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The year of conflictual policies has ended with epic scenes as witnessed at the beginning of the year. The year 2020 saw the peak of the conflict between the US maximum pressure campaign and Iran’s strategic patience policy. It began with the killing of Qassem Soleimani and ended with Trump’s departure from the White House. The betting on the element of time was one of the most important aspects of the conflict between the United States and Iran. Iran intended to continue its strategic patience policy until the end of Trump’s term in office and hoped to change US policies in case Trump failed to win a second term in office. Meanwhile, Trump was pursuing his strategy on the basis that Iran will not continue its resilience policy in the face of the US maximum pressure campaign for more than three consecutive years, and even if it managed to do so, it would not continue doing so during his second term.

Iran managed to endure the maximum pressure campaign until the end of the Trump era. But it seems that the hope of lifting sanctions in the aftermath of Trump leaving the White House will not be realized as the scale of Iran’s danger to global security and peace has become very clear as a result of the maximum pressure campaign. The Obama-era vision of the Democrats resting on the belief that lifting the sanctions imposed on Iran will lead to empowering the reformists inside Iran, and hence integrating Iran into the international community, is on the mind of present day Democrats. The past five years of the nuclear deal made
it clear that removing the sanctions on Iran led to nothing but the rise of IRGC-linked military officials and further hostility towards regional countries and the international community, regardless of Iran’s diplomatic maneuvers.

In 2019, Iran was teetering on the brink, many of its interactions were about to reach the brink and lead to direct military confrontations overseas (attacks targeting oil tankers, harassing US warships in Gulf waters) or were about to result in the outbreak of a sweeping uprising at home, toppling the government and dismantling its founding theory — following the protests against gasoline price hikes. However, Iran soon retreated from its policy of provocation, causing things to return to a state of relative calm.

In 2020, the Iranian government resorted to easing tensions with the international community, especially after the killing of Soleimani which led to low-profile retaliation from Iran. But on the other side, the Iranian government unleashed more crackdowns on the Iranian people to force them to endure its strategic patience policy and it did not pay heed to the people’s economic suffering and continued to support its armed militias deployed in a number of regional countries. It also spent more money on its armament programs, carrying out missile tests and resuming its nuclear activities on a scale surpassing its activities pursued before the signing of the nuclear agreement. Iran reduced its nuclear commitments in five gradual phases. The European Troika showed complacency towards the Iranian violations of the nuclear deal because of their focus on responding to Trump’s policies regarding the allocations for defense spending and reducing cross Atlantic partnership agreements.

Within the framework of its strategic patience policy, to address its economic crisis, Iran relied on withdrawing from foreign exchange reserves, exporting oil in limited quantities in violation of the US embargo, boosting nonoil exports, reducing imports, and selling state-controlled assets to secure the finances needed for its budget. However, the Iranian government was prompted to change the items included in the general budget after approving it. Iran’s economic crisis has worsened due to the government’s ongoing support for external military expansionist activities.

In general, Iran attempted to deescalate the conflict with the international community compared to 2019. But it failed to resolve many of the problems it was facing at different levels.

At home at the ideological level, Iran faced attempts by Najaf to reduce its clout in Iraq and the standoff entered a critical stage when Iranian journalists supportive of the supreme leader leveled criticism at Ayatollah Ali al-Sistani after he spoke about the UN monitoring Iraqi elections. This criticism was viewed by Shiites as peculiar because it is not normal for individuals practicing taqlid to level criticism at one of the major marjas in the Shiite world. Hence, the political disagreements divided Shiite ranks. Rifts emerged between the Qom and Najaf
seminaries, which possibly would have deepened if it was not for Iran’s press withdrawing its criticism of Sistani, thus preventing this crisis from worsening.

The popular criticism targeting clerics in Iran has escalated. It was directed at those clerics who refused to close down Shiite shrines despite coronavirus spreading and they promoted a host of misleading beliefs about the ability of shrines to heal infected people and the impossibility of transmitting infections via these sacred sites. They eventually yielded to the decision to shut down the shrines and tombs after infection rates spiked in Iran on a scale surpassing all its neighboring countries and after the country turned into a hotspot for coronavirus spreading across to neighboring countries.

Furthermore, clerics issued fatwas to support Iranian ambitions to drive US forces out of Iraq in response to the killing of Qassem Soleimani. Clerics acted in response to the remarks of the supreme leader when he reiterated the need to expel US forces from Iraq because of the ongoing conflict between Iran and the United States — These remarks violated Iraqi self-determination and national sovereignty.

The Qom seminary mounted a stinging attack on marja Kamal al-Haydari when he stated that clerics of Twelver Shiism unanimously agree that believing in Velayat-e Faqih is one of the inviolable principles of religion. This means that the clerics of Twelver Shiism deem all Muslims following other schools of thought to be unbelievers. However, Haydari dismissed excommunicating Muslims who follow different schools of thought. In response, the Qom seminary launched a scathing attack against him, and accused him of being a kafir (disbeliever) though the seminary has generally refused to accuse Twelver Shiite clerics of being disbelievers or promoting takfir. This was a stark paradox.

The interactions at the political level were equivalent to those at the ideological level in terms of severity and shaking well-established principles. In a striking shift, the supreme leader became the number one defender of Rouhani in the face of mounting criticism. The conservatives attacked the performance of the Iranian government, especially after they captured the majority of seats in the Iranian Parliament in the last parliamentary election. Many former IRGC commanders won seats in the Parliament.

The conservative lawmakers not only leveled criticism at Rouhani but also expressed their intent to depose him and question him in Parliament over his performance, particularly regarding the nuclear agreement negotiations and his economic management. They said Rouhani had to swiftly provide answers to five key concerns: the price of foreign currencies rising against the local currency, the turmoil witnessed in the real estate and automobile sectors over the past few years, the nuclear file, and the level of support provided by the Iranian government to the Iranian people after the outbreak of the coronavirus pandemic (COVID-19) which hit Iran hard and aggravated societal woes. The last question prepared by
the lawmakers focused on the fate of subsidized dollars which the government set at 4,200 rials: how many billions of dollars were given? To whom? And what was the fate of these dollars?

The conservative lawmakers raised their demands, calling for Rouhani’s impeachment and his execution. Other members of government were also hit with interrogations during 2020. Foreign Minister Mohammad Javad Zarif was targeted by the conservatives. Zarif found no way to escape the criticism other than to cite Khamenei’s remarks about him when he addressed the lawmakers.

He said, “You called me submissive while the supreme leader described me as a brave man, and you call me a liar while the supreme leader called me honest.”

The lawmakers continued to interrogate Rouhani’s ministers, including the minister of industry, trade and mines. It seemed like there was an open-ended conflict between the Parliament and Rouhani and his government.

The reformists also directed criticism toward Rouhani which was no less severe than that of the conservative lawmakers. The reformists felt that they had been excluded by Rouhani from taking up ministerial positions and he limited them to secondary positions in the government. No one managed to save Rouhani from the criticism directed at him except for the Iranian supreme leader. He believed it was a must that internal rifts were not deepened in light of Iran facing US pressure and escalating challenges in the surrounding environment. The aim was to allow Rouhani to complete his presidential term and for the coming presidential election to be held as scheduled in June 2021 in a stable atmosphere. It is likely that a conservative president will enjoy more parliamentary support to resist US pressure.

At the social level, the ramifications of the deteriorating political and economic situation became apparent. The situation of Iranian women was the most urgent social issue, starting from their political participation to increasing levels of drug addiction and domestic violence. As the presidential elections approach, the question of whether women can contest the elections was strongly raised once again. This question was raised following the publication of constitutional legal opinions against the backdrop of Iran’s constitutional provisions which stipulate that the one who occupies the presidency of the republic should be a “man with political experience.” The legal opinions argued that the word “man” here has no relation to physiology but refers to the individual exercising political duties, whether a man or a woman. Meanwhile, several members of the Guardian Council clung to the past interpretation that women cannot contest the presidential elections.

While the conservatives adopted a hardline position to prevent women contesting the presidency, the government mounted a security crackdown to force women to wear the hijab in accordance with Iran’s societal vision. This crackdown was launched after an increasing number of women refused to wear
the hijab in response to the state violence unleashed following the popular protests.

The women published photos of the daughters of clerics and Iranian officials who live in Europe and wear swimsuits while at the beach and hold parties without observing the Islamic dress code. They reiterated the social hypocrisy practiced by the clerics who rule Iran. Clerics have tightened control over society, particular the behavior of women, and have limited personal freedom while their relatives and those who are under their guardianship violate Islamic laws enjoining decency and upright behavior.

The percentage of women addicted to drugs has surged in Iran against the backdrop of drug addiction growing across Iranian society. The harsh social circumstances left a lot of women homeless and addicted to drugs. According to some estimates cited by Iranian officials, the percentage of women visiting rehabilitation centers in Tehran surged by 20 percent during the first seven months of 2020 compared to the same period in 2019. The number of women who visited the centers reached 27,101. However, because of the rising numbers, the centers are unable to accommodate women addicts who are also homeless.

In addition to the problems faced by women, Iranian society faced a shortage of drinking water in a number of provinces such as Ahvaz and Sistan–Balochistan as well as several illegal executions. Both issues reflect the government’s failure and its violence against certain segments of Iranian society.

The water shortage issue occurred mainly in two border governorates, the first is inhabited by Iran’s Arab minority while the second is inhabited by the country’s Balochi minority. As a result of a deliberate policy to neglect and a desire to force people to leave their land, the Iranian government has on purpose made little effort to provide for the people who reside in the abovementioned governorates.

The second issue was the carrying out of a spate of illegal executions with huge media coverage. The aim was to intimidate the government’s foes and transmit a message that the government can enforce its will despite the external pressure imposed on it. The Iranian international wrestler Navid Afkari was executed.

At the economic level, 2020 can be described as the year in which Iran’s economic crises converged with one another. Three important variables converged, thus impacting the government’s economic situation and the living standards of the Iranian people. The variables were: the US sanctions imposed on the economy since August 2018, the paralysis of life due to the coronavirus outbreak as of March 2020, and finally, the government’s adoption of policies of economic resistance. The government’s irrational economic policies were pursued despite the adverse impact on public welfare and the risks posed to the country’s overall economic indicators.

The outbreak of the coronavirus pandemic in Iran since March 2020 and the lockdown that followed led to the suspension of production and economic activities
coming to a halt. Hence, the impact of the coronavirus pandemic converged with the impact of US sanctions regarding economic growth. This caused the income levels of the Iranian people to significantly decline over the past year, reaching its lowest point in 2020. After nearly eight years of President Hassan Rouhani’s government, income levels declined by one third, or 34 percent, compared to the period before he took over.

The Iranian people continued to suffer from soaring prices throughout the year, especially as the price of food, drink, and housing increased. The price of imported items rose by nearly 70 percent. These goods varied, ranging from edibles to production supplies, and even automobiles and industrial machinery. The price of a residential square meter in Tehran increased by 86.5 percent during the summer of 2020 compared to the same period in 2019, according to the Statistical Center of Iran.

The surge in prices coincided with the value of the local currency dropping against the dollar. The price of the dollar began to gradually rise since the beginning of the year after the killing of Soleimani, reaching its peak in October of the same year, and reaching nearly 32,000 toman per dollar following the US activation of the snapback mechanism. The inflated exchange rate exceeded 146 percent, with the average price of the dollar reaching 13,000 toman per dollar on the black market, which traders, and even citizens who prefer to preserve the value of their savings, resorted to.

As a natural consequence of the economic deterioration and a decline in oil exports, Iran witnessed – for the first time in many years, and specifically since 1998 – a deficit in its trade balance. Iran’s exports failed to surpass its imports, thus failing to create a surplus in the trade balance. The estimated trade deficit by the end of 2020 reached nearly $5.5 billion. Total exports were valued at $34.5 billion and total imports were valued at $40 billion, down from $98 billion and $75.5 billion respectively in 2017 before the United States pulled out of the nuclear agreement and reinstated sanctions.

Though the Iranian government took a host of steps to mitigate the severity of the economic crisis, it did not achieve its goal because of the Iranian economy’s heavy reliance on oil exports and rampant corruption pervading the country’s economic institutions.

At the military level, unlike the successes experienced by Iran over the past three years, the year 2020 saw a decline in Iranian military activities. The killing of Qassem Soleimani earlier in the year resulted in confusion among pro-Velayat-e Faqih militias deployed in Iraq and Syria. This was in addition to the consecutive airstrikes carried out against Iranian forces deployed in Syria by the Israeli air force. In the last quarter of the year, fighting broke out between Azerbaijan and Armenia due to the dispute over the Nagorno-Karabakh region. This resulted in a new front facing Iran. Fierce fighting was the hallmark of the conflict and
new regional parties were involved in the dispute. The Turkish involvement was unequivocally evident through Ankara supporting Azerbaijan’s forces. Moreover, Turkey brought Syrian militants with jihadist inclinations into the conflict who are hostile to Iran because of the bloodshed carried out by its forces in Syria, especially in the battle over Aleppo.

This is in addition to Israel’s presence in Azerbaijani territories, with Iran considering this an Israeli move to launch spying operations and to infiltrate its territories. The outcome of the conflict led Azerbaijan to regain most of its occupied territories outside the Nagorno-Karabakh region and some of the region’s areas plus the establishment of observation points on the border between Azerbaijan and Armenia with Russian and Turkish participation. This resulted in Iran facing a direct Russian presence on its borders for the first time since the fall of the Soviet Union in 1990. In addition, the common border region with Azerbaijan – which has turned into a significantly militarized area in the Caucasus region – expanded, threatening Iranian national security amid mounting separatist demands from among Iran’s Azeri population.

Based on the changing threats facing Iran’s armed forces, Tehran rushed to complete its planned restructuring of its armed forces by dividing them into regiments and battalions instead of divisions and brigades to adapt to the patterns of asymmetrical warfare, which requires militias and not regular forces.

Amid these changes in the structure of Iran’s armed forces and the challenges facing the country, Iran continued the plan to forge a military alliance with Russia and China. This was through carrying out successive military drills with Russian and Chinese forces as well as with the countries with which it has distinguished military relations. Iran’s participation in the Caucasus 2020 maneuvers along with Russia and several Central Asian and Caucasus countries plus Pakistan was an indication of Iran’s intention to forge military alliances and join the existing standing alliances led by both Russia and China.

The Arab sphere impacted Iran’s interactions in a number of ways, the most prominent of which were: popular protests against Iranian interventions in a number of Arab countries, such as: Iraq and Lebanon, the death of Qassem Soleimani, and the low-intensity conflict between Iran and the United States resulting in transforming several Arab states into battlefields. However, it is noted that the year 2020 witnessed less Iranian escalations in the Arabian Gulf perimeter compared to 2019. After engaging in a series of attacks targeting oil tankers in the Arabian Gulf, Iran stopped its malicious activities following the increased presence of Western naval forces to deter Iranian attacks. Iran then proposed several collective security frameworks such as the “Hormuz Peace Initiative.”

On the other hand, the Gulf states were keen on explaining Iranian threats posed to the security of the region and to global energy supplies. The Kingdom of
Saudi Arabia represented by the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, delivered a speech on September 23, 2020 at the 75th session of the United Nations General Assembly (UNGA 75) in New York. The speech emphasized that the Kingdom of Saudi Arabia is the most enthusiastic Gulf state to extend its hand to achieve peace with Iran, as it had dealt with Tehran in a spirit of positivity and openness over the past decades. Yet the Iranian government proved time and time again to the world that it is keen on exploiting these efforts to expand its activities, build its terrorist networks, and waste the resources of the Iranian people to finance its expansionist projects, which have only resulted in chaos, extremism and sectarianism.

Through the Gulf Cooperation Council (GCC), the Gulf states have sought to urge the international community not to lift the restrictions on Iran’s arms supply, and to extend the provisions of UN Security Council Resolution 2231 related to restricting the transfer of conventional arms to and from Iran – which ended on October 18, 2020. This is because Iran continued to deploy weapons in the region, arm terrorist and sectarian organizations, and carried out armed interventions in neighboring countries either directly or through organizations that it trained and armed. Therefore, the decision to lift arms restrictions to and from on Iran was unwise.

The Yemeni crisis in 2020 witnessed intensive Houthi escalations instigated by Iran, via using missiles and drones targeting neighboring countries, international navigation routes, and locations inside and outside Yemen. Houthi missile and drone attacks are part of its “propaganda” which aims to boost the morale of its fighters via propagating false victories. The attacks are also part of Iran’s strategy to disrupt reaching a political solution; in addition, it uses the Houthi militia as a bargaining chip via energy supplies. The Arab Coalition to Support Legitimacy in Yemen succeeded in gathering tangible evidence from the debris of intercepted and destroyed drones and missiles, which indicated that they had all been manufactured in Iran. Iranian interventions also increased. The Yemeni arena became an arena for Iranian retaliation against the United States in response to its maximum pressure campaign against Iran. Iran’s tactics varied from intensifying Houthi missile attacks, to targeting civilians in Yemen – deepening the economic crisis and the suffering of the Yemeni people during a critical period that witnessed the outbreak of the coronavirus pandemic, with the country’s failing health system struggling to contain the virus.

Iran also openly announced that it would transfer missile and drone manufacturing techniques to the Houthis. It also announced that it had appointed its first ambassador to the Houthis and transferred him to Sana’a on one of the flights used to transport injured Houthi fighters; making him an illegal intruder into Yemen. The same year also witnessed an increase in human rights violations, such as children recruited to be human shields. Despite these violations, Iran
announced that it awarded Abdul Malik al-Houthi the Islamic Human Rights award.

With these successive developments in the Yemeni arena, Iranian interference became more evident than ever. The Iranian ambassador to the Houthi militia, Hassan Erlo, in effect became the military ruler of Sana’a. He pushed the Houthis to engage in semi-suicide battles in areas like Marib, al-Hudaydah and Taiz, thus incurring heavy casualties.

Iraq in turn became another Iran–US battleground, despite the Iraqi government emphasizing that Iraq must be excluded from the conflict. Iran–backed armed militias deployed in Iraq targeted several US military facilities there, in return the United States responded by targeting the Quds Force Commander Qassem Soleimani at the beginning of the year. In return, Iran responded with limited strikes. Iran later announced that it had avenged Qassem Soleimani’s killing, and that it would no longer carry out further operations. Yet missile attacks on the Green Zone continued throughout 2020. The United States indicated that it intended to shift its embassy to Erbil, the Kurdish capital; however, Iranian–backed militias targeted Erbil airport to confirm that they can target the US troops there.

Iran–backed militias attempted to undermine the reforms initiated by the Kazemi government, coinciding with their aim to eject US forces from Iraq. Militias stepped up their hostility post Kazemi’s efforts to regain Iraqi sovereignty, control border crossings and limit weapons to state hands. The militias want lawlessness to prevail in Iraq and to keep their military and political role.

Through his foreign trips – especially during his visit to the United States – Kazemi sought political and economic support that would allow him to assert control, and highlight to the Iraqi people the benefits that stem from stability and security, even if secured in part in the fight against rampant corruption in Iraq. Kazemi also sought to normalize Iraq’s relations with the Gulf states and to win over their confidence. He emphasized that there would be a change in Iraq if help was extended to it so it can break away Iran’s domination and influence. This would be done by helping Iraq solve its chronic problems. The Gulf states were quick to seize the opportunity, resulting in the opening of the land crossing between Iraq and Saudi Arabia, and in the electric linkage projects between Saudi Arabia and Iraq through two lines, one to the city of Basra and the other to the city of Samawah. These projects intend to stop the political pressure exerted by Iran on Iraq through exploiting electric power imports.

The Iraqi attitude towards Iran has changed considerably. This was evident during Kazemi’s visit to Tehran, when he emphasized Iraq’s right to strengthen its relations with all neighboring countries and his refusal to transfer and convert Iranian funds locked in Iraqi banks into US dollars, implementing the US dollar ban imposed on Iran. Kazemi also refused to meet with the new Quds Force Commander Esmail Qaani.

Despite Iran’s pressure on the Kazemi government through directing armed
militias to target foreign diplomatic missions in order to embarrass the Iraqi government and highlight its incompetency in ensuring security in the country, Kazemi stood his ground regarding his policies, and adjusted Iraq’s security and intelligence structures in a way to realize his goals, such as restoring Iraq’s sovereignty.

