

MONTHLY REPORT



# IRAN CASE FILE

Your window on Iran from inside and abroad

August 2020



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



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August 2020

## RASANAHA

International Institute for Iranian Studies,  
Al-Takhassusi St. Sahafah, Riyadh  
Kingdom of Saudi Arabia.  
P.O. Box: 12275 | Zip code: 11473

### Contact us



✉ [info@rasanahiiis.com](mailto:info@rasanahiiis.com)

☎ +966112166696

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# THE EXECUTIVE SUMMARY

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**D**uring August 2020, the Iranian government sought to find solutions to the problems from which it suffers at different levels, on top of them comes the economic problems. This occurred via introducing an economic breakthrough plan, which is based on collecting money from citizens in return for shares in the form of oil securities. In addition to generating revenues, the plan aims to ease the mounting inflation via attracting cash from citizens. It bears resemblance to the plan of selling justice shares implemented by the Iranian government months ago, which did not succeed in changing the deteriorating economic situation. This state of providing ineffective partial solutions or delaying and procrastinating can be found in all Iranian files.

At the ideological level, amid the prevalent concerns among the Iranian people about the spread of coronavirus during the Ashura celebrations and the gatherings which take place to mourn Imam Hossein's martyrdom, the supreme leader did not issue a fatwa banning or permitting gatherings. He left the matter to clerics and politicians in a way which could be described as indifference, unconcern and preferring not to take a decisive position supportive of or opposed to the Ashura gatherings, to say the least.

In the latest performance report about the Rouhani government ahead of the upcoming presidential elections, which was submitted during the Government's Week held in August every year, Rouhani attempted to defend the performance of his government during the past seven years. He attempted to silence critics by arguing that the criticism leveled at his government is in the interest of the enemies of the government and supports the schemes of enemies. Perhaps the protection given to him by the supreme leader over the past few months, including the supreme leader's intervention to prevent the parliamentary moves to question Rouhani, strengthened his position to a big extent.

The supreme leader did not want to permit stormy political standoffs between the currents of the political system at this sensitive time amid the international resolutions

which are awaited to be issued against Iran and the mounting regional movements rejecting its interferences at the present time.

The military level perhaps witnessed the majority of Iranian movements this month. The Iranian defense minister visited Moscow to attend the International Military-Technical Forum “ARMY-2020” as part of Tehran’s preparations to benefit from the lifting of the embargo on its imports of arms as of this October. The Iranian defense minister met with 120 officials from different nationalities. Iran also announced the introduction of two new missiles named Qassem Soleimani and Abu Mahdi al-Muhandis.



At the Arab level during August, Iran suffered a setback on the Iraqi scene as Iraqi Prime Minister Mostafa al-Kazimi made a successful visit to Washington and obtained promises that US forces will withdraw from Iraqi territories over the coming three years. He also signed important agreements whereby Iraq shall get \$204 million in addition to attracting US investments in the Iraqi energy sector worth \$80 million. Also, the US shall provide long-term support which guarantees boosting Iraqi security capabilities to repel the remnants of ISIS and restrict the possession of weapons exclusively to the state.

These decisive developments on the US-Iraqi relations file prompted Iran to mount a pressure campaign on Baghdad via intensifying attacks by pro-Velayat-e Faqih militias on the Iraqi state by firing Katyusha missiles on the Green Zone and at Baghdad Airport. This is in addition to carrying out several assassinations targeting political activists and exerting pressures using the water file in northern Iraq. This aims to undermine the Iraqi movements intending to balancing relations with the outside world and reduce Iranian clout in Iraq.

On the Yemeni scene, Tehran emboldened the Houthis to open new front lines and to seek help from mercenaries to tackle the shortage in its ranks. The Iranian judicial authority claimed that it had granted an award to the Houthis’ leader for safeguarding human rights.

As for the international arena, the most important issue for the Iranian case was the UN Security Council’s vote on a request submitted by the United States to extend the

embargo on arms imposed on Iran, which shall be lifted, according to the provisions of the nuclear deal, on the coming October 18. Eleven out of 15 member states of the UN Security Council abstained from voting, with Russia and China vetoing the resolution. Only the Dominican Republic and the United States, which introduced the draft resolution, voted in favor of extending the embargo. This vote deepened the rift between the United States and its European allies in relation to the nuclear deal and represented the failure of all US diplomatic efforts to convince its allies. The United States failed to obtain an international consensus on extending the arms embargo although the United States' allies are convinced of the danger posed by Iran's acquisition of arms as this would permit it to stir up armed conflicts in the Middle East and intensify its support for armed militias in the region.

This no vote by the members of the UN Security Council resulted in Iran distancing itself further from the path of negotiations to resolve its nuclear file and other outstanding issues which it has with the international community such as its missile program and destabilizing influence in neighboring countries. Then the US decided to introduce a request to the UN Security Council to fully implement the snapback mechanism to restore all the UN sanctions previously imposed on Iran due to Iran's breaches of the provisions the nuclear deal. This has sparked legal debates about whether the United States has the right to implement the snapback mechanism after its withdrawal from the nuclear deal. This is in addition to the talk that surfaced about the scope and commitment of world powers' to implementing the mechanism on the ground in case the US succeeds in getting the UN to issue a resolution supporting the snapback mechanism. The Iranian case file for August 2020 will discuss all these issues, break down its elements and explain the ambiguous ones among them.

# Internal Affairs

The Internal Affairs section sheds light on four files. The first is the Ideological File, which discussed the fatwas issued by Shiite clerics on the Ashura gatherings in light of the coronavirus and the divergence between the opinion of clerics and the economic and interest-centered dimensions within the religious seminaries in Qom and Najaf. The Political File discusses the performance report of the Iranian government submitted by Iranian President Hassan Rouhani as part of the Government's Week and the way the political currents have interacted with the government of Rouhani in the last months of its tenure. The Economic File discusses the economic breakthrough plan introduced by the Iranian government, which includes selling shares of oil securities to citizens. Iranian citizens will receive the value of the securities two years after buying them based on the thinking that oil prices will rise after this period due to speculation. This is in order to secure revenues for the state budget and contain the cash owned by citizens to reduce the currently soaring inflation rates. As for the Military File, this casts light on the visit paid by the Iranian minister of defense to Moscow and his activities at the International Military-Technical Forum and the talks he held with military officials from 120 different countries.



# THE IDEOLOGICAL FILE

This file casts light on the religious and ideological developments in relation to the Iranian religious elite and the Shiite seminary during the month of August 2020 and the impact of these developments on the religious and political scene.

The *Ideological File* in July shed light on clerics calling for the end of US presence in Iraq, which came after Khamenei's meeting with the Iraqi prime minister. This month, we will touch on the position of religious marjas on the gatherings held for celebrating Ashura in light of the coronavirus.

We seek to find answers to some questions related to the political regime's relationship with the Ashura ceremonies and how far this issue is has been used and politicized.

## I. The Religious Seminary and Ashura

On Muharram 10 every year, the martyrdom anniversary of Imam Hossein, Ibn Fatima bint Mohammad (PBUH), is marked. The ceremonies and mourning assemblies began to gain an official status under the Buyid dynasty (932-1056 AD) which wanted to distinguish itself from its Sunni neighbors at the time and solidify its identity and sectarian character.<sup>(1)</sup>

Hence, the outlining and execution of the ceremonies were initiated on political grounds. The political and sectarian dimensions of the ceremonies increased during the Safavid dynasty (1501-1763 AD).

Consecutive governments in Iran have been working on employing this anniversary and taking advantage of it. Iranian historian Arvand Ibrahimian said that the Qajari dynasty in the 19<sup>th</sup> century supported the annual Muharram rituals. "They have sponsored the floggings, recitation and religious representation in shrines."<sup>(2)</sup>

The consecutive governments also sought to create what can be called 'a recurrent memory'<sup>(3)</sup> within the taqlid incubators. This laid the foundation for a collective mindset identifying others based on sectarian grounds, with the aim of enhancing legitimacy and maximizing sectarian gains. Such policies were expanded during the era of Velayat-e Faqih after the Iranian revolution in 1979.

The Ashura anniversary this year comes in light of the coronavirus pandemic crisis and amid ongoing differences among clerics about the best means to hold the mourning ceremonies.

## II. Qom and Ashura: Hijacking the Anniversary

The supporters of Velayat-e Faqih have always been attempting to politicize the ceremonies and hijack them, reiterating that they are not confined to the time of Hossein but are valid anytime and anywhere. This indicates a tireless pursuit to mobilize people and strengthen relationships with their popular base.<sup>(4)</sup> But this revolutionary zeal derived from the anniversary of Imam Hossein's martyrdom is on applicable to those who support the Iranian government. Whereas, those who oppose the government are labeled as traitors, stooges and so forth.

It could be said that the Iranian government has deliberately hijacked the anniversary of Imam Hossein's martyrdom and integrated it into its political and sectarian goals. The aim behind this move is to deprive the detractors of Velayat-e Faqih among the Shiites of using these ceremonies against the government. Iran sees itself as the only legitimate representative of Imam Hossein and Shiites across the world.

But politicizing these religious rituals exposed the Iranian government to criticism from the Shiite community in general and the Iranian one in particular. Abdel-Karim Soroush believes that the traditional religious understanding is concerned about bringing tears to people's eyes. He mentioned, "Reciting the mourning and marking this epic incident is basically linked to the day-to-day and fable-centered religious rituals. When all parts of the incident reflect unseen narratives and metaphysical incidents, the common religious people and the fable-centered ones will be more attached to the incident."<sup>(5)</sup>

From another angle, these rituals have economic, social and sectarian dimensions. This makes any attempt to reform or contain them – in the way Shiite enlightened and reformist Iranians would like – extremely hard to achieve.

