and presented them to the two countries in order to witness the resumption of travel between Iran and the two countries amid coordination, response and commitment to health and safety conditions and improving the conditions resulting from the coronavirus outbreak.”<sup>(7)</sup>

In what is considered a response to Rashidian’s remarks, an Iraqi official denied plans to reopen any shrines to visitors coming from inside or outside Iraq. The governor of Najaf, Loai al-Yasserli, the head of the Crisis Cell, denied what was reported by media outlets regarding plans to let Iranian visitors to visit holy shrines.

He indicated that the situation on the ground in the city, as is the case in other parts of the world, is in alignment with the strict precautionary measures instructed by the World Health Organization, the Iraqi Ministry of Health and the Crisis Cell. These bodies have urged Iraqi provinces to ban huge gatherings to protect against the spread of coronavirus.



Therefore, the holy city of Najaf, to safeguard the lives of the Iraqi people and visitors, declined to receive any tourist groups and visitors from inside or outside Iraq until the end of the pandemic.<sup>(8)</sup>

The position of the Iraqi government is due to the ongoing rise in coronavirus cases, especially in the southern governorates due to some religious rituals. A consolation gathering held this month resulted in 35 infection cases in Basra alone.<sup>(9)</sup>

This hinders any plans to reopen shrines to visitors in the short term until the number of infections declines noticeably.

### III. Imam Mahdi and Coronavirus

Several clerics spoke about the link between Imam Mahdi and the coronavirus pandemic. They reiterated that coronavirus is an indication of the imminent reappearance of the Imam. The health pandemic signals the need for Imam Mahdi to reappear amid the collapse of the Western order. Ayatollah Alamulhuda said that coronavirus proved that the ruling political currents in the world are unable to run the world. Furthermore, they are unable to run their own societies.<sup>(10)</sup>

Therefore, the solution, from his point of view, is to reform the world via a globalist government under the leadership of the Infallible Imam. “The Mahdism ideology is a global political thought. It has emerged to run the livelihoods of the people in a way that surpasses the man-made one after the world has become fed up with different systems of administration and the inability to run the lives of the people in a way consistent with the human nature.”<sup>(11)</sup>

In the same context, the Supreme Leader Ali Khamenei considers that the world today is in dire need of the Infallible Imam. He said, “It has been so rare for mankind to pass through an epoch in which it strongly senses the need for a Messiah. But mankind, in its subconsciousness, realizes its need for a savior, and heavenly guidance.”<sup>(12)</sup>

The ruling elite made significant remarks concerning the role of the Absent Imam in saving the world and rectifying its course. In a striking statement made by the Iranian cleric Qassem Torkhan, he said, “The Absent Imam [the Infallible Imam] is exposed to disease and death due to coronavirus [...] The Infallible Imam may suffer from illness and ask us to pray for him to recover.”<sup>(13)</sup> He added, “The Infallible Imam may suffer diseases and viruses, or any other issues could cause health ailments to him.”<sup>(14)</sup>

He also indicated that the Infallible Imam has the power to heal patients. However, he does not intervene in divine universal laws or rectify the sins of humans. “The Imam is not expected to destroy the system of ‘reasons and causes.’ The same thing applies to the God-prescribed rules in the universe. Sometimes the reason for the disease is the misdeeds committed by humans.”<sup>(15)</sup>

The Mahdi issue has become on many occasions a tool of conflict and political exploitation. It is invoked in times of crisis to influence public opinion and shield the government and ruling elite free from any accusations of negligence.

### Conclusion

The Ideological File casts light on the debate ensuing among the religious elite in Iran regarding whether to reopen holy shrines or not. This is in addition to the demand of the director of the religious seminaries to move forward the scheduled date to reopen holy shrines. Rouhani attempted to balance the demands of the religious elite and health experts at the same time. The file also discussed the relationship between Imam Mahdi’s return and the coronavirus pandemic, which was cited by some Iranian officials.

There are two important conclusions. The first is that the issue of reopening religious shrines and landmarks is not up to Rouhani. Rather, it is an interlocking issue where

the religious elite cannot be bypassed. Therefore, Rouhani attempts to coordinate and bring closer the different points of view: the clerics on the one hand and the health experts on the other hand. The second conclusion is related to the political and religious exploitation of the Mahdi issue in the midst of the current social and political crisis, freeing the government from responsibility and, furthermore, turning the crisis into a calamity from God from which there is no escape.

# THE POLITICAL FILE

At a time when the Iranian government is facing huge pressures due to the economic crisis and the coronavirus pandemic which has killed thousands of citizens in different provinces, a report by the Iranian financial regulatory commission, published in mid-April 2020, revealed that \$4.8 billion from the funds allocated in 2018 to import basic commodities have disappeared. This report intensified pressures on the government. The Political File deals with the report of the financial regulatory commission in which the Iranian government is accused of squandering public funds and the implications of this on the political rivalry between the conservatives and moderates.

## I. The Report of the Financial Industry Regulatory Authority Accusing the Government of Squandering Foreign Currency Reserves

The report of the Financial Industry Regulatory Authority, read out in the Iranian Parliament, dealt with the Iranian government's allocations in the 2018 budget to import some commodities at the official exchange rate, which was 4,200 tomans per dollar. The report stated that the sum allocated by the government to importers was nearly \$31.5 billion. But via the survey conducted by the financial regulatory commission, it was revealed that nearly \$4.8 billion from this sum has not been spent on the import of basic commodities.<sup>(16)</sup>

It has also been revealed that some local suppliers who acquired the dollar at the government-instructed low exchange rate have not imported any commodities. Also, other traders imported commodities other than basic commodities despite the fact that they were available in the domestic market such as dental floss, dolls, toys, mattresses, kitchen utensils, fitness equipment, lamps, covers, dog food, ice cream sticks, detergents, and fabrics.<sup>(17)</sup>

However, the report did not mention the names of the entities which obtained US dollars at the preferential government-instructed price which was far lower than even the black market exchange rate. But it seems that several of them have close ties with some ministries that are connected to imports and exports, including the Ministry of Industry, Mine and Trade. This ministry had previously faced accusations of providing traders with billions of dollars who in return imported luxurious cars instead of edibles when the value of the rial against foreign currencies deteriorated.

When the government announced its plan to allocate several sums of dollars at the exchange rate of 4,200 tomans per dollar to import basic commodities, many Iranian economists voiced their opposition to this policy.

One of the reasons cited over and over for opposing this policy was that this exchange rate would lead to corruption and the squandering of the country's foreign reserves.

Opponents to the plan expected corruption to arise due to the following two reasons:

1- Traders may refrain from importing the necessary basic commodities and prefer to retain the hard currency they got at a preferential price given the huge gap between this price and the price of the currency on the black market.

2- In case the basic commodities are imported via this money, it is possible that traders could overvalue the commodities to profit excessively.<sup>(18)</sup>

## II. Rouhani Blasts the Financial Industry Regulatory Authority

Iranian President Hassan Rouhani attacked the report released by the financial regulatory commission, deeming it completely wrong. He also said that the report reflects ignorance about the country's laws and regulations, warning that such reports could lead to raising uncertainty among the people. He also wondered in anger about the reasons behind the commission's lack of oversight over other institutions such as the judiciary and Parliament for example, as well as the revolutionary and military establishments.<sup>[19]</sup>

This criticism by Rouhani involves an indirect accusation by the commission targeting the government exclusively while ignoring other institutions and bodies run by his political rivals which are financially controlled and run by the conservatives and the Supreme Leader Ali Khamenei.



### III. The Renewed Conflict Between the Conservatives and Supporters of the Government

This report was sufficient to ignite tensions and disputes among leaders of the Iranian political system after a not-so-long hiatus. The head of the judiciary Ebrahim Raisi rushed to intervene in the issue and called on the attorney general to open a special probe concerning the content of the report.<sup>(20)</sup>

He also dismissed President Hassan Rouhani's remarks in which he disregarded what was cited in the report of the financial regulatory commission on the role of the government in hiding \$4.8 billion from the country's budget. During a meeting of the judiciary, he defended the report of the financial regulatory commission on reviewing the budget. He said the report is not questionable or doubtful as described by some. The report is watertight and contains important details.<sup>(21)</sup>

The attorney general in Tehran announced that the judiciary is going after 25 individuals, bankers and officials in the central bank, to interrogate them on the case. He also announced the formation of a team made up of individuals from the financial regulatory commission, the central bank, customs, and the Ministry of Industry, Mining and Trade under the supervision of a special investigator appointed to the case. The investigation will cover different aspects related to the report of the financial regulatory commission.<sup>(22)</sup>

Also, President Rouhani and his government faced other criticisms. Critics said the government should bear responsibility because the negative reactions by government officials towards what was included in the report of the financial regulatory commission shakes the people's confidence in the government. It was better for the government to bring forth its documents and respond legally and transparently to gain public confidence and remove public doubts.<sup>(23)</sup>

On the other side, some parties attempted to defend the government, arguing that the sanctions imposed on Iran led to creating a systematic network of corruption that this government or any other government has nothing to do with. They also said that the opportunists in different governments can engage in corruption to make personal gains.

Also, some Iranian newspapers such as Arman newspaper accused the financial regulatory commission of double standards when it comes to Iranian governments and accused it of pursuing a political agenda. It said that the report did not pay attention to the funds lost during the presidency of Mahmoud Ahmadinejad. For example, when it was supposed that a plane would land in Iran carrying \$130 million from one of the countries during the period of international sanctions imposed on Iran, only \$100 million were delivered to the central bank. Iranian officials at that time said the other \$30 million had been simply lost.<sup>(24)</sup> Its fate remains unknown to date.