Based on the above, Iran is now facing two challenges in Iraq. The first is the Iraqi government’s efforts supported by Najaf to limit the role of Iranian-backed militias. The second is the US presence in Iraq. Iranian infiltration in Iraq is no longer welcome, even among the Iraqi Shiite community. There is growing Iraqi public awareness of Iran’s corrupting role in the country’s politics and its deliberate exhaustion of Iraq’s resources, thus harming the country’s economic interests.

In Syria, however, Iran worked to establish its presence there through several axes – after having witnessed a relative calm in combat operations. Iran created a lobbying arm inside Bashar al-Assad’s government and within the ruling circles as well as in Syria’s armed forces. This was done to face Russia’s growing influence and secure as many reconstruction projects as possible in Syria; thus reaping the economic benefits of keeping in place Assad’s regime by participating militarily. Iran also aimed to ensure a permanent military presence in Syria by establishing Iranian military bases, and fundamentally changing Syria’s demographic structure. This would mean that the Shiite component would dominate over Sunnis through policies of naturalization and altering the Syrian population demographic: by granting Syria’s most prosperous areas to Shiites, whether they be Syrian Shiites or new Iranian settlers or Afghan Shiites who were deployed by Iran to participate in the Syrian conflict. Iran indeed implemented these policies in 2020, including its aim to ensure the success of pro-Iranian parliamentary candidates in the Syrian parliamentary elections held on July 19, 2020. Iran also managed to help 11 Iran-backed candidates in winning parliamentary seats. It seems that Iran is repeating the scenario it created in Iraq, but this time in Syria, by securing a parliamentary bloc loyal to it, and seeking to create the same reality in Syria for an upcoming political solution.

As part of its war compensation policies regarding Syria, Iran signed several trade and investment agreements. Iran established the Iranian Center in the Damascus Free Zone and established Iranian companies to rehabilitate Syrian airports and infrastructure. The Syrian regime also announced that it had granted Iran oil concessions near the city of Abu Kamal on the Iraqi border.

Iran did not miss out on exploiting the real estate market and purchasing Syrian land. Tehran, through its real estate branches, including intermediaries, brokers, and militia leaders, sought to seize more real estate in and around Damascus, taking advantage of the huge financial constraints Syrians are experiencing in the Assad regime areas, thus implementing Iranian policies to change Syria’s demographic.

The Iranian leadership also made changes to several military sites in 2020:
Iranian militias vacated their headquarters in the city of Abu Kamal in Deir ez-Zor province in eastern Syria and relocated to the village of Basatin on the banks of the Euphrates River. This was done to limit Israeli air force strikes. Iran also sought to strengthen Syria’s air defense capabilities by signing a comprehensive military cooperation agreement. This agreement allowed it to provide air defense cover for its units operating in Syria.

Although Iran has made several gains in Syria, the loss of life and damage to hardware as a result of air strikes has made it costly for Iranian forces to remain in Syria. Israel opposes Iran’s long-term presence in Syria, and Russia is wanting to limit its role as well.

Lebanon on the other hand continues to suffer from Hezbollah’s political domination through alliances that intend to disrupt parliamentary and presidential elections upon Iran’s request. As a result, developments in Lebanon occur in line with Iran’s own interests, with Tehran indifferent to the suffering of the Lebanese people and their declining socio-economic living standards. In 2020, Lebanon witnessed its worst financial and economic crisis since its independence in 1943. The Institute of International Finance (IIF) expected the Lebanese economy to shrink further from 15 percent in 2020 to 24 percent.

Lebanon’s Hezbollah has contributed greatly to the Lebanese economic crisis, especially after several European countries designated Hezbollah as a terrorist organization, as was the case with Germany in April, followed by Lithuania in August and Slovenia in December 2020. The designation of Hezbollah as a terrorist organization in many countries is due to its involvement in suspicious activities linked to the Iranian government, such as raising funds in many countries to finance terrorism, and involvement in crime, narcotics, and money laundering, as well as recruiting and deploying fighters in conflict zones across the Middle East and other areas to carry out terrorist acts which are in line with Iranian interests, hence undermining stability and security.

The Lebanese crisis further deepened with the explosion at Beirut port on August 4, 2020. The explosion of nearly 2,750 tons of ammonium nitrate caused the largest explosion in Lebanon’s history, killing 200 people and injuring 6,000, as well as displacing nearly 300,000 people from their homes. Preliminary investigations indicated that Hezbollah was responsible as it stored dangerous material that is used in manufacturing missiles.

As for international affairs, interactions continued to impact Iran because of the US maximum pressure campaign and the ramifications of the nuclear file on Iran’s foreign relations. The US implemented its strategy to change the behavior of Iran. The US pressure included political pressure through imposing sanctions on the government’s figures followed by economic sanctions through imposing more sanctions on shipment companies and oil smuggling networks. The sanctions were strengthened by imposing further restrictions on Iran’s
financial sector, which targeted the Central Bank of Iran and all government-run banks. The objective was to deprive Iran of its financial assets overseas and prevent it from collecting oil revenues. Furthermore, the United States imposed nuclear pressure through imposing sanctions on Iranian institutions connected to the country’s nuclear program and revoked exemptions granted to Chinese and European companies. These companies were involved in constructing Iran’s nuclear facilities.

The United States also put pressure on Iran by resorting to military deterrence through targeting Quds Force Commander Qassem Soleimani and carrying out sorties along with Saudi and Bahraini fighter jets over the waters of the Arabian Gulf. This was in addition to attempts to impact the legitimacy of the Iranian government through questioning the integrity of Iran’s parliamentary elections.

In addition, the United States implemented a host of policies to counter Iranian regional clout in Iraq, Lebanon and Syria and did the same at the international level through attempting to reinstate sanctions via activating the snapback mechanism.

On the other side, Iran implemented policies to reduce the impact of US policies on it through attempting to resolve the internal situation to avoid further deterioration. In addition, it refused to hold negotiations with the United States while Trump remained in office and sought to find economic alternatives to address the consequences of the sanctions and the oil embargo. Iran called 2020 the year of a production leap and put pressure on countries that had frozen its assets such as South Korea. Iran also intensified diplomatic efforts to stop US sanctions in light of the coronavirus pandemic by arguing that US sanctions obstructed the efforts of the Iranian government to fight the pandemic. Furthermore, in addition to advancing its deterrence capability, Iran increased its cyberattacks.

Iran also pursued policies of “well-considered regional escalation” by working to eject US forces from Iraq and threatened to target US interests in the Gulf along with boosting its relations with the Eurasian Economic Union (EAEU).

In the face of US pressure, Iran upheld the nuclear deal and worked to create a schism between the United States and the remaining parties to the deal. Iran betted on the results of the US elections and pursued a policy of strategic patience.

Biden’s victory in the US presidential elections marked a new phase in US-Iran relations, resulting in a host of possible scenarios ranging from “return-for-return,” the collapse of the nuclear deal and reaching a new agreement. Based on specific proofs and indications, this strategic report aims to put forward the most likely scenario for readers to consider.

As for Iran-Russia relations, the two countries took steps to steadily increase bilateral or multilateral cooperation through the EAEU in addition to establishing international trade routes passing through Iranian and Russian territories. Similar
developments were witnessed in the military field, with military cooperation increasing following the lifting of the arms embargo in October 2020. Iran has a long list of arms purchase requests which it wants to acquire from Russia. Russia expressed its readiness to sell the requested weapons to Iran, paying no heed to the threats of the United States to impose sanctions on the countries exporting weapons to Iran.

Russia set two conditions: paying in cash and considering the regional equations, especially as Israel raised its opposition to certain categories of weapons that were to be exported to Iran.

However, the Russian position on the Iran–US conflict, particularly regarding the nuclear deal, remains cautious. It called on Iran to comply with the provisions of the nuclear deal and not to submit to the wishes of radical currents who call for the nuclear deal to be breached. It also called on the United States to return to the nuclear deal. Nonetheless, Russia did not clarify its position on the European and US requests to amend the nuclear deal, increasing its duration or making it permanent in nature. Overall, the Russian position intends to hold the United States and the European countries responsible for global nuclear security and to avoid disputes with Iran, which could lead Tehran to adopt a firm position causing relations to become tense, thus undermining the current path towards enhanced economic and military cooperation between the two sides.

As for Iran–Europe relations, the two sides jointly addressed a number of files, particularly the nuclear issue, the European condemnation of human rights violations in Iran and combating the coronavirus pandemic.

Iran continued to demand that the European Troika implement the INSTEX financial mechanism and reject US pressure to halt commercial exchange with Iran. On the other side, there was European pressure to prevent Iran from breaching its nuclear commitments via invoking the Dispute Resolution Mechanism (DRM), which would pave the way for activating the snapback mechanism. This would reinstate past UN sanctions on Iran because of its violations of the nuclear deal. According to a European memo submitted to the International Atomic Energy Agency (IAEA), the IAEA carried out probes into Iran’s breaches of the nuclear deal. The IAEA issued a report to prove these breaches and condemned Iran. However, the European countries did not move ahead to invoke the DRM to keep the nuclear deal alive. They also opposed a US draft resolution in the UN Security Council to activate the snapback mechanism and objected to the US request to extend the arms embargo on Iran, even if this meant abstaining from the voting process at the UN Security Council.

On the issue of human rights, a host of events converged in 2020, leading to mounting European criticism against Iran, including the five-year jail sentence handed to the Iranian–French academic Fariba Adelkhah after she was arrested by the IRGC on national security charges. The Iranian authorities also executed
international wrestler Navid Afkari on accusations of killing a security guard during the popular protests that broke out in the summer of 2018 despite the international calls for a retrial after it became clear that Afkari’s confession was taken under duress. Following this, the Iranian journalist Ruhollah Zam was executed, prompting the European countries to boycott a business forum to be held with Iran. The EU also issued a statement condemning the execution of Zam.

However, within Europe’s framework of cooperation with Iran to fight the coronavirus pandemic, the European countries sent medical help to Iran worth 5 million euros. The European countries also carried out the first financial transaction via the INSTEX mechanism in March 2020.

In short, the future of Europe–Iran relations significantly rests on the future of the nuclear deal and the outcomes of the new US administration’s interactions with Iran.

Regarding Iran-China relations, the most salient development during the year was the expected Chinese backing of Iran amid US efforts to extend the arms embargo on Tehran.

Furthermore, a leaked draft of the comprehensive cooperation agreement between Tehran and Beijing raised concerns about the agreement’s hidden objectives and to what extent it will impact the geopolitical situation in the region.

The leaked draft of the agreement known as the “25-year Cooperation Program” or the “Comprehensive Strategic Partnership between I.R. Iran, P.R China” stirred debate in 2020 among Iranians and led to concerns internationally. The agreement is basically for both countries a political and economic roadmap for the next 25 years. The agreement also addresses joint military and intelligence cooperation and joint drills between the naval forces of both countries.

Iran and China were also brought together by another partnership, which is their mutual vision to resist US hegemony and their ambitions to create a multipolar world order. Based on this vision, China rejected the US draft resolution that aimed to extend the arms embargo on Iran. China is the country most likely to help Iran modernize its aging fleet of fighter jets while Russia is likely to shun such a move.

Iran is likely to show an interest in the following Chinese weapons systems: the Chengdu J–10 and the JF–17 Block 2 fighter jets which could be used to replace Iran’s current low-cost fighter jets the J–7, the J–5 and the F–4. Given the fact that Iran lacks sophisticated fighter jets, the JF–17 will be a good option for Iran’s air force. China also opposed the US request to invoke the snapback mechanism against Iran.

Due to the deep nature of China–Iran relations, both countries significantly impact the overall balance of power in Southwest Asia, the Indian Ocean and the Arabian Gulf. Further details of this can be found in Rasanah’s 2020 Annual Strategic Report.
In relation to Pakistan and India’s relations with Iran, Tehran’s interactions with India and Pakistan depend somewhat on US policies towards it. Bilateral trade between the two countries and Iran suffered due to US pressure and the sanctions imposed by the Trump administration on Iran in response to regional variables. Relations between Iran and Pakistan in 2020 headed towards rapprochement. The agreement between the United States and the Taliban was the main reason behind Pakistan approaching Iran.

Perhaps the outbreak of the coronavirus pandemic impeded Iran’s trade with Pakistan in the first half of 2020 because border crossings closed, especially as reports mentioned that the initial cases of infections in Pakistan were as a result of Shiite Pakistani citizens returning from Iran. However, after the borders re-opened, Iran continued to deepen its commercial cooperation with Pakistan.

India is among Iran’s most important oil purchasers, but it reduced its imports of Iranian oil due to US pressure and the sanctions imposed on Iran. This led to a downturn in relations between Tehran and New Delhi.

The killing of the Quds Force Commander Qassem Soleimani sparked massive rallies and protests across India, particularly in Shiite–dominated regions such as Kargil and Lucknow. The protests in Kargil highlighted Shiite anger at the killing of Soleimani by the United States. Anti-US protests broke out in several other parts of the Kashmir region as well.

Tensions also appeared in Iran–India relations as a result of Iranian criticism directed at Indian legislation that was passed. Iranian Foreign Minister Mohammad Javad Zarif criticized the BJP government’s decision to amend the Indian citizenship law which would deprive many Muslims living in India from becoming Indian citizens. In a Twitter post, Zarif said, “Iran condemns the wave of organized violence against Indian Muslims. For centuries, Iran has been a friend of India. We urge Indian authorities to ensure the wellbeing of ALL Indians & not let senseless thuggery prevail. Path forward lies in peaceful dialogue and rule of law.”

Furthermore, India nullifying Article 370 of the Indian Constitution and changing the status of Jammu and Kashmir angered Iran. The Iranian supreme leader took to Twitter to urge Indian Prime Minister Narendra Modi to backtrack his government’s decision regarding Kashmir.

In relation to the Iran–Afghan file for 2020, Iran kept up its bilateral ties with Afghanistan through interacting with Kabul and strengthening relations with key Afghan political parties dominated by Pashtuns and Tajiks. In addition, it strengthened relations with Hazara parties who have more seats in the Afghan Parliament. The peace talks between the United States, the Afghan government and the Taliban represented the core developments in Afghanistan. Tehran’s interaction with Kabul most often hinges on developments in this regard. Meanwhile, the intervention of external forces in Afghanistan overshadowed
Iran’s interactions with Kabul. The United States, China and Russia are the main stakeholders in Afghanistan and they directly influence the strategic calculations in the region.

In terms of the coronavirus pandemic, this resulted in Iran and Afghanistan facing multiple challenges, especially after reports highlighting how Afghan refugees had been mistreated by Iranian border guards. According to the reports, Afghan refugees were physically beaten and denied much needed healthcare. In addition, long-standing border issues also resurfaced, which caused tension between the two countries in 2020.

With regard to Turkey-Iran relations, the foreign policies of the two countries were deeply intertwined; they were teetering between maintaining strategic collaboration on some issues while facing disagreements on others. Their disagreement was apparent on the Nagorno-Karabakh dispute. There were also political and military compromises the two countries were keen to reach to counter the mutual dangers and the regional circumstances that undermined their interests. However, there were also joint economic interests and active trade exchange despite the US sanctions imposed on both countries.

In relation to the Syrian file, during the first quarter of 2020, Idlib – the last Syrian opposition stronghold – witnessed fierce battles between the Assad forces and the Syrian opposition. Iran diplomatically tried to ease tensions as it feared entering a direct confrontation with Turkey. Iran expressed, via its foreign minister, its readiness to act as a mediator between the Turkish and Syrian governments.

In these fierce battles, the Turkish forces suffered a significant death toll with 60 soldiers killed. The Turkish army responded by supporting the Syrian opposition and launching a military campaign backed by drones which led the Lebanese Hezbollah to lose at least 20 fighters, in addition to the considerable losses inflicted on Syria’s forces backed by Iran.

However, the two countries opted for calm and were keen to sign a Russian-brokered agreement which ensured relative calm as both countries were aware of the importance of avoiding direct military confrontation and understood that they needed each other regarding other regional and economic files.

The conflict between Azerbaijan and Armenia over the disputed Nagorno-Karabakh region was another bone of contention between Iran and Turkey due to Ankara directly supporting Azerbaijan and shifting Syrian fighters to the conflict zone. This sparked Iranian concern that its northwestern border area close to the hotspot zone would be used by Syrian fighters to launch attacks against its territories. Iran was also concerned that Azerbaijan would be used by Israel to carry out intelligence operations against it in light of the strong military cooperation between Azerbaijan and Israel. This is in addition to Azerbaijan potentially waging attacks on Turkey’s behalf in retaliation for Iranian moves in
Syria against Turkish interests. As was the case in Syria, the standoff ended up with the two countries signing a Russian-brokered peace deal, which somewhat ensured the security of the Iranian border, but the threat remains unresolved and could resurface at any time.

Concerning trading relations between the two countries, the level of trade exchange was far below the level envisaged by the two countries. This is because of Turkey complying with the US sanctions imposed on Iran since 2018 plus the economic ramifications of the coronavirus pandemic. According to recent data issued by the Turkish Statistical Institute, trade exchange between the two countries during the first three quarters of 2020 stood at $2.8 billion, posting a 59.76 percent decline compared to the same period last year.

Regarding Iran’s relations with the Central Asian countries, political and economic stability has characterized the relations between Iran and these countries in recent years. Over the past period, their relations witnessed tensions on multiple issues. A key source of tension has been over energy supplies and the disagreements between Iran and Turkmenistan regarding this matter, with the latter cutting off gas supplies to Iran due to the debts owed by Tehran.

But relations between the two countries were generally stable, something that characterized Iran’s relations with the other Central Asian countries as well. After the US withdrawal from the nuclear deal, Iran reconsidered its reading of its relations with these countries and addressed the files which could potentially lead to confrontation so that it could overcome the economic situation it was going through. It attempted to extend bridges and plug the gaps caused by disputes to overcome the impediments to cooperation.

The Iranian movement towards mending its relations with the Central Asian countries appeared when Tehran welcomed the political changes in these countries, including the reelection of Tajik President Emomali Rahmon, which led to mutual diplomatic visits. This is in addition to signing agreements and treaties regarding different political and economic issues and Iran’s readiness to provide these countries with the required expertise and equipment to combat the coronavirus pandemic which hit the entire world and open border crossings to transfer food and other needed items to these countries.

As the interactions of these files are overlapping and the ramifications and outcomes are cumulative, it is difficult to examine each file independently without analyzing the transformations which the international strategic environment underwent and the impact of Iran on the region’s interactions. The 2020 Annual Strategic Report issued by Rasanah makes research-focused efforts to analyze Iranian affairs at the domestic, regional (Arab world) and international levels to forecast trajectories for the current year (2021).
This book is translated from English into Arabic. It includes seven studies discussing Iran’s military institution, as it is an integral player in the Iranian political system based on a top-down approach moving from specific details to a general overview.

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Introduction

The new world order has undergone rapid transformations on various levels since 2010. After World War II, a new bipolar world order arose with the United States and the Western European countries on the one hand, and the Soviet Union (USSR) and the Eastern European countries on the other.

With the end of the 1980s, the socialist bloc disintegrated, the polarization between the capitalist and socialist countries ended, and economic competition and trade wars arose among the major countries instead of ideological competition. In its battle with the United States, China, as a major example, has used capitalist policies even though it is governed by the Chinese Communist Party. China competed with the United States in opening new markets, technological development as well as in other fields.

Since 2001, the world has not reached an agreement about a multipolar system as it had done so for decades on a bipolar system. Rather, there is competition between major countries, with the United States playing the dominant role. It has entered into competition with China, with the latter promoting state capitalism and depending on a centralized ruling system as it considers liberal democracy to be fragile and deeply divisive and an impediment to development. Recent events at Capitol Hill served as a major source for Chinese and Russian propaganda to question and undermine US democracy.

In 2020, the world witnessed various changes; China maintained its power after it successfully controlled COVID-19 by adopting strict measures — despite being the source of the virus. Moreover, escalating divisions and the “new polarization” arising between liberal and leftist powers, and between nationalist and populist right-wing currents become a major feature of the developments in 2020, especially with the end of Trump’s presidency.

In the Arab region, there were popular movements with new aspects in four Arab countries, which resulted in the forging of new systems in Sudan and Algeria last year. The impacts of these popular movements are still ongoing in the region, especially in Lebanon and Iraq.

Despite the US-EU pressure on Turkey and Iran via using different methods and
tools throughout the past year, their behavior did not undergo radical shifts. Except for Turkey, there were opportunities for change from within the political system itself that allows for — despite its restrictions — a strong political party presence in government. Thus, an alternative to Erdogan’s project and his party might emerge at any moment.