Hence, it was normal that the authority, represented in the jurists supportive of them, criticized the calls for canceling the mourning rituals this year due to coronavirus. Ayatollah Ahmed Khatami, spokesman for the presidential body of the Assembly of Experts, considered cancelling the holding of mourning rituals in the current circumstances wrong, baseless and in opposition to the inherited narratives from Ahl al-Bayt and senior Shiite dignitaries. At the same time, he reiterated the necessity of safeguarding souls. "No one wants to suspend the mourning rituals, and the Islamic government should not face such an accusation. We will strongly stand up to those seeking to suspend the rituals," he added.<sup>(6)</sup> It seems here as if he wants two contradictory outcomes: holding rituals ceremonies to their normal extent and protecting souls at the same time.

President Rouhani and his government attempted to stand halfway between those wanting the rituals to be held and those calling for their cancellation. Rouhani and his government called for holding the rituals, but not as normal. Ali Rabiei, spokesman for the government, said, "We the Iranians have been holding rituals marking the martyrdom of Imam Hossein. Over the past years, the mourning has never been suspended, but the pressure exerted to hold the rituals as usual, considering the huge ramifications on public health, could deal a historic blow to the mourning ceremonies and the participation of Iranians in these rituals."<sup>(7)</sup>



This is close to President Rouhani's call for finding ways to hold the mourning rituals within the framework of upholding health protocols, so that the rituals could be held with the least possible gatherings and using in particular social media platforms.<sup>(8)</sup>

It seems that this position is also close to the call of cleric Al-Sistani in Najaf.

Such debates over whether to cancel or not the ritual ceremonies come as Qom was relegated to the 'red status' in terms of coronavirus infection rates, which prompted its governor to again urge full compliance with health instructions.<sup>(9)</sup>

Meanwhile, senior clerics in Najaf dealt with the Ashura issue cautiously this year. Cleric Al-Sistani called for finding safe alternatives to hold Ashura rituals such as airing Imam Hossein mourning assemblies live on TV satellite channels, online platforms and so forth.<sup>(10)</sup>

Cleric Al-Fayyad came up with a more specific suggestion. He said that the holding of the rituals depends on avoiding any risk to the lives of the participants or mitigating the dangers stemming from their movements, which could lead to the spread of the pandemic.<sup>(11)</sup>

These calls, regardless of whether people abide by them on the ground or follow local regulations and parameters and not only the opinion of the marjaya alone, are a step ahead of the position adopted by Iranian supporters of Velayat-e Faqih. This is because Najaf represents a religious and spiritual authority more than a political authority while the supreme leader of Iran represents the religious and political authority at the same time.

### III. Storming Dijlah TV channel

Protesters in Baghdad stormed the headquarters of Dijlah satellite channel and set fire to it because it aired a daily show named Tarab on the Day of Ashura. The protesters considered the airing of the show as an insult to Imam Hossein on his death anniversary and disrespecting Iraqi grief<sup>(12)</sup> Protesters prevented the Civil Defense Forces from reaching the headquarters of the channel for several hours, which exacerbated the fire.<sup>(13)</sup> The Iraqi judiciary issued an arrest warrant against the owner of the channel Jamal al-Karbouli, the head of al-Hal party, who had also vowed to file lawsuits against the owners of channels which he said were incessantly insulting sacred figures and places of other sects.<sup>(14)</sup>

The Iraqi Ministry of Interior issued a statement condemning the targeting of the channel's headquarters. In the statement, the ministry said it "seeks, within the scope of its work and executive function, to impose the rule of law and make it the criteria to settle all differences and problems taking place in our honorable society among its different schools of thought. It is keen on respecting the beliefs of all its honorable factions."<sup>(15)</sup>

The ministry also denied that any of its personnel participated in the storming of the channel after video footage featured individuals wearing military uniforms among those participating.<sup>(16)</sup>

The storming of the channel is part of the acts carried out by the pro-Velayat-e Faqih militias in defiance of the law and constitution of Iraq such as targeting civilian activists and diplomatic missions and setting fire to satellite channels. It seems that via these acts these militias are attempting to send certain messages. They want the government to know that they are the central actors in the country's political and religious life, and that they will not accept the presence of other actors or be forced to reposition themselves in the political arena and comply with the law and operate within the existing constitutional framework. It also seems that there are motives to keep the state in a situation of incessant unrest, which is an old Iranian strategy pursued by the clerics during the Iranian revolution in 1979 and beyond.<sup>(17)</sup>

## Conclusion

The *Ideological File* this month casts light on the issue of Ashura and the position of the clerics and the authorities regarding it. This is in addition to the keenness of Iran's religious elite to continue with the rituals without suspending them or changing them in a substantial manner, deeming them 'an inherited line by the ruling authorities in Iran.' Therefore, Ashura is part of strengthening the government's political and religious legitimacy.

Two conclusions can be made in this context: The Iranian authority, in its keenness and haste to open the shrines, was also keen not to suspend the rituals this year or make substantial changes in their performance. This is because the authority deems the rituals to be an important part of safeguarding religion and this impacts its legitimacy and position within the Shiite arenas.

Second, Iran was keen via its proxies in Iraq to hijack the mourning rituals and use them to stir up the public against opponents of the Iranian project to keep the Iraqi state beyond the realm of statehood, , hence allowing Tehran to dominate as well as its militias at all levels and over all institutions.

# THE POLITICAL FILE

Over the past seven years, the Iranian government led by President Hassan Rouhani has been hit with several crises and setbacks which impacted its performance. The radicals took advantage of this, leveling the harshest criticism which presidents of the republic could face. These criticisms were so harsh that some described the current government as the most inept and least efficient since the victory of the Islamic revolution in 1979.

Since the first year of his government, Iranian President Hassan Rouhani has been accustomed to employing the occasion of Government Week, which falls on August 23, to speak of the plans of the government and the accomplishments that have been made. But celebrating Government Week this year came at a time when President Hassan Rouhani was going through several challenges, foremost among them the escalating criticisms against him, and a few months before the end of his presidential tenure and leaving Pasteur Palace. This is in addition to the coming political alliances which precede the presidential elections scheduled to be held in the middle of next year and the increasing talk during this period about the performance of the current government and comparing it with previous governments. President Rouhani, who fears the characterization by some parties that his government is the worst on record since the victory of the Islamic revolution, seized this occasion and other recent opportunities to defend the performance of his government and respond to critics. He also mentioned the most important successes made by his government over the past years.

## I. The Most Important Accomplishments of the Government From Rouhani's Viewpoint

- In the meeting which brought together the Supreme Leader Ali Khamenei with the members of the government on Government Week held via video conference, President Rouhani reiterated that non-oil exports have increased in recent years following the US sanctions.
- The current government succeeded in concluding the nuclear deal with the P+5 group. Rouhani explained the success of the deal by citing the concern of some countries such as Israel of the breakthrough which Iran achieved, which encouraged President Donald Trump to withdraw from the deal.
- The government's ability to remain steadfast in the face of US sanctions.
- Rouhani also believes that the government has performed well when it comes to addressing the coronavirus compared to most countries.
- The government provided free electricity to families with the lowest electricity consumption, reaching 30 million people.<sup>(18)</sup> On another occasion, Rouhani said that his government worked on adding 20K megawatts of electricity. Until the end of the tenure of the current government, the number of dams which have been established will reach 50.<sup>(19)</sup>
- During the government's economic coordination meeting, President Rouhani said that his government managed to significantly reduce dependence on oil revenues and



cater for the people's essential needs and supply via continuing non-oil exports and preventing production to be hindered .<sup>(20)</sup>

■ During his press conference with senior media officials, which was held on August 25, 2020, Rouhani enumerated his government's accomplishments. For example, the years 2016 and 2017 saw a decline in inflation to less than 10 percent, which Iran has not seen in over 26 years. In 2016, Rouhani alleges, Iran witnessed the highest economic growth rate in the world.

■ Rouhani also believes that Iranian foreign policy over the past seven years has been highly capable and efficient compared to the previous governments. As a result of the role played by Iranian diplomacy, Iran was able to join for the first-time economic unions such as the Eurasian Union, which led to establishing firmer relations with the countries of the world.<sup>(21)</sup>

In August, President Hassan Rouhani spoke of the bogeyman enemies which the supreme leader has cited in his various speeches to warn of any behavior or practice which could target the government. This is meant to silence his critics and ensure that the remaining months of his government's tenure will come to an end without impediments or hindrances which the radicals could potentially cause.

In the meeting of the economic coordination committee of the government, held on August 4, 2020, Rouhani considered that the ongoing rumors; promotion of pessimism; circulation of false tallies, false and impression of the government's low performance; in addition to creating a gap between the people and officials as well as other anti-government practices support the plans of Iran's enemies against the state and the country.<sup>(22)</sup>

In a speech during Government Week, Rouhani attempted to bestow sacredness on his government and grant it immunity from criticism. He linked the accomplishments of his government to those of the political system and accused his critics of working to negate the successes of his government. He said it is a "wrong perception which some insist on adopting to make political gains." Rouhani spoke of the accomplishments of

his government as the accomplishments of the entire political system, not only the government.<sup>(23)</sup>

## II. The Position of Critics on the Accomplishments of Rouhani

- There is a general disapproval of Rouhani's remarks on the accomplishments of his government, especially when it comes to economic accomplishments and the position on the nuclear deal and foreign policy.
- There is also an utter rejection of Rouhani's remarks in which he attributes the positive economic growth of the past seven years to his government and the negative growth to the US sanctions.
- Yet, some Iranian reject the data presented by President Rouhani, and some consider them as wrong and inconsistent with the official statistics on economic growth released by the Statistical Center of Iran and the Central Bank.