Gholamali Jafarzadeh, a member of the Budget Committee in the Iranian Parliament, said that not a single dollar has is alleged by some media outlets opposed to the government of President Rouhani. He said: "After the repeated meetings with the head of the financial regulatory commission, Adel Azar, and some officials in the supervisory bodies in the commission, I concluded that the main reason behind the report of the commission is that some ministries and executive bodies did not respond to the regulatory bodies affiliated with the financial regulatory commission." He called on Iranian President Hassan Rouhani to submit an accurate report to the financial regulatory commission on the government's spending of hard currencies urgently so that public opinion is not adversely affected and doubt is not instilled in the minds of the Iranian people.<sup>(25)</sup>

## Conclusion

The report of the financial regulatory commission spoke specifically about the sum allocated by the government to purchase some commodities. But \$4.8 billion of this sum has been lost. Here, there are only two scenarios: The importers spent the hard currency in purchasing commodities other than the basic commodities as the report of the financial regulatory commission cited or that they have sold this currency at the free market exchange rate to make huge financial gains. In both cases, the occurrence of financial irregularities cannot be denied, whether by the government or the importers. This means that the government's dismissal of the report's content will not convince the Iranian street or its political rivals who await an opportunity to attack the reformists and moderates as they prepare for the upcoming presidential elections scheduled for 2021.

# THE ECONOMIC FILE

The coronavirus pandemic and its economic consequences were still the main points of discussion dominating the economic scene during the month of April. In this file, we will touch on the financial measures pursued by the government in Iran to combat the crisis, the US moves to block the Iranian request to get a loan from the IMF and, finally, the announcement of the Iranian government about recommencing economic activities.

## I. The Development of Financial Measures to Combat Coronavirus

As part of Iran's pursuit to address the devastating consequences of the coronavirus pandemic, Supreme Leader Ali Khamenei issued an approval on April 6 to withdraw 1 billion euros from the Iranian National Development Fund.<sup>(26)</sup> The move comes to help the government in its measures to combat coronavirus and its adverse consequences. The sum will help cover the costs of the Ministry of Health in addition to supporting the Unemployment Insurance Fund.

Getting the green light from the supreme leader came days after the government's announcement that it seeks funds from the National Development Fund. This approval happens only on rare occasions. The supreme leader had refused to approve the release of funds from the National Development Fund during the natural disasters that hit Iran in the past. He also refused to release funds to tackle the budget deficit which worsened last year after sanctions on Iranian oil exports. This has prompted one to believe that the supreme leader is keeping such reserves of foreign exchange to undertake the purchase of weapons after the lifting of the UN arms embargo Iran in October 2020.

The coronavirus crisis overshadowed the circumstances of workers in Iran. This crisis, in addition to previous crises resulting from increasing costs of living and surging inflation rates, exacerbated the problems and economic pressures more than before on the working class and the low-income segments in Iranian society.

In a preemptive step to contain the anger of the working class in Iran, the Supreme Labor Council approved, on April 9, to increase the minimum wage for workers by 21 percent for the current Iranian year, raising it from 1,516,000 toman, which is equivalent to \$361 according to the official exchange rate, to 1,835,000 toman (\$437).<sup>(27)</sup>

It seems that this raise has provoked a firestorm of criticism.<sup>(28)</sup> This is because the wage increase is supposed to be in line with the rate of inflation according to Article 41 of Iran's labor law.<sup>(29)</sup>

The law stipulates that the any rise in the minimum wage of workers should be commensurate with the rate of inflation and the consumption basket announced by the central bank. This was not implemented in the decision issued recently by the government of President Hassan Rouhani. As for the inflation rate, its rate in December 2019 hit 40 percent according to the latest statistics of the Central Bank of Iran.<sup>(30)</sup>

On the other side, the Wages Committee of the Supreme Labor Council in December 2020 set the family's consumption basket at 4.9 million toman (\$1,160). This means



that increasing the minimum wage by only 21 percent, is insignificant given the current deteriorating economic conditions, the rise in the cost of living, and the suspension of industrial and commercial activities due to the coronavirus pandemic.

As part of the Iranian government's pursuit to secure financial resources to address the economic consequences of the coronavirus pandemic, the administration of President Hassan Rouhani, by virtue of the budget bill of the new Iranian year approved last March, authorized the flotation of bonds and stocks of state-run companies on the Iranian stock exchange. This includes the sale of 10 percent of the government's stake in Iran's Social Securities Investment Company (SHASTA), which is one of the most important investment firms run by the state. It covers nearly 40 million Iranians in health and insurance<sup>(31)</sup> at the value of \$440 million according to the free market exchange rate. Also, the government intends to sell the stocks of three banks and two insurance firms, including Bank Mellat, the Iranian commercial bank, the Iranian exports bank, Albroz insurance company and Amin insurance company to the people via investment funds at a 20 percent discount.<sup>(32)</sup>

During this crisis, several cases related to government corruption and the squandering of public funds have surfaced. This includes the squandering of \$4.821 billion from the hard currency dedicated to imports in 2018. This is in addition to reports that 241 government directors received illegal wages which amounted to 57 billion tomans (\$1.3 billion), surpassing the legal ceiling of the average income for government officials set previously.<sup>(33)</sup>

These issues raised questions about the authenticity of the government's claims and incited public debate. How can a government lose \$5 billion without any accountability while it seeks to obtain financial aid from Russia and the IMF equivalent to the hard

currency lost?

## II. Hindrances Blocking Iran's Pursuit to Get an IMF Loan

Iran, since it announced on March 15 that it will request an urgent loan to fight the coronavirus pandemic, has been facing several hindrances. The United States is objecting to the request, arguing that the money that Iran will get, if the loan of the IMF is approved, may be used for other purposes instead of helping those infected with coronavirus. It also said that Iran possesses sufficient money in its treasuries to combat the virus spreading across the country, citing the approval of the supreme leader on April 9 to withdraw funds from the National Development Fund of the state.<sup>(34)</sup>

Considering that the United States is the biggest contributor to the IMF, it has 16.5 percent of the votes. But in technical terms, some IMF member states could acquire a majority to approve Iran's loan request in opposition to the US objection to the loan.<sup>(35)</sup>

This is what Iran seeks to do on the ground. In order to avert this situation, the United States hinted that it shall use its veto in case IMF member states gather to approve the Iranian request.

There is an Iranian insistence on obtaining a loan from the IMF at a time when it can either withdraw more money from the National Development Fund or immediately withdraw from the IMF's reserve tranche or take up its quota under the financial institution's Special Drawing Right (SDR). Taking into account that Iran is a member state of the IMF, it has the right to directly benefit without paying interest.<sup>(36)</sup>

Via the direct withdrawal unit, Iran can get nearly \$2.1 billion<sup>(37)</sup> along with \$300 million from the reserve tranche.<sup>(38)</sup>

This means that Iran could get \$2.4 billion without the need to come forward to apply for a loan. More importantly, there are special channels and mechanisms to help Iran provide commodities as well as medical and humanitarian aid such as the recent Swiss financial channel created in February of this year. Also, Iran can use the foreign currency existing in its accounts overseas to purchase medicines and equipment.<sup>(39)</sup>

This includes Iran's oil revenues held in the insurance accounts in Japan, China, India, and South Korea.<sup>(40)</sup> These factors raise questions concerning Iran's motives behind requesting an IMF loan. Is it an attempt to politically defeat the United States and undermine its maximum pressure campaign by obtaining approval for the loan request despite the US veto? It is worth mentioning here that the IMF's veto pertains to internal administrative issues and it cannot be invoked to cancel loans to IMF member states.

## III. Reopening the Iranian Economy Despite Warnings

On April 13, Iran announced the resumption of its economic activities<sup>(41)</sup> and the discontinuation its general lockdown policy. This decision was taken despite health warnings on the dangers of this step, given the fact that the rate of coronavirus infections in Iran is alarmingly high.

This step was justified by the spokesman for the Iranian government Ali Rabiei<sup>(42)</sup> who said that there are nearly 105 official and unofficial facilities which are suspended. There are also 3.3 million workers who have been harmed due to this economic suspension. Also, there are 4 million unofficial employees who are threatened with having their wages cut or being fired, as well as 12 million workers in the services sector who have incurred significant loss due to the spread of coronavirus.

The Iranian gamble to allow economic activities to resume came not only due to concerns that the continuation of closures could lead to further economic deterioration, but also due to concerns that the lockdown could lead to more social unrest which could result in renewed public agitation.

## Conclusion

It seems that the measures taken by the Iranian government in its bid to reduce the future consequences of the coronavirus pandemic are insufficient to adequately address the crisis.

The financial subsidies promised by the government to the people are loans with high interest rates. This angered the people.

The government's decision to increase the wages of workers received widespread criticism. Also, in fear of sparking anger due to the deteriorating financial and economic situation, the government decided to partially lift the lockdown. The move came despite the demands of the Iranian Health Ministry to keep the lockdown in place. This move also reveals how far the government gives precedence to its economic interests over the health of the people.

# THE MILITARY FILE

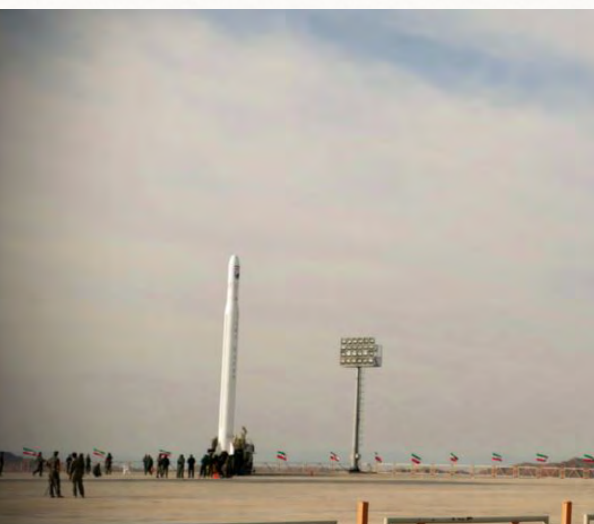
Iran launched its first military satellite Noor-1 on April 22. The launch was not an image-building exercise and signaled Tehran's ambitions to use space for military purposes. The space-launch vehicle (SLV) used in the launch was based on a modified version of the Shahab-3 ballistic missile with a propagated range of 2,500 kilometers. This was a departure from Tehran's signature policy of plausible deniability.

Noor-1 is neither Iran's first nor its last object to orbit space. Iran had earlier launched four satellites but Noor-1 has gone the farthest i.e. over 425 kilometers. Since the previous satellites did not last long in orbit, the Islamic Revolutionary Guard Corps (IRGC) might have put more effort into Noor-1's serviceability than capability, meaning less-sophisticated sensors, cameras and an overall lighter weight. Also, Iran's satellite controls are vulnerable to hostile cyber-attacks. Laden with cameras, the Noor-1 satellite is built for military surveillance purposes albeit with limited capability.