I. The United States

1. The Biden Administration and the Scale of Change

Many analysts in the Arab world believe that there is no critical difference between the Democrats or Republicans when in power. Nevertheless, many of Trump’s policies were peculiar inside the United States and abroad, and this will create an opportunity for the Biden administration to initiate change.

US policy is not only crafted by the Democratic and Republican parties, but also by US institutions, higher interests and national security issues. Nevertheless, the Democrats still have space to contribute to and adopt influential policies after Trump.

The Democratic Party embraces US liberal thought in a country built by immigrants. Any person or political current can be included in the US system, regardless of race and religion, as long as they comply to the US Constitution and the law. We find Americans of African, Latin American and Arab descent included in Biden’s administration, reflecting the country’s diversity. Many believed that Trump was trying to reduce the level of US diversity in favor of “white supremacy.”

Biden appointing Palestinian-American Reema Dodin as deputy director of the White House Office for Legislative Affairs affirms his respect for ethnic and religious diversity. Moreover, it represents a message to many countries that the new administration is open to different races and respects cultural diversity, and everyone has a chance to climb the ladder in the Democratic-led government, unlike in the Trump administration, which primarily included white Americans. This inclusion of minorities, respecting equality between men and women, and not discriminating based on religion, race, and class origin, means that human rights will be an important pillar of US foreign policy, even though strategic and economic interests will continue to be dominant factors in shaping it.

On the other hand, the conservative discourse spearheaded by the Republican Party will not disappear even if Trumpism failed. The Republican Party won the majority of votes from white men over 45 years of age in the elections last year, about 20 percent greater than the Democratic Party, while the latter exceeded the Republican Party in winning the votes of ethnic minorities, women and the youth. This means the political division between the parties will be ongoing regardless of who wins the presidency. Both parties have well established influence in certain areas where social stratification is quite apparent because of the divide between rural and urban areas, higher and mid-level education, and local and national institutions. These are all factors which determine voter behavior, particularly what party voters will vote for.\footnote{1}
The difference between these two parties will continue to be reflected — but in a different manner — on the international arena, impacting the options of countries and the alliances that they will form. Their disagreement on foreign policy has never been as obvious as today since the past three decades. Various issues including immigration, Islam and Muslims, globalization, national sovereignty and slogans such as “America First” or “Humanity First,” will remain sources of polarization between the Republican and Democratic parties.

Certainly, the Biden administration will favor countries that share the same Democratic values, more than previous Democratic administrations, because it succeeded the Trump administration, which was on the far right of the political spectrum. Moreover, it would mean the continuation of polarization between the conservatives, nationalists, and populists on the one hand, and liberals, leftists and human right activists on the other hand.

The Biden administration will deepen its partnership with Europe and strengthen its relationship with its allies in Asia and South America. At the same time, it is not expected that its relationship with its Arab allies will deteriorate. Rather, it is useful to highlight the reformist tendencies in several Arab countries, especially the GCC states. Therefore the relationship will be based on mutual economic benefits, strategic interests and agreed political understandings.

2. The Return of the US Policy of Containment

US containment both inside and outside the United States form part of the Democratic party’s agenda. These policies are consistent with the dominant way of thinking inside the Democratic party, which says, “yes, we can,” receive migrants of various nationalities, races, and religions and integrate them into the US model which assimilates them and turns them into US citizens.

An example of US containment was the Obama approach towards Iran. He concluded the P5+1 agreement in 2015 that obliged Iran to limit uranium enrichment to 3.67 percent for at least 15 years. Moreover, the agreement stipulated the reduction of Iran’s low-enriched uranium stock of 10,000 kilograms to 300 kilograms for 15 years, and Iran also agreed not to build any new uranium enrichment facilities for the same period.

Iran violated the terms of the agreement at the end of last year by enriching uranium at 20 percent, which is considered a clear breach of the JCPOA – an agreement which has been reduced to words on paper since former President Donald Trump announced Washington’s withdrawal from the agreement.

The policy of containment still influences the Europeans’ relationship towards Iran, and it is dominant in the Biden administration. They attempt to modify Iran’s behavior by adopting soft and inclusive policies to transform it from a state of resistance and isolation from the global system to a state of accommodation and inclusion, which is a big difference. In practice, this current’s approach will mean the international community influencing the Iranian government through political,
economic, and cultural interactions and practically pushing it towards moderation.

The signing of the JCPOA more than five years ago led to widespread joy and jubilation among the Iranian youth. They demonstrated in the streets to express their support, and this is something that is likely to be repeated under the Biden administration. Biden will attempt to return to the containment policy towards Iran through arriving at political understandings that may include a new agreement, especially after Iran has been crippled by economic sanctions and the US embargo.

The question here is, will Biden’s containment policy help Iran to mobilize its arms and militias further in the Arab world? Or, will it limit Iran, mean more oversight, more economic regulation and a weakening of its religious ideology which dominates the Iranian political system (Velayat-e Faqih [Supreme Leadership])? — i.e., give Iran an opportunity to review its losing bets, especially its bets of sabotage and sectarianism in more than one Arab country?

The US containment policy will be a key characteristic of Biden’s administration, particularly towards the Middle East. This approach should not be rejected in principle, but it must be dependent on changing Iranian behavior, especially towards the region’s countries. Inclusiveness and containment require rehabilitation and changing attitudes and behavior — as has been the case with many countries, ethnicities and political currents that have integrated into the US melting pot through their interactions with US rules and laws. They influence the existing system and push it towards openness to include new actors. Furthermore, moderation, renouncing extremist ideas, and complying to the US Constitution, laws and international norms will be binding upon them. Washington’s inclusive approach is not limited to political currents at home or regional powers, but extends to include great powers like China.

The approach that was proposed by both the Democratic and Republican parties towards China pre-2016 was based on inclusivity. US presidents from both parties have argued that participation might push China to open its economy, and perhaps its society, to the world, without ending the competition between the two countries. This is related to the existence of real competition between their respective economic and political models that are radically different from one another. Both have achieved progress in the economic, technological, and political spheres.

The Biden administration will be confronted with the Chinese dilemma, and it is likely not to reverse all of Trump’s policies against Beijing, but rather it will be keen to besiege China more intelligently than the previous administration. \(2\)

3. The Populist Right in the Post-Trump Era

In April 2016, US President-elect [at the time] Donald Trump wrote an article in The Wall Street Journal in which he said, “The only antidote to decades of ruinous rule by a small handful of elites is a bold infusion of popular will. On every major issue affecting this country, the people are right, and the governing elite are wrong.” \(3\)

Certainly, the hardline nationalist powers and populist currents lead to several manifestations. It is apparent that Trumpism was the most random and its outcome
was extremely negative. Moreover, its defeat in the recent US elections does not herald its end.

Trumpism will remain influential in the internal and external arenas. Its shadow is still present in many countries and many of the traditional right-wing powers in Europe have adopted anti-immigration and anti-refugee policies.

In addition, a decline in some populist currents will occur in the international arena in the upcoming years. The democratic systems have succeeded in refining left and revolutionary currents, adjusting their extremist and revolutionary narratives, pushing them towards adopting reformist tendencies. Therefore, the US and global experience indicates that the conservative/nationalist right and the populist currents are alive, however, they may take on less severe and extremist positions compared to some populist leaders in Europe and the United States.

Nevertheless, it will remain likely that radical populist right-wing currents will continue to rule developing countries suffering from economic problems such as India and the Philippines – unlike in developed countries such as the United States, where moderate forces will eventually overcome the radical populist currents, such as that of Trump’s.

II. Iran, Turkey, and the Policy of Non-State Actors

Iran and Turkey have pressure tools and sponsor actors in the Arab region, and they have succeeded in using both internationally as part of their attempts to exercise power. It is true that Turkey’s tools differ from Iran’s because the nature of their respective political systems differ and the possibility to create change within each also varies.

For many reasons, including the state of Arab weakness, Iran and Turkey have succeeded in establishing military arms parallel to nation-states in a number of countries in the Arab world. These armed militias have extended their influence over the past year and have impacted the future of three Arab countries, i.e. Hezbollah in Lebanon; the Popular Mobilization Forces and Kata’ib Hezbollah in Iraq; and pro-Turkey extremist militias in Libya.

It can be said that Iran’s sectarian proxies deployed across the region have become the saving shield of Iran’s regional ambitions, its nuclear project and expansionist policy — unlike Turkey’s militias in Syria and Libya, which can be dismantled or restructured through political understandings if Ankara guarantees its security on its borders in northern Syria.

In 2020, there was a shift in how Iran used its tools. These tools were not only used to play a protective role and to justify Tehran’s foreign policies, but also acted as a major impediment to political reform in Iraq and Lebanon and thwarted the dismantling of sectarian systems in both countries.

It is noticeable that the majority of those who had participated in Iraq’s early protests became incubators for the pro-Iran Shiite organizations, which later were involved in the assassination of many activists belonging to popular movements,
i.e., they shifted from merely supporting Iran's foreign policy to enriching Iran's sectarianism, which benefits Iran.

Turkey's non-state actors maintained their presence in Syria and remained influential actors in the stalled political settlement negotiations. They managed to keep Idlib in hand and reached understandings regarding it with Russia, even though the two countries were on the brink of mutual confrontation. The same applies to Libya where Turkey has remained present in the settlement process thanks to its actors, whether with the support of the internationally recognized reconciliation government or by deploying its extremist Syrian militias there, a move that was condemned by the United Nations and the international community.

On another level, the possibility of modifying Iran’s behavior through peaceful internal change is much more difficult compared to its Turkish counterpart, especially after impeding the reformist current by preventing most of its candidates from running in the parliamentary elections. Moreover, the conservatives and hardliners dominate the entire political system in line with the religious system of Velayat-e Faqih. This is in contrast to the civil nature of the Turkish political system that allows alternative political currents to exist. There are greater possibilities for change in Turkey, especially since Erdogan and his party have ruled for 20 years and have entered the “sunset phase.”

III. Political Islam in a New International Environment

Last year proved that political Islam was based on the ambitions of local factions and organizations, which aspired to assume power in many Arab and Islamic countries. It has become a real concern for many countries of the world in the East and West. Though the rise of political Islam was somehow linked in United States and Europe with immigration issues — given the considerable number of Arab and Muslim immigrants living there — the main crisis here is not related only to the position of these countries regarding political Islam and violent extremism, but it extends to include other issues such as integration of Muslims, racism, and the extent of religious and cultural expression.

1. Islam and Muslims

One of the strengths of nationalist and populist right-wing currents in Europe and the United States is that they promote the risks posed by the increasing number of Muslims in the West. Further, the existence of Islamist movements working to recruit Muslims in the West deepens the problem.

The rise of radical rightist currents has been supported by other aspects such as high unemployment rates; the rejection of neoliberal policies; the globalization of the economy; and the adoption of national sovereignty concepts. However, the immigrants, especially those of religious and cultural heterogeneities, are a major reason behind the rise of these currents.
A debate erupted inside France and abroad in relation to the insulting cartoons of the Holy Prophet Mohammad (peace be upon him) over the past year, followed by the draft law, which was proposed by the French president titled “Promoting the Principles of the Republic” instead of “Islamic Separatism.” The law includes 50 articles to block extremist Islamic associations and their activities, and also imposes restrictions on their funding from abroad and regulates the management of mosques.

Although some people viewed this law as targeting Muslims, many others considered it to be a measure to confront Islamic extremism as its closed and isolationist principles conflict with the principles of the republic, ultimately leading to terrorist operations.

This law also includes some positive points that other countries suffering from religious extremism can benefit from. This is represented in the French recognition of the government’s responsibility in countering the growth of extremism when it referred to the problems of marginalized suburbs which are home to hundreds of thousands of immigrants living in harsh social and economic conditions. Many elements that participated in terrorist operations emerged from these socially and economically marginalized areas rather than from extremist religious organizations. This led the French president to stipulate the promotion of “equality of opportunities” in the neighborhoods where some Islamic groups exist.

Certainly, one of the main reasons why Macron proposed this law is because of the French secular model, which completely separates religion from the public sphere. The French government failed to provide any support to religious institutions and activities since 1905. However, this may change with regard to building or repairing mosques, as it will encourage a pattern of domestic financing under government control, thus preventing foreign funding.

Along with the escalation of illegal immigration, especially from the Southern Mediterranean, a significant segment of European public opinion is wanting more stringent policies towards immigration and related issues. This was reflected in an opinion poll prepared last year by the French IFOB institute (International Market Research Group) showing that “43% of French people believe that Islam is a threat to their national identity, whereas 17% believe that Islam benefits and enriches the French culture.”

This hot debate about “Islam in the West” makes it difficult to address the immigration crisis as the nationalist right-wing currents in Europe and the United States exploit it for their own benefit — just as the Islamist currents, which exploit the immigration crisis to serve their own political ambitions.

### 2. Islamist Groups

It can be said that the first wave of the Arab uprisings witnessed a significant involvement of Islamist movements. Moreover, this involvement has represented in general a great burden on the success of these uprisings, especially after they transitioned from involvement in street protests to managing a democratic transition.
It became clear that the real intent of the Islamist factions was to attain power not to build a state or transition to democracy, as one witnessed in Egypt.

The course of events over the past year has shown the impossibility of integrating religious ideological groups within the political system, the nation state and the global system as illustrated by the Muslim Brotherhood’s failure in Egypt. This is also evidenced in the negative role of Hamas (as a Brotherhood branch in Gaza) in dividing Palestinians and it has now become clear that its goal revolves around controlling Gaza, not building an independent Palestinian state. In addition, the Lebanese political crisis, with Hezbollah playing a critical role because it is a religious and sectarian group wanting to dominate the country’s political and military decision making. The same thing applies to the Popular Mobilization Forces, the Iraqi Hezbollah and other religious organizations that represent a political burden, and governments are incapable of integrating these organizations within the political process and ensuring that they commit to the rules of the state.

It is true that countries can forge understandings, agreements, or truces with such Islamist factions, just as the United States did with the Taliban in Afghanistan and perhaps the Houthis in Yemen. However, this does not mean that it is possible for these militias to resume power through democratic transition. Establishing a nation-state requires the participation of civil parties and political forces, even if these have religious backgrounds — similar to the Christian democratic parties in the West. Only then can they be integrated into the political process.

The extremist religious ideological groups will remain a source of instability at home and abroad and will be employed by some countries to further their regional influence, as some countries have done with the Muslim Brotherhood and other Islamist factions.

It is expected that major European countries, especially Britain and Germany, in addition to the Biden administration, will continue to reach political understandings with many Islamist factions that are deemed to be moderate or non-violent. France would be an exception among the European countries because its secular experience is specific and carries a cultural and political rejection of Islamist factions.

As for the experiences of some Islamic or religiously conservative authorities, such as the Justice and Development Party in Turkey, the Ennahda Movement in Tunisia, or the Justice and Development Party in Morocco (the most open among these movements), the possibility to modify their behavior, change their leadership, or develop a second or third generation remains possible. However, it is not likely that religious ideological groups and organizations with political goals will change their behavior. They seek either to wrest power peacefully or violently to permanently survive, clash with foreign countries, interfere in the affairs of other countries, pretend to represent Muslim communities, or build parallel or alternative militias to national armies.
3. Countering Terrorism

Countering terrorism will remain one of the most important issues directing international policy, and there will be different approaches to address this issue. These approaches show that addressing violence and terrorism is indeed complex. Despite an apparent decline in terrorist operations around the world last year, this does not mean that terrorism has ended.\(^5\) It is important to consider counter-terrorism policies by identifying and classifying the various terrorist groups and organizations. This is because counter terrorism strategies differ from one group to the other. We notice that:

1. The ramifications of radical violent Shiite organizations operating in Lebanon and Syria are still present at regional and international levels. These groups practice terrorism hiding behind political slogans. They enjoy the sympathy of a segment of Shiite popular incubators. In contrast, ISIS lost the sympathy of most Sunnis — which it had interacted with — following its takeover of some Iraqi and Syrian cities. Later, the crimes committed by ISIS and their extent against civilians became quite apparent.

Therefore, countering Shiite extremist organizations will necessitate the removal of their political legitimacy and slogans, which are not reflective of their true nature — especially in relation to Hezbollah, which changed from a movement opposed to Israel’s occupation of southern Lebanon (until 2000) to a sectarian militia that dominates the political and military decision making in in Lebanon. It will also necessitate supporting civil society and projects that center around rebuilding state institutions, especially in Iraq and Lebanon.

2. There is still an ongoing presence of violent Sunni extremist organizations like ISIS and al-Qaeda, within the Arab/Muslim world as well as across the globe, despite its decline.

It is important to note that countering such organizations starts with understanding the motives that drive violence and terrorism; they are indeed quite complex. There are indeed social, economic, and political factors that drive many organizations to engage in terrorism. In fact, many individuals who joined ISIS in Syria and Iraq were victims of authoritarian and sectarian regimes that pushed them to either join al-Qaeda or ISIS or they became incubators for these two terrorist organizations. Many of those who carried out terrorist operations in Europe were also victims of educational and professional failure, as well as social and racial marginalization. In fact, they were not overtly religious, nor did they have direct relations with extremist ideological interpretations. Many of them went to fight in Syria because of extensive social media propaganda that promoted a hypothetical caliphate built in the Levant (Syria).\(^6\)

Containing terrorism — not eliminating it — will surely require several global and domestic policies that take into consideration political and social reforms, not just religious reforms. It will also necessitate the dismantling of terrorist incubators...
because they churn out violent and terrorist organizations. Another priority should be figuring out why individuals sympathize with violent extremist organizations and why they provide safe havens for them, even if for a short period of time. It should be noted that triumphing against terrorism is when terror incubators change allegiances and support national institutions; this will only happen if these institutions are just, efficient and respect the rule of law.

The examples of Iraq and Syria confirm that terror incubators pose a much greater danger than terror organizations themselves. Victory against violent extremist organizations does not indicate that terrorism has been crushed or contained. This is only likely if terror incubators are controlled and curbed from breeding terrorist sympathizers.

IV. The Post Coronavirus World

The coronavirus pandemic has certainly forced many global countries to reconsider their economic priorities. It has also exposed neoliberal policies that are implemented in developed countries. The pandemic has made governments review their health systems, given the ambitious attempts of many countries to show off their success and use it to benefit their economic and political ambitions.

1. The Limits of China’s Success

China’s experience in combating the coronavirus pandemic was a subject of controversy across the world, because it is the country where the virus emerged, yet it succeeded in containing it through measures that were controversial compared to other countries. China managed to control the pandemic through carrying out highly effective scientific and medical testing, despite lacking transparency. This ability to tackle the virus will boost China’s strength in the international arena post-COVID-19.

Several factors indicate that China is on the cusp of further technological and economic triumphs, as well as on the verge of entering new markets, especially in Africa and other regions. This means that economic competition between the United States and China will continue. It also means that competition will continue between China’s highly disciplined centralized system — which is capable of achieving high economic growth rates while sacrificing freedom — and liberal democratic systems that weaken societies according to China.

China achieved successive economic growth rates exceeding 6 percent from 2016 to 2019. Its total economic output rose from 70 trillion yuan in 2016 to nearly 100 trillion yuan in 2019, hence, ranking as the world’s second largest economy. China was the first to be hit by an economic recession because of the coronavirus pandemic. Last year, China’s economic growth rates dropped to 4.9 percent, yet it is likely to bounce back strongly and compete in the economic sphere once again. It is also likely to open new markets and resume its role as a major competitor to the United Sates, especially considering its advancements in technology and industry. Having said that, China is still far away from becoming the world’s leading power or surpassing the United Sates in the foreseeable future.(7)
It is believed that global economic priorities will be revaluated and the world will develop fairer health policies to tackle future pandemics and health crises much better, with special attention to increasing health budgets.

2. Europe and Brexit

Brexit, the withdrawal of the United Kingdom from the European Union (EU), will strengthen the Anglo-American alliance. This means that preserving the EU’s role and influence in the world will depend on the Franco-German alliance.

The coronavirus pandemic has most definitely deepened divisions among European countries, or at least made vivid that at times of major crises, national sovereignty is paramount. The health crisis has also proved that the EU’s political influence in the international arena is weak, even if its economic impact is significant.

Europe had upheld different political positions compared to the Trump’s administration. This does not mean that all European countries were in agreement with one another. The EU rejected Trump’s decision to permit Israel to annex East Jerusalem and instead called for a two state solution. However, some countries, especially those in Eastern Europe, adopted positions closer to that of the United States, especially in relation to providing Israel with unconditional support. Some Eastern European countries even took decisions different from the rest of the European countries regarding immigration and refugees. They adopted populist narratives filled with racism and fanned the flames of nationalism.