According to the Statistical Center, the average economic growth of the country from 2013 to 2019 reached 1.6 percent, not 5 percent. Economic growth without oil during the same period reached only 2.6 percent. According to Central Bank's statistics, the average economic growth of Iran since Hassan Rouhani came to office in 2013 until last year, i.e. 2019, hit only 0.8 percent, while the average economic growth under Ahmadinejad's governments, which Rouhani criticizes, was 2.3 percent. This means that the previous government performed better in regard to economic growth than the current government.<sup>(24)</sup>

There is a duality in the tallies presented by Rouhani. On the one hand, he said that the decline of economic growth over the past two years is attributed to the US sanctions imposed on Iran's oil exports and tacitly called on experts to calculate the economic growth rate without oil. On the other hand, when he speaks of the economic growth in the last year of his government's tenure, he points to oil because without oil growth would be more negative.<sup>(25)</sup>

In the face of these criticisms, there is a group who defend the performance of the government in the recent period. These defenders include Mostafa Hashemitaba, the former minister of industry and one of Rouhani's rivals in past presidential elections. He believes that critics of the government do not point to sanctions when they deal with the current situation through which Iran is going. Those attacking the government were also not fair in their criticism because most of the policies pursued by the government are part of the policies of the political system. Unlike the radicals' position opposed to the nuclear deal, Hashemitaba and a number of Reformists believe that this agreement is the most important triumph and accomplishment for Rouhani's government as it led to the thwarting of other resolutions against Iran within the UN Security Council.<sup>(26)</sup>

Mohammad Ali Abtahi, who has worked as an aide to former Iranian President Mohammad Khatami, claimed that he believed that the performance of President Rouhani had contributed to the current situation in Iran. But he believes that given the domestic pressures put on Rouhani by his critics in addition to natural disasters like earthquakes and floods, let alone the US sanctions and the coronavirus which further complicated the situation, the Rouhani government went through the harshest presidential term in the history of the Iranian political system.<sup>(27)</sup>

## Conclusion

Back to the accomplishments which Rouhani spoke of and accused his critics of denying over the recent period, it seems that Rouhani wanted to send a message to the radicals who have continued to oppose his policies and orientations as well as the people who elected him for two consecutive terms. The message is that despite the hindrances that

impeded the road of the government, it has made several undeniable successes.

Insomuch as the Iranian political system has contributed to the accomplishments that have been made, it also contributed to the failures of the government. The political system outlines the general policies, intervenes in the government's work, and curbs its movements and ability to find solutions that can resolve problems and crises. His assertion that his government's accomplishments are part of the political system's successes could be construed as him wanting to provide his government with special immunity to protect it from criticism by equating criticism of his government with criticism of the entire political system.

# THE ECONOMIC FILE

During the month of August, the *Economic File* sheds light on the so-called economic breakthrough plan proposed by President Rouhani.. It triggered debates between supporters and opponents of the plan. The government considers it a blessing that will enable it to continue to run the affairs of the country amid the current economic indicators deteriorating until the end of Rouhani's presidential term in the middle of next year.

But academics and lawmakers oppose the plan, citing its possible dangerous future consequences.

Hence, the file will highlight the details and mechanisms of this plan, the reasons why the Rouhani government is clinging to it and the future consequences which could result if the plan is implemented.

## I. The Details and Mechanisms of the Rouhani Government's Proposal to Implement 'the Economic Breakthrough'

Iranian President Hassan Rouhani announced on August 7, 2020 that the government had taken an important decision which needs the approval of the supreme leader: selling oil securities to Iranian citizens via floating them on the Iranian stock exchange, with the maturity date spanning at least two years.<sup>(28)</sup>

The Iranian government described this proposal as the economic breakthrough plan, with the securities floated over the period of one year. President Rouhani's chief of staff, Mahmoud Vaezi, said that the supreme council on economic coordination approved the proposal and the government awaits the green light of the supreme leader for the plan to be executed.<sup>(29)</sup>

The Iranian government has based this plan on the assumption that it will regain access to the oil export market by the end of the maturity date of two years. Hence, it will be able to pay back the value of the securities. Iranian President Hassan Rouhani described the plan as a model based on a people-centered economy, deeming it an important step to counter the oil embargo imposed by Iran's enemies.<sup>(30)</sup>

According to the plan, the securities will be floated on the Iranian energy stock exchange IRENEX with a due date spanning two years after purchase in order to sell 200 million barrels of oil to citizens and the private sector. The plan aims to secure a total of 240,000 billion tomans (\$57.14 billion) for the government.<sup>(31)</sup>

The government has defined mechanisms to trade the securities on the stock exchange in Iran's currency. The security exchange will be in proportion to the oil price and the hard currency transactions system NIMA (which is a local system for exchanging foreign currencies at a rate higher than the official/government rate but lower than the rate of the free market).

Iranian citizens will be able to sell these securities at the global price at the time when the two-year maturity date becomes due and get the return for this oil in local currency according to the exchange system NIMA.<sup>(32)</sup>

In case the price of oil declines compared to its price at the time of purchase, the Iranian Oil Company will make up the difference between the two prices.<sup>(33)</sup> But in case

the oil prices rise, it will generate profits for the holders of these securities who will reap the return in local currency.

## II. The Reasons Why Rouhani Resorted to Selling oil Securities

The introduced plan aims to enable the government of President Rouhani to continue to run the affairs of the country despite the huge financial deficit in the state budget, estimated to be 200,000 billion tomans (\$47.6 billion according to the official exchange rate)<sup>(34)</sup> out of a total budget of 596,500 billion tomans (\$142 billion according to the official exchange rate).<sup>(35)</sup>

This means that one third of the budget until the end of March 2021 is nonexistent, which pushed the government to liquidate some of the assets and holdings of the state. This includes the sale of 10 percent of the Iranian social security company, which is one of the biggest investment funds that the state runs in Iran.<sup>(36)</sup>

The growing budget deficit due to the reimposition of US sanctions on oil exports prompted the Iranian government to take the aforementioned steps. This is in addition to the economic and health challenges faced by the government due to the coronavirus, the decline in foreign trade, the plummeting in the value of local currency on the exchange market and the rising cost of living.

The US sanctions led to the collapse of Iranian oil sales from 2.5 million barrels per day in April 2018, one month before the US withdrew from the multilateral nuclear deal, to a little below 200,000 barrels per day in July 2020, according to the recent tracking date from Bloomberg.<sup>(37)</sup>



Oil revenues are the principal source of income for the government. Therefore, Rouhani intended to cover the shortage in revenues by selling oil securities to collect revenues and create an economic breakthrough, as the government calls it.

The Iranian government has defended this plan and said it is the most secure manner to counter sanctions and finance production instead of printing banknotes which causes inflation to rise further.<sup>(38)</sup>

It also said that the aim behind the plan is to try to control the liquidity in the hands of the Iranian people to curb inflation and channel it towards production and countering sanctions.<sup>(39)</sup>

### III. The Potential Future Consequences if the 'Economic Breakthrough' Plan Is Implemented

Although the details of the plan have not been revealed completely so far, the supporters and opponents of the plan began to express their reactions. Supporters, including the Governor of the Central Bank Abdel-Nasser Hemmati, said that the plan to pre-sell oil will achieve the following:

1. The necessary liquidity for the government to run the state considering the lack of the country's options to make up for the budget deficit
2. The containment of liquidity in the hands of the people to curb inflation.
3. The government avoiding the need to print more bank notes.

Opponents of the plan, including lawmakers and academics, warned of:

1. Committing legal breaches because the Parliament must give the green light to all sources of income which will be part of the budget.<sup>(40)</sup>
2. Breaching the law which allows the government to sell Islamic securities worth 65,000 billion tomans (\$1.5 billion)<sup>(41)</sup> and not 240,000 billion tomans.
3. Solidifying the budget's dependence on oil in the coming years.
4. The risk of increasing volatility in the country's financial markets.
5. Looking for short-term solutions while creating future financial burdens.
6. Being wholly dependent on this plan as the goal to lower the liquidity in the hands of the people is insufficient, as the latter reached nearly 2,651,000 billion tomans in the first quarter of this year<sup>(42)</sup> and the 240,000 billion tomans make up only a small percentage.

In addition to the foregoing warnings, the proposed economic breakthrough plan involves serious consequences, the most dangerous of which might be shouldered by the next Iranian government in the middle of next year. It will be obliged to pay back 240,000 billion tomans (\$48 billion).



Moreover, the price of a barrel of oil could rise when the ' maturity date of the securities is due two years after their issuing.

Therefore, attempting to solve the current financial crisis by the Rouhani government will create crises for the coming governments even before they assume office.

### **Conclusion**

President Hassan Rouhani is attempting to pass a plan he called 'the economic breakthrough' based on selling oil securities to Iranian citizens and collecting nearly \$57 billion in order to cover the expenses of the country and rid his government of the huge financial deficit until the end of his second term in the middle of next year. But the plan sparked a wide-ranging controversy and came under sharp criticism from lawmakers and academics as it involves legal breaches and future economic risks, in addition to handing over unresolved economic crises to the coming government.

# THE MILITARY FILE

This file touches on the most significant military and security activities during the month of August 2020, on top of which comes the remarkable activities by the Iranian defense minister and his visit to Moscow. This is in addition to the Iranian announcement unveiling new missiles honoring the memory of General Qassem Soleimani and Abu Mahdi al-Muhandis. There are also the interactions of the nuclear deal including the UN Security Council's rejection of a US draft resolution to reimpose the embargo on Iranian imports and exports of arms and the dimensions of the visit of the International Atomic Energy Agency's chief to Iranian nuclear facilities.