## I. Iran's Leap Into Space

Iran's Noor-1 satellite orbits freely over the Earth numerous times a day in its non-sun-synchronous orbit incline of 59.8 degrees to the equator at 427 x 435 kilometers but it does have a repeating ground-track about every four days.<sup>(43)</sup> Each orbital rotation of Noor-1 takes 90 minutes.<sup>(44)</sup> None of the earlier four satellites had a longer operational lifetime.<sup>(45)</sup>

Image (1): Noor-1 Military Satellite



Source: Radio Farda quoting Sepah News

The IRGC aspires to build and launch high-resolution reconnaissance satellites in the future in disregard of international concern about Iran's dual-use space program. Noor-1 was not launched from the Imam Khomeini Spaceport but from a mobile transporter, erector and launch vehicle at the Shahroud missile test site.<sup>(46)</sup> The previous satellite launches could have been tracked by satellite due to preparation activities at the Imam Khomeini Spaceport but Noor-1's launch on April 22 came without warning. As a result, no geospatial images could be taken nor could a hacking attack be made to thwart what was suspected as a test flight of Iran's intercontinental ballistic missile (ICBM) in the garb of the SLV. The Iranian Space Agency (ISA) has made 13 such attempts in the past. This time the IRGC took matters into own hands and sent its own military satellite on an improvised three-stage solid and liquid ballistic missile. The satellite is lighter at 100 pounds compared to similar devices launched in the past. It remains to be seen as to how safe it is from signal disruption and how long its battery lasts.

Telemetry signals have been strong from the satellite at 401.5 MHz, consisting of regularly spaced data packets with one data packet sent every 10 seconds.<sup>(47)</sup> However, radio amateurs are now reporting its data dumps near its ground station, and are pointing out the weakening or occasional absence of signals.<sup>(48)</sup>

Iran's secret space program, now in the open again, is working to send more capable satellites via solid-fueled SLVs, which may not happen during 2020.<sup>(49)</sup> The parallel space program of the IRGC was unveiled when its first bid to develop an SLV on November 12, 2011, exploded rocking the Shahid Modarres solid-fuel research facility. Amongst the 39 victims was the space program's missile architect Brigadier General Hassan Tehrani Moghaddam.<sup>(50)</sup> Up until the unveiling of the Qased SLV – whose second stage was powered by the IRGC solid-propellant motor Salman – the military side of Iran's space program was thought to have ended in 2011.<sup>(51)</sup> In September 1998, Iran first displayed its possession of solid propellant projectiles (i.e. short-range surface-to-surface reverse-engineered missiles): the Zelzal-2, the Naze'at, and the Shahin.<sup>(52)</sup> The quest to master the use of solid-propellant projectiles has never ceased since.

During the solid-fuel stage, other defining technological feats were the SLVs swivel nozzle, vital for flight control, and a light-weight carbon-fiber casing which extended the range.<sup>(53)</sup> Black marketeers in Russia, China, and North Korea contributed to these vital improvements.<sup>(54)</sup> Iran is fully cognizant that one successful launch into orbit does not guarantee the success of future missions. However, the April 22 launch comes at a crucial time for the projection of Iran's defiance and technological gains alike.

The Qased SLV was a highly modified version of the Shahab 3 ballistic missile, which itself is based on North Korea's Nodong missile. Even the erector-launcher can be traced back to Pyongyang, which Iran had acquired in 1995. However, it underwent some modifications after locally-assembled copies were made including some reverse-engineered parts.<sup>(55)</sup> The Nodong missile and the erector-launcher both date back to the Soviet-era.

Iran's interest in space technology can be traced back to 1958 when it sat amongst the founding members of the UN Committee on the Peaceful Uses of Outer Space (COPOUS). However, it was in 1985 that the late speaker of the Iranian Majlis Ali Akbar Hashemi Rafsanjani led a high-level delegation to Libya, Syria, North Korea, and China to acquire an assortment of missiles and rockets.<sup>(56)</sup> In 2004, ISA was formed under the Supreme Council of Space, chaired by the president, with a mandate to explore outer space, and build, launch and deploy satellites besides seeking regional and international cooperation.<sup>(57)</sup> On October 27, 2005, Iran unveiled its first space journey by sending its Sina-1 satellite on a Cosmos 3M rocket from northern Russia.<sup>(58)</sup>

## II. Strategic Significance

The rationale of Iran's space program is no different from its nuclear program. Both have a dominant military dimension, which Iran denies. The space program aims at secure communication, surveillance and reconnaissance.

The military satellite's launch ensures Iran's uninterrupted access to space and on-orbit operations, as well as space's situational awareness and Earth surveillance. To meet its more specific needs, the launch provides the IRGC with command, control and communication via Noor-1, which may later be transformed into a space-based defense of Iran's territory. Tehran, at some point, may like to arm the satellite to attack other similar objects of rival nations. The IRGC has an infatuation with such fantasy weapons. In 1974, Russia launched the Salyut 3 which was equipped with a 23-mm anti-aircraft cannon and while in orbit fired at a plane.<sup>(59)</sup> Iran may also fancy downing rival satellites with direct-ascent anti-satellite missiles. The United States, China, Russia and India have already tested weapons to shoot down satellites.<sup>(60)</sup>

The presence of orbiting satellites has monumental significance for Iran's ballistic and cruise missile guidance systems and their deterrent capability. As much as Iran's SLVs provide the country's ballistic missile program with technical dividends, they also bring into the calculus the militarization of space and the need for Tehran to draft a corresponding defense policy.

For a climate-change impacted and water-stressed country like Iran, space surveillance can also help with providing an early warning system for floods and droughts besides providing data for efficient and environment-friendly farming practices and town planning alike.<sup>(61)</sup> This, however, is subject to the IRGC's willingness to share data with the civilian government.

Iran's satellite development program seems rather slow and less exciting than the actual refinement of the country's ballistic missile program in a way that leads to the development of an intercontinental ballistic missile (ICBM). Tehran's space program provides the necessary knowledge and technical finesse to Iran's engineers to extend the range and payload of missiles with greater accuracy. Iran's pursuit of a solid-fueled SLV, which many not convert into a viable ICBM, will provide invaluable insight into the complexities of projective velocity and metallurgy. If Iran has been boosting its space program with technology from the black market, its development of an all solid-fueled SLV might be sooner rather than later.

Iran's space program provides it with satellite communication (Satcom) capability, which is a pre-requisite for an effective drone-based warfighting and surveillance network.

## III. New Rules of the Game

After back-to-back breaches of the Joint Comprehensive Plan of Action (JCPOA), Iran took another defiant step by sending a military satellite into orbit attached to an improvised ballistic missile. The one-way trip to space is also a calculated violation of the UN Security Council (UNSC) Resolution 2231 which states, "Iran is called upon not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons."<sup>(62)</sup>

Moreover, Iran has proven capability to hit the United States with a ballistic missile. This is a leap in Tehran's strategic outreach. The White House warned Iran against such endeavors aiming to change the status quo. Of Washington's 12 conditions to lift sanctions imposed on Tehran, the fourth specifically demanded Iran to end its proliferation of ballistic missiles and halt further launching or development of nuclear-capable missile systems.<sup>(63)</sup>

Image (2): Salman Engine



Source: Fars News Agency

Iran may continue to argue that its space program is for peaceful purposes and SLV technology cannot be used for long-range ballistic missiles. However, in principle, Iran has changed the rules of the game by launching its military satellite into orbit. Iran's strike capability will provoke a multifaceted diplomatic, legal, and strategic response from the international community. Russia and China do not agree with the United States' interpretation of Iran's satellite launch but the other three JCPOA signatories likely do.<sup>(64)</sup>

The United States, Germany, Britain, and France have criticized Iran's fresh leap into space. A British Foreign Office spokesman commented, "Reports that Iran has carried out a satellite launch – using ballistic missile technology – are of significant concern and inconsistent with UN Security Council Resolution (UNSCR) 2231."<sup>(65)</sup> He pointed out, "The UN has called upon Iran not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons. Iran must abide by this."

France vehemently condemned the launch of Noor-1 as it violated UNSC Resolution 2231.<sup>(66)</sup> The French Foreign Ministry in its statement mentioned, "Given that the technology used for space launches is very similar to that used for ballistic missile launches, this launch directly contributes to the extremely troubling progress made by Iran in its ballistic missile program. The role played by the Islamic Revolutionary Guard Corps Aerospace Force, an entity subject to EU sanctions, in this launch reflects the close link between these two programs."<sup>(67)</sup>

The German Foreign Ministry spokesman Christopher Burger warned that "the Iranian rocket program has a destabilizing effect on the region and is also unacceptable in view of our European security interests." The United States is preparing a UNSC resolution against Iran, with it likely to be vetoed by Russia.

Not only for the United States but also for NATO, as a strategic bloc, the IRGC's renewed and publicly vaunted capability must be alarming. Given the differences between Washington and the European Union (EU), the military bloc becomes relevant not only to appease the United States' security concerns but also for its own existence. However, there has been no condemnation yet of Iran's satellite launch from NATO's spokesman or secretary-general.

For the United States, October 18, 2020, a date marking the scheduled expiration of a UN-imposed arms embargo on Iran as per the JCPOA, assumes even greater significance. The United States withdrew from the JCPOA two years ago but now President Trump is being pressured by Congress to invoke the snap-back clause, meaning the reimposition

of pre-October 2015 UNSC sanctions. Already, the UK, France and Britain have launched a dispute-resolution mechanism (DRM) due to Iran's violations of enrichment-related restrictions under the JCPOA.<sup>(68)</sup> Though currently on hold, the EU three will seek proceedings and refer the matter to the International Atomic Energy Agency (IAEA) and then to the UNSC. A parallel DRM is also likely to be started over Iran's space program after Noor 1's launch into orbit. Once the matter reaches the UNSC, Russia or China will not have the right to veto but the snap-back clause will become automatically applicable after the 30-day notification period.<sup>(69)</sup>

Though the EU three have unanimously condemned Iran's launch of Noor-1, Germany and France may be reluctant to see the JCPOA fall apart and Iran reverting back to its clandestine nuclear program. Washington wants to invoke the snap-back clause. Washington has shown no intent to negotiate with Iran to roll back its recent advances, which already has pre-conditioned negotiations with the United States on the lifting of sanctions on Tehran. Washington's attempt to argue that it is still a member of the JCPOA<sup>(70)</sup> will ultimately favour Iran if the EU signatories are not convinced. As a result Washington would have to find an ally among antagonistic JCPOA EU signatories ready to do its bidding on the snap-back clause. Washington's quest to find a JCPOA EU ally would not have been a big deal had Trump not stressed transatlantic ties to their limit by questioning NATO's Article 5 defense guarantee, withdrawing from the Paris climate agreement, unilaterally deciding about the presence of the United States' troops in Syria and slapping tariffs on European steel and aluminum exports.<sup>(71)</sup>

Pragmatically speaking, the existing arms embargo and economic sanctions have not deterred Iran enough to disrupt its military capabilities, regional behavior or access to the black market to purchase parts to be reverse-engineered for mass-scale utility.