Nevertheless, the EU will remain a major economic power and China’s second trading partner, a standing that is expected to remain unchanged despite the recession that hit the European economies, including Germany. Economic recovery from the coronavirus pandemic will be among Europe’s top priorities.

3. Scope of US Dominance

The United States has lost some of its global leadership standing in recent years. In retrospect, the United States was the first country to ever possess the nuclear bomb, it saved the European economies after World War II with the Marshall Plan, established and led the North Atlantic Treaty Organization (NATO), controlled a quarter of world trade, and produced half of what it consumed.(8)

Following the collapse of the Soviet Union, American elites and decision makers strongly believed that the United States could continue operating as an economic and military power — almost exclusively dominating the world — with its highest interests and national security prioritized. At the same time, the United States sought to promote democracy and promote human and minority rights across the world. Some considered the fall of communism as the “end of history” and the beginning of liberal and democratic systems dominating global political and economic decision making.
The political message of US liberalism will certainly remain present and will make a stronger comeback with the Biden administration, regardless of how Biden goes about in reinventing it and his selective use of it. This contrasts with great powers like China, which, although ruled by the Chinese Communist Party, does not promote any ideological or political concepts and does not care about the nature of the political systems it interacts with, but rather cares for its economic interests resulting from its cooperation with other global powers.

Communist China embraced the capitalist economic system — through attracting multinational companies — and developing a giant industrial base with modern technology. It has not promoted an ideology or a specific political line as it did in the 1960s. It has focused on progress, development and the strict implementation of laws.

Undoubtedly, the United States will remain the primary superpower for many years to come, both in terms of economic and military power and will maintain its political influence. However, many aspects of the United States’ power have been lost, especially the effectiveness of direct military interventions. The negative ramifications of these interventions, as was the case in Iraq, has also affected its power. Further, the intertwined complexities of globalization have weakened the success of military solutions.

V. The Second Wave of the Arab Uprisings and the Limits of Their Impact on the International Environment

The Arab uprisings, its first and second waves, stirred up three crises impacting the international environment. Some of these crises have led many European countries to rearrange their priorities, especially regarding immigration, countering terrorism, and how to deal with the ramifications of state institutions collapsing.

1. Major Concerns Over Refugee Numbers

The ramifications of the wars in Syria and Libya included a rising number of migrants to Europe, and the reshaping of the political map in the continent as well as contributing to the rise of extreme nationalist rightwing currents which dislike foreigners, especially Arabs and Muslims.

The nationalist rightwing and other populist currents worldwide aim to mobilize public opinion against the rising number of refugees, and the flow of hundreds of thousands of them through sea and land borders to Greece, Italy, and other countries. Last year, Turkey used the refugee card to leverage the EU when it opened its borders for days to allow an influx of refugees living in Turkey to move towards Greece — this was to place pressure on the EU during the dispute over gas exploration in the Eastern Mediterranean.

The crisis revolving around migrants and refugees was strongly present in the international arena throughout the past year. This crisis should be tackled as a humanitarian and political crisis, taking into consideration international understandings and partnerships between Arab and European countries. Further, each country has the right to craft its own policies regarding this crisis independently, without facing allegations or accusations. Discussions will help prevent refugees being stigmatized as extremists or
“terrorist projects,” and place the issue of immigration within its correct socio-economic and cultural context. This will allow issues such as unemployment, rehabilitation of the labor market and social integration to be discussed without any stereotyped baggage.

2. Preservation and Reforming the Nation-State

The disintegration of nation-states and institutions was an outcome of the initial wave of the Arab uprisings, which led to disastrous results on a regional and international level. The first wave included five countries: Tunisia, Egypt, Libya, Syria, and Yemen. Egypt and Tunisia were able to uphold their national institutions despite the differences in their respective political approaches. However, countries such as Libya and Syria witnessed civil wars and became the main sources of irregular migrants and refugees and resulted in the highest levels of violence and terrorism compared to other countries around the world.

The second wave on the other hand involved Sudan, Algeria, Lebanon, and Iraq. Despite the differences between the two waves, the second wave raised questions like whether it was an extension of the initial wave of Arab uprisings, or represented a different pattern, especially as it also faced a dangerous political path.

The experience in Sudan and Algeria highlighted the success in preserving national institutions despite the great differences in their institutions. The popular movements in both countries succeeded in establishing a new system based on partnership between the old political elites and the new revolutionary forces. This was the case in Sudan with military as well as civil and revolutionary forces coming together. In Algeria, the political path led to reform via the old system itself; the former Algerian Prime Minister Abdul Majeed Tabun was elected as president.

Despite the popular pressure imposed on the sectarian ruling systems in Iraq and Lebanon, these systems still persist. Iraq introduced a new statesman who is not affiliated with any Iraqi political current: Prime Minister Mustafa al-Kazimi. He is seeking reform via the political system to reform institutions and improve their performance. In Lebanon, the situation is much more difficult due to Hezbollah dominating political and military decision making, thus thwarting any real possibility for reforms.

There is a local and international responsibility to uphold nation-states and institutions, especially after having witnessed their disintegration in several countries, impacting international peace and leading to a refugee crisis and a rise in terrorism. Thus, it is essential to reform national institutions to address internal and external challenges.

Eastern European and South American countries recently went through democratic transitions, but they did not witness a disintegration of national institutions or a division of their armies. Rather, the focus was to reform security, judicial, and administrative units. These countries did not witness any division or disintegration of their institutions, or civil wars erupting or the rise of militias. Instead, they applied gradual programs to reform national institutions with European aid, but the idea of dismantling or disintegrating their institutions was never an option.
The decline in media coverage and revolutionary slogans that accompanied the second wave of the Arab uprisings highlight that revolution is no longer a goal. These countries need to carry out further reforms. Revolutions must be a compelling option, but they come with huge risks. However, gradual reform has popular support and has proven successful in many countries.

**Conclusion**

Through analyzing the international strategic environment and its actors, one can draw several conclusions that will impact international and regional interactions, in particular with regard to Iran. These are as follows:

1. “Trump’s populism.” Was defeated in 2020. This does not mean an end to populist and conservative currents in the United States and the world, or the disappearance of the social and cultural factors that led to their emergence.

2. Given Trump’s populist policies, Biden’s victory will herald bigger changes than usual. He will revive US containment policies abroad, particularly towards Iran, which will be consistent with the Democrats’ inclusive approach.

3. China, the source of the coronavirus pandemic, has been successful in fighting the virus despite lacking transparency. China was able to launch immunization campaigns by producing its own COVID-19 vaccine. China still has the capability to achieve a high GDP rate despite a decline last year, yet the European countries are still behind China. Finally, China has proved to be the United States’ number one competitor for years to come.

4. The year 2020 witnessed a rise in alternative solutions and reform strategies in the Arab world, especially in relation to the changes that took place in Algeria and Sudan. The changes were based on boosting dialogue and reaching common ground between the political system and the revolutionary forces —at the expense of Islamist projects which were adopted following the first wave of the Arab uprisings, especially in Egypt and Tunisia.

5. Last year, Iran’s meddling in the internal affairs of Arab countries shifted from defending its interests to thwarting political reform in these countries. It had sought to maintain the status quo and its policy of sectarianism through which it promotes its expansionist project. This was evident in the role of pro-Iranian Shiite factions and groups in Iraq, as well as the role of Hezbollah via its control over political and military decision-making in Lebanon.

6. Turkey’s meddling, on the other hand, extended to Syria and Libya. In Syria, Turkey focused on supporting its own militias against the current regime. While in Libya, not only did it support the Government of National Accord but also deployed militias from Syria.

The phenomenon of terrorism and irregular migration continued to contribute to major international crises last year, despite a decline in their rates compared to the previous years. However, countering terrorism requires a consideration of the socio–economic and political factors that drive it.
Endnote

(2) David Rennie, “The Biden Administration Will try to Box Clever on China,” The Economist, November 16, 2020, http://econ.st/3tT1KOV.
(9) Ibid.
(10) عمرو الشوبكي، الموجة الثانية من الاحتجاجات العربية وتجارب الانتقال في أوروبا الشرقية، مجلة الديمقراطية، يناير 2020م.
UNDER THE LEADER’S CLOAK
How Khamenei’s Office Operates
The year 2020 marks a year of deepening crises in Iran’s affairs. The political and social forces of the country engaged in harsh conflicts while the moderate forces were further marginalized. Public confidence in the governing elites dropped to even lower levels due to systematic repression and the state’s inability to provide effective solutions to the deteriorating economic situation. On the other side, the Iranian military institution seems quite distant from the harsh economic crisis the Iranian people have been suffering; it has expanded and enriched its political and social status, turning into a functional community detached from the real concerns of Iranian society and operating according to the supreme leader’s expansionist scheme in the region and the whole world.
On the ideological level, Iran did not produce a significant jurisprudential achievement through its religious seminaries in 2020. Instead, conflicts among senior clerics surfaced, following political disputes and the exchange of accusations of financial corruption and weak jurisprudence. The clash between the Qom and Najaf seminaries was the most prominent development last year, which was a result of their different views on the political future of Iraq.

Politically, Iran’s parliamentary elections increased the exclusionary nature of its political practices, with the conservative wing winning the majority of seats in Parliament, and the Revolutionary Guard Corps (IRGC) dominating a significant percentage of those seats. There also was the emergence of a group maddahis (chanters who perform ceremonial singing or eulogy recitation especially for Shiites) who were used by the supreme leader as a mass mobilization tool and a powerful extremist force within the Iranian Parliament.

On the social level, the Iranian government moved further away from the values of women empowerment and supporting female political participation. In fact, political repression against women has been on the rise against the backdrop of anti-compulsory hijab movements — women protested against the compulsory nature of the hijab and using it as a symbol of political attitudes. Political repression of Iranian women has also increased with the rise of radical conservative currents and the absence of moderates, while social problems have worsened further due to the prevalence of domestic violence and addiction. This societal decline was coupled with economic failures, as governmental economic measures failed to alleviate the economic crisis resulting from the trade deficit and the embargo on Iranian oil exports.

With regard to military affairs, in 2020 the Iranian military increased its presence in the ruling political elite at a time during it suffered many failures. This was evident in the killing of Quds Force Commander Qassem Soleimani, and the relative stagnation in the activities of Iranian militias deployed in a number of Arab countries, and the dawning threat that is creeping up on Iran from its northwestern border as a result of the Azerbaijani-Armenian conflict over Nagorno-Karabakh in 2020.
The Ideological File

The Ideological File for this year sheds light on the religious and ideological developments in relation to the Iranian religious elites and the Shiite religious seminary and the impact of these developments on the religious and political landscapes as well as on the seminary’s role in public affairs.

In the 2019 Annual Strategic Report, The Ideological File addressed the most significant events related to the state and the religious seminary in Iran. It shed light on the removal of several Friday prayer leaders by the Iranian authorities in an attempt to hijack and standardize the interpretation of religion. It also highlighted the meeting between Iranian President Hassan Rouhani and Ayatollah Ali al-Sistani in Najaf, in a bid by the moderates to advance ties with the Najaf Marjaya. It is worth mentioning here that the moderates this year found themselves in a position to defend the Najaf Marjaya after they were insulted by someone close to the supreme leader in a state-run newspaper. The radical–moderate spat this year also revolved around the Najaf Marjaya.

Last year’s strategic report also discussed the fatwa of Marja Haeri that encouraged attacks to be mounted against US troops in Iraq. The fatwa was issued amid the extreme pressure imposed on Iran. This fatwa also reflected Iran’s pursuit to intimidate US forces in Iraq so that Washington lessens the impact of the sanctions on Tehran. Other marjas followed in his footsteps, highlighting Iran’s reliance on their growing ideological role. Rasanah’s 2019 Annual Strategic Report forecasted that the official religious elite’s domination over the country’s religious and cultural scene would continue. This forecast was based on an inability to visualize any change and a lack of flexibility and pragmatism among the religious elite, something which continued throughout 2020.
The Ideological File of the 2020 Annual Strategic Report sheds light on several religious-political issues, especially those related to the religious seminary and its interactions in public affairs. Among the most important issues examined is the Najaf seminary’s attempts to curb Iranian influence and control the behavior of pro-Velayat-e Faqih militias. Second, the file discusses the position of the religious elites in relation to the coronavirus pandemic. Third, the report deals with the religious fatwas which target US forces in Iraq, and finally, the issue of religious reform and the reaction of Iranian authorities to this process is examined.

Through discussing the aforementioned religious-political issues, we attempt to provide answers to the questions that arise from them, as well as the problems stemming from them and the contexts. We examine whether the Najaf seminary was successful in curbing Iranian influence and controlling the behavior of pro-Velayat-e Faqih militias, and the linkages between religious-political issues during the coronavirus pandemic, as well as the role of religious fatwas in Iranian policy, and the reasons why the Iranian authorities opposed religious reform. Is it because religious reform is considered a stepping stone in the direction of political reform, thus resulting in paranoia and repression of those advocating it among the marjas? Or is it because the traditional nature of the ruling religious elites resulted in them reacting adversely to religious reform in their pursuit to protect the heritage of the religious seminary and the schools of tradition?

This is in addition to similar other religious-political issues which we explore in a bid to find scholarly and impartial answers, attempting at the same time to find the exact connection between these issues under consideration.

I. The Najaf Marjaya and Curbing Iranian Influence

The Supreme Marjaya in Najaf attempted to curb Iran’s growing clout in Iraq at the diplomatic and military levels. It is uncertain whether it was successful or not in
this objective. But it is facing major challenges at the religious/sectarian, military, and political levels. Therefore, neither of the two sides, the Najaf Marjaya or Iran, were able to win this battle decisively. A decisive victory may have to be delayed until after the eras of Sistani and Khamenei when their successors outline their own policies.

1. The Military Trajectory
This emerged with the factions supportive of the Najaf Marjaya breaking away from the Popular Mobilization Forces (PMF) and rejoining the Iraqi national army. In April this year, some Iraqi brigades linked to the Najaf Marjaya broke away from the PMF due to the appointment of one of Iran’s loyalists as its head, defying legislation passed by the Iraqi Parliament in 2016.\(^1\)

The most prominent of those brigades linked to the Najaf Marjaya that withdrew from the PMF included: the Ansar al-Marjaya Brigade led by Sheikh Hamid al-Yasser, al-Abbas Combat Division led by Sheikh Maytham al-Zaydi – which is the most powerful marjaya-linked faction,\(^2\) the Imam Ali Division led by Sheikh Taher al-Khaqani and the Ali al-Akbar Brigade led by Sheikh Ali al-Hammadani.\(^3\)

These factions, their internal leadership structures and operational plans were outlined on the directive of Ayatollah Sistani. Their sole mission is to serve the supreme interests of the Iraqi state.\(^4\)

There have been historical differences between the pro-Velayat-e Faqih factions and the pro-marjaya factions since the establishment of the PMF. These differences have continued to this very day. But the PMF, during the era of Abu Mahdi al-Muhandis and Qassem Soleimani, worked to overcome these differences and reassure the Najaf Marjaya that both sides were unifying their efforts to fight against the Islamic State (ISIS).\(^5\)

However, the Najaf Marjaya, despite turning a blind eye to the PMF and pro-Velayat-e Faqih factions interfering in Iraqi political decision-making and attempting to impose a fait accompli on the ground instead of fighting against the Islamic State, believed at the same time that the decision to create the PMF went against the sublime objectives of its fatwa, which called on all Iraqis to join ranks in the fight against the Islamic State under the command of Iraq’s security services. But the then-Prime Minister Nouri al-Maliki, known for his loyalty to Tehran, established the PMF and designated the national security adviser Faleh al-Fayyad as its head and appointed Abu Mahdi al-
Muhandis as its deputy head. Muhandis was the founder of many pro-Iran Iraqi armed groups.\(^6\)

Tensions heightened when the power of pro-Velayat-e Faqih militias swelled, defying the decisions of the Iraqi state on many occasions. The relationship worsened further after PMF factions cracked down on protesters during the October 2019 uprising which resulted in the killing and wounding of thousands. This is in addition to pro-Velayat-e Faqih factions, such as the Hezbollah Brigades and others, continuing to target Western embassies and some key interests of regional countries and embroiling Iraq in the equation of Iran’s conflict with the West, as well as the position of pro-Velayat-e Faqih factions towards the Iraqi nation state and Iraqi sectarian and religious minorities. Afterwards, the appointment of Iran’s loyalist Abu Fadak as the chief of staff of the PMF brought these differences out into the open.

2. The Diplomatic Trajectory

Supreme Marja Ali al-Sistani met with Special Representative of the United Nations Secretary-General for Iraq Jeanine Hennis-Plasschaert in September last year. Sistani focused on several issues pertaining to the crises in Iraq and clarified his positions related to them. The demands which the Iraqi marjaya made to the UN Secretary General’s Special Representative and the positions of the Iranian people in relation to these issues can be summed up as follows:

**A. The Demands of the Marjaya:**

The marjaya had several demands. First, the UN supervision of Iraq’s parliamentary election because according to the marjaya this was of utmost importance to ensure the credibility of the elections. In this respect, Ayatollah Sistani said, “The election should be held according to a fair and impartial law independently of the personal interests of some blocs and political parties. Also, fairness and transparency should be observed throughout the phases of holding the election. It should be seriously supervised and monitored in coordination with the competent department within the UN mission.”\(^7\)

Second, banning arms outside Iraqi state control. This is a key Sistani demand, which he has called for repetitively since defeating the Islamic State. He said, “The current government is obliged to proceed resolutely and strongly with the steps that it undertook to achieve social justice and wrestle control over border crossings, withdraw all unlicensed weapons and not permit the country to be divided into cantons which are held at gunpoint under different pretexts by certain groups.”\(^8\)

Third, maintaining national sovereignty and preventing any violation or penetration and confronting external interferences.\(^9\)
B. The Iranian Reaction:

These demands raised the concerns of the Iranian people. Keyhan newspaper, close to the supreme leader, attacked Ayatollah Sistani in a remarkable move. The standoff between the two sides had always been covert and hidden and all parties were keen not to make it public. But this time, Keyhan’s Editor-in-Chief and Khamenei’s representative, Hossein Shariatmadari, wrote in his editorial, “Al-Sistani’s call on the UN to supervise the Iraqi parliamentary election is something inferior to his stature and position.”

He continued, “You have made a mistake by inviting the UN Secretary General’s special representative. OK. There is no problem about this. But now you should reverse the move, rectify the mistake and say you did not say that.” Shariatmadari considered the call on the UN to supervise the Iraqi election to ensure its integrity as denoting political bankruptcy.

However, under popular and elite pressure as well as due to the ensuing media uproar which the column stirred up over what was considered an insult to Marja Sistani, Shariatmadari apologized to the Najaf Marjaya three days later. He said, “The statement of Al-Sistani’s office does not speak of UN electoral supervision but on coordinating the supervision of the elections according to UN criteria. He corrected his mistake by saying, “I apologize to the marja, and I hope he accepts my apology.”

Iranian officials attempted to isolate the issue to the newspaper so that it did not reflect the position of the Iranian government. Moreover, some of those close to the government said that Shariatmadari does not have a relationship with the supreme leader. It seems that Iranian officials were given the green light to address the editorial published by the newspaper. Iranian Foreign Minister Mohammad Javad Zarif tweeted, “The grand Marja, his eminence, Ayatollah Sistani is the fortress of Iraq, the security valve for the region, and an asset for the entire Islamic world.”

The commander of the Quds Force said, “Unity of the Iraqi people and their unification as one popular force to counter the danger posed by ISIS is due to the wisdom of Ayatollah al-Sistani.” Meanwhile, columnists who write for the reformist newspapers entered the crisis and defended Sistani. They criticized the editorial and considered it a blow to Iraq-Iran relations and to Tehran’s political and economic interests.

As for Iran’s loyalists in Iraq, Nouri al-Maliki expressed his displeasure at the criticism directed toward Marja Sistani. He said in a statement, “Marja al-Sistani has been – and is still – a security garrison for Iraq to protect the political process.” He called on the newspaper to amend its editorial, which does not reflect the position of the supreme leader, according to him.

Some of Iran’s loyalists aligned with Iraq’s armed factions first denied that there was an editorial critical of Sistani, deeming this as a rumor circulated by Iran’s enemies. Later, they argued that the editorial did not reflect the position of Iran or the supreme leader.