## I. Visit of the Iranian Defense Minister to Moscow

Leading a military delegation, Iranian Defense Minister Amir Hatami paid an official visit to Russia on August 22 to attend the International Military-Technical Forum 'Army 2020' and meet with his Russian counterpart Sergei Shoigu in the Russian capital Moscow.<sup>(43)</sup>

Iran considered the visit a turning point in the military relations between the two countries as it lay the foundations for strengthening future bilateral relations between the two sides. This is in addition to the visit outlining the main pillars to create a military NATO and a strategic alliance between Moscow, Tehran and Beijing to counter US interventions. Tehran cited successful coordination between Russia and Iran in Syria.

During the visit, Hatami announced that the military-technical cooperation agreement between Iran and Russia has created many opportunities for bilateral cooperation between the two sides. One of them is purchasing military equipment. Seday e Eslahat newspaper quoted Hassan Abdini, a senior analyst and expert on regional affairs, as saying that the visit of Hatami to Russia was of special importance as he met with 120 military officials from different countries who were participating in the exhibition during the visit in addition to Russian officials.<sup>(44)</sup>

The Iranian minister of defense announced that conducting naval drills in the Indian Ocean between Iran, Russia and China was a successful example of cooperation between the two countries. He reiterated that military maneuvers will be undertaken in the future between the two sides, with the concerned parties deciding the appropriate timing.<sup>(45)</sup>

The visit carried with it an Iranian appreciation of the Russian position supportive of Iran including Moscow's use of the veto at the UN Security Council on many issues related to Iran over the past years. Iran considered this as a state of harmony between the two countries on positions rejecting US policies such as Washington's sanctions on Russia and Iran. This is in addition to the reiteration of the deep-rooted ties between the two countries, especially when it comes to the Syrian question and the US sanctions against Tehran.

## II. Iran Unveils Missiles Named after Qassem Soleimani and Abu Mahdi al-Muhandis

On National Defense Industry Day, which fell on August 20, Iran unveiled two new

missiles named Qassem Soleimani and Abu Mahdi al-Muhandis, deeming the move a symbol of its doctrine of deterrence and a continuation of its path of resistance. The unveiling of the two new missiles was accompanied by remarks from Iranian officials, including indications that the unveiling comes within the country's strategy of overcoming the international sanctions and countering enemies.

The Qassem Soleimani missile falls within the Fateh-110 class of ballistic missiles, with a range which reaches 1,400 kilometers. The missile can be controlled and guided via jets. Iran alleges that air defense cannot intercept this missile.<sup>(46)</sup>

The missile has a solid-propelled engine whose length reaches 11 meters and whose weight is 7 tons.<sup>(47)</sup> The missile, which is known as the Zulfiqar missile, was used in military operations in Syria. Some missiles of this category were used in targeting the leaders of the Kurdistan Democratic Party in Iraq and the United States' Ain al-Asad base in Iraq after the assassination of Qassem Soleimani.<sup>(48)</sup>

Picture No 1: Qassem Soleimani missile



As for the missile named after Abu Mahdi al-Muhandis, it is a developed version of the long-range Russian cruise missile KH55 whose range nears 1,000 kilometers.<sup>(49)</sup>

It is also a developed version of the previous missiles known as the Soumar and Hoveizeh missiles. It can secure maritime borders within the range of 1,000 kilometers,<sup>(50)</sup> and it was announced that the naval forces will acquire the missile soon.<sup>(51)</sup>

Picture No. 2: Russia's KH 55 Missile



Picture No. 3 Abu Mahdi missile.



### III. Are Iran, US en Route to Backdoor Talks?

August witnessed the most feverish activity at the United Nations Security Council, (UNSC) prompted mainly by the United States resolution to extend the arms embargo on Iran due to expire on October 18. Things did not end up as Washington had planned. Out of the 14 other UNSC members, America won only the support of the Dominican Republic. Germany, France, and the UK (the E3) sided with China and Russia in vetoing the resolution in their joint bid to save the Joint Comprehensive Plan of Action (JCPOA).

US Secretary of State Mike Pompeo sounded extremely critical of the European members of the UNSC. He claimed that the E3 privately oppose the lifting of the arms embargo on Iran.

Pompeo said, "And yet today, in the end, they provided no alternatives, no options. No country but the United States had the courage and conviction to put forward a resolution. Instead, they chose to side with ayatollahs."<sup>(52)</sup>

The UNSC's rare and near-unanimous opposition against the US resolution on Iran prompted a rebuke from Indonesia, the council's president for August. Ambassador Dian Triansyah of Indonesia said, "In my view there is no consensus in the council." He added, "the president is not in the position to take further action."<sup>(53)</sup>

The United States will proceed with tabling more resolutions to extend the arms embargo on Iran in September when Niger assumes the UNSC presidency. Russia will preside over the UN elite body in the crucial month of October.

Evidently, the US maximum pressure strategy against Iran has not been fruitful. Tehran has waited out the deal's five-year term and now prepares for the partial lifting of restrictions agreed under the JCPOA. The question here is: what more can the United States do other than the sanctions it has already imposed on Iran? Is the United States really a member of the nuclear deal from which it categorically 'withdrew?'<sup>(54)</sup> What

are the political options? The plausible option seems to be backchannel diplomacy and compromise. There have been quite a few signs that Washington is exerting full political and regulatory pressure on the one hand but on the other, is willing to engage in talks through a third party.

The most promising sign of an initial confidence-building measure was the seemingly successful visit by Rafael Grossi, director-general of the International Atomic Energy Agency (IAEA) to Iran. The IAEA has gained Iran's consent to inspect the country's two undeclared nuclear enrichment or storage sites.

"Iran is voluntarily providing the IAEA with access to the two locations specified by the IAEA and facilitating the IAEA verification activities to resolve these issues. Dates for the IAEA access and the verification activities have been agreed upon. The IAEA verification activities will proceed in accordance with the CSA and the AP, and the IAEA's standard verification practice as implemented for all States with CSAs and APs on an equal basis and without discrimination," read the IAEA-Iran joint statement.<sup>(55)</sup>

In the IAEA's June Board of Governors meeting, it had questioned Iran about its undeclared nuclear sites. The sites were disclosed within the cache of documents recovered by Mossad from Iran.<sup>(56)</sup>

Rafael Grossi said, "I keep insisting on the absolute necessity for us to resolve this issue very soon."<sup>(57)</sup>

Though initially Tehran rejected the revelations regarding its undeclared sites, arguing that they were unauthentic and fake, a month or so later it changed its mind. Ali Akbar Salehi, Vice-President of Iran who also heads the Atomic Energy Organization of Iran (AEOI) said, "this will bring the case to an end. We are loyal to conventions and our commitments."<sup>(58)</sup>

Not only has Iran lessened some significant pressure on itself by opening the long-denied suspected nuclear sites for inspection but has also signaled flexibility in its approach. With the arms embargo to expire on October 18, the Iran-IAEA joint statement can be seen to be tied with the low-key German mediation bid. German Foreign Minister Heiko Mass visited Moscow on August 11, a fortnight after his Iranian counterpart's sojourn to Russia. The read-out after both respective visits referred to discussions about the JCPOA. In between the two high profile tours, US President Donald Trump spoke to his Russian counterpart Vladimir Putin on July 23. Some 10 days before the top German diplomat's visit to Russia, the US State Department's special envoy for Iran Brian Hook resigned as well.<sup>(59)</sup>

The outcome notwithstanding, there are some signs of backchannel negotiations between the United States and Iran mediated by Germany with the assistance of Russia. The mood in Tehran is also like the pre-JCPOA period when the supreme leader opposed a deal while President Rouhani and Foreign Minister Javad Zarif continued to push for a diplomatic solution. Can it be part of the same strategy at home that led to the nuclear deal? This is too early to predict. For now, all that is visible is an Iranian commitment to address international concerns about proliferation and setting up a viable diplomatic channel amidst favorable atmospherics.

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# Arab Affairs

The Arab Affairs file addresses two main files: the Iran and Iraq file, and the Iran and Yemen file. The Iran and Iraq file discusses the details of Iraqi Prime Minister Mustafa al-Kazemi's visit to Washington and its impact on Iranian-Iraqi relations, starting with the implications of the visit as well as the timing of the visit, and Iran's demands and its concerns about the US-Iraqi rapprochement. Also these files discuss the outcome of the visit and its impact on the Iraqi home in regard to the implementation of Kazemi's program that seeks to create balanced foreign relations and eliminate financial and administrative corruption, restrict weapons to the hands of the state, and resolve the growing crisis in the energy sector.

The Iran and Yemen file deals with the Houthi military escalation on the Marib front and the increased dependence of the Houthis on recruiting mercenaries to compensate for the shortage of their members and aversion of Yemeni tribes from joining their groups. The file also sheds light on the Iranian support to the Houthis, which has pushed them to commit further terrorist acts by terrorizing Yemeni citizens, in addition to the human rights award presented to the Houthi leader by the Iranian judiciary.



# IRAN AND IRAQ

Iranian-Iraqi relations witnessed a new turning point during August 2020. This was demonstrated by the visit of members of the Iraqi transitional government, led by President Mustafa Al-Kazemi, to Washington. This visit came one month after his visit to Tehran. It also came after the political instability which lasted from December 2019 when former Iraqi Prime Minister Adel Abdul-Mahdi resigned until Kazemi came to power last May amid an Iraqi political party consensus and without any objection by Tehran and Washington.

Kazemi, who does not yet enjoy a broad popular or sectarian base and does not belong to any of the Iraqi political parties, needs at this stage to be able to remain in power and implement his program to achieve tangible successes in a number of files. He must also refrain from engaging in outright hostilities against any regional or international power that influences Iraqi affairs.