The existing UN embargo applies to heavy conventional weapons but does not cover strategic defensive arms like advanced air defense systems. The primary motive behind the United States' endeavors not to lift the UN arms embargo is to deny rewarding Iran's rogue behavior. If the United States is accepted as a member of the JCPOA by the other EU members, it will seek to implement the snap-back clause and the return of UNSC sanctions. By doing so, Washington may emerge as the victor, but its act will not be seen favorably by the other allied states in Europe, Canada or Japan. Also, its public approval will go down further, adding significantly to the decline in the image of the United States.

There are also differing views on whether the West must insist on halting all testing and development of Missile Technology Control Regime (MTCR) Category 1 missiles.<sup>(72)</sup> Iran disagrees with the West that its ballistic missile and space programs are in violation of UNSCR 2231. According to Iran, the text of the resolution clearly states that Tehran is to avoid "any activity related to ballistic missiles designed to be capable of delivering nuclear weapons."<sup>(73)</sup>

With Moscow and Beijing aligning behind Iran, the possibility of the JCPOA being annulled and UNSC sanctions reimposed leaves Tehran with the ultimate defiant act: fast-track its nuclear enrichment to critical levels to build a nuclear bomb and further refine its missile delivery systems. Thus, the precious and timely success in launching the Noor-1 satellite into orbit reduces the United States' and the West's policy options. As the United States' presidential elections fast approach, Trump is doubling down his maximum pressure strategy against Iran to 'enforce and expand'<sup>(74)</sup> with Tehran likely to face a further tightening of sanctions. However, this is unlikely to undermine its ability to continue with the development of its robust nuclear program and missile delivery systems.

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# Arab Affairs

Following the outbreak of popular protests in both Iraq and Lebanon, Iran's presence in the Arab region continues to be challenged. In addition, the international community rejects Iran's position in Syria. Iran's downturn has been noticeable during the past months. Following developments in Iraq's political equation, Russia's endeavors to limit Iran's presence in Syria, Lebanon's economic and political crisis worsening as a result of Hezbollah's domination, and the diminishing prospect of a political solution in Yemen, Iran's presence in these countries is denounced nationally and internationally. Regarding Iran's presence in Iraq, this file addresses Iran's interference in the formation of the new Iraqi government. With regards to Iran's presence in Syria, the main points revolve around the visit of Iran's Foreign Minister Mohammad Javad Zarif to Damascus and Iran's militarization of Syrian militias and Russia's growing efforts to expel Iran from Syria.



# IRAN AND IRAQ

Iraqi President Barham Salih mandated intelligence chief Mustafa al-Kazemi to form a new government. The move came after Adnan al-Zurfi withdrew from forming a new government. Al-Kazemi obtained the consensus of all political, sectarian, and ethnic alliances. He has been mandated to form the government within 30 days, and for this he must receive the Iraqi Parliament's vote of confidence. Following the withdrawals of Mohammed Allawi and al-Zurfi, al-Kazemi is the third person to be appointed Prime Minister in less than five months since Adel Abdul Mahdi announced his resignation on November 30, 2019. Al-Kazemi's appointment aims to bring Iraq out of its political crisis. This political crisis has worsened in the country with signs of a looming economic crisis. Iraq, which is the second largest oil producing OPEC member country, has been facing increased economic challenges since the collapse of oil prices at the end of April 2020.

## I. Iran's Role in al-Zurfi's Withdrawal From Forming the Government

To prevent al-Zurfi forming the next Iraqi government, Iran dispatched to Iraq the secretary of the Supreme National Security Council of Iran Ali Shamkhani in March 2020, and the commander of the Quds Force Esmail Qaani on April 1, 2020. Media reports indicated that Esmail Qaani called on the three Shiite leaders, Hadi al-Ameri, the head of the Fatah Alliance, and Badr Organization, Nouri Maliki, the head of the State of Law coalition, and Ammar al-Hakim, the head of the National Wisdom Movement, to search for an alternative to Al-Zurfi.<sup>(1)</sup> The meeting took place at the house of Hadi al-Ameri. It was reported that Iran intended to promote people who are acceptable to Tehran such as the Governor of Basra Asaad Abdulameer Al Eidani, or Qasim al-Araji, the former interior minister who is also a member of the Badr Organization.

The political alliances such as the Fatah Alliance, the State of Law coalition, and pro-Iran armed militias in Iraq, such as Asa'ib Ahl al-Haq refused to support al-Zurfi in forming the new cabinet because of his rejection of Iran's sectarian model and Tehran's agenda on the one hand, and because of his pro-Saudi and American leanings on the other hand. When he left Iraq in the early nineties, al-Zurfi lived in Saudi Arabia for three years and the United States for nearly a decade. Upon his return to Iraq after 2003, he was appointed by the United States as Governor of Najaf.<sup>(2)</sup>

Al-Zurfi advocated restoring the authority and sovereignty of the Iraqi state, eliminating the presence of armed militias, and restricting arms to the state. He also considered militias not under state control as outlaws. There are many armed militias that operate outside the Iraqi military, such as the Mahdi Army, the military wing of the Sadrist movement, and the Badr Organization. Al-Zurfi also threatened to prosecute those who killed Iraqi demonstrators. Iran and its proxies in Iraq considered him as a great threat to Iranian influence.

Iran also believed that he was a US candidate as his nomination coincided with strong statements by the US Secretary of State Mike Pompeo, in which he warned of the consequences of obstructing the formation of the new government; consequently,



Iraq would be exposed to sanctions. The statements of the American ambassador to Iraq, Matthew Tueller, revealed that the candidacy of al-Zurfi was the last opportunity for Iraq to obtain international support.<sup>(3)</sup> Iran considered the candidacy of al-Zurfi as a new American move to limit Tehran's influence after the killing of the deputy chief of the Popular Mobilisation Forces, Abu Mahdi al-Muhandis and the leader of its expansionist project Qassem Soleimani. Al-Zurfi's nomination made it difficult for Iran to accept a new defeat in the Iraqi arena as a result it reiterated its policy of resistance and threatened to launch attacks against American bases and forces until America is expelled from Iraq.

## II. Iran's Role in Forming the Iraqi Government

Through Shamkhani's and Qaani's visits, Iran was also able to prevent al-Zurfi from forming the government. This visit was significant in unifying and organizing the Shiite house after Shamkhani had made arduous attempts to assign al-Kazemi the task of forming the new government. When Shamkhani met Al-Kazemi, the former said "The importance of the intelligence and security services which can play the biggest role in managing the new circumstances."<sup>(4)</sup> This statement implicitly indicates Iran's acceptance of al-Kazemi taking over the government.

On the other hand, Qaani met the hawks of the Shiite alliances, especially al-Ameri and al-Maliki, to achieve greater consensus on al-Kazemi. After being appointed, the Iranian ambassador to Iraq, Iraj Masjedi, rushed to congratulate al-Kazemi, affirming

Iran's approval of his mandate to form the new government. Through the spokesman for the Ministry of Foreign Affairs Abbas Mousavi, Iran welcomed al-Kazemi's appointment, considering it a step in the right direction.<sup>(5)</sup>

Al-Kazemi's biography suggests that he was not Iran's first choice to form the new government but was the most acceptable person to all parties. Al-Kazemi is pro-US and Saudi Arabia and belongs to the cross-sectarian Victory Coalition. His appointment as head of intelligence goes back to the period of former Iraqi Prime Minister Haider al-Abadi. Iran approved of him ahead of al-Zurfi for several reasons, namely: his relationship with Iran is not as bad as al-Zurfi's relationship with Tehran. He can also be the mediator between Tehran and Washington to improve relations with the United States.



Iran also realizes that it possesses important pressure cards on al-Kazemi's government, al-Abadi's son-in-law, if he shifts away from Iran. Al-Kazemi is dependent on pro-Iran political groups in Iraq. Moreover, Iran's position is strengthened by the widespread deployment of its armed militias across Iraq. Furthermore, Iran is aware that al-Kazemi's government will remain in a transitional phase until Iraq's parliamentary elections are held.

Iran's acceptance of al-Kazemi is highlighted through the closed-door meeting between Shamkhani and al-Kazemi. During this meeting, an agreement with al-Kazemi was reached. Al-Kazemi agreed not to restrict Iran's armed militias in Iraq in exchange for Shiite political blocs supporting his government. These Shiite blocs forced Allawi and al-Zurfi to withdraw from forming the new government because of their non-approval. It seems like al-Kazemi has accepted to work within the political parameters set by Washington and Tehran in Iraq since 2003.

In addition, Iran possesses the greatest pressure card on al-Kazemi's government which it can use at any time. Iran can turn its armed Shiite militias on the ground against him such as the Iraqi Hezbollah Brigades, which accused him of being involved in the killing of Soleimani and al-Muhandis through providing information to American intelligence. He is also supported by the Badr Organization led by al-Ameri and the Ataa Movement led by Faleh al-Fayad. Al-Kazemi is also backed reluctantly by the Rule of Law Coalition and Asa'ib Ahl al-Haq, led by Qais al-Khazali. This complex relationship with the Shiite blocs allows Iran to manipulate al-Kazemi whenever it wants if he drifts away from Tehran's agenda.