At the Iraqi official level, the heads of the three branches of power in a joint
statement, condemned the editorial published in the Iranian newspaper. They reiterated Sistani’s position on limiting weapons to the state. They condemned the remarks against the Iraqi Supreme Marja Ali al–Sistani, who has been — according to the joint statement — Iraq’s “safety valve.”

But regardless of the reactions to this editorial, its publication by this semi-official newspaper is an indication of the extent to which Iran is concerned about Najaf’s coordination with the international community and the other actors among Iraq’s friends to curb its influence in Iraq. Perhaps, Iran is also sending a signal to those who attempt to reduce its clout in Iraq that it has media outlets to defame and attack them, with the supreme marja not exempt.

C. The Dimensions of Najaf’s Remarks:

Since the downfall of the Saddam Hussein regime in 2003, Najaf has been concerned about Iran’s mounting influence in Iraq at the political, economic, social, and military levels. Iran competes and vies with Najaf over control of its network of religious seminaries and Shiite taqlid incubators. It has attempted to impose a fait accompli on the ground. The clerics of the Najaf Marjaya comprehend that they are facing competition in the religious seminary, particularly in the spheres of ijtihad, taqlid, and who has the greatest level of jurisprudential knowledge and influence over the public. In addition, they are facing this time a political authority that seeks to strip the Najaf Marjaya of its pillars and independence as did the Baathist regime. Iran’s power may be more dangerous (than the Baathists) as it bestows some degree of religiosity over its acts, hides itself behind the Shiite sect and adopts a marginal reading within the Shiite school of thought, deeming it a fundamental tenet of Shiism.

In addition, the Najaf Marjaya surrogates cannot compete head-to-head with Iran on its own soil in Qom, Mashhad, Esfahan, and the other Shiite hubs. The competition between the sides will always be imbalanced.

Therefore, the Najaf Marjaya is attempting with all its power to prevent the Iraqi seminary landscape from sliding into ruin like that of Iran with the emergence of armed groups beyond state control. They are loyal to the Iranian political system and the supreme leader of Iran as he is the guardian jurist who they obey and submit to. If this phenomenon of creating armed militias escalates to the extent of surpassing the Iraqi state’s capability to limit it, the Najaf Marjaya will be forced to face a new fait accompli, and accept different interpretations which conflict with its traditional heritage. However, it is determined to hold on to its unique status and legacy.

This Najaf obsession with curbing Iran appeared in the comment of Sistani following the fall of Saddam. He was quoted by the US historian Juan Cole as saying, “Even if this shall lead to my perdition, I will never allow the Iranian experience to be repeated in Iraq.” But it seems that Najaf on its own is unable to curb Iran’s clout even though it has displayed a genuine will to curb it.
II. The Religious Elites and the Measures to Address the Coronavirus Pandemic

The coronavirus pandemic had a major political and religious impact in Iran. Iran’s marjas differed on several religious positions that in the past were not traditionally addressed, particularly in relation to whether or not Friday and congregational prayers should be suspended or whether or not shrines should be shut down as well as differences over other related issues.

1. The Controversy of Opening of Shrines

At the outset of the pandemic, especially in February last year, some pro-government clerics called for holy shrines not to be closed as they are considered sources of healing. Ayatollah al-Saeedi, the supreme leader’s representative in Qom, called on the people to go to the holy shrine as it is a place for healing. He said, “We consider this holy shrine [Fatimah Masumeh Shrine] as an abode for healing; people come to this place to get treatment for their spiritual and physical diseases. Accordingly, this place should remain open, and people should come to it in large numbers. Of course, we consider precautions and take health protocols into consideration.”

In conjunction with this, Fatimah Masumeh Shrine issued a notice criticizing the Qom Provincial Council for its decision to suspend congregational prayers and disinfect the shrine’s tomb, arguing that the structure of the tomb is antibacterial. “It is a strong barrier against the coronavirus pandemic.”

Due to this criticism, which led to a delay in the closure of the shrine, the outbreak of the virus spiked and spread across vast geographic areas. Some members of the public were influenced by this discourse, with some of them defying recommended health protocols by licking the tombs and shrines as they are places of healing, not epicenters of the pandemic.

The authorities arrested some of those who posted videos showing themselves licking the shrines in clear defiance of the health guidelines issued by the Ministry of Health. The judicial authorities said, “Such acts were rare.”

On the other hand, some clerics called on the authorities to close the shrines and take precautionary measures against the pandemic. They argued that visiting shrines is prohibited even if it was for performing nadhr (one’s vow to carry out a good act for the sake of God if a particular supplication or wish comes true) because it may cause severe harm to visitors.

Among these clerics was Noori Hamadani who said, in the context of the fatwa rendering travelling to Qom lawful to perform nadhr, that the nadhr could be performed on another occasion to avoid harm. Cleric Makarem Shirazi also said something close to this. As a result, many conferences and official symposiums to be held at several historical mosques such as Jamkaran mosque and others were postponed.
But what is noticeable is that the demand of the clerics to close the shrines was not decisive. They were rather in agreement with the government’s decision to restrict people visiting shrines. The government did not totally ban shrine visits at the time. The government said visits could take place as long as the vicinity was sterilized, hands were washed, and the visitors followed health guidelines and wore medical masks.

Iran’s Friday Prayer Policy Council, the body supervising the Friday prayers, on Thursday, February 27, decided to suspend Friday prayers in the suspected virus hotspots and in several major cities such as Tehran and Mashhad for the first time since the 1979 revolution due to the mounting concerns about the spread of the virus. An official in the Ministry of Health said, “Friday and congregational prayers should be suspended, cinemas, celebrations and consolation ceremonies and Itikaf should be halted and visits to religious centers should be restricted until further notice.”

Some clerics denounced this decision. Ahmad Alamulhuda, Friday prayer leader in Mashhad, denounced the suspension of Friday prayers on February 28 in Mashhad. He said, “We have reviewed the statement that had been published and we did not establish Friday prayers though we believe that Friday prayers are a religious duty and should never be suspended whatever the circumstances are.”

Alamulhuda argued that while Friday prayers were suspended; the government was still allowing visits to shrines. He said, “The city of Mashhad and the country
are not in quarantine and gatherings in Mashhad occur in open-air spaces and medical officials do not ban entry to the shrine’s courtyards. Suspending this religious duty has no justification.\(^{(32)}\)

The lack of quick and effective measures by Iran’s authorities as well as the failure to completely close the shrines led to the virus spreading across all provinces in the country. It even spilled over into Iran’s neighboring countries, and many among Iran’s religious and ruling elite were infected and died.\(^{(33)}\)

2. The Decision to Close Shrines

Due to the pandemic worsening and growing out of control, the Iranian authorities decided to close tombs and shrines in Qom and Mashhad as of dawn on Monday, March 16. The Razavi Shrine and Fatimah Masumeh Shrine in a joint statement said, “Given the start of the new Iranian year and the influx of visitors to the holy shrines in the two holy cities of Qom and Mashhad, and in order to avoid the further spreading of the virus amid the pandemic, we announce visitors will be prevented from visiting the two holy cities as of Tuesday morning, corresponding to March 17, until further notice.”\(^{(34)}\) The public relations department at Abd al-Azim al-Hasani shrine announced the closure of the shrine until further notice to ensure the safety of visitors. The administration of Jamkaran Mosque took a similar decision.\(^{(35)}\)

Some people protested the closure of tombs and shrines, especially Fatimah Masumeh shrine. Groups attempted to forcibly storm and open it. Some of the protesters were arrested and handed over to the judicial authorities. The attorney general in Qom stated in this regard that “11 people trespassed the shrine of Ahl al-Bayt and they were still in custody.”\(^{(36)}\)

Those people were described by Iranian officials as radicals and even as Khawarej (a group that split from the partisans of Ali when he agreed to arbitration with Mu’awiya. It is used to describe radical rebels). According to Ali Muthari, a lawmaker in the Iranian Parliament, the radical individuals who stormed the Fatima Masumeh Shrine in protest at its closure and broke through its doors, should be detained and punished, either because they caused the virus to spread more or because they contributed to the weakening of Islam and Shiites. These people have revived the memory of the Khawarej.\(^{(37)}\)

Iranian President Hassan Rouhani attempted to contain the anger of those opposed to shrines and tombs closing. He said, “This year, our bodies shall part with the holy places, but our souls shall remain close to them.”\(^{(38)}\)

Protesters drew a comparison between Shah Reza Khan’s failure to shut down the shrines and tombs while the Iranian government of the supreme leader managed to do this.

Loyalists to the Iranian government argued that this comparison was unfair since Reza Khan was opposed to religious rituals while the current closure was only temporary to protect lives as gatherings cause the virus to further spread. Rouhani
cited the principles of Velayat-e Faqih and the laws of the Islamic government which grant the supreme leader the right to suspend any religious ritual, whether prayers or hajj if he believes this will lead to a benefit. “The laws of the Islamic government, including the will of the supreme leader, are binding upon everyone. Khomeini believed that exceeding these red lines is unlawful as it constituted a breach of the laws of the Islamic government.” (39) The pro-Velayat-e Faqih clerics attempted to show their obedience to the official line in relation to shrines being shut. They presented jurisprudential and sect-inspired justifications, including the clerics who were previously opposed to closing shrines down.

Ayatollah Alamulhuda called on those who love Ahl al-Bayt to control their feelings to prevent Iran’s enemies from taking advantage of the situation. He said, “Officials in charge of this issue are annoyed and concerned about the closure, as is the case with the rest of the people. There is no one to blame for this. Enemies did not close the doors of the shrines for us to resist them. The requirements of social life and the spread of the virus led officials to take such a decision.” (41)

Hence, Alamulhuda attributes the shrines closing to the rule of the Velayat-e Faqih government and the supreme leader upholding the interests of the lovers of Ahl al-Bayt.

As for Ayatollah Misbah Yazdi, he cited the fundamental rule of “dispute between two jurisprudential issues.” (41) He determined the jurisprudential principle to resolve this issue which revolved around benefit and harm. Both must be evaluated to determine whether the benefit outweighs the harm or vice versa in this issue, and this has nothing to do with personal feelings and sentiments. Yazdi said that some people want to exploit the closure for political reasons and personal purposes, which leads to discord fomenting among the Iranian people. (42)

Yazdi focused on the action of the supreme leader who refrained from visiting Mashhad. The argument here is that the supreme leader’s action is an example for others to follow, therefore, people should not visit the holy sites currently. The command of the supreme leader must be obeyed under the rule of the guardian jurist. The supreme leader’s command could also be called the command of the imam, not the command of the ruler. Yazdi reinforced his argument, citing the “dispute among two jurisprudential issues” principle. The jurists can only determine this. However, if the matter is related to public affairs, the command of the supreme leader takes precedence because of his guardianship, unlike other jurists. As for the other currents, it seems that the Shirazi movement was among those that dismissed the shrines closing. Although it did not officially accept responsibility for storming the Fatimah Masumeh shrine, an official condemnation was issued when authorities arrested those who had stormed the shrine.

Cleric Yasser al-Habib said the arrests were “[a crime] in addition to the other crimes of this tyrannical regime, which knows no way other than to repress and
crackdown and does not respect the ties of kingship or covenant.\textsuperscript{(43)}

Iranian media outlets accused Marja Sadiq al–Shirazi, the movement’s spiritual leader, of being behind the storming of the Fatimah Masumeh shrine.\textsuperscript{(44)} In the meantime, traditional clerics, not affiliated with Velayat–e Faqih, issued fatwas reiterating the need to defer to the opinion of doctors because they are the ones who are qualified to provide recommendations in relation to this virus. Defying the opinion of doctors is unlawful in this situation. Hence, they rendered lawful the closure of shrines based on the advice of senior health professionals. Perhaps the premises are the difference between the two schools of thought, even if they agree on the final outcome. The clerics, who do not believe in Velayat–e Faqih, argued that they base their fatwas on the opinion of specialists in the medical sector. On the other hand, the clerics supportive of Velayat–e Faqih believed that the opinion of doctors, though important, shall not be enacted unless it is seconded by the opinion of the supreme leader, in light of the public interest and the rule of Velayat–e Faqih.\textsuperscript{(45)}

III. The Weapon of Fatwas: Pro–Velayat–e Faqih Clerics and Targeting US Troops

Considering the US pressure and sanctions on Iran, Tehran has attempted to modify Washington’s position and influence at several levels, including the issuance religious fatwas that render it obligatory to end the presence of US forces in Iraq. This coincided with attacks launched by some pro–Velayat–e Faqih militias on the US Embassy and bases in Iraq on multiple occasions as well as the targeting of the logistical infrastructure of US forces.

In an answer to a question in relation to US–Iraqi dialogue, cleric Kazim al–Haeri issued a fatwa rendering it unlawful to sign or extend any security agreement with US occupation forces. He also rendered unlawful the existence of US forces under military, economic or any other excuse. If Iraqi officials do not discharge their obligation and expel the occupiers, the Iraqi people will have to take a position. The Iraqi people are angered at the presence of US forces and will accept nothing but to defeat the occupiers and to expel them in humiliation.\textsuperscript{(46)}

He finally hinted at the position of the PMU in relation to jihad, in a specific reference to the PMU’s targeting of US forces. He said, “Finally, we ask God Almighty to guide our brave fighters to what pleases Him and make them the garrison defending the upright Islam.”\textsuperscript{(47)}

This is not the first time that Haeri has issued a fatwa against the presence of US forces in Iraq.

He issued a famous fatwa which gave the green light to some militias to systematically target US forces in Iraq.

In August last year, he issued a fatwa “rendering unlawful the staying of any US military force or its like in Iraq under any pretext, whether for training or as military advisers.”\textsuperscript{(48)}
It seems that this fatwa marked a new chapter in the attacks targeting US forces in Iraq, which led to reciprocal attacks between the two sides, which have been continuing to this day.

Other heavyweight clerics also expressed the same position using harsh language. Ayatollah Khatami, a member of the presidential body of the Assembly of Experts, said, “On foreign policy, the supreme leader focused on the notion that the US is the common enemy of the Islamic world. It is the enemy of the independent Iraq and the Islamic Iran.”

The mentioned fatwa can be interpreted as an expression of Iranian concerns about growing US-Iraqi relations at the expense of Iranian-Iraqi relations. At the religious level, the fatwa seeks to entrench the public support of the Shiite clerics and legitimize the operations of foreign militias. This fatwa is also a substitute for a direct fatwa from Khamenei, which could embarrass Iran at the official level in case it was issued. Khamenei has repeatedly called for expelling US forces from Iraq. He once told former Iraqi Prime Minister Adel Abdul-Mahdi, “You should make sure the Americans withdraw their forces from Iraq as soon as possible because expelling them has become difficult whenever they have had a long military presence in a country.”

These remarks by Khamenei were construed at the time as Iranian support for the attacks launched by militias to expel US forces via using whatever means necessary. However, he did not issue an official fatwa permitting US forces to be targeted in Iraq. The supreme leader repeated the same remarks this year in 2020 during his meeting with Iraqi Prime Minister Mustafa al-Kazemi, saying, “Iran will not intervene in Iraq’s relations with America, but expects Iraqi friends to recognize America for what it is, and know that any presence of the US is a source of corruption, destruction, and ruin. The Islamic Republic expects the Iraqi government and nation and Parliament’s decision to eject Americans from Iraqi is followed through because their presence is a cause of insecurity.”

Hence, the remarks of Ayatollah Khatami, Haeri and others were consistent with the official position of the supreme leader and a reiteration of what Iran considers a strategic approach which cannot be relinquished.

This political and military threat was echoed in the remarks of Ali Akbar Velayati, the supreme leader’s adviser on international affairs, in February last year. He said that if US forces do not withdraw willingly from Iraq they will be forced to pull out. He also spoke of the “complete pullout” from the region, which means driving out US forces from Iraq, Syria and Afghanistan.

The reality is that those supportive of Velayat-e Faqih embraced the remarks made by Khamenei during his meeting with the Iraqi prime minister as a bedrock to establish their jurisprudential decrees (fatwas) to entrench the significance of expelling US troops in the collective mind of the Iraqi people in general and the followers of Shiite clerics in particular. The religious elites’ strong involvement in
this issue has been well-deliberated by Iran to strengthen the legitimacy of militias targeting US positions in Iraq and to curb the subsequent political or military, and religious clashes among the warring parties. Hence, the clerics legitimized the actions undertaken by the militias. The strategic decision in relation to expelling US forces should have been left to the Iraqi religious and political elites who are exclusively responsible for making this decision according to the Iraqi Constitution and is not to be decided by Iran. But Iran decided to do so to curb Kazemi’s government and halt its recent policies towards the pro-Velayat-e Faqih militias. This is in addition to strengthening the policy of imposing a fait accompli in the face of its foes in Baghdad and Najaf.

IV. Iran and Facing up to Religious Reform in the Seminary

Marja Kamal al-Haydari, in a series of episodes broadcasted on al-Iraqiya television titled “Religion–Secularism Dialogue,” argued that the Twelver Shiite scholars agree that the imamate is a fundamental pillar of religion, not just of Shiism. Therefore, whoever rejects the imamate will be classed as an unbeliever. He quoted al-Shaykh al-Mufid as saying, “Twelver Shiites agreed that whoever rejects the imamate of any of the imams and dismisses the God-ordained obligatory obedience to them, shall be an astray believer who is worth dwelling in Hellfire forever.”

He continued to say, “I say it plainly, all the Twelver Shiite scholars implicitly judge all Muslims to be unbelievers. Yes, they superficially differ on judging Muslims to be unbelievers or not. Some of them, like Yusuf al-Bahrani – also known as Sahib al-Hadaiq – says, “Even apparently, they shall be deemed unbelievers.”

Others such as cleric Khoei adopted the mainstream jurisprudential opinion, which deems those who choose not to be Muslims as unbelievers. However, according to hidden beliefs, banishment in the Hereafter and the Kalam philosophical dimension, all Shiite scholars agree that those who reject the fundamentals of Shiism are unbelievers.

Haydari refused to deem those from different sects as unbelievers, as he believes that the crux of Shiite philosophy and jurisprudence is that no one has access to absolute truth. Takfir is a result of not fully accepting Shiite narratives and their interpretations. This ultimately led to one universal interpretation deeming others who believe in the same religion but belong to different sects as unbelievers. This is in addition to his important reiteration of the disconnection between “being an unbeliever – non-Muslim – and being worth having blood wasted.”

Haydari’s comments should not be seen in any other light. He did not argue for those who belong to different sects to be declared as unbelievers, but he intended to change the prevailing culture and to inform the clerical community and Shiite traditionalists of the need to reconsider their beliefs and approaches so that they are in line with the current time, coexistence, citizenship, and other modern
concepts which are agreed upon and not to dismiss these concepts because of a singular jurisprudential interpretation. Meanwhile, the reactions were not in line with Haydari’s objectives, nor his underlying philosophy, with his statements used to prove that he declared people as unbelievers, as a result he was classed as a takfiri. He was cast as the one who made the remarks, not the one who transmitted them. The reactions of politicians and seminary figures can be summarized as follows:

1. The Position of the Iranian Government

It seems that Iran’s religious elites are angry at Haydari for jurisprudential and personal reasons which have been accumulating over time. As for the jurisprudential reasons, Haydari rebelled against the traditional line of the religious seminary as well as against the ruling religious elite regarding the interpretation of religion and Sharia. In relation to the personal reasons, the religious elites are concerned about Haydari’s outreach into traditional Shiite incubators, especially amongst the youth and women. This threatens their jurisprudential prestige, diminishes their standing in the eyes of the public, and this could even impact the collection of Khoms revenues.

The clerics close to the government criticized him. Furthermore, the criticism by the government was so harsh, using language historically used against Iran’s enemies. Haydari was accused of being astray, of practicing bid‘ah (innovation in religious matters) and sorcery!

First, a statement was issued by cleric Mohsen al-Araki, who is close to the Supreme Leader of Iran Ali Khamenei, and played a major role in the conflation of the crisis. Araki said, “One of the biggest calamities which Muslims have been suffering since the early days of Islam so far is the emergence of heresiarch liars who assign interpretations to religion which it never included, deviate from the essential meaning of religion, add other fabrications to it, go astray and cause others to betray. Among those heresiarch liars is a man named Kamal al-Haydari.” He then branded him as wicked, a heresiarch and a sorcerer. All Muslims should disavow him and treat him as a wicked heresiarch. He concluded by saying, “All the proofs and manifestations indicate that this man fell into the trap of the forces of arrogance and the (countries making up) the trinity of taghut (despotism).”