## I. The Implications of Kazemi's visit to the United States

Iraqi Prime Minister Mustafa al-Kazemi visited the United States from August 20 to August 22, 2020, to attend the second round of the American strategic dialogue. This visit gained great importance after several visits of former Prime Minister Adel Abdul-Mahdi to the United States had been cancelled as a sign of US dissatisfaction over Iraq's management of the sanctions file on Iran and other files. This visit came against the



backdrop of increasing Iraqi demands for the withdrawal of American forces, and after early elections had been announced on June 6, 2021 under the supervision of the Kazemi interim government. The Iraqis have placed their hope in the interim government to change the course of Iraqi political life and to improve the country's deteriorating economic conditions.

The American welcome to Kazemi was a sign of American approval of the approach taken by Kazemi since taking office. The most prominent feature of this course was the balance in Iraqi foreign relations and the distancing of Iraq from being a regional or international arena of competition, which was appreciated by many parties.

During the visit, Kazemi held talks with US President Donald Trump. He was loaded with many economic, political and military files. Some of these were internal and external files. Despite the doubts that were raised inside Iraq about the success of the visit, it was successful in terms of its outcome. Kazemi succeeded in obtaining many gains during his visit to Washington, aided by the US desire to reduce the size of Iranian influence. Kazemi was informed that American forces would withdraw from Iraq within three years. The two sides signed a number of economic agreements related to the energy sector amounting to \$8 billion. The United States pledged to provide financial support to Iraq worth \$204 million, support educational and scientific research, and provide long-term security support to ensure Iraq develops its military capabilities to protect against threats. These outcomes would satisfy the Iraqi home and would contribute to keeping Iraq away from Iranian pressure.<sup>(1)</sup>

## II. The Iranian Position on Kazemi's Visit to Washington

Two days before Kazemi's visit to Washington, the commander of the Quds Force of the Iranian Revolutionary Guard Corps, Ismail Qaani, was a guest in Baghdad and met with Kazemi to stress that the withdrawal of American forces from Iraq should be the first request during the Kazemi-Trump meeting. Many Iraqis did not welcome this meeting because they considered it a command from Tehran, dictating to the Iraqi prime minister what he must do. However, strong statements issued by Kazemi dispelled this feeling and affirmed the independent position of the Iraqi government. Kazemi stated, "We do not play the role of the postman in Iraq," adding that his country "still needs US assistance to confront the threat of ISIS."<sup>(2)</sup>

The Iranian media, which is close to the ruling leadership, clearly indicated what Tehran wanted to achieve from this visit:

1. To make progress in the file related to the withdrawal of American forces from Iraq either by setting a deadline or making a partial withdrawal as a precursor to a complete withdrawal
2. To curb Washington's pressure to designate the PMF as an armed militia that is not part of the Iraqi military establishment.

The Rouhani government has also expressed its desire to strengthen economic cooperation with Iraq, especially in the oil and electricity sectors.

Although the time limit for US military presence in Iraq was set, and the American forces started to actually withdraw from the Taji base north of Baghdad as soon as Kazemi left Washington as promised by the Americans, Iran negatively evaluated the visit. Iranian political circles criticized the outcomes of the visit as they were not in favor of Iranian interests in Iraq. Their criticism concentrated on the agreements signed between Iraq and the United States in the field of oil and power production. They considered these agreements as the foundation for a long-term US intervention in the Iraqi energy sector.

Iran also criticized the lack of a specific timeframe for the withdrawal of American forces from Iraq, since it considers the setting of a date for withdrawal after three years nothing but a postponement of the matter which will not necessarily be adhered to. However, some were more candid in expressing the reasons behind Iran's criticism of Kazemi's Washington visit. They said that Kazemi obtaining Washington's great support would lead to a weakening of relations between Baghdad and Tehran.<sup>(3)</sup>

### III. Iranian Pressure Tools to Influence Kazemi's Moves

To obstruct Kazemi's moves towards securing American support for Iraq and achieving gains that would ensure the independence of Iraq and restore its sovereignty over all its lands and eliminate the existence of armed entities that are not under the sovereignty of the Iraqi state, Iran sought to use its available pressure cards in Iraq in order to thwart Iraqi efforts and preserve its influence in Iraq, most notably through the following :

**1.** Katyusha rocket attacks were intensified by the waliah militias towards the Green Zone to shuffle the cards and create chaos and instability. August 2020 witnessed 23 attacks with Katyusha missiles targeting the Green Zone and Baghdad Airport, and an increase in bomb attacks with improvised explosive devices planted on roadsides to target convoys usually coming from Basra port.<sup>(4)</sup>

**2.** Iran increased its political assassinations executed by armed militia fighters targeting political activists such as Reham Yaqoub, the most important feminist activist in the Basra governorate and Tahseen Usama al-Shahmani, Ahmad Abdul-Samad, Suad al-Ali, Hussein Adel al-Madani and his wife Sarah as well as others (proclaimed as 'martyrs of the word') because they called for a free independent state that is not affiliated with Iran as Tehran seeks to spread fear and silence those who oppose the Iranian project. However, even if the perpetrator is Iraqi, the orders, directions and plans are Iranian.<sup>(5)</sup>

**3.** Iran pressures Iraq by using the water resources card, especially in relation to the Zab and Sirwan rivers which flow from Iran and run across the Iraqi borders in the Sulaymaniyah governorate in the Kurdistan region to put pressure on the government and generate protests. This brought back the possible scenario of the July and September 2018 protests in Basra, because this action would affect the lives of farmers and those residing in the villages located on the basin of the two rivers.<sup>(6)</sup>

Iran perceives Kazemi's visit to the United States as an American attempt to reduce Iranian influence in Iraq. It also considers Kazemi's efforts to open up to Arab countries, any future trade agreement with the Gulf states as a direct threat and a significant risk to its influence. Therefore, Iran is extremely disturbed because of the tripartite summit (Egyptian-Iraqi-Jordanian).

It is expected that Iran will offer substantial resistance to avoid being ousted from the Iraqi sphere. It is not easy for Iran to accept the loss of its political and ideological influence in Iraq, its western neighbor. Therefore, Iran will use all means of terrorism and armed violence to preserve its gains and ensure the implementation of the rest of its plans in the Iraqi arena. In addition to the policies of Kazemi that have become a real challenge to Iran, the biggest challenge to Iran is the Iraqi street's rejection of its interventions, especially in the provinces where there is Shiite support.

The Iraqi reality can now be described as a state of conflict between the non-state and the state. For the state to win – as is our hope - this requires Arab and international support for the Iraqi statehood project as it faces intractable challenges and obstacles. However, if the non-state wins, Iraq will enter the phase of no return, leading it to a state of perhaps complete dependence on its eastern neighbor.

#### IV. A Reading of the Timing of the Saudi Delegation's Visit to Iraq

On August 27, 2020, Saudi Foreign Minister Farhan bin Faisal visited Baghdad during which he met with Kazemi, Parliament speaker Muhammad al-Halbousi and his counterpart Fouad Hussein, to discuss ways to develop bilateral relations in various fields. Undoubtedly, any Iraqi-Arab rapprochement disturbs Iran and threatens its gains, plans, and the level of its influence in Iraq, particularly given two factors. Firstly, Kazemi's orientations differ from those of previous heads of the Iraqi government in relation to balancing foreign relations because Kazemi has been continuing with his policy of creating a balance in foreign relations to fulfill the principle of diversifying relations and preserving Iraq's sovereignty, external independence and non-subordination. Secondly, Iraq is the most important lifeline and economic outlet to alleviate the impact of the economic sanctions imposed on Iran since 2018.

The implementation of projects such as the Gulf linkage project through Kuwait to provide Iraq with electricity will inevitably deprive Iran of a pressure card against Iraq in relation to exporting Iranian gas and electricity to Iraq, or at least will reduce the level of Iranian pressure on Iraq with regard to the Iraqi electricity crisis, especially since the Gulf countries have an abundance of energy.

During his meeting with the Saudi foreign minister, Kazemi stressed that "the Kingdom of Saudi Arabia is a true partner to Iraq," emphasizing the importance of implementing the decisions of the coordinating committee between Iraq and Saudi Arabia.<sup>(7)</sup>

What increases Iran's concerns is the agenda of the meetings between the Saudi foreign minister and Iraqi officials. The Saudi and Iraqi sides discussed important issues and focused on the economic aspect through deepening relations in the economic, investment and petrochemical fields, and the file of the Gulf linkage project through Kuwait to supply Iraq with electricity. In addition they focused on the results of Kazemi's visit to Washington and the outcomes of the Egyptian-Iraqi-Jordanian Tripartite Summit according to the Iraqi Foreign Ministry statement.<sup>(8)</sup> Iran will inevitably lose a pressure card on Iraq related to exporting Iranian gas and electricity to Iraq, or at the very least it will reduce the level of Iranian pressure on Iraq with regard to the Iraqi electricity crisis, especially since the Gulf countries have an abundance of electricity.

#### Conclusion

Kazemi's visit to Washington was a milestone on the path of resolving many difficult files in Iraq, most notably the file related to the withdrawal of American forces from Iraq, the involvement of the United States in alleviating the economic crisis Iraq suffers, and the reduction of the deficit in power production and Iran's domination over the Iraqi energy sector. These successes were derogated and undermined by the wilayah militias that are deployed in Iraq. Iran also criticized these developments because these successes are perceived as American control over the Iraqi energy sector and the beginning of a cooling period in Iranian-Iraqi relations. Therefore, it started to use its pressure cards on the Iraqi government by intensifying missile attacks against areas with US deployments in Iraq and launched an assassination campaign against Iraqi activists. Nevertheless, Kazemi is close to success in achieving his program. If he achieves success in rest of the files, especially the economic file, no one would be able to compete with him in the elections which will be held next June, if he wishes to run for election.