### III. The Challenges for al-Kazemi's Government to Manage the Next Stage

Al-Kazemi's government faces a number of challenges, if it gains the Iraqi Parliament's vote of confidence. It faces the task of dealing with Iraq's economic crisis due to the decline in oil revenues which constitute about 90 percent of the total Iraqi budget.<sup>(6)</sup> The situation has worsened due to global crude oil prices declining because of the coronavirus pandemic. In addition, the new government must address the unemployment problem and the country's electricity shortage.

Also, Al-Kazemi's government needs to address the demands of Iraqi protestors who have been demonstrating at Baghdad's Tahrir Square since October 2019. Their demands include, most importantly, the prosecution of corrupt politicians and those involved in the killing of Iraqi demonstrators, as well as restricting arms to the state, especially since al-Kazemi was the country's intelligence chief. To fulfil these demands, al-Kazemi will clash with Iran's interests.

Al-Kazemi's government must prevent Iraq turning into an ongoing war zone to settle American-Iranian tensions. The course of events are sliding towards armed confrontation as armed militias continue to target American forces and bases in Iraq after the killing of the Quds Force commander Qassem Soleimani and the deputy chief of the Popular Mobilisation Forces Abu Mahdi al-Muhandis. The US targeting of militia concentrations on Iraqi territory could turn Iraq into an open battlefield.

Al-Kazemi faces a serious allegation made by the most dangerous faction closest to Iran, the Iraqi Hezbollah Brigades. Through its security official, Abu Ali Al-Askari, al-Kazemi was accused of facilitating the killing of Soleimani and al-Muhandis: "Al-Kazemi is one of those who are accused of helping the United States to carry out the killing of Soleimani and al-Muhandis."<sup>(7)</sup>

However, the most important challenge facing the al-Kazemi government is how to respond to armed militias wanting to expel American forces from Iraq. He faces a difficult challenge in balancing good relations with the United States on the one hand

and responding to the pressure of armed militias to expel American forces on the other hand.

Nevertheless, it is likely that al-Kazemi will gain the Iraqi Parliament's vote of confidence, thus the approval of all Shiite, Sunni and Kurdish political blocs.

#### IV. The Upward Trend of the US-Iranian Escalation on the Iraqi Scene

The American-Iranian escalation in Iraq is increasing. Iraq continues to be a significant country for both Iran and the United States as they compete for areas of influence and interests in the region. The exchange of threats in the Iraqi arena continued to mount between the two countries after Iranian militias targeted American bases and the United States killed Soleimani and attacked Iranian concentrations in Iraq.

During April 2020, US President Donald Trump warned Iran of the consequences of targeting American interests and bases in Iraq, asserting that it would pay a heavy price: "Iran or its proxies are planning a sneak on the US troops and / or assets in Iraq. If this happens, Iran will pay a heavy price."<sup>(8)</sup>



Media reports also indicated that America has deployed the Patriot air defence missile system which consists of advanced radars and interceptor missiles capable of destroying ballistic missiles flying over Iraq, especially at the Ain Al-Assad Air Base. Another Patriot battery also reached a US base in Arbil.

On April 4, 2020, American forces vacated the Habbaniyah Air Base in western Iraq and handed it over to the Iraqi army. Previously, US troops withdrew from a small group of bases including K-1 Base in Kirkuk. Therefore, there are not many US forces in Iraq. These forces are now concentrated in Al Anbar at Ain al-Assad Air Base.

Iran responded by warning the US administration of the risk of dragging the Middle East into a catastrophe. The Chief of Staff of the Iranian Armed Forces Major General Mohammad Bagheri stated: "The US military moves and activities in Iraqi airspace indicate intentions against the resistance groups and the Popular Mobilisation Forces in Iraq."<sup>(9)</sup>

The member of the national Security and Foreign Policy Committee of the Iranian Parliament Hishmat Allah Faht Bisha made profoundly serious and important statements regarding the American moves in Iraq. He said: "The military actions by America in Iraq mean to wage a war."<sup>(10)</sup>

He pointed out that Iraq is a top priority for the US administration to restrict Iran. The US realizes the importance of Iraq in alleviating the impact of sanctions on Iran because it is an outlet and a lifeline for Tehran. Iraq is central in the Iranian strategy for geographical, political, economic, and doctrinal expansion. The two countries cannot withdraw from Iraq due its strategic importance in the region.

#### Conclusion

Iran has clearly played a central role in Iraq by aborting the candidacy of al-Zurfi and approving the mandate of al-Kazemi to form the new government. Both are not considered to be with the pro-Iran team in Iraq. This shows an extremely important

result, which is the extreme impact of Soleimani's absence on Iran's influence in the Iraqi arena. Al-Kazemi is not the first option for Iran, but he is an acceptable option compared to al-Zurfi, because he is less threatening to Iranian influence in Iraq. Iran also has pressure cards to implement its agenda due to the widespread deployment of its militias. All this reflects a severe Iranian underestimation of the status and sovereignty of Iraq and its history.

# IRAN AND SYRIA

The foreign policies of all countries are influenced by shifts in regional and international affairs as they seek to implement their goals. However, the foreign policies of countries with ideological regimes remain static until they achieve their goals. Due to Syria's centrality in the Iranian regional project, Iran maintains its policy towards Syria. Tehran dispatches its officials there to ensure the continuity of its political support and weapons supplies to its militias in Syria. Specialists believe that Russia has deserted Bashar al-Assad because he has failed to progress on several files, most importantly the drafting of the new Constitution. This coincides with the growing international movement to limit Iranian influence in Syria.



## I. The Political Dimensions of Zarif's Visit to Syria

The Iranian Foreign Minister Mohammad Javad Zarif's brief visit to Syria on April 20, 2020, during which he met Bashar al-Assad, raised questions about its implications and details at a critical time for Iran as it experiences not only sanctions but also the fallout from the coronavirus outbreak across the country.

Zarif's visit to Syria comes at a crucial time for Iran due to the collapse of the Iranian medical system in the wake of the coronavirus outbreak. This visit reveals significant Iranian concerns about developments in the Syrian arena, due to its intentional exclusion from Russian-Turkish understandings and arrangements on Idlib, Russian-

Israeli understandings on the south of Syria, and periodic meetings between the Russians, Turks, and Israelis. One of the meetings led to a Russian-Turkish agreement allowing Ankara to deploy about 16,000 fighters in northwest Syria, which Iran has continuously opposed. The Syrian arena witnessed the continuation of Israeli air strikes against Iranian deployments on two occasions - in mid-April and on April 20, 2020.

The second development in the Syrian arena, which is related to Zarif's urgent visit to Syria, is Iran's fears of Arab closeness to Syria which is strengthened through the dispatch of humanitarian supplies by Arab countries to help Syria to deal with the coronavirus outbreak. In this context, three Arab calls were made to al-Assad by Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed Al Nahyan; the Sultan of Oman Haitham bin Tariq; and Mauritanian President Mohamed Ould Al Ghazwani. Iran is concerned about its influence in the Syria, where it has paid an immense human and material price.

The third development is Iran's apprehension about the growing American-Russian understandings, which apparently included Ankara and Tel Aviv but excluded Iran, on the future of Syria and the fate of al-Assad in the Syrian presidential elections scheduled for 2021. However, Iran realizes that in the next stage, its continuous support for al-Assad will clash with the vision and goals of the international community. This is coupled with al-Assad's control of some areas liberated from the opposition fluctuating such as Dara'a governorate as well as his failure to move forward on reforming and drafting the Constitution, which angered the Russians.

On the other hand, Zarif's visit aimed to reassure al-Assad, reiterate Iran's commitment to him, and show that its weight in Syria is no less than Russia's due to the deployment of Iran's militia in Syria, especially after the Russians pursued a different policy that may indicate a possible desertion of al-Assad in the upcoming stage. The Russian media had sharply criticized al-Assad and doubted his ability to govern Syria. This is consistent with the talk on Turkish websites that "the Russians have already started to prepare a road map in coordination with the West that includes the overthrow of Assad in exchange for lifting the diplomatic embargo and American sanctions on Syria and initiating the reconstruction process."<sup>(11)</sup> Therefore, Zarif rushed to Syria to assure al-Assad that Tehran would never give up on him.

The Russians are convinced more than ever of ditching al-Assad due to growing Russian-Turkish coordination, Russian-American coordination, and Russian-Israeli coordination on the Syrian file. This is in addition to Turkey's opposition to al-Assad's control of northern Syria and the American administration's refusal to withdraw from Syria's oil fields or from al-Tanf base along the border with Iraq to curb Iranian influence in Syria. The Russians are also aware of the potential impact on al-Assad's allies after the US Congress approved the Caesar Act in December 2019 to punish al-Assad and the international parties that cooperate with him. In addition, the Russians realize that al-Assad has failed to move forward on important Syrian files such as drafting the new Constitution and protecting liberated areas. Finally, they know that Syria's reconstruction process is impossible without coordination with the United States, which rejects the Iranian role in Syria.

## II. The Iranian Armament of Militias in Syria

An unnamed Iraqi intelligence official revealed to Al-Ain News that pro-Iranian armed militias, particularly the Hezbollah Brigades under IRGC supervision in Iraq, dug cross-border tunnels into Syria along the Iraqi border strip in Al-Qa'im district and from the Syrian side in the Imam Ali district to transfer missiles and drones to pro-Iranian militias in Syria. An Iranian lieutenant colonel in Al-Quds Force, Yar Asrar, known as Hajj Mirza, supervises the transfers of weapons and ammunition.