Then another response came from Mohsen Heidari, a member of Iran’s Assembly of Experts. He said, “A comment has recently been made by a suspicious person named Kamal al-Haydari in which he accused Shiite jurists of deeming the entire Sunni community as unbelievers. There is no doubt that this is a lie.” He concluded by calling on Shiite clerics to disavow Haydari, and then he lauded and blessed the statement of Mohsen al-Araki, describing it as “a satisfying and enlightening statement.”

Qom’s community of scholars and teachers issued a statement against Haydari.
It said, “Since a while, a person named Kamal al-Haydari has surfaced. He is linked to the religious seminary and makes false comments about the well-established rules of Islam and the Shiite sect from time to time. The community of scholars and teachers have been monitoring him for years.\textsuperscript{(59)}

Then the statement concluded by warning the public of “the sedition created by Haydari, because the path adopted by this person is nothing but a deviation and error.\textsuperscript{(60)}

It is noticeable that Qom’s statement focused on the level of Haydari’s jurisprudential knowledge, thus undermining his jurisprudential prestige. However, other statements were issued rejecting Haydari’s takfiri approach. A statement was issued by a host of Shiite modernists and enlightened figures, including Abdolkarim Sorough, Hasan Eshkevari and others.

In this statement, they said, “Haydari has called for a radical review of Shiite philosophical positions in relation to the other Islamic schools of thought... the bitter paradox is that cleric Mohsen Araki used the takfiri discourse against another jurist to prove that Shiite jurisprudence has nothing to do with takfir.”\textsuperscript{(61)}

Nonetheless, Haydari remained silent in response to the attack launched against him. He also called on his followers to remain committed to the rules of legitimate criticism and dialogue. Maybe he knew by responding he would expand the Shiite-Shiite rift or endanger his marja standing or his own safety. He opted to remain silent, hoping to overcome this period with minimal losses and without colliding with the ruling religious elites in Iran.

2. Iraq Gets Embroiled in the Crisis

On the Iraqi side, Haydari attacked the Shiite supporters of Velayat-e Faqih and the Sadrist movement, whose leader Moqtada al-Sadr issued a statement. In it he said the reason behind Haydari accusing Shiite jurists of declaring Sunnis as unbelievers was because of his ignorance resulting from his incorrect interpretation of verses, narratives, hadiths, and fatwas of clerics.\textsuperscript{(62)}

He then mocked his jurisprudential knowledge, saying, “His statement is a ridiculous flexing of his deteriorating jurisprudential muscles,” accusing him of adopting secularism, “Secularism has conquered his mind and overtaken him.”\textsuperscript{(63)}

Sadr first accused Haydari of ignorance, and second, he accused him of flexing his “deteriorating jurisprudential muscles” and third of being overpowered by secularism. The row between Sadr and Haydari is deep-rooted, and his involvement in this spat is a form of revenge. In 2018, Haydari criticized Mohammad Sadeq al-Sadr, Moqtada’s father, in an audio recording which was leaked in the seminaries. At the time, Moqtada al-Sadr responded in a harsh manner. He said, “Haydari’s disparaging comments come from a stranger, not a friend.” Here, he hinted that Haydari does not belong to the school of Baqir al-Sadr which he was known to belong to because he cited its opinions. Moreover, Sadr described him as “cleric Haydari” not Ayatollah Haydari, in a clear downgrade of his jurisprudential
standing. Haydari was prompted to apologize, saying that the leaked audio recording was fabricated and taken out of context. (64)

In the meantime, cleric Munir al-Khabbaz, who is close to the Supreme Marja Ali al-Sistani, reiterated the fact that the marjaya considers Sunnis who adopt a different sect as Muslims in both apparent/concealed deeds and beliefs. He quoted from the book “Minhaj Al-Saliheen” (65) authored by Sistani in a bid to refute the accusation of Haydari and to negate his opinion.

**Conclusion**

In this year’s report, *The Ideological File* sheds light on the most salient issues which impacted the relationship between the seminary and the state, such as the positions of the Iranian government in relation to opening and closing shrines/tombs due to the coronavirus pandemic, the targeting of US forces in Iraq via fatwas issued by clerics aligned with the Iranian government, and finally the government’s steps against Marja Kamal al-Haydari and its attempts to undermine and curb him whether through defamation/intimidation or via using sectarian tools. It could be said that the conclusion of all the foregoing is that Najaf is concerned about the increasing Iranian clout, especially Iran’s military clout as it imposes a fait accompli policy on the ground. It seeks to curb this clout and control the behavior of armed factions.

Therefore, it has repeatedly warned of the ungovernable number of weapons and called on the Iraqi state and its national institutions to exclusively control weapons. In parallel, it supported the holding of early elections in accordance with a new election law which it believes would help in curbing Iranian factions.

In the meantime, these factions continued to target US and Western interests in Iraq, enabled by fatwas from pro-Velayat-e Faqih clerics aligned with the Iranian government and the guardianship of the jurist. They have turned Iraq into an arena for US-Iran rivalry, which Najaf dismisses and believes that neutralism is a strategic approach to maintain the regional and international interests of Iraq.

In a related context, the Iranian religious establishment rejected the religious reform recently promoted by Marja Kamal al-Haydari, accusing him of being a hypocrite, astray and a stooge. It deemed him a danger who poses a threat to Iran’s project and religious reading, which follows a traditional interpretation and radical approach to politics.

As for the coronavirus pandemic, clerics in Iran differed about the legitimacy of closing or opening shrines during the outbreak of the virus. It was noticed that the government’s viewpoint is the one that prevailed, represented in the supreme leader and the pro-Velayat-e Faqih religious elite. Maybe the shrine closures were based on medical opinions, or perhaps more likely based on the decree of the supreme leader.

We can draw two important conclusions in this respect:

First: the Najaf–Iran spat over Velayat-e Faqih and its clout in the Shiite world...
in particular and the Islamic world in general will remain unabated. It is unlikely in the short run that either of the two sides will make concessions about its thought and general philosophy. The Iranians want to make Najaf utterly submissive and place it under the custodianship of the Iranian state, given the authority and domination of the guardianship jurist and his guardianship over all Muslims, which knows no boundaries and includes both jurists and the public.

Maybe this conflict will end with one of the two sides overpowering the other or perhaps its outcomes will become clearer during the tenure of Ayatollah Sistani’s successor in Najaf and Supreme Leader Ali Khamenei’s successor in Iran. Considering Iran’s strategic interests, the religious elites in Tehran deem Najaf an impediment to strengthening Iranian clout at all levels in Iraq.

Second: the Iranians fear reformist discourse at the religious level. Iran considers such discourse a threat to its official interpretation and a trajectory leading to more comprehensive and wider reforms, such as political reforms and influencing public thinking. The Iranian government does not want to repeat history by entering a conflict like in the past when previous marjayas were able to rally and mobilize including both the public and clerics until they became influential in the eyes of the public and the seminary.

This enables us to understand the reasons behind the heated exchanges and stinging attacks launched against the marja standing of Kamal al-Haydari and
calling into question not only his jurisprudential capacity and knowledge, but also his loyalty and objectives. The future of the reformist discourse is dependent on whether the conservatives continue to maintain their grip over Iran or not and who succeeds the Supreme Leader Khamenei. In addition, it also depends on the effectiveness of the reformists themselves and their ability to influence vital segments among the youth, women and minorities, and whether they can implement their reforms in a more rational and progressive manner.
The Political File

The conservatives’ control of the new Iranian Parliament and their involvement in severe conflicts with President Rouhani and his cabinet ministers, and the reformists’ internal disputes as well as their demand for President Rouhani to resign were the most important developments in Iran’s political arena in 2020. If we compare the political events that took place in Iran in 2019 to 2020, we find that the conservatives’ criticism of President Hassan Rouhani, and the lingering discontent of the reformists towards Rouhani formed the basis of the political struggles in Iran during the past two years. The increasing differences between the executive and legislative branches are what distinguished last year from previous years. The differences escalated to a such a level leading the supreme leader to intervene and take a stand against the hardliners’ bill to dismiss the president.

Since the conservatives won the majority of seats in in the Parliament in the February 2020 parliamentary elections, the hardliners launched violent attacks against President Rouhani. This pressure escalated from the hardliner demand to question and impeach the president to demanding that Supreme Leader Ali Khamenei agree to prosecute and execute him. After the supreme leader had thwarted the hardliners’ plan to remove the president from office, the parliamentary lawmakers refused to approve the minister of industry, trade and minerals, questioned Foreign Minister Mohammad Jawad Zarif, and threatened to question other ministers. The confrontation between the president and the Parliament shifted to the nuclear agreement after the lawmakers approved the draft strategic action bill in response to US sanctions and to protect Iranian
interests. This draft bill obliges the government, represented by the Iranian Atomic Energy Agency (IAEA), to violate the provisions of the nuclear agreement and to implement a series of measures such as raising the rate of uranium enrichment and preventing IAEA inspectors from accessing Iranian nuclear sites. The pressure on President Rouhani in 2020 was not only created by the hardliners, but his reformist supporters also exerted pressure on him after some voices called for him to resign. The demand for the president’s resignation came from some public figures and this demand is not new. However, the president did not respond given the supreme leader’s emphasis on the need for him to complete his presidential term. This demand reflects the desire of some reformist parties to override Rouhani and to distance themselves from him to prepare for the presidential elections and restore the relationship with their popular base, which has declined greatly as a result of government failings and is backed by the reformist current.

Regarding the internal situation of the reformist current, it seems that it is currently experiencing one of the most difficult crises in its history with some internal differences and divisions arising. This was apparent in the lack of internal unity regarding many files, such as participation in both the parliamentary and presidential elections and the position toward President Rouhani.

As noted in this introduction, five major issues, largely considered the most important internal political events during 2020, will be discussed. These include the hardliners’ different levels of threats and pressure in Parliament against Rouhani ranging from questioning him to demanding his prosecution; the intervention of Supreme Leader Ali Khamenei and his role in curbing the hardliners’ ambitions to remove President Rouhani from office; attempts to stifle Rouhani via his cabinet ministers; the confrontation between the government and the Parliament over the nuclear file; the reformists’ criticism of President Rouhani and their internal disagreements; and his (Rouhani’s) position in relation to the upcoming presidential elections. At the end of the file, we will draw conclusions and outline potential future scenarios for 2021.

I. Rouhani and the New Parliamentary Lawmakers: Questioning to Impeachment, Prosecution, and Execution

Although the reformists supported President Rouhani’s control over the 10th Parliament, he was under constant pressure and criticism which resulted in him being questioned by the Parliament’s lawmakers. The 10th Parliament’s last session was in February 2020. After the conservatives won the majority of seats in the new Parliament (the 11th Parliament), the pressure on Rouhani multiplied. He also became engulfed in numerous crises that would have toppled him without the intervention of the supreme leader in his favor. In addition, he faced threats ranging from demands to hold him accountable for his negligence in several files, to removing him from office, and calling for his prosecution and execution.
1. Conservatives’ Control Over the New Parliament

The parliamentary elections, which were held in February 2020, highlighted several new balances on Iran’s political landscape, most importantly the conservatives’ domination over the new Parliament and Rouhani’s reformist supporters becoming a minority after losing most of their constituencies, winning only 19 seats out of a total of 290 seats in Parliament. Although these elections favored the conservatives, as Rasanah’s 2019 report predicted, the polling process witnessed a low voter turnout. This poses another challenge to the Iranian government, because it greatly depends on high voter participation in elections to prove its legitimacy and popularity. The reformists’ electoral defeat in the 2020 parliamentary elections was due to several factors, including the ongoing consequences of the post-election events in 2009, the reformists’ declining fortunes, internal disagreements over participation the 2020 elections, the mass disqualification of reformist candidates by the Guardian Council, the deaths of hundreds of people during the protests that flared up in various Iranian cities after the reformist-backed government decided to hike gasoline prices in November 2019, and the supreme leader’s vision to shape the elections in line with entering a new stage of negotiations with the United States.

The hardliners’ desire to stifle President Rouhani was apparent when the parliamentary election campaigns began. Some candidates pledged to hold Rouhani accountable for his failure to fulfill his electoral promises, as well as for the country’s economic downturn and his desire to negotiate with the United States in relation to the nuclear file. Others threatened to remove him from office due to his poor performance during his two terms. These positions and statements indicated that the new Parliament and Rouhani would not get on. This prompted the latter, who hopes to spend his last year without additional pressures, to invite the new Parliament during his inaugural speech last May to cooperate and extended his hand of friendship to the new Parliament in an attempt to place Iran’s interests above political factions and electoral districts.

Since the beginning of the parliamentary election campaigns, it was forecasted that there was a likelihood that the former mayor of Tehran, Mohammad Bagher Ghalibaf, who previously contested the presidential elections twice and withdrew on the third attempt in favor of Ibrahim Raisi, would be elected as Parliament speaker. Ghalibaf was elected by an overwhelming majority of 230 votes out of 264 votes.

From the onset of his appointment, Ghalibaf attacked President Rouhani, accusing his government of incompetence and administrative disorganization. He emphasized that the relationship between the government and the Parliament would be revolutionary in nature. As for President Rouhani, he has not forgotten his verbal sparring with Ghalibaf during live televised debates which were held before the 2017 presidential elections. He is aware of the fact that he will face a
Parliament controlled by hardliners, and hence is likely to experience many difficulties during the remaining months of his presidency.

2. Hardliners’ Moves Against President Rouhani:

On July 5, 2020, the new Iranian Parliament, with a conservative majority, implemented its first practical move against President Rouhani when about 200 members signed a draft resolution and delivered it to the Parliament’s presiding board to question the president on a range of issues. The draft resolution contained questions regarding five issues to be answered by the Iranian president during a meeting of the Parliament at the earliest opportunity. The first question was regarding the implications of high foreign currency prices while the local currency plummeted. The second was in relation to the inflated real estate and automobile sectors during the past year. The third was regarding the nuclear file, as several lawmakers believe that the US withdrawal from the nuclear agreement was without a price, while Europe is still exerting pressure on Iran without fulfilling its own obligations stipulated under this agreement. The fourth question focused on the size and the nature of the aid provided by the Iranian government to the Iranian people, because of the problems arising from the coronavirus pandemic fallout which severely hit Iran and exacerbated the suffering of the Iranian people. The last question, which was prepared by lawmakers who object to government policies, was regarding the government-subsidized dollar price of 4,200 rials announced in March 2018, and how many billions of dollars have been supplied? Further questions arose from this question such as: these dollars were allocated to whom? What was the fate of these dollars and what was the impact of this subsidized dollar price on controlling inflation? 

The hardliners in the Parliament, including the member of the Steadfastness Front Javad Nikbin who represents the city of Kashmar, in Razavi Khorasan Province, eastern Iran, not only demanded that the president be questioned, but also called for his impeachment. Nikbin believed that the reasons for the impeachment of former President Abu al-Hassan Bani Sadr were relevant to the current President Hassan Rouhani. He demanded that the president be questioned and his incompetence and dismissal be announced. In October 2020, the demand to question and impeach Rouhani was renewed. In a speech, President Rouhani cited the reconciliation of Imam al-Hassan bin Ali ibn Abi Talib with Muawiya bin Abi Sufyan to draw a parallel with Iran’s current situation. Rouhani’s remarks implicitly called for Iran to sit at the negotiating table with the US administration. This reflected negatively on his performance and provided his opponents with a good opportunity to call him a failure and weak. The evidence, which was cited by Rouhani to convince his opponents, was not successful. He was severely criticized by the hardliners, most notably the head of the National Security Committee in the Iranian Parliament Mojtaba Zolnour who said, “The vast majority of Iranians will not be satisfied with less than your removal from the presidency and
punishment." Zolnour’s severe position went further by calling upon the Iranian Supreme Leader Ali Khamenei to order President Rouhani’s execution, not just once but a thousand times until the Iranian people calm down, according to him.

The representative of Mashhad city in the Iranian Parliament, Jawad Karim Quddusi, severely attacked Rouhani and warned him about what he called falsifying history. He advised him to remain silent during the remainder of his term to relieve the people of his tongue, as he put it. Outside the Parliament, Rouhani was criticized even more when the famous theoretician and preacher in Iran, Rahimpour Azghadi, questioned Rouhani’s affiliation with the clerical institution by saying, “I consider people like Qassem Soleimani as clerics, but I believe that people like Hassan Rouhani do not possess the qualifications to be clerics.” Azghadi, a member of the Supreme Council for the Cultural Revolution headed by President Rouhani, is one of the most vocal critics of his policies and has previously been involved in multiple verbal altercations with him. The most recent took place when he rejected the justifications that Rouhani had put forward following his decision to hike gasoline prices, which provoked the Iranian people to protest leaving hundreds of people dead.

The standing of the supreme leader in the Iranian political system, the fear of criticizing his decisions, as well as the policies of justification and politicization adopted by the hardliners in the Iranian government, often lead to them duplicating the remarks and decisions of the supreme leader and the rest of his officials. For example, the supreme leader’s Twitter account in May 2020, five
months before Hassan Rouhani’s remarks, reposted excerpts from some old remarks made by the supreme leader regarding the reconciliation of Imam al-Hassan. The excerpts mentioned, “I believe that Imam al-Hassan is the bravest person in the history of Islam. He sacrificed himself and his name among his close companions, for true interest and agreed to peace, so that he could preserve Islam, protect the Qur'an and guide future generations.” This tweet sparked speculation about the possibility of Iran returning to negotiations with the US administration. In September 2013, after the resumption of nuclear negotiations between Iran and the 5+1 group leading to the 2015 nuclear agreement, Khamenei also cited Imam Al-Hussein’s reconciliation and launched the policy of so-called “heroic flexibility,” by saying that heroic flexibility is very good and necessary in some situations. Iranian officials did not repeat these remarks and preferred to remain silent and attack President Rouhani aggressively even though his remarks were similar to the supreme leader’s.

Although Rouhani was highly criticized after he reiterated his desire to negotiate with the United States, conservatives strongly believed that Rouhani’s statements in this regard were nothing more than a last ditch attempt to confirm that negotiations with the US administration were critical to solving Iran’s economic problems, and to deflect the criticism against him from Iran’s various political currents. Before the US elections, there was a widespread belief among the conservatives aspiring to win the presidency in the upcoming Iranian presidential elections that whether Trump or Biden won, it would be wrong to negotiate with the current Iranian government because it had lost a lot of its popularity and entangled itself in deep disagreements with the rest of the pillars of the political system. However, even if Rouhani wanted to negotiate, he would not be allowed to do so.
II. The Supreme Leader Cuts off the Hardliners and Prevents Them From Exercising Their Constitutional Right

Last year, Supreme Leader Ali Khamenei rejected the calls for President Rouhani’s questioning and impeachment on two different occasions. The supreme leader’s first intervention was when 200 lawmakers first signed a draft resolution to question Rouhani. At that time, he explicitly said that he rejected the disagreement between the three branches of power, and requested that the relationship between the Parliament and the government should be within the framework of sharia and Iranian law, away from the mutual exchange of accusations and insults. He also reiterated that “the final year is often sensitive for the government, so care must be taken not to weaken it, and to prepare the appropriate ground to do its job until its last day.”(78) The supreme leader’s second intervention came during his meeting with President Hassan Rouhani and the members of the National Committee to Combat Coronavirus. He strongly criticized the behavior of some people towards the government and the president of the republic and the insults directed towards him. He stressed the need for unity and cohesion, reaffirming that “Desecration is forbidden, especially among the top officials of the country.”(79) Conspiracy theories and warnings against Iran’s enemies were embedded in the supreme leader’s remarks. He called for “the necessity of unity and harmony in the country, against the enemy who uses all his political, economic and media capabilities to fight Iran.”(80)

The supreme leader’s recent message was directed to the hardliner lawmakers in Parliament, especially the head of the National Security Committee in Parliament, who demanded that Khamenei agree to prosecute and execute Rouhani and claimed that demanding the death penalty was the wish of the Iranian people.

In regard to the significance of the supreme leader’s rejection of President Rouhani’s impeachment and dismissal, it can be said that Khamenei’s rejection of President Rouhani’s dismissal started in 2018 – that is, since the previous Parliament, when the demands to dismiss him increased due to his mismanagement of the economy. At that time, the supreme leader rejected this demand and said that Rouhani should remain in office to exercise his duties to solve problems and prevent further chaos. He described those calling for the resignation of the government at that time as working to implement the enemies’ plans.(81) This indicated that there were other concerns for the supreme leader and also his talk about the sensitivity of the government’s final year and the need to not weaken it were not the main reasons behind his repeated rejection of lawmakers’ demands for Rouhani’s dismissal, which is a genuine right guaranteed to them by the Iranian Constitution. It can be said that Khamenei constantly rejected demands to dismiss Rouhani because he feared that any move to overthrow the government would lead to a political vacuum, security disturbances, instability
and chaos spreading in Iran. Furthermore, he understands the need to ensure a peaceful transition to the next government through presidential elections. In addition, he believed there would be a reluctance among Iranians to participate in the upcoming presidential elections in June 2021 if the Rouhani government is dismissed.