# IRAN AND YEMEN

In August 2020 the Yemeni arena witnessed an unprecedented Houthi military escalation at the military level in which the Houthi militia suffered heavy losses, as a result of the National Army's resistance. The Houthi escalation was condemned internationally because it represents a dangerous departure from the course of political solutions, and is a blatant attempt by the Houthi militia to shuffle the cards and to change the existing dynamics to obstruct the implementation of the Riyadh Agreement mechanism and increase the complexities of the Yemeni crisis. The escalation is inconsistent with the UN efforts seeking to find solutions to end the humanitarian and economic crisis in Yemen. On the other side, the Houthi escalation is consistent with the Iranian position that rejects the Riyadh Agreement and all political solutions in Yemen to prolong the crisis. This is in line with the Iranian desire to serve its strategic interests. We will review the most prominent developments in the Yemeni arena in August that are related to the Houthi militia and the Iranian role.

## I. The Indications of the Houthi Military Escalation

The scale of the Houthi military escalation has been intensifying on various fronts, especially in the Marib governorate, while Saudi Arabia is speeding up the implementation of the Riyadh Agreement mechanism given the strategic importance of this governorate and its oil and gas wells. In spite of the ongoing losses sustained by the Houthi militia on the Marib and Al-Jawf fronts, the Houthis continue to escalate, resulting in the targeting of a mosque in Marib at the time of the morning prayer with a ballistic missile in a densely populated neighborhood and sending more fighters to the battlefield to weaken the targeted territory to make further progress towards seizing the governorate and taking control of its economic resources and oil revenues.<sup>(9)</sup>

Yemeni sources estimated that 3,000 militia members were killed and wounded in August, including senior leaders. The Houthi militia was forced to send those individuals towards the battle fronts as their forces have been heavily depleted. There were also material losses because of the war equipment seized by the Yemeni army and other organizations which was subsequently destroyed. Sources reported that the Yemeni army shifted from the position of defense to attack. The Yemeni army continued to make progress towards Al-Jawf, Nihm and Al-Bayda.<sup>(10)</sup>

The significant human toll prompted the Houthi militias to increase the recruitment of African refugees and children by forcibly sending them to the battle fronts to cover its shortage of fighters. In this regard, Muammar al-Iryani said, "The Houthi Iran-backed militia is clearly resorting to African refugees to cover its deficit of fighters after its human supply has been depleted due to the heavy losses it has suffered on the various battle fronts, especially Marib, Al-Jawf and Al-Bayda, and the reluctance of tribesmen to bow to their pressure." He added, "the process of recruiting migrants by the Houthis is being undertaken through coercive methods." He considered it a war crime committed against humanity, and a clear violation of international laws and norms. He called on international refugee organizations and the International Organization for Migration to

condemn the Houthi violations committed against African refugees and for using them to achieve Iranian goals and its frivolous battles in the region.<sup>(11)</sup>

In addition, signs of coordination and close cooperation at the military level have emerged between the Houthi militia and other terrorist elements. The minister of information stated that al-Qaeda and ISIS elements are entrenched in areas under Houthi militia control. At the same time, he confirmed that the legitimate government of Yemen has prioritized the fight against terrorism in coordination with partners in the international community. This statement was made during the meeting of the Yemeni information minister and the ambassadors of the five permanent members of the Security Council on August 24, 2020. The five ambassadors condemned the Houthi military escalation, calling on the militia to stop escalation and engage positively with the UN envoy.<sup>(12)</sup>

At the external level, Spokesman of the Coalition to Restore Legitimacy in Yemen Col. Turki al-Malki stated that the coalition forces managed to destroy a ballistic missile launched by the militia on Thursday August 27, 2020 towards Najran which was targeting civilian areas. The coalition intercepted and destroyed the explosive-laden drone launched by the Houthi militia towards the Kingdom and the ballistic missile launched towards the Kingdom earlier.

It should be noted that the coalition managed to destroy a drone that targeted Abha International Airport, which is filled with citizens of various nationalities, on Sunday August 30, 2020. These repeated attacks were met with widespread condemnation from the international community and from international organizations which consider this escalation a flagrant violation of international law and norms that prohibit the targeting of civilians and civilian targets.<sup>(13)</sup>

As a result of the implications of the Houthi escalation, internally or externally, and the Houthis' ongoing rejection of the peace efforts, the Yemeni minister of information stated, "This comes within the framework of the implementation of the Iranian agenda by the militia to alleviate the pressure and international isolation that the Iranian government faces."<sup>(14)</sup>



## II. Implications of the Houthi Militia's Dependence on Iranian Support

On August 5, the Iranian government, represented by the judiciary, awarded a human rights prize to Abdul-Malik al-Houthi, the leader of the terrorist militia in Yemen, which sparked bitter outrage on the Yemeni street. Some observers considered it nothing but an attempt by the Iranian government to whitewash the horrific violations and crimes of the Houthi militia against the children in Yemen and the Yemeni people. At the same time, this award illustrates the Houthi militia's dependence on the Iranian government. It is a bounty from the Iranian government to the militia for its role as a tool and an arm serving Iran's interests in the region and in Yemen in particular.<sup>(15)</sup>

The Spokesman for the Ministry of Human Rights of the legitimate government Walid al-Abara said, "Human rights have one document that has been approved by all countries of the world, and it is the frame of reference that is binding on all international agreements and treaties on human rights." He added, "The alleged 'Iranian award' for human rights established by the mullah government in Tehran specifically to circumvent its human rights obligations, and to whitewash its heinous record in suppressing freedoms and human rights violations in his country and the countries where militia violence and sectarianism is active, such as Yemen, Iraq, Syria and Lebanon. Therefore, an honor is meaningless, but rather stands for an erroneous step that lacks any common sense. Otherwise, this vaudeville show would not have been released to the public." Al-Abara stated that the Iranian government can only provide its clients in the region with moral support and the technology of war, given the country's stifling economic crisis.<sup>(16)</sup>

A Yemeni writer and political researcher indicated that the Iranian government is at the top of the terrorism list around the world due to its violation of human rights and destroying peoples and states, and that the Iranian government's reward to its tyrannical arm targeting Yemen and the people of Yemen comes to impose further suffering on the Yemeni people. It is also an award and encouragement to continue shedding more Yemeni blood. At the same time, he also calls on the free world to seriously deal with this government's methodology so that this government and its militias do not

destroy the idea of freedom in light of the sectarianism and racism adopted by the government and its followers which is based on excluding all other parties and confiscating all their rights. Therefore, this award is painting an innocent face on a red-handed killer.<sup>(17)</sup>

On the other hand, following the Iranian tradition, the Houthi militia revived Ashura in Sana'a, and the Houthi militia imposed tight security measures and mobilized their tribal supporters. The Houthis took advantage of this occasion and allocated huge sums of money to revive this celebration, which is marked by sectarianism. Substantial funds are allocated to this event every year, while the Yemeni people live under difficult conditions in areas controlled by them because their salaries have been looted for the past five years



by the Houthi militia. The militia took advantage of this event to assert its legitimacy in the areas under its control. This celebration was announced through the mosques in Sana'a as directed by the Houthi militia. During this celebration, it was announced that rising up against the Houthis was prohibited, and participating in the celebration was imperative. Sources stated that the so-called Governor of Sanaa, Khaled al-Madani "held a meeting with the supervisors of the capital's directorates and district officials, and ordered them to intensify efforts in relation to the Ashura celebration in order to incite people to fight and convince them that the Houthis' legitimacy is based on a divine right." He added in his statement to the attendees, "We will never accept anyone who questions the mandate of Abd al-Malik al-Houthi over Yemen. Whoever does so, he will face a tragic fate, because questioning this mandate is disobeying God's orders." This starkly illustrates the extent of the sectarian extremism of the Houthi militia and the racial discrimination which excludes all other Yemeni components.<sup>(18)</sup>

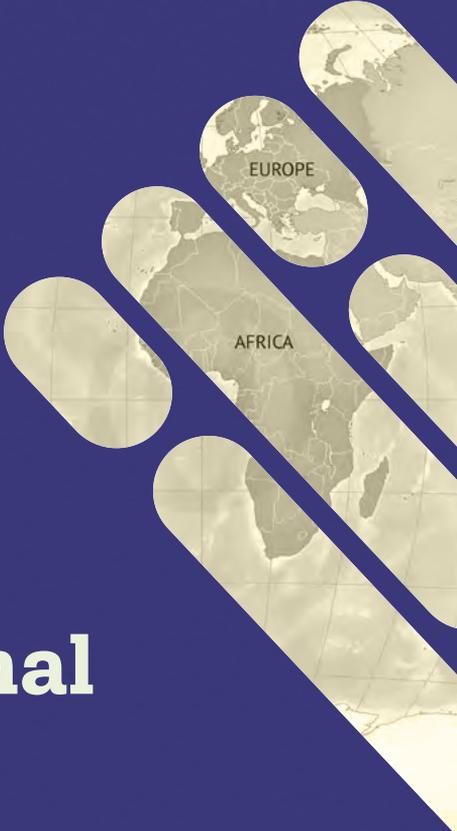
It is noteworthy that the Houthi mobilization during Ashura was less than a month after the large scale celebration for militias in what is known as the "Day of Al-Ghadeer" or the Wilayah. The Houthi militia allocated huge budgets to post pictures of Abdul-Malik al-Houthi and propagate the sanctification of the Houthi dynasty. The Houthi militia threatened all those who were reluctant to mobilize and also summarily dismissed a large number of educational staff in Sana'a. In this context, more than 200 employees in the education sector, including teachers, school directors, agents and administrators, were summoned to attend extended meetings which intended to force them to participate in all the celebrations of the terrorist militia.<sup>(19)</sup>

## Conclusion

In August, the military escalation of the Houthi militia increased on the Marib front, with shifts on other fronts to deflect attention away from the developments on the Marib front. The Yemeni National Army's response to the Houthi escalation resulted in heavy losses for the Houthi militia. Some said that in a short period of time the Houthi militia sustained unprecedented losses since the beginning of the crisis five years ago, and the Houthi escalation process comes within the framework of undermining the Riyadh Agreement which is inconsistent with Houthi and Iranian interests. This is perceived as an indication that the Iranian-backed militia does not have any desire to comply with any political solution to end the suffering of the Yemeni people. On the other hand, the Iranian government's award to Abdul Malik al-Houthi illustrates the Houthi militia's dependence on the Iranian government in light of the political isolation that the Iranian government and its militias are experiencing.