Lieutenant Colonel Asrar assigned a group of Quds Force elements led by Zulfiqar Ali Rasouli to dig the tunnels. The group was able, in cooperation with the Iraqi Hezbollah Brigades and Asa'ib Ahl al-Haq, to dig three large tunnels into the Imam Ali Base in Syria. He confirmed that the Quds Force, in coordination with the Popular Mobilization Forces, transferred a huge batch of cutting-edge surface-to-surface missiles to Imam Ali Base through the tunnels.<sup>(12)</sup>

An Israeli report also revealed that precision weapons, especially surface-to-surface missiles, are continuously flowing to Syria and that bases have been established throughout the country such as the Imam Ali Base at the Iraqi-Syrian border crossing about 800 km from the Israeli border, which is part of the Iranian positioning plan in Syria. The report also indicated that precision weapons have been transferred to Hezbollah in Lebanon. These weapons include basic equipment to improve the accuracy of more than 100,000 rockets held by Hezbollah.<sup>(13)</sup>

In the same context, the American news website The National, which specializes in monitoring international air traffic, revealed that Iran operated an Ilyushin Il-76 cargo plane on April 20, 2020 from Tehran International Airport, which is used by the Iranian Air Force, loaded with air weapons shipments that later arrived at Latakia Airport.<sup>(14)</sup> Pervez Fattah, the head of the Iranian Vulnerable Foundation which is affiliated with the Iranian Supreme Leader, also admitted on a TV program that he had paid the salaries of Fatimiyoun militants in Syria at the request of the former Quds Force commander Qassem Soleimani.<sup>(15)</sup>

The foregoing, related to Iranian efforts to militarize Shiite groups abroad, can be read as part of Tehran's Shiite expansionism plans. Iran seeks to change the rules of the game in the targeted countries in favour of its armed militia to serve its expansionist agenda and colonial plans. Fattah's confession in addition to a long list of Iranian statements demonstrate that Iran wastes the funds of the Iranian people amid deteriorating socio-economic conditions. This is an outcome of the economic sanctions on Iran due to its policies at home and abroad. The Iranian government uses part of the Iranian people's funds to pay the salaries of armed militias that oversee the implementation of Tehran's agenda in Iraq, Syria and Lebanon under sectarian arguments and fine-sounding slogans.

### III. The Russian Efforts to Limit Iranian Influence in Syria

Russia sent Défense Minister Sergei Shoigu to Syria on March 23, 2020. Media reports confirmed that he came to send a warning to al-Assad that Russia rejects the eruption of hostilities again in Syria because Moscow will not accept any violation of Russian-Turkish agreements on Idlib. This was in the backdrop of al-Assad threatening to use Iranian support to resume fighting to impose regime control over the Aleppo-Latakia Road.

. Russia has taken measures to protect its troops in Syria by redeploying its military away from Iranian backed militias in order to stop the spread of the coronavirus among its soldiers. Some of these actions included a call to al-Assad to redeploy pro-Russian brigades and Russian military formations separately from the pro-Iranian brigades and formations in the Syrian army. Russian actions also involved movements against pro-Iranian brigades in the Syrian army, thus restricting the movements of armed pro-Iranian militias in southwestern and northwestern Syria.<sup>(16)</sup>

In addition, the Russians adopted polarization towards the pro-Iranian militia leaders in Syria. Media reports revealed that the leader of the Fatemiyoun Brigade affiliated with the IRGC, Abdullah Salahi, accepted a Russian offer to train and arm pro-Russian elements. Media reports also confirmed the success of Russian endeavours to convince Salahi to

permit the Faisal al-Abbas unit to take pictures next to the Russian special forces while they carried Russian weapons. The Russian forces also removed all banners and flags of the Iranian militias in Al-Mayadin city and kept the internationally recognized Syrian flag and pictures of President Putin and the Russian flag next to it.<sup>(17)</sup>

The widening gap between the Russians and Iranians in Syria is not new but is due to the shift in the battle in favour of al-Assad when he retook control of Aleppo in 2017. Since then, Russian-Iranian common interests in Syria have been absent as al-Assad maintained his stronghold on power, the opposition gathered in Idlib governorate, and most terrorist enclaves were eliminated. In January 2018, the first indications of the Russian-Iranian divergence in Syria appeared when the Russians affirmed the primacy of Israeli security in Moscow's agenda and refused to call the relationship between Russia and Iran an "alliance" but rather "coordination" in the framework of the Astana talks.<sup>(18)</sup> The level of tensions increased when President Putin called in May 2018 for all foreign troops to withdraw from Syria, and he meant here the pro-Iranian militias.

Relations between the two countries entered a more tense phase when armed clashes erupted between the Syrian-Iranian Fourth Division led by Maher al-Assad and the Syrian-Russian Fifth Division led by Tiger Force commander Major General Suheil al-Hassan in January 2019 over the division of the areas of influence in Syria. In May 2019, the Russians pressed al-Assad to restructure the Fourth Division to unite loyalties under Moscow's control and to ensure that the Fourth Division - the most equipped, armed and deep-rooted group in the Syrian government and the closest to Iran by the virtue of its sectarian composition - is broken up. The confrontation between the two divisions was also renewed in mid-April 2019 to the point where heavy weapons in different areas of Syria were used.

If we look at the agendas of the two countries in Syria to explain the growing tensions between them, we find that the premise and goals of the two countries are divergent. The Russians operate on a pragmatic basis to extend Moscow's international influence, acquire pressure cards in various regions of the world, maximize Russia's international interests, maintain its Tartus base, and compete with America in the region. The Iranians operate on a doctrinal and pragmatic basis to extend Tehran's sectarian ambitions on the one hand and secure resources to guarantee the implementation of its expansionist plans on the other. The differences between the Russians and the Iranians in Syria are due to divergence of opinions on the form of the new Syrian state, and Moscow's coordination with the Israelis and Turks on Syrian phosphate, the reconstruction process, and spheres of influence in Syria.

## Conclusion

Syria is central to Iran's strategy because Tehran's perspectives towards Syria are pragmatic and doctrinal. However, it is different for Russia, which oversees the implementation of the next stage in Syria by limiting Iranian influence so that Iran does not become a strong party and a heavy burden on Russia. This can be done by building pro-Moscow Syrian military institutions to secure Russian spheres of influence and by weakening the pro-Iranian militias by intensifying pressure on the Syrian president to distance himself from Iran, which is difficult to pull off, or to turn a blind eye to Israeli air strikes against Iranian deployments in Syria. However, Iran will not retreat after it has paid a large material and human price and is waiting to reap the fruits. Therefore, the most likely scenario is the escalation of disputes and clashes between forces loyal to Iran and Russia across Syria. In particular, the Iranians are fixated on the Syrian card due to its centrality to Tehran's strategy, and the Russians are determined to limit Iran's power in Syria. Meanwhile, the interests of the Israelis, the Turks and the Americans in Syria are also divergent.

# IRAN AND YEMEN

During April, the Iranian role in Yemen has become more apparent as the complexities on the Yemeni scene grew. The internal fronts in Yemen witnessed a military escalation by the Houthi militia. They also violated all the initiatives of the alliance to support the legitimate government to conclude a military armistice which aims to alleviate the suffering of the Yemeni people. The escalatory activities carried out by the Houthi militia targeted vital areas in both Riyadh and Jizan. The Houthi escalation coincided with indications of Russian-Iranian coordination in Yemen through supporting Yemeni elements that have separatist tendencies from the legitimate government. This is demonstrated by the visit made by the President of the Transitional Council, Aidarus al-Zoubaidi to Russia. Following this visit, the Transitional Council declared self-administration, which was condemned by the legitimate government and described it as a “rebellion.” In return, speeches by Iranian officials focused on “Yemeni unity.” However, Iranian officials do not speak about Yemeni unity except in times of disagreement between the political factions of the legitimate government. These comments reflect the Iranian government's desire to take advantage of the contradictions within the Yemeni arena and to try to encourage other Yemeni political components, including the Southern Transitional Council to counter the efforts the coalition exerted against the Houthi militia. We will review the most prominent developments on the Yemeni scene in April which are linked to Iran's role.

## I. The Houthi Escalation With Iranian Fingerprints

Recently, the Yemeni scene witnessed a military escalation by the Houthi militia inside and outside Yemen in an effort to control vital areas inside Yemen and to add further complexity to the Yemeni file due to its compliance with Iran's will and direction. Therefore, the pace of Houthi escalation increased internally and externally.

The Houthi militia escalated militarily on different fronts including Al-Jawf Province and east of Sana'a. They had been preparing for this escalation on the Naham and Al-Jawf fronts for months, taking advantage of the truce in Hodeidah. They called many Houthi leaders and elements from Hodeidah to Sana'a. In addition, they trained many individuals to carry out the military escalation on different fronts.<sup>(19)</sup>

This military escalation led to the displacement and the outflow of thousands of Yemeni families from Al-Jawf Governorate. The Vice-President of the Republic of Yemen Ali Mohsen Al-Ahmar stated at the beginning of the Houthi escalation that it reflects the Houthi militia's dependence on the subversive project of the Iranian government and is an attempt to undermine the security and stability in Yemen and the region. He said “that the Houthi war mainly aimed at undermining the international security and stability through targeting waterways, oil sources, wealth areas, American and European companies and neighbouring countries.”<sup>(20)</sup> The Arab coalition leadership is exercising utmost restraint in its rules of engagement while maintaining the right to respond proportionately in self-defence. It will continue its commitment to the ceasefire, and

support UN efforts to reach a comprehensive political solution to end the suffering of the brotherly people of Yemen.<sup>(21)</sup>

In this context, the Yemeni Information Minister Muammar al-Iryani stated that the Houthi escalation and position indicate its compliance to Iran's will. It is the Iranian government's tool to undermine the security and stability of Yemen, to target neighbouring countries and to threaten navigation in the Red Sea and Bab al-Mandab. Its non-compliance with international resolutions for peace in Yemen will soon consign the Houthi militia to the same fate as the Lebanese Hezbollah, which has been designated as a terrorist organization. He also added that the legitimate government will not stand in the way of international measures intended to confront pro-Iran sectarian militias to ensure security and stability in the region as well as international peace and security. He also stated that the Houthi militia has been a stumbling block to the peace process in Yemen and has thwarted efforts to confront the coronavirus pandemic as this militia is indifferent to the suffering of the Yemeni people.<sup>(22)</sup>

## II. The Implications of Iran's Discourse on Yemeni Unity

The Iranian government is trying to exploit the differences among the Yemeni political components in its favour and to benefit its Houthi arm as demonstrated by the speech that focused on Yemen unity. It also directed this speech to some Yemeni political components that adopt a separatist outlook. This speech was an invitation and a sign to the Yemeni political components to support the Houthi militia, whose ambassador to Tehran was recognised by the Iranian government. The Iranian speech focusing on unity is nothing more than an attempt to penetrate Yemeni ranks and take advantage of the vacuum between the different Yemeni components.