As a result of Khamenei’s position against Rouhani’s dismissal, many conservatives adjusted their harsh approach towards Rouhani and now refrain from calling to overthrow him and his government. Some believe that questioning or dismissing the president is currently useless. These conservatives, including Ahmad Amirabadi Farahan, a member of the Presidium of the Parliament, linked their rejection of the draft resolution to the fact that the questioning and dismissal phases take at least two months, and if the president is removed, his deputy takes charge for a short period, followed by presidential elections. Here, Farhan wanted to say that the dismissal of Rouhani will not be fruitful and will not resolve the crisis. Therefore, it is better to leave him until he finishes the remaining months of his second presidential term.

Another group rejected the dismissal, arguing that amid the harsh conditions the Iranian government is facing, the negative ramifications of the dismissal will be greater than its desired benefits and may worsen tensions in the country.

The third group justified its rejection to dismiss Rouhani stating that the questioning of Rouhani or his dismissal would give him an opportunity to throw the ball in the court of the conservatives and appear as someone who is subject to injustice by accusing the conservatives of thwarting his plans and his policies aimed at reforming the situation. This means his interrogation or dismissal would prompt Rouhani and the reformists to claim that the conservatives impeded the president, questioned him, and did not permit him to complete his presidential term, nor allow him to remain in office until after the US presidential elections. The Iranian government, however, depended on the US elections to achieve a breakthrough in the domestic situation. Some conservatives described dismissing Rouhani as tantamount to reviving a dying person because his removal not only would save him but he would also become a hero for a segment of society. Therefore, they warned conservative lawmakers not to make this mistake, arguing that President Rouhani himself is not afraid of being impeached.

The fourth group adopted “the conspiracy theory” approach including the hardliner and close associate of the supreme leader Hussein Shariatmadari, who claimed that the draft bill for Rouhani’s dismissal was in line with the US conspiracy described as “a government without a head” to create tensions and destabilization in three countries: Iraq, Lebanon and Iran. According to Shariatmadari’s claim, the US conspiracy is based on removing the president in the targeted country to pave the way for clash and instability, then the enemy (i.e. the United States) will be able to inflame the situation and create chaos.
The intervention of the supreme leader and his resolution of the crisis between the Parliament and President Rouhani, and the lack of opposing voices to his intervention highlights Khamenei’s absolute control over all critical political decisions. This proved beyond any doubt that any decision made by the Iranian government cannot be executed until it receives the supreme leader’s approval. It is a deliberate policy to give lawmakers the greenlight to criticize, threaten, and even question and dismiss ministers in order to grant them limited freedom to partially discharge their duties as lawmakers. Thus, the Iranian people will be deceived, believing that their Parliament exercises its democratic role in representing the demands of the people who elected it.

III. The Confrontation Between the Government and the Parliament Over the Nuclear File

The strategic action plan to flout US sanctions and safeguard Iran’s national interests, passed by the Parliament at the end of November 2020, led President Rouhani to enter a new crisis with the Parliament after he declared his strong opposition to this plan, because he believed it would undermine Iran’s
The plan obliges Iran’s Atomic Energy Organization to increase uranium enrichment levels, limit international control over the country’s nuclear activities, prevent IAEA inspectors from visiting Iranian nuclear sites, and produce and store 120 kilograms of uranium enriched at 20 percent annually for peaceful purposes.

Although the decision was made in response to the killing of the Iranian nuclear scientist Mohsen Fakhrizadeh, the strategic plan impedes President Rouhani’s efforts to secure the nuclear agreement and persuade the new US administration to return to it, as this agreement is the most significant and perhaps the only achievement during his tenure. The government may believe the passage of this plan at this time is a deliberate attempt by hardliners to thwart future talks between Tehran and Washington and to send a message to Joe Biden that he should not contemplate rejoining the nuclear agreement. The plan may also impede the government’s diplomatic efforts to lift sanctions on Iran. In addition, the plan violates the obligations that Iran pledged to respect and comply to with under the nuclear agreement concluded between Iran and the 5+1 group in 2015.

As a result of the disagreements over this strategic plan, the decision to pass it was handed over to the Guardian Council. It in turn favored the Parliament and passed the plan, thus obliging the government to comply with it as well as to a series of nuclear steps. One of these steps is to stop Iran’s compliance with the Additional Protocol which subjected the country’s nuclear facilities to strict monitoring. The Iranian Parliament had given the nuclear agreement’s signatories a two–month period before the plan became law to permit Iran to achieve its economic interests from the nuclear agreement. However, the government disagreed with the deadline as it indicated a desire by the Parliament to enter into confrontation with the US administration because it is impossible that Biden will lift the sanctions imposed on Iran in this timeframe and because the deadline will only enable Iran to take advantage of the nuclear deal for a limited period, two months only. Rather than setting such unrealistic conditions, at least in this short period, the Rouhani government prefers to use a long-term policy and negotiate with the new US administration to reach the desired objectives: Washington’s return to the nuclear agreement and the lifting of economic sanctions.

**IV. Stifling the Government by Refusing to Approve Ministers and Questioning Them**

After the conservative lawmakers’ plan to question President Rouhani was unsuccessful, they resorted to stifling President Rouhani through his cabinet ministers. On July 5, 2020, Iranian Foreign Minister Mohammad Javad Zarif presented his first report to the new Parliament on the state of Iranian foreign policy and the economic/political problems and challenges arising from the nuclear talks and the nuclear agreement. It was expected that Zarif would face strong opposition from the lawmakers who are inclined to criticize the
government, especially the Ministry of Foreign Affairs. It is believed that the Ministry of Foreign Affairs has not only failed to lift the sanctions imposed on Iran, but rather, dozens of other sanctions have been added during the past seven years of the Rouhani government. The sanctions resulted in many economic crises in Iran.

The report that Zarif read did not convince the hardliners in the Parliament. During his speech, he was interrupted several times by the lawmakers who accused him of lying. This prompted Zarif to address the hardliner lawmakers by saying, “I came to the Parliament to discuss improving the country’s future. I endure insults, and I refuse to insult the representatives. You called me a lowlife, while the supreme leader called me a brave man. You called me a liar, while the supreme leader described me as sincere.”

In August 2020, the Parliament faced a new crisis with the government when lawmakers refused to grant a vote of confidence to Hussein Modarres Khiabani to take over the portfolio of the Ministry of Trade and Industry to succeed Reza Rahmani who was dismissed in May 2020. Khiabani took over this ministry on an interim basis after Rahmani was dismissed until a new minister was appointed. As Khaibani was not granted a vote of confidence, the legal three month period granted to Khiabani to take charge of the ministry on a temporary basis, as defined in Article 135 of the Iranian Constitution, expired. This is what the hardliner lawmakers wanted, to keep this ministry without a minister to prompt the supreme leader to intervene to solve this problem. They wanted to demonstrate that the government is unable to appoint a minister to this important ministry which is critical for Iran’s economy.

According to Reza Rahmani, who was dismissed from the mentioned ministry, Mahmoud Vaezi, the head of President Rouhani’s office, had sent him a letter threatening to dismiss him from office if he failed to persuade the blocs in Parliament, especially the Turkish-speaking bloc, to agree on the division of the Ministry of Industry, Trade, and Minerals and to establish a new ministry named the Ministry of Trade and Services. After the draft resolution was rejected by the Parliament, former Minister of Industry Reza Rahmani and his close associates were accused of working to convince lawmakers to reject the division arguing that the division of the Ministry of Industry, Trade and Minerals into two ministries would reduce Rahmani’s powers.

The disagreements regarding who should take charge of the Ministry of Industry, Trade and Minerals, known simply as “the ministry” (SAMT), continued until September 2020, after consultations within the government concluded and a new candidate, Ali Reza Razm Hosseini, was nominated. In 2013, he was the governor of Kerman and in 2019 the governor of Razavi Khorasan Province. To avoid the continual refusal of Parliament to approve government nominees, Rouhani nominated Hosseini Razm, a close associate of
Qassem Soleimani, the former late commander of the Quds Force and one of his aides when he was the commander of Iran’s forces in Kerman during the Iran-Iraq war. He stated previously that Qassem Soleimani was the one who invited him to leave his business in Canada, where he used to live, and to return to Iran.\(^{(89)}\)

Although his opponents accused him of corruption and having dual nationality, it seems that his military background, participation in the Iran-Iraq war, association with Qassem Soleimani, who was and still enjoys a high standing, especially among the conservatives, and the Al-Fateh Medal awarded to him by the supreme leader years ago played an influential role in him gaining 175 votes out of 264 votes. This ended the crisis of the Ministry of Industry, Trade and Minerals, which lasted for more than four months.\(^{(90)}\)

Coinciding with this crisis, lawmakers started to question and severely criticize a number of ministers, including the ministers of agriculture, communications, oil, science and technology, and education. In an unprecedented step, 114
lawmakers sent a letter to the heads of the three branches of government in which they disapproved of Namdar Zanganeh continuing as the oil minister in protest regarding a number of files. One of the files related to the approach the ministry adopted in relation to selling crude oil. Lawmakers also opposed the ministry’s decision to refine crude oil into hundreds of petroleum products, as well as the futility of fuel cards and the political turmoil that followed their reinstatement. They also, disapproved of the ministry’s failure to implement the gas agreement with Pakistan.\(^{(91)}\) The signatories of the letter also highlighted one of the old cases regarding corruption and bribery that marred the ministry’s agreement with the UAE Crescent Petroleum Company in 2001 to sell Iranian gas. At the time, Zanganeh was Iran’s oil minister in Mohammad Khatami’s cabinet.\(^{(92)}\)

Over the past few months, the Parliament’s attempt to settle scores with the government continued, when lawmakers presented a number of bills to question the agricultural minister. This is because they believed the specialized staff managing agricultural activities in the Maghan region were ineffective, and there was a shortage of seeds, resulting in their high sale price. In addition, they believed bad seeds were in circulation, as well as fertilizers and pesticides being overpriced.\(^{(93)}\) They also demanded that the Minister of Communications Mohammad Javad Azari Jahromi be questioned about the reasons for the ministry’s poor performance and the course of development that should be pursued by the telecommunications sector. In addition, they argued that he should be questioned about the country’s weak mobile and national information network.\(^{(94)}\)

Last September, the Parliament’s Education and Research Committee summoned the Minister of Higher Education, Research and Technology Mansour Ghulami. He was asked several questions about the country’s higher education institutions regarding the methods used to select faculty members and university trustees. The minister was given a period to answer the questions. If he was late in answering the questions, the matter would be referred to the Parliament’s lawmakers for questioning.\(^{(95)}\) In addition to the minister of higher education and research, a number of lawmakers over the recent months demanded that the minister of education be questioned about the reasons for opening schools despite the outbreak of the coronavirus pandemic.\(^{(96)}\)

The current Parliament’s hardliners did not only demand that the ministers of the current government be questioned, but also opened the cases of former ministers in the government, such as the former Minister of Roads and Urban Development Abbas Akhundi. They decided to put his case on the Parliament’s agenda, file a lawsuit against him and bring him to trial\(^{(97)}\) for suspending all important projects and facilities in several regions for nearly seven years. This had caused significant financial damage to the people.\(^{(98)}\)
V. The Reformists Blunder: Internal Disagreements and Divisions Regarding the Position Towards Rouhani and the Elections

1. Reformists’ Criticism of President Rouhani

The reformist current made a radical change in its strategy in 2013 and 2017 and supported Hassan Rouhani, who has conservative alignments that tend to be moderate. This current put him in office for two consecutive terms, and had high hopes that Rouhani would fulfill many of the promises that he had made. Rouhani failed to fulfil many of his promises, either due to his promises clashing with the interests of the hardliners, the nuclear deal failing which he betted on, or the US sanctions which complicated the country's economic and political situation. As a result, the reformists severely criticized their ally and disagreed with him, especially during his second presidential term, which began in August 2017. They even accused him of moving towards the conservatives and marginalizing and excluding everyone who is linked with the reformists in his cabinet.

However, President Rouhani has continuously rejected the accusations against him by his allies within the reformist current. He had justified many times that his promises to the Iranian people were made during times of peace, and he failed in fulfilling them as he was engaged in a war. Rouhani wanted to convince the Iranian people, including the reformists, that the economic sanctions imposed by the US administration on the Iranian government and its withdrawal from the nuclear agreement are the main reasons for his failure. However, the reformists themselves rejected this justification quickly even before the conservatives. The reformists believed that a large number of Rouhani’s promises to the Iranian people such as lifting the house arrest imposed on reformist leaders, removing restrictions on freedom of speech and the press, and granting political space on university campuses are all unrelated to war. They also believe that President Rouhani did not take any steps to fulfill these promises even before his involvement in the alleged war.

2. The Call for Rouhani to Resign

In September 2020, Rouhani attributed the deterioration of the economic situation in Iran to the sanctions imposed by the US administration after it withdrew from the nuclear agreement in 2018. He also revealed the scale of the damage incurred by Iran since the beginning of the US sanctions, amounting to $150 billion.

The angry reactions to these remarks were not limited to the hardliners who refused to acknowledge that US sanctions had caused difficulty and instead blamed the government and accused it of mismanagement and not having any plan to save the economic situation; but also reformist supporters rejected these remarks as well. In this context, the reformist theorist Abbas Abdi presented a new proposal to President Rouhani to “resign” in order to reach a breakthrough and change and improve the current situation in the country. Abdi had previously presented the
same proposal after the November 2019 protests that took place in various Iranian cities against the government’s decision to raise gasoline prices. Previously, the other reformist theorist Saeed Hajjarian called on President Rouhani to resign and hold presidential and parliamentary elections simultaneously. However, it seems that these calls were individual and were not widely discussed within the reformist current. Many reformists rejected such calls, while a limited number supported them, such as Ramadan Abdullazadeh the reformist figure and former spokesman for Mohammad Khatami’s government. He argued that Rouhani’s resignation would contribute to exacerbating the confusion Iran is experiencing.

These calls angered the government. Mahmoud Vaezi, the head of Rouhani’s office, addressed the reformists, “The government has a number of reformist officials. If they do not respect the government, they should at least respect their associates in it.” On the other hand, the conservatives criticized the reformists’ call, believing it to be an attempt for them to distance themselves from the government which they have supported over the past years. Others believed that the reformists’ call for Rouhani to resign was an attempt to evade responsibility. The hardline Kayhan newspaper mocked the reformist move by arguing that the reformists are the ones who supported Rouhani in two elections and reached the highest positions in his government. Today, they are calling for his resignation.

Despite the criticism directed towards President Rouhani’s policies and performance, many reformists still defend him and believe that the circumstances have not been in his favor since Donald Trump arrived in the White House, withdrew from the nuclear agreement and imposed sanctions on Iran. Earthquakes, floods and the coronavirus pandemic all largely contributed to complicating the situation for him, which resulted in him failing to fulfil what he had promised.

However, some of those who lead the Executives of Construction Party, which is one of the most prominent reformist parties, believe that in spite of the government’s deficiencies, it acted very positively in many aspects, either in delivering remarks, carrying out their tasks or setting plans. There are also some reformists who refuse to blame Rouhani including Mohammad Ghoshani, editor-in-chief of Sazandegi newspaper (al-Banna), who said, “In any case, Mr. Rouhani was the choice of the reformist movement, but rather they chose him over Mr. Aref. Therefore, they should be held responsible.”

3. The Reformists’ Frustration and Expectations of Losing the Elections

It seems that the reformist current has become frustrated more than ever because of discontent spreading among its supporters due to the failure of government policies and the hopes they had pinned on Rouhani. This frustration is clear in the remarks and positions of reformist activists, theorists, and leaders. These reformists have always bet on their popular base and called on their supporters to go to the polls and participate in all the elections that have been held in Iran during
the past years. During his meeting with the reformist Hope bloc in the previous Parliament in March 2019, former Iranian President Mohammad Khatami had answered a question about the future of the reformists and whether he believed that the Iranian people would participate in the parliamentary and presidential elections or not. Khatami’s answer was shocking for many reformists when he said that the Iranian people are unlikely to participate in any upcoming elections, and they are unlikely to respond to him if he is invited to participate, unless the reformist current introduces changes in the near future.\(^{110}\) The decline in voter participation in the last parliamentary elections that were held in February 2020 and the reformists losing seats in Parliament, prove what Khatami had said and how his remarks reflected reality. Participation in the 2020 parliamentary elections was the lowest since the revolution. The presidential elections scheduled within months from now may witness a significant decline in participation, particularly because of the conservatives’ domination of various Iranian political institutions and the possible disqualification of many reformist candidates. Reformist activist Sadiq Ziba Kalam commented on some reformists supporting Eshaq Jahangirî’s candidacy, Hassan Rouhani’s vice president, for the presidential elections. He frankly stated that the Iranian people would not vote even for Mohammad Khatami if he participated in the elections, not to mention Eshaq Jahangiri.\(^{111}\) Mahmoud Sadeghi said that even if the reformists crossed the Guardian Council’s hurdle, there is no chance to win the presidential elections because the popular base supporting the reformist current has declined.\(^{112}\)

Despite this pessimistic outlook, the reformists have not spoken about not participating in the presidential elections. However, important and influential reformist leaders have expressed their willingness to embark on a new experience of alliances and coalitions similar to their experience with the current President Hassan Rouhani. For example, Mehdi Karroubi, the former Speaker of the Iranian Parliament and one of the most prominent reformist leaders, sent a message to the reformists while under house arrest. He said that the reformists must work before the next presidential elections to prevent someone like Ahmadinejad taking office.\(^{113}\) This message indicates that he is willing to allow the reformists to embark on a new experience of alliances with moderates to ensure that no hardliners claim the presidency, and to ensure the ongoing influence of the reformist current on Iran’s political life. He also hopes that someone new will take office and will be able to lower the pressure that this current has been subject to. The reformist activist Abdolvahed Mousavi Lari, who was the Interior Minister in Mohammad Khatami’s cabinet, explicitly said, “If the radical current comes to power and monopolizes infiltration into Iranian society, we will continue to support a government like Rouhani’s to provide an open space so that people can speak freely and express themselves.”\(^{114}\)
4. Differences Within the Reformist Movement

In the months preceding the recent parliamentary elections, some differences emerged regarding participation in these elections. A group of “radical reformists” led by theorists Saeed Hajarian and Mustafa Tajzadeh raised the issue of “conditional participation,” meaning that if the reformists’ conditions were not met, they would withdraw from the elections. It seems that this opinion was an attempt by some reformists to evade participation in the elections because they realized that it would not be in the interest of the reformist current and may lead to the current facing more complications. However, Behzad Nabavi strongly dismissed the idea of conditional participation and stated explicitly that the reformists should work hard so they are not excluded from the political arena. This view was welcomed by the right-wing reformists led by the Executives of Construction Party. These differences quickly extended to the Supreme Council for Reformist Policies, which is the umbrella for reformist parties. After the decision of the Supreme Council for Reformist Policies to boycott the parliamentary elections in response to the Guardian Council’s disqualification of reformist candidates, some parties insisted on participating in the parliamentary elections, which widened the differences within the reformist current.\(^{(115)}\)

After the parliamentary elections, the differences, recriminations, and criticisms among the reformists escalated. For example, Gholamhossein Karbaschi, the general secretary of the Executives of Construction Party, attacked former President Mohammad Khatami and his close associates and accused them of failing to address the demands of the people back then. On the other side, Khatami’s supporters accused this party of deception, duplicity and dealing with power.\(^{(116)}\) In June 2020, Mohammad Reza Aref, who previously served as the former first vice president to Mohammad Khatami and headed the Hope bloc in the last Parliament, resigned from the presidium of the Supreme Council for Reformist Policies after he headed this council for three years. It was preceded by both the resignations of this council’s deputy and the former Interior Minister Abdolvahed Mousavi Lari in Mohammad Khatami’s cabinet. In his resignation speech, Abdolvahed Mousavi Lari implicitly pointed to the reformists’ defeat in the parliamentary elections, calling for reviewing and updating the reformist structures and mechanisms so that they can play a more effective role in future elections.\(^{(117)}\)

The disappointing results of the parliamentary elections not only led to the resignation of a number of reformist members of the Supreme Council for Reformist Policies but also members of the Iranian People’s Union Party, which was founded in 2015 with the participation of a number of members of the dissolved Participation Front, which entered into an internal conflict. Recently, 32 of its members issued a statement in which they announced their resignation from the party.\(^{(118)}\)
Most of the disagreements within the reformist current center around the need to revise the goals and intellectual structure of this current following a series of challenges and failures that it has been subject to. These revisions include: clarifying the reformist relationship with the state’s power (the scope, mechanisms and risks of this relationship); explaining the significance of their participation in the government, and reviewing the possibility of achieving this goal. The second topic is about the characteristics that should be embodied by the leader of reformists. Other calls have arisen to define the relationship between the reformists and the Iranian people and to explain whether gaining power is the main goal of this relationship or whether it is for fulfilling the aspirations of the Iranian people. Moreover, one of the important issues that is much talked about is the need for a clear and specific list of the qualities that members of the reformist current must possess, in addition, to defining the red lines that this current cannot cross and the degree of flexibility which is allowed when dealing with power and opponents. (119)

VI. The Future of Iran’s Political Life Amid the Current Tensions and Challenges

The supreme leader’s intervention and rejection of the bill calling for President Rouhani’s dismissal were a lifeline for him and granted him immunity against any future bills to question or dismiss him. It has become almost certain that Rouhani’s questioning and dismissal will not be on the Parliament’s agenda during the remaining months of his term. However, this does not mean in any way that the hardliners will stop criticizing President Rouhani and the reformists who supported him. With the approaching presidential elections, the conservatives are expected to intensify their attacks targeting the government to weaken any possible reformist candidate, thus influencing the choices that will be made by the Iranian people and creating more polarization in society.