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# International Affairs

**I**n this part of the Iran Case File, we discuss the latest developments in Iran's relations with the United States and Europe, shedding light on the vote of the United Nations Security Council (UNSC) on the US proposal to extend the UN arms embargo on Iran. Iran-US relations have centered on the American move to extend the UN arms embargo. This move is considered as a bedrock of the US maximum pressure strategy, in addition, the file analyses Iran's reaction and the options available to it to counter US moves at the UNSC. The file also discusses the measures to extend the UN arms embargo and their expected ramifications on Iran. The Iran-Europe Relations section of the case file sheds light on the European position in regard to the UNSC vote as well as European reaction to the US triggering the snapback mechanism. Finally, the case file highlights the implications of the European position and presents future scenarios.

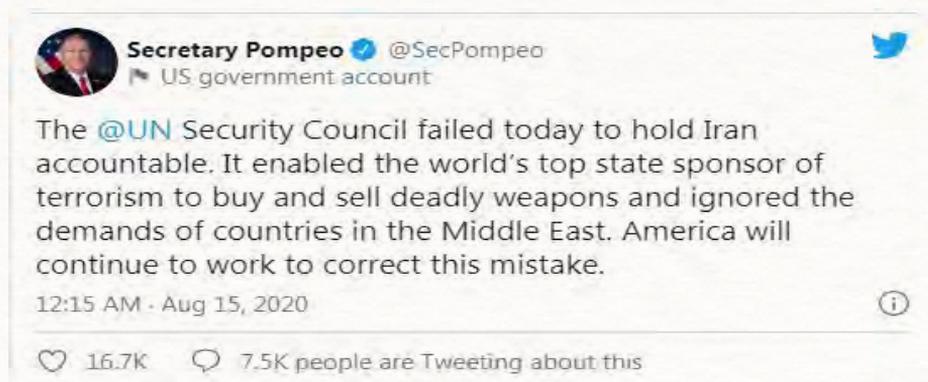


# IRAN-US RELATIONS

Iran-US relations witnessed significant developments in August 2020, most prominently the US bid to extend the UN arms embargo on Iran, which is due to expire on October 18, 2020 as outlined in UN Resolution 2231. However, the US moves in the UNSC provoked a huge international reaction. The participants in the 2015 Iran nuclear deal, commonly referred to as the Joint Comprehensive Plan of Action (JCPOA), refused to extend the UN arms embargo; their position here definitely serves Iranian interests. There is, however, still room to extend the arms embargo as long as Washington continues to prevent Tehran from importing and exporting arms and curbs its threats to regional security and stability.

## I. Extending the UN Arms Embargo and Moving Forward With the Maximum Pressure Campaign Against Iran

A top priority for the US State Department has been to extend the UN arms embargo on Iran. The disagreements among the UNSC members forced Washington to retract its draft resolution which was submitted on August 11 and propose another simpler version on August 14.<sup>(1)</sup> Yet, 11 countries of the UNSC's 15-member body, including the United Kingdom, France and Germany, abstained. Russia and China vetoed the proposal. The Dominican Republic voted with the United States for the embargo's extension.<sup>(2)</sup> The United States denounced the vote against its bid. US Secretary of State Mike Pompeo condemned the UNSC vote<sup>(3)</sup> while President Trump declared that he would trigger the snapback mechanism.<sup>(4)</sup> On August 20, Pompeo delivered a letter to UNSC Secretary General Guterres and the president of the Security Council notifying them that Washington was triggering the restoration of virtually all UN sanctions on Iran lifted under UN Security Council Resolution 2231.



This US request was also declined; 13 members of the Security Council, including four permanent members, directly rejected the US request to trigger the snapback mechanism claiming the US demands have no legal grounds.<sup>(5)</sup>

Later Pompeo tweeted, “These sanctions will snap back at midnight GMT on September 20.” He affirmed that Washington will prevent China and Russia from violating the sanctions imposed on Iran. He also criticized the Europeans for not extending the arms embargo.<sup>(6)</sup> President Trump declared that he will win the presidential elections and Iran will sign a new deal within months. “If I win the election, within the first month, Iran will come to us and they are going to be asking for a deal so quickly because they are doing very poorly,” Trump said.<sup>(7)</sup>

Nevertheless, Washington has not ceased its efforts in the region to further tighten pressure on Iran. As part of Washington’s new plan to address Iran’s threats, Pompeo visited several countries in the region. Iraqi Prime Minister Mustafa al-Kazimi was received in Washington within the framework of the Iraq-US strategic dialogue. The two sides affirmed the importance of security and military cooperation and the necessity to maintain US troops in Iraq to combat terrorism. These efforts are intended to counter Iran’s ambitions.

The US administration continues its maximum pressure campaign as it imposed new sanctions on Tehran and took measures to impose further pressure on Iran as illustrated in the table below:

**Table: US Pressure on Iran (August 2020)**

Date	Sanctions
August 8 <sup>th</sup>	An Iranian ship was intercepted by an American watchdog at Port Qasim, Karachi, due to its involvement in smuggling oil to Pakistan. The watchdog informed Pakistan’s government that legal action would be carried out against the importers, exporters and the refinery involved.
August 14 <sup>th</sup>	Four Iranian oil tankers were confiscated while heading to Venezuela.
August 19 <sup>th</sup>	The US Treasury sanctioned an Iranian national and two Iranian companies based in the United Arab Emirates for providing logistical services to Iranian airline Mahan Air.
August 25 <sup>th</sup>	The US State Department issued visa restrictions targeting 13 Iranian nationals over their involvement in human rights violations for the benefit of Iran, the world’s leading state sponsor of terror.
August 28 <sup>th</sup>	The US Department of Justice announced the seizing control of three websites allegedly involved in the Iran-Venezuela oil deal.
August 28	The US Department of Justice charged two Iranian citizens and two Indonesians with 19 counts for exporting US aircraft parts to Iran without obtaining licenses from the US Department of the Treasury.

## II. Iran's Options to address US Pressure

Tehran harshly condemned the US move to extend the UN arms embargo which according to its view violates the nuclear deal. However, it hailed the UN Security Council vote that rejected the US bid to extend the arms embargo on Iran.

At home, Iranian officials have started debating the possible Iranian steps to counter the US goal to extend the UN arms embargo on Iran. A member of the National Security and Foreign Policy Committee of the Iranian Parliament Mohammad Ebrahim Rezaei said, "The committee conducted a detailed plan, the Counter and Appropriate Measures Against Hostilities. Some parts of the plan were approved while the rest is under consideration [...] There is also another urgent plan by the National Security and Foreign Policy Committee, which is the withdrawal from the Additional Protocol (AP), which Iran implements forcefully."<sup>(8)</sup>

Iran's Foreign Minister Mohammed Javad Zarif said, "[We] know very well that the implementation of the snapback is something illegal and therefore absolutely unacceptable," calling on the Security Council to reject it.<sup>(9)</sup>

Iran is strongly betting on Russia and China to counter the US move to extend the arms embargo and trigger the snapback which would restore past UN sanctions on Iran. The three sides continued their discussions over the nuclear deal. Russia strongly opposes the US moves which it deems illegal and groundless, including the restoration of the UN sanctions on Iran. The military cooperation is escalating between these two countries and Iran. The three countries are expected to engage in further cooperation in the near future.<sup>(10)</sup>

As for their counter-argument, the Iranians rely mainly on the legitimacy of the nuclear deal, their coordination with the P4+1 and the UN reports which confirm Iran's compliance with its commitments under the JCPOA. The Iranians are very keen to show their European allies that their position is strong, dismissing all US doubts regarding Iran's noncompliance with its commitments under the nuclear deal. The Director General of the International Atomic Energy Agency (IAEA) Rafael Mariano Grossi visited Tehran where he announced that the agency would be allowed to access two undeclared nuclear sites which were not reported before the signing of the 2015 nuclear deal. Iran is taking delicate steps to prevent the oppositional bloc collapsing that has opposed US moves at the UNSC. This is in addition to the fact that the IAEA is likely to report Iran's noncompliance to its safeguards agreement to the UNSC.

As part of its moves to counter US pressure, Tehran has continued its trade with Venezuela. The two countries are working to boost their non-oil trade, especially the exchange of food and agricultural products. Iran denied it had a hand in the oil tankers, which were seized by a US watchdog while heading to Venezuela, claiming the oil was sold F.O.B (Free on Board, an international shipping agreement which means that the buyer takes ownership at the point of departure from the supplier's shipping dock). Iran filed a complaint to the International Maritime Organization (IMO) against the United States.<sup>(11)</sup>

Iran's Supreme Leader Ali Khamenei tweeted in Farsi on August 16, 2020, reaffirming his country's position on beginning talks with the United States. "We blocked this path and will definitely block it in the future. We won't allow American political, economic or cultural influence in Iran," he said.<sup>(12)</sup>



Though Iranian officials, including the supreme leader, have confirmed that they are not developing policies in light of the possible outcome of the US presidential elections, Iran, along with other countries, was accused of spreading misleading information ahead of the US presidential elections. This came a few weeks after Google's statement which confirmed that Iranian hackers had launched cyberattacks targeting the election campaigns of the two presidential candidates, Trump and Biden.