The Iranian government's speech echoed its earlier discourse during similar events in August last year. Iran's official speech focused on Yemeni unity during similar



circumstances to the present period to exploit the differences between the various Yemeni components at the time in favour of the Houthi militia. It was during a visit of the Houthi delegation to Tehran. During the meeting with the Houthi official spokesman Muhammad Abdul Salam, Khamenei focused on the need to preserve the unity of Yemen. Some Yemeni sources interpreted Khamenei's call as an invitation to other parties to join the rebellion.<sup>(23)</sup>

The Iranian government continued the same discourse during April. This came after Aidarus Al-Zubaidi's visit to Russia, the strategic ally of the Iranian government. Thereafter, the Southern Transitional Council announced self-administration on April 25, 2020 which was condemned by the legitimate government and the coalition countries. The legitimate government considered this declaration as a rebellion by the Southern Transitional Council against the internationally recognized legal government. The legitimate government stated, "the declaration is a clear rebellion against the legitimate government, an outright coup ... and a continuation of the armed rebellion against the state in August. It was an attempt to escape the repercussions of failure to provide anything to the citizens of Aden who are suffering from fire crises, and the lack of services after the complete disruption and seizure of state institutions and preventing the government from exercising its functions."<sup>(24)</sup>

It is worth noting that the Iranian foreign minister's senior assistant made a call on Wednesday April 29, 2020, to the Russian Deputy Foreign Minister Sergey Vershinin. During this call, both sides discussed the latest developments in southern Yemen and stressed the need to preserve "the territorial integrity of Yemen." This is in the framework of the Russian-Iranian coordination regarding the Yemeni file.<sup>(25)</sup>

Iranian officials focusing on the need to preserve Yemeni unity is a means to exploit differences between different orientations among the Yemeni political components. This is an Iranian attempt to add further complexity and to take advantage of the contradictions in the Yemeni arena. The Special Assistant to the Speaker for Parliament on International Affairs Hussein Amir Abdullahian wrote on his Twitter account: "The secession of ancient and civilized Yemen is definitely a Zionist plan," adding, "Foreigners will have no room in the future in the unified and integrated Yemen."<sup>(26)</sup>

The Spokesman for Iran's Foreign Ministry Abbas Mousavi, referring to the latest developments in southern Yemen, said that "based on its principled policy, Iran supports preserving the territorial integrity of Yemen," adding that "unity among Yemeni groups and holding comprehensive political talks among different groups to form a unified and comprehensive government is the only way to establish stability in Yemen."<sup>(27)</sup>

Within the framework of the Russian-Iranian coordination to support the Houthi militia, some sources showed evidence proving that Russia supplies the Houthis with sophisticated weapons in coordination with the Iranian government. The Houthi militia disclosed their possession of *Thaqeb* missiles and another one called *Fatter*. They announced that this defense system would change the course of the battle and would be a prelude to more sophisticated and developed defense systems. Fabian Haines, a military researcher at the James Martin Center, states that the pictures prove that this defensive system merely consists of Russian-made missiles that have been modified by the Houthi militia.<sup>(28)</sup>

## Conclusion

The Iranian government is using all available opportunities to support and strengthen the position of the Houthi militia politically and militarily, and to instruct its Houthi arm to undertake further escalation at all levels. The Iranian role, recently in coordination

with the Houthi militia and Russia, appears to oppose all efforts by the Arab coalition countries to support the legitimate government seeking to preserve the unity, security, and stability of Yemen. Iran attempts to create divisions between the Yemeni political components as evidenced by its official speech which focused on “Yemeni unity.” However, it is nothing more than an invitation to the Yemeni political components – working under the legitimate government- to join the Houthis. Iran’s discourse of this nature only takes place during times of differences among Yemeni political components.

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# International Affairs

**T**he Iran Case File for April 2020 explores Iran's interactions with the United States and Russia. Iran failed to gain international support for the lifting of US sanctions under the pretext that they hinder the government's effort to combat coronavirus. Iran is still attempting to obtain a loan from the International Monetary Fund (IMF) as a country affected by the coronavirus crisis despite US plans to block its loan request. On the international level, Tehran seeks to extract the greatest benefit from the coronavirus crisis whereas Washington draws the world's attention to Iran's financial reserves which it only uses to fund its armed militias. Tehran is waiting patiently for the lifting of the UN's arms embargo scheduled in October 2020, which the United States has repeatedly urged the UN to extend. In the context of Iran-Russia relations, Moscow has submitted a proposal to create a "green corridor" which aims to facilitate the flow of trade with sanctioned countries, most prominently Iran and Russia itself.



# IRAN-US RELATIONS

Though the two countries are quite preoccupied with the catastrophic ramifications of the coronavirus outbreak, Washington and Tehran have continued their mutual escalation and threats. Washington continued to increase its pressure on Iran, deter its activities in the region and increase its international isolation. On the other hand, Iran has not given up on its policy of strategic patience and sought to carry out calculated escalations on the regional and international level after its failure in using the coronavirus crisis to leverage the United States to suspend its sanctions. In April 2020, Iran-US relations witnessed a series of new developments, most prominently the US increasing pressure on Iran and Iranian reactions to this US escalation.

## I. The US Increasing Pressure on Iran

On the internal level, the US sanctions imposed on Iran amid the coronavirus outbreak incited debate between the Democrats and Republicans. The sanctions have been used in the Biden and Trump presidential campaigns. Trump insists on increasing sanctions against Iran and urged Tehran not to bet on his weaknesses during the next presidential elections. Whereas, Biden has called for medical supplies and equipment to be sent to Iran to facilitate the fight against the coronavirus outbreak in the country. Urging Iran to be more humane, Biden has requested it to free the American detainees in Iran and send them back to their home country. He also hinted that Washington may return to the Iran nuclear deal if he wins the elections.

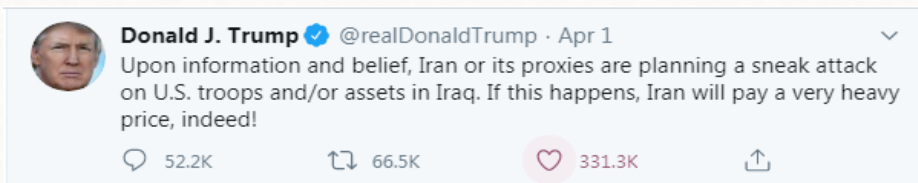
Trump rejected Iran's exploitation of the coronavirus crisis through which Iran placed further pressure on his administration to suspend sanctions. He believes that US sanctions do not block the delivery of humanitarian aid to Iran, given the fact that sanctions allow the sale of food, agricultural products, medicine, and medical supplies. He also did not object to the Europeans sending medical supplies to Iran through the INSTEX mechanism.

According to Trump, Iran aims to collect more money to fund its terrorist operations rather than to provide health care to its people. He pointed to the fact that Iran has spent more than \$16 billion to fund its proxies abroad since 2012 while the health care system has been suffering from a lack of funding. This pushed the Iranian health minister to resign from his post in 2019 in protest over the continuous cuts to the public health budget.

Therefore, Trump insists on continuing with his policy towards Iran. His administration has continued to place pressure on Tehran; in its latest wave of anti-Iran measures, the US Treasury Department blocked the domain of The Iran and Wifaq newspapers.<sup>(1)</sup>

Iran's launch of a military satellite, endangering stability and security in the region and the world, has boosted Trump's position towards Iran. The US State Department has warned about the military aspects of Iran's space program and used the launch of the military satellite to push for extending the UN arms embargo on Iran which expires in October 2020. The Americans and Europeans consider Iran's space program a front for Tehran to develop its ballistic missiles.<sup>(2)</sup>

On the regional level, the United States boosted its deterrence and defense capabilities. US forces deployed new defense systems and redeployed their troops in Iraq after the Iran-backed Iraqi militias had increased their operations against US bases. Trump tweeted that Iran would pay “a very heavy price” for any attack against US troops in Iraq.



After IRGC vessels harassed US ships in the Arabian Gulf on April 15, Trump instructed the US Navy to “shoot down and destroy any and all Iranian gunboats” that harass US vessels.

On the international level, the United States is still working to push Iran further into a corner and to deepen its isolation and forge an international consensus on Iran. In this context, Washington rejected international calls to suspend some sanctions imposed on Iran amid the coronavirus pandemic.

The Trump administration renewed waivers allowing the countries to the nuclear deal to continue collaborating with Iran on three nuclear sites: Fordow, Arak and Bushehr. This was done to ensure Iran’s uranium enrichment levels continued to be monitored and to keep up Western supervision of Iran’s nuclear activities and installations.<sup>(3)</sup>

The United States works to convince the nuclear deal signatories to extend the arms embargo imposed on Iran—which expires in October 2020. US Secretary of State Mike Pompeo noted that time is running out, urging the UN Security Council to extend the arms embargo. The United States has two options in this regard: First, it could urge the Europeans to trigger the snapback mechanism. Second, it could leverage international action in the UN Security Council.

For the second option, Pompeo is preparing a legal argument that the United States remains a “participant” in the nuclear deal to restore the UN sanctions on Iran that were in place before the nuclear deal. “If the arms embargo is not renewed, the United States would exercise that right as an original member of the agreement. That step would force a restoration of the wide array of the sanctions that prohibited oil sales and banking arrangements before the adoption of the agreement in 2015. Enforcing those older sanctions would, in theory, be binding on all members of the United Nations.”<sup>(4)</sup>



## II. Iran's Reactions to the US Escalation

At home, the Iranian government is still blaming the United States for the deteriorating internal crisis, especially the coronavirus outbreak. The government's exploitation of the crisis is intended to harness popular support and prevent rebellion or protests. The Iranian government claims that though medical supplies are not sanctioned, there are still obstacles in the delivery of such supplies to Tehran.

Despite the challenges the government faces, it insists on the policy of resistance and confrontation. It rejects any negotiations with the Americans and brags about its resilience. Ali Shamkhani, the Secretary of Iran's Supreme National Security Council, said, "We have learned for many years the art of managing life amid crises."<sup>(5)</sup>

By launching a military satellite, Iran intended to show to its people at home and to the world that it can resist and continue funding its plans despite US sanctions. Iran bragged about its successful launch of the military satellite saying it is a significant "national achievement." Though the United States and Europe signaled their opposition to Iran's launch of a military satellite, China and Russia believe that it is the legitimate right of Iran.

Iran has not only suspended some of its nuclear commitments under the nuclear deal, but has also continued its research and development on the country's nuclear fuel cycle including heavy water production and storage at the Arak Reactor— collaborating with Russia, China and Europe in specific fields.

On the regional level, Iran escalated its threats against the United States. Iranian military leaders vowed to keep up the attacks against US bases in the region. According to American reports, Iran has deployed anti-ship missile rockets in the Hormuz Strait.<sup>(6)</sup>

After Iranian gunboats harassed US vessels in the Arabian Gulf, President Trump ordered the US Navy fire at any Iranian ships that harass US forces at sea. Iran's foreign minister replied to Trump's remarks tweeting, "[...] US forces have no business 7,000 miles away from home, provoking our sailors off our Gulf shores."

Iran coordinates its regional efforts to place pressure on the US presence in Iraq. Iran also rejected Trump's warnings that the United States will retaliate if the Iran-backed militias attack American troops in Iraq. Iran said it has no "proxies" but "friends" in Iraq, threatening to expand its assaults across the whole region if the United States commits a mistake in Iraq.<sup>(7)</sup>

On the international level, Iran has continued with its diplomatic campaign to elicit international sympathy and support in confronting US sanctions amid the coronavirus crisis. President Rouhani praised the efforts of the Foreign Ministry to influence global public opinion. According to Rouhani, these efforts to cancel US sanctions are aimed at accessing Iran's money and assets held in foreign banks.

Iran's diplomatic efforts managed to persuade international organizations and national leaders to call on Washington to unilaterally lift sanctions imposed on Iran such as: the secretary general of the United Nations, director general of the World Health Organization, UN high commissioner for human rights, and state leaders and directors of non-state and civil society organizations. Iran's Foreign Minister Mohammad Javad Zarif welcomed Russia's initiative to create a "green corridor" that would be free from trade wars and sanctions.

As part of its anti-US alliance, Tehran shipped via the private Iranian airline Mahan Air, equipment to rebuild Venezuela's oil refinery in defiance of US sanctions on Venezuela's oil industry. In response, Venezuela shipped via the same airline, financial aid to Iran.

Iran relies on Russia and China, who both reject the UNSC extension of the arms embargo imposed on Iran which expires in October 2020. The two countries are supportive of Iran as they have refused to extend the UN arms embargo against it and

did not condemn its launch of a military satellite. This Russian and Chinese support would not doubt hinder US efforts within the UNSC.



### III. Mutual Escalation Between Washington and Tehran

At this critical juncture of Iran-US relations, the US maximum pressure campaign reached its peak and the coronavirus pandemic complicated and worsened Iran's woes amid a sharp shortage in revenues, low-economic performance and deteriorating living conditions.

It was expected that Iran would change its behavior in the region but after the killing of its top Quds Force Commander Qassem Soleimani, everything has changed. Iran returned to its rogue behavior, endangering maritime security in the Arabian Gulf and escalating its indirect confrontation against US troops in Iraq. Also, it masterfully exploited the coronavirus crisis to place further international pressure on the United States.

The coronavirus pandemic and the Trump administration's performance in managing the pandemic helped Iran not only to resist US pressure but also embarrass the US president. Iran tried to undermine Trump's popularity and his chances to win the November 2020 presidential elections. In resistance against the Trump pressure policy, Iran aligned with countries that share common goals like Russia, China and some European countries. Also, it bets on the success of Trump's democratic rival in the upcoming presidential elections.

Iran's ability to maneuver is quite limited. Thus, it avoided escalation to an extent that would affect its relations with its allies: the Russians, Chinese and Europeans. Its

nuclear policy has remained within a framework acceptable to its allies to keep a window open for the P4+1 group to preserve the nuclear deal. Iran has been concerned with the European intention to submit the nuclear file to the UNSC and trigger UN sanctions, which may finally result in the fulfilment of Trump's wish to end the Iran nuclear deal.

Amid this rising tension and the Iranian attacks on US vessels, the US administration has intensified its maximum pressure strategy against the Iranian government, in order to place further pressure on the government at home and deter its threats in the region— especially in the high conflict regions: Iraq and the Arabian Gulf.

The US maximum pressure strategy would prove successful if Washington can convince the UNSC to extend the arms embargo imposed on Iran which is due to expire in October 2020. Only then would Washington confirm its ability to create an international consensus against Iran. The Europeans have taken an ambivalent attitude towards Tehran and Washington; apparently, they won't trigger the snapback mechanism that Washington wants. China and Russia may veto the US draft resolution to extend the arms embargo on Iran, which would be a strong blow to the US strategy. But, if Washington succeeds in extending the arms embargo, the effectiveness of the Iran nuclear deal would be curbed to a great extent.

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# IRAN AND THE SHIITE CENTERS IN EUROPE

Role, Dimensions and Influence



# IRAN-RUSSIA RELATIONS

The novel coronavirus outbreak dominated developments in Russia-Iran relations in April. Just like all countries across the globe, the economic losses incurred by the coronavirus outbreak and the ramifications of the strict measures to contain the pandemic were truly tremendous for the two countries. The Iranian government, suffering longstanding US sanctions, has been working hard to convince its allies,



most prominently Russia, to keep trade cooperation between the two countries active to avoid exacerbating its economic crisis further. The two countries have taken a unified position to combat the US policy and the West. Their unified position became apparent when Moscow defended Tehran's right to launch a military satellite and strongly supported its demands to lift US sanctions amid the pandemic. This part of the Iran Case File explores the developments in Russia-Iran relations during April by analyzing two major topics: Aspects of collaboration and diplomatic efforts to combat COVID-19 and aspects of the unified strategic position against the United States and the West.

## I. Russia-Iran Collaboration and Diplomatic Efforts in Combating COVID-19

In early April, Behrouz Nemati, a member of the Presidium of Iran's Parliament criticized Russia's reluctance in helping Iran to combat the coronavirus outbreak,<sup>(8)</sup> especially after Moscow dispatched a shipment of medical supplies to the United States following the rapid spread of the pandemic across the country. Iran increased its diplomatic efforts to find a solution to the coronavirus outbreak. It carried out negotiations with its influential allies including Russia to convince them to keep trade channels open. In a telephone conversation, Iranian Foreign Minister Mohammad Javad Zarif and his

Russian counterpart Sergei Lavrov discussed cooperation to achieve this end.<sup>(9)</sup>

In a phone call with his Russian counterpart, Iran's President Hassan Rouhani said that the two countries should collaborate to ease the ramifications of the coronavirus outbreak,<sup>(10)</sup> highlighting that trade should continue between the two countries to help in preventing economic deterioration — resulting from the precautionary measures taken by many countries, including Russia, such as closing down borders, suspending air flights, and halting trade.

Although the fallout of the pandemic hit Iran hard, President Rouhani refused to take further precautionary actions. He prioritized the need to keep trade channels open. Amid the harsh US pressure – tailored to bring the country's oil exports to zero – and the worsening economic crisis amid the coronavirus outbreak, Rouhani has worked hard to convince Iran's allies: Russia, China and Turkey to continue trading with Iran to avoid a looming recession.

Moreover, an online meeting was held between Iran's Deputy Health Minister for International Affairs Mohsen Asadi and Russia's Deputy Minister Oleg Salagay.<sup>(11)</sup> IRNA reported that they exchanged information and successful experiences in fighting the pandemic. In a phone call with the Deputy Governor of Russia's Central Bank Dmitry Skobelkin, Iran's Ambassador Kazem Jalali discussed ways to facilitate financial and banking collaboration between the two countries.<sup>(12)</sup> The Iran-Russia Banking and Financial Group held its seventh meeting. The objective of these meetings has been to find a way to connect Iran's Shetab and Russia's mir card systems and use local currency in trade exchanges.

## II. Aspects of a Unified Strategic Position Against the United States and the West

In this part, we highlight the points of disagreement between Russia and Iran on the Syrian crisis. This became quite apparent when Russian media outlets started criticizing Syrian President Bashar al-Assad. The Russian defense minister called on Damascus and its ally Iran to respect the military agreements concluded between Russia and Turkey on Idlib and the understanding that Moscow had reached with Washington and Tel Aviv on the presence of pro-Iranian militias on Syrian territories.<sup>(13)</sup>

We can clearly see the points of agreement between the two countries in their anti-US policies and interests. Russia's President Vladimir Putin has submitted an initiative to create what he called “green corridors” to ensure the shipping of food, technology and medical supplies to sanctioned countries amid the coronavirus the pandemic. Zarif welcomed the Putin initiative and condemned US sanctions which he described as “economic war against his own country.”<sup>(14)</sup>

Russia reaffirms the necessity to enhance mutual collaboration between the two countries to forge an anti-unilateral sanctions campaign and unify the efforts of sanctioned countries like Russia and Iran. Russian Deputy Foreign Minister Sergei Vershinin spoke by phone with Iran's Ambassador to Russia Kazem Jalali about this collaboration.<sup>(15)</sup>

Russia stood by Iran when the latter launched its first military satellite on April 22. Iran's launch of a military satellite incited a massive wave of condemnation from the United States Germany, France, and other European countries that consider it an apparent violation of UN Resolution 2231. Russia's Foreign Ministry Spokesperson Maria Zakharova dismissed the claim that Iran's launch of a military satellite violates the UN resolution, accusing Washington of breaching the nuclear deal. She also dismissed the US accusations that Iran has developed ballistic missiles capable of carrying nuclear heads.<sup>(16)</sup>

## Conclusion

The Iranian government has been endeavoring to convince its friends like Russia, China and Turkey to keep trade channels open until it can revive its economy that has been drowning for the past few years or a complete economic collapse due to the US maximum pressure strategy and the coronavirus outbreak. Through holding online meetings and phone conversations, Iran and Russia exchanged information and experience on the possible means to address the coronavirus crisis. Moreover, the two countries have been keen to confront US policies, calling on the international community to adopt Putin's initiative; "green corridors" that facilitate the shipping of basic goods and necessary medical supplies and technologies. Moscow strongly defended Iran's right to launch a military satellite, dismissing all accusations by Washington, Berlin and Paris that Iran had violated UN Resolution 2231.

## Endnotes

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