### III. The Implications and the Likelihood of Extending the UN Arms Embargo

The United States continues to place further pressure on Iran, but it is apparently facing hurdles to extend the arms embargo. Its draft resolution was rejected by most of the UNSC members, and doubts were raised in regard to the legal grounds for the US triggering the snapback mechanism after its withdrawal from the deal in May 2018, and it is highly likely that further legal complexities will arise.

The UNSC vote highlighted the crisis between the United States and UNSC members. China and Russia opposed the US move. On the other side, the Europeans believe that the US bid does not align with their current attempts to preserve the JCPOA and it risks multilateralism and institutionalism which are needed to take international decisions and uphold the unity and stature of the UNSC. Finally, the UNSC members might not fully and effectively cooperate with the council to implement the sanctions if they snapback following the US initiation of this mechanism.

Despite the aforementioned hurdles and complexities, the dispute resolution mechanism (DRM) outlined in UN Resolution 2231 was quite ineffective to the extent it was difficult to thwart the US moves. Thus, Washington can eventually restore the UN sanctions on Iran. If this does not work, Washington can push its plan B - unilaterally imposing sanctions on Iran's arms exports and preventing potential arms sellers from concluding deals with Iran.

Iran will continue to resist the US pressure while obstructing the negotiation path. Despite the instrumental efforts of the world powers to keep the nuclear deal alive, they do not have any alternative options that can counter the US moves against Iran, such as attempts to extend the arms deal and restoring past UN sanctions.

In a nutshell, a fatal blow is expected to strike the nuclear deal; only then will Iran face wide-scale international pressure. Iran is now waiting for the outcome of the US November elections, betting on the Democratic Party candidate Joe Biden who may change US policy towards Iran and return to the nuclear deal. Otherwise, Iran should sign a new deal with Trump despite its official remarks denying the possibility of negotiations with Washington.

# IRAN-EUROPE RELATIONS

Iran-Europe relations were significantly influenced by the diplomatic debate and political bickering between the United States, Europe and Iran over Washington's two latest significant moves to extend the UN arms embargo on Iran and trigger the snapback mechanism; which means past UN sanctions on Iran will be automatically reimposed. As a result, the Europeans and the members of the nuclear deal made official statements in which they justified their opposition to Washington's political moves in the United Nations Security Council (UNSC). In this part of the Iran Case File, we discuss how Washington's moves prompted the Europeans to adopt positions aligning with Iran opposing their traditional ally, the United States, to prevent the total collapse of the 2015 nuclear deal.

## I. The UNSC Vote to Extend the Arms Embargo on Iran

The United States failed in its bid to extend the arms embargo on Iran, securing only two votes – the Dominican Republic and the United States itself – from the 15-strong UNSC, while 11 members abstained. Russia and China, permanent members at the UNSC, retained veto power to thwart the US proposal.<sup>[13]</sup>

Despite their remarks concerning the ramifications of the UN arms embargo being lifted on regional security and stability, the European Troika aligned with the majority of UNSC members who abstained. They, however, issued official remarks justifying their position in opposition to their ally, Washington, and expressed their commitment to the Joint Comprehensive Plan of Action (JCPOA).

The European Troika explained the reasons for them abstaining from the vote on the US proposal. They claimed that from the very beginning, during the discussions on the US proposal in June, it was clear that it did not receive much support from the UNSC members; thus, it could not “represent a basis for achieving consensus.” Further, it does not advance regional security and stability. In their official statements, the European Troika expressed that they are committed to the JCPOA and fully prepared to work with all members of the council and participants of the JCPOA to find the best ways to address the risks arising from the UN arms embargo being lifted on Iran and to secure the support needed from the permanent members of the council.<sup>[14]</sup>

The Iranians celebrated the vote. In a Twitter post, Iranian Foreign Ministry spokesman Abbas Mousavi stated that the proposal had left the United States isolated internationally, warning that Washington should “stop shaming itself” otherwise “it will get isolated, even more than now.”<sup>[15]</sup>



## II. The US Triggering the Snapback Mechanism Under the JCPOA

As it has been threatening for months, Washington triggered the snapback mechanism to automatically reimpose the UN sanctions. This was done as Tehran had not fulfilled its commitments under the JCPOA, following its breaches in exceeding uranium enrichment levels. After delivering a letter from President Trump, US Secretary of State Mike Pompeo notified the council of Iran's "significant non-performance" under the JCPOA, which led to UN sanctions being reimposed on Iran.<sup>(16)</sup>

In a joint statement against the US letter to the UNSC to trigger the snapback mechanism, the foreign ministers of the European Troika underscored that Washington is no longer a member of the deal since its withdrawal in May 2018. "The E3 [the European Troika] are committed to preserving the processes and institutions which constitute the foundation of multilateralism. We remain guided by the objective of upholding the authority and integrity of the United Nations Security Council [...] We believe that we should address the current issue of systematic Iranian non-compliance with its JCPOA obligations through dialogue between JCPOA participants, including through the Joint Commission and use of the Dispute Resolution Mechanism."<sup>(17)</sup>

In response, US Secretary Mike Pompeo criticized his European allies for siding with Iran saying, “No country but the United States has had the courage and conviction to put forward a resolution. Instead, they chose to side with the ayatollahs.”<sup>(18)</sup>

On the other side, Iran’s Foreign Minister Mohammed Javad Zarif had previously made remarks on the US move to trigger the snapback mechanism. “US recourse to Dispute Resolution Mechanism in 2231 has NO LEG TO STAND ON,” Zarif tweeted.<sup>(19)</sup>

### III. The Implications and Future Developments of the European Position

First, it should be noted that the US move faces legal obstacles in triggering the snapback mechanism. Russia and China have been attempting to exploit all options available to hinder the United States’ goal. When analyzing the realities on the ground and the vote of the UNSC on the US proposal, the huge complexities and challenges Washington must overcome to reimpose the UN sanctions on Iran become increasingly apparent to observers.

Following them abstaining from the vote, the Europeans explained their position on the basis that the Washington bid had not received the requisite support from the UNSC members; and it does not contribute to forging an international consensus to confront Iran’s military threats; and finally they [the European Troika] are keen to preserve the nuclear deal via dialogue and diplomacy.

However, following Washington’s initiation of the snapback mechanism, the European Troika clearly stated three reasons for them opposing the proposal of its Atlantic ally, Washington, which are as follows:

- The United States ceased to be a participant to the nuclear deal following its withdrawal in 2018, so it does not have the right to trigger the mechanism.
- The US proposal is not compatible with current European efforts to save the JCPOA.
- The European Troika are committed to preserving the processes and institutions which constitute the foundations of multilateralism and critical in shaping international consensus.<sup>(20)</sup>

Washington claims that it is still a “participant” in the JCPOA under UNSC Resolution 2231. Its withdrawal from the deal does not cease it from being a participant. The Europeans believe that Washington has misinterpreted the UNSC resolution.

Despite the opposition against the US move – based on legal arguments and other objection, especially those presented by the Chinese and Russians, the Europeans affirmed that the US position has turned into a political quarrel, motivated by the US government’s overwhelming desire to tear up the nuclear deal by stripping it of its international legitimacy.

Washington, however, is seemingly hell-bent on continuing its battle to prove the legal grounds of its move. The disagreements inside the UNSC are expected to deepen further by the end of the 30-day notice period. Conflicts will probably surface between the two expected emerging blocs: opponents and proponents of the US move. According to a *Foreign Policy* argument, the US government –through its economic and political pressure – seeks to gain support for its move so that UN members agree to reimpose sanctions on Iran. Russia and China will definitely use all means possible to obstruct the US case, whether through thwarting appropriate UN committees being reinstated that will oversee the implementation of sanctions or by calling on the International Court of Justice to evaluate the legal basis of the US bid. They are very keen to keep the deal alive until the US presidential elections in November.

The third bloc – aligned with the European Troika – will resort to stalling decisions to implement the UN sanctions. Stemming from the fact that the Europeans are known for their commitment to UN directives, the third bloc’s moves will be undertaken carefully.

It may attempt to make Tehran extend its strategic patience for a bit longer as the US presidential elections are approaching. Iran's reaction to the snapback mechanism will have a tremendous impact on the European role. The European Troika aims to make Iran uphold its commitments under the nuclear deal and turn a blind eye to the US escalation to preserve the nuclear deal until the US presidential elections. However, if the Iranians tilt towards intensifying escalation and lowering their commitments further under the nuclear deal, the Europeans cannot continue to support Tehran any further.

### **Conclusion**

The European Troika opposed the US move to trigger the snapback mechanism. They believe it has no legal grounds, curbs the nuclear deal, and thwarts the multilateralism needed to shape international decisions. Though their disagreement with their Atlantic ally Washington has deepened significantly, the European Troika is still betting on the upcoming US administration following the November presidential elections. Regardless of the legal and political argument over the snapback mechanism, it will – without a shadow of a doubt – create further political disagreements and institutional chaos at the international level. Given the irreversible position of China and Russia along with the potential obstacles that might be placed by the European Troika, the United States is expected to face serious challenges and hurdles crippling its endeavors to achieve its goal.

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# IRAN CASE FILE

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