President Rouhani is depending heavily on the new US administration returning to the nuclear agreement because this agreement is his most notable success during his presidency. Rouhani rejected the draft strategic action plan to lift the sanctions imposed on Iran because he believed it would harm the country’s diplomacy. However, he was obliged to implement what it contained therein to ensure that new quarrels with the hardliners during the remaining months of his rule would not occur.

In the event of ongoing disputes and the resignation of members from the Supreme Council for Reformist Policies, reformist parties perhaps may resort to creating a new body during the coming period to prepare for the presidential elections.

Regarding participation in the presidential elections, it can be said that the reformist current faces three options. They must choose the most relevant in accordance with the circumstances they are facing. The first option is to refrain
from participating in the presidential elections; to leave room for the hardliners to run the country during the coming period and to devote themselves to restoring their relationship with the Iranian people and to rebuild confidence after eight years of failure. Although some call for the reformist current to reorganize internally during the coming period, non-participation in the elections seems unlikely. Even if the majority of reformist parties decide not to nominate a candidate for the presidential elections, other parties may insist on nominating their candidates, similar to what happened in the last parliamentary elections. The second option is that the reformist current makes fundamental adjustments to its structure, policies, and alignments, and nominates from its members a candidate who is acceptable to all reformist parties to test its luck in the presidential elections against the hardliners. This hardline current will strive to win the presidency to complete its control over all Iranian political institutions. The third and last option is to enter new alliances with one of the moderates or at least with a part of the current which identifies with its goals and aspirations. Although this option establishes a possible repetition of the Rouhani scenario, it is a likely option for a significant number of reformists in light of the likelihood that most reformist candidates will be disqualified by the Guardian Council. In addition, they have a desire to continue in Iran’s political life and not to leave space for the hardliners to dominate and monopolize total power.

After the mass disqualification of the reformists before the last parliamentary elections, in which the conservatives won most of the seats, it became clear that the conservative movement is about to tighten control over all Iranian political institutions. Therefore, it is expected that this current will use all means to win the presidential elections scheduled for June 2021. The failure of Rouhani’s government, supported by the reformists, in fulfilling the promises it made to the Iranian people and its poor performance over the past years, especially in the economic file, and the differences within the reformist current are among the factors which might push the conservatives’ to win in the upcoming presidential elections.

If the conservatives win the presidential elections, this current will exclusively form a hardline government that implements a radical agenda at home and abroad and will be completely compatible with the supreme leader’s vision. However, due to the heavy economic legacy that President Rouhani will leave, the new government will have to adopt a flexible policy regarding the nuclear file to find a way out of this crisis and improve the economic situation, provided that the new US administration demonstrates a serious desire to return to the nuclear agreement.

Based on the foregoing analysis and conclusions, it can be said that 2021 will be full of political events and internal developments, the most important of which will be the presidential elections, the political alignments between the various
political forces that may precede the elections, and the forthcoming decisions of the Guardian Council about the eligibility of candidates, especially those linked to the reformist current. This year, the government will demonstrate how it deals with the nuclear file and the economic situation.
This part of the Annual Strategic Report sheds light on the developments that took place in Iranian society during the year 2020. It also highlights the impact of these developments on Iran’s political and social scene. This year’s Social File tackles the most prominent issues that have impacted Iran’s social fabric, it also attempts to estimate how long these social issues will last and examines government policies towards them.

The report seeks to answer some questions about the standing of women in Iranian society and their political and civil rights, as well as highlight the troubling issue of addiction in Iranian society, and the execution of Iranian athletes. Finally, the report tries to answer why the Iranian authorities continue with their rigid position towards sensitive social issues.

I. Women in Politics and Society

The Iranian government’s exclusion of women from politics has further deepened. Women were subject to severe violence while taking part in political protests and were tracked and monitored by security agencies well into 2020. It is fair to say that the legislative body has failed to amend the personal laws resulting in social injustices against Iranian women. The most prominent observations about the standing of women in Iran can be summarized as follows:

1. Women and Political Participation

The Iranian government continues to ban women from contesting the presidency and prevents them from conducting religious and social ceremonies. In addition, it continues to diminish the rights of women. Spokesman of the Guardian Council Abbas Ali Kadkhodaei said in response to a question regarding the possibility of
women running for the presidency of the republic, “The issue isn’t that it’s illegal, but rather, cultural matters are in the soul of it... For example, we never had a female minister in any presidential term, but under Mahmoud Ahmadinejad, a woman was appointed as minister, meaning, there are no legal obstacles, and we may have a female president in the next electoral cycle.”

Following these remarks, Mohammed Ali Abtahi, a member of the Association of Combatant Clerics, wrote in his personal blog, “Mr. Kadkhodaei himself knows that the Guardian Council will not allow a woman to run for presidential elections. May God bless Mrs. Azam Taleghani’s soul who ran for the elections and who participated in protests and sit-ins, but not once did she gain support.”

However, some supporters of the government say that women in the past were not disqualified because of their gender, but due to the fact that certain criteria were not met.

The truth is that the Iranian Constitution, according to the reformists and opposition, implicitly and explicitly mandates that men must hold all high positions.

For example, in the 2005 elections, Ms. Rifaat Bayat belonging to the conservative camp ran for the presidency, but the Guardian Council has interpreted Article 115 of the Constitution in such a way as to exclude women from this position. Iranian feminists have often demanded that women be allowed to contest the presidency. Azam Taleghani registered herself in many presidential races, despite the fact that the Guardian Council refused to accept her candidacy without offering an explanation. Taleghani repeatedly called for the term “political man,” to be redefined, emphasizing that the term must include both women and men and should not be used to marginalize half of society and deprive women of their legitimate rights as stipulated under the Constitution, and also women should have the right to experience the possibility of becoming the country’s president.

It is not clear whether women will be allowed to run for the presidency soon, or whether the prohibition will remain in place for religious and social reasons. But it should be noted that the continuation of the prohibition or finally lifting it is dependent on a number of interrelated and complicated issues, such as Iran’s relationship with the West and the international community both politically and economically, and the cultural ramifications of allowing women to contest the presidency on the structure of the political system, and the structure of society, and on the ability of the ruling elite to reinterpret the word “politician,” stated in the Iranian Constitution.

2. Hijab and Violence Against Women

Intimidation and violence exercised by the Iranian authorities against non-veiled women have continued to take place within Iran. In September 2020, a large number of social media users took to Twitter and Instagram to announce that they had been summoned by the Moral Police via a text message received on their
cellphones because they had “taken off their veil in the car.” Among the recipients of the text message— which was sent out randomly to a large number of people— were conservative women who wear the chador (cloak) and a number of known figures in society and at least one male cleric, who were all surprised to receive such a text message.\(^{127}\)

Some believe that this text message was sent out only a day after the execution of Navid Afkari and it intended to influence the social atmosphere in Iran, and “was an attempt by the government to divert attention from the execution.”\(^{128}\)

Morteza Rouhani, Turjuman magazine’s director who is closely associated with the supreme leader’s office, published a photo of the text message he received, and wrote sarcastically that the reason why he might have received the message was because he removed his turban, yet he was not present in the location declared by the police.

Last August, Iran’s chief of Morality Police announced that he had received a similar text message, but added, “These mistakes will not stop the police from carrying out its role.”\(^{129}\) According to the 2015 Law on the Protection of Virtue and Prevention of Vice, places that are within the public’s view such as common areas in apartments, hotels, hospitals and transportation vehicles are not considered private areas.\(^{130}\)

Ironically, the daughters of some Iranian officials who live in the West enjoy their full freedom. In one instance, Iranian media published slightly improper photos of Hassan Tardast’s daughter without a veil and in swimwear; it is also worth mentioning that Tardast is a conservative and pro-government judge who executed dozens of innocent people, including Reyhaneh Jabbari, and sentenced nearly a thousand people to death during his service.\(^{131}\) This indicates that an increasing number of women are rebelling against the country’s compulsory hijab laws and even conservative females are participating in this. It also indicates the Iranian government contributes to the so-called “social hypocrisy” (some Iranian women wear hijab in Iran but take it off outside Iran); consequently, Iranian women have developed a dual personality: following the strict religious laws of mandatory hijab at home while removing the hijab when abroad. This was evidently confirmed by the Aljuman website survey which conducted an opinion poll titled, “Iranians’ View of Religion.” The survey concluded that nearly 60 percent of the Iranian participants do not pray, and 73 percent of them oppose the mandatory hijab. The poll—which was carried out for 15 days from June 6 to June 21– included more than 50,000 participants, about 90 percent of the participants were Iranian residents. The results reflect the opinions of educated people over the age of 19 who reside in Iran (equivalent to 85 percent of adults in Iran). The generalization of the findings from this survey can only be done if the outcomes reach 95 percent with a 5 percent margin of error. The survey sought to systematically document Iranian attitudes towards religion and related
issues that cannot be publicly evaluated in the current climate because of existing constraints.\(^{(132)}\)

The results of the survey were as follows:

A. 60 percent of the participants said that they did not pray, while about 40 percent said that they prayed from time to time, and more than 27 percent said that they prayed five times a day.

B. 71 percent of the participants believed that religious institutions must raise their own funds.\(^{(133)}\)

C. More than 73 percent of the participants opposed the imposition of the veil, while about 12 percent of the population stressed the necessity of wearing the veil in public places, and 58 percent of the participants did not believe in the veil at all.

D. Despite the restrictions, 37 percent of Iranians drink alcohol regularly or occasionally; while 55 percent of the participants reported that they did not drink alcohol, and about 8 percent of the participants did not consume alcohol because of the impossibility of purchasing it or because it was too costly.\(^{(134)}\)

The truth is that the Iranian government’s use of violence against the hijab and other different religious issues alienates the people even more and widens the circle of social hypocrisy and also results in people committing to religious obligations solely out of fear of violence and obedience to state law. This ultimately leads to an increase in societal corruption and the evasion of laws.

3. Women and Addiction

Difficult social conditions have resulted in many homeless female addicts. According to some Iranian officials, female admissions to Tehran’s drug rehabilitation centers increased by 20 percent during the first seven months of this year compared to the same period last year. The number of women who were admitted to rehabilitation centers reached 27,101 during the first seven months of 2020 but it was 22,715 in 2019.\(^{(135)}\)

Homeless women in Iran suffer from problems like addiction, divorce, domestic quarrels, and joblessness because they do not receive the needed support. The latest DEA survey confirmed that women make up 6 percent of drug addicts in Iran and the majority of these women live in Tehran.\(^{(136)}\)

According to statistics released by official Iranian rehabilitation centers, there are between 800 and 1,000 female addicts in Tehran that speak openly about their drug abuse, yet no additional rehabilitation centers are being built to meet the growing demand for treatment and care. A scarcity of facilities means health conditions are worsening following the outbreak of the coronavirus pandemic.

Tehran’s police chief officially stated that “400 female addicts who were public about their drug use were caught in Tehran, and since the current rehabilitation centers are at full capacity we have requested new facilities.”\(^{(137)}\)
II. Addiction and Drug Trafficking

Despite the Iranian government’s apparent fight against drugs and drug addiction, drug trafficking and abuse rates continue to rise without any substantial change from previous years.

Primary reports concerning the government’s fight against drugs were issued in 2020. The reports noted that the Islamic Revolutionary Guard Corps (IRGC) played a major role in the trafficking and distribution of drugs inside and outside the country, resulting in huge profits for its sectarian operations and projects in the region.

According to the United Nations Office on Drugs and Crime (UNODC), about 40 percent of the drugs in Iran remain in the country, while 60 percent are distributed to Iraq, Turkey, Azerbaijan, and Europe. (138)

Last March, the Indian Coast Guard arrested several IRGC members who were smuggling heroin. The Indian guards boarded their vessel after a failed escape attempt by the smugglers, nine of the Iranian crew members were arrested and about 100 kilograms of heroin was seized by the Indian guards. (139)

In a similar case, the Sri Lankan Coast Guard seized an Iranian ship carrying heroin in the same month. It was estimated that the value of the heroin shipment was more than 1 billion rupees. According to investigations carried out by the Sri Lankan authorities, the vessel’s crew had dumped a portion of the heroin into the open sea. (140)

In terms of domestic addiction, the number of drug addicts in Iran has more than doubled in the past six years; the number of drug abusers has reached approximately 2.8 million, mostly opium abusers, according to recent Iranian media reports. (141)

In April last year, the head of the Iranian Drug Control Organization announced that 716 tons of narcotics had been seized in the country since March 2019. The availability of drugs among the young generation is part of the plan that aims to advance the cultural and economic influence of the “imperial powers,” he said. In addition, he emphasized the police’s commitment to fight the narcotic trade. He noted that his country is doing its utmost to prevent drug trafficking to Europe and added that the latter does not contribute enough to support Tehran in this regard. Iran ranks second after Europe in drug consumption, according to the United Nations Drug Control Agency report. (142)

The IRGC may have a real involvement in profiteering from the drug trade – which is more likely to take place abroad – to maximize its material gains. The IRGC drug trade is part of its fight against the West as Iranian officials claim that it is a tit-for-tat move, as they are fighting the West with the same weapons (drugs) that the West uses against Iran.
III. Water and Community Crisis

This year’s water crisis in Ahwaz and other marginalized cities resulted in serious social problems leading to an increase in prostitution and suicide.

The lack of drinking water is a familiar problem facing Ahwaz villages. In recent weeks, this problem spread further into Ghizani. The gravity of the situation meant that the president himself had to intervene to solve the problem. A few kilometers away from the mentioned area, Bavi County’s residents, in Veys District, were also demanding clean drinking water; a demand which they have made for years. They have attempted to address this problem, digging a 15-meter deep well to access water even though it was not drinking water; however, the well did not meet their needs. Ultimately, they had to resort to purchasing large quantities of water tanks and storing the water in unsanitary basins — which they had built in their homes.\(^{143}\)

To highlight how bad the water situation is, a lawmaker brought a bottle of murky water along to a meeting which was also attended by Minister of Energy Reza Ardakanian. The lawmaker said that the people of Sistan-Balochistan (southeast Iran) are drinking this water. He then addressed the minister of energy and said, “Carry this water with you so that the President of the Republic, Qalibaf, and Ebrahim Raisi may also drink it.” Mo’ineddin Saeedi, a lawmaker from Chabahar, also narrated a more painful story of a widow in Sistan-Balochistan who was compelled to sleep with a man to provide drinking water for her children. The widow ultimately committed suicide. This painful story stirred Iranian sentiment.\(^{144}\)

The water problem does not seem to have been prioritized in Iran’s marginalized areas. In fact, it has been on the back burner since the days of the revolution until the present time, according to one lawmaker. He said, “The issue is the thirst of the people in the southern province of Sistan-Balochistan, who defended the government, and who have been described by the supreme leader as buried treasures of this area... and aside from the great measures that took place after the revolution in various fields, what the Ministry of Energy has committed against these people in
terms of water, in my opinion, is not even close to what Genghis Khan did to Iran.\(^{145}\)

Pain and heartbreak were felt in the words of the representative of Sistan–Balochistan. In a bid to improve the situation, he reminded the Iranian leadership to extend its support to the people of the region just like they did when the revolution first began. During that time, the people of Sistan–Balochistan were publicly addressed in a speech which mentioned supporting the weak and ending injustices, but the situation has remained unchanged, and the authorities have resorted to applying force against any critics.

This water crisis has raised profound questions about the structural problems that Iran’s ethnic and religious minorities face in general, and their social marginalization in particular, without there existing a genuine political process to improve the quality of services provided to them. The reason behind the growing water crisis may be due to the fact that the Iranian authorities view the people in the areas suffering from water problems through a sectarian or religious lens, and believe that they have no political value. Another reason may be because of infrastructural shortcomings in general due to the maximum pressure and economic sanctions imposed on Iran. This is a direct result of the Iranian leadership’s investment in expanding Iran’s influence in the region at the expense of its domestic needs.

### IV. Illegal Execution

Iranian wrestling champion Navid Afkari was executed in 2020. According to the head of the Supreme Court in Fars province, “The death sentence of Navid Afkari was decided after legal procedures were carried out and on the insistence of the family of the deceased Hassan Turkman to execute the judgement.”\(^{146}\)

The 27-year-old sports hero Afkari was sentenced to death for killing a security officer during a demonstration held in the southern Iranian city of Shiraz in 2018.

He was charged with 20 different crimes, including: “attending illegal gatherings, assembly and conspiracy to commit crimes against national security and insulting the supreme leader.” His two brothers, Vahid and Habib, were sentenced to 54 and 27 years in prison, and to 74 lashes. Human Rights Watch said, the Iranian wrestler’s case is “part of a systematic pattern in which Iranian authorities disregard torture allegations and use coerced confessions in trial proceedings.” \(^{147}\)

According to Human Rights Watch, Navid Afkari and his brothers were arrested in September 2018 and were hit with dozens of charges including “participation in illegal demonstrations, insulting Iran’s supreme leader, robbery, ‘enmity against God,’ and murder.” The Iranian Supreme Court upheld the death sentence handed down by a criminal court in Shiraz against Navid and a 25-year prison sentence against Vahid for allegedly being an accomplice to murder and rejected the brothers’ serious allegations that they were tortured into confessing.\(^{148}\)

On September 13, 2019, Navid detailed in a handwritten letter the torture he experienced. He said he was tortured at a detention center in Shiraz. This included beating him on his legs, hands, and stomach with a baton or a stick. In addition,
alcohol was poured into his nose and a plastic bag was placed over his head leading to asphyxiation.\(^{(149)}\)

The execution of Navid Afkari was undertaken without any real legal protocols or defense. The insistence to execute him – despite international appeals to stop or postpone the execution and despite the Iranian authorities’ ability to dismiss Navid’s allegations – appears to be because of his participation in anti-government demonstrations and his insulting of the supreme leader. It is also because of Navid’s status as one of the country’s sports icons, which could naturally have influenced others to participate in anti-government protests if he was not punished.

V. The Future of Iran’s Social Situation in Light of the Current Challenges

It is expected that most of Iran’s social issues will continue into next year due to the Iranian state’s structural problems, and the lack of real political desire to initiate change. In addition, the existence of corruption in state agencies, the lack of transparency, and the misconceptions of the religious elite about the functions that the government needs to perform will also contribute to social issues continuing in the country. There is no doubt that this will lead to more social problems, and the lack of sustainable social development plans considering the internal and external struggles that Iran is facing.

There are two important findings. The first finding is that the Iranian government’s strategy in shaping Iranian society according to a specific religious interpretation provokes a fierce backlash from women and young people. It also contributes to undermining popular support for the Velayat-e Faqih doctrine. Thus, the government will not be able to extend its social hegemony across the whole range of segments of Iranian society. The popular backlash is a result of the government’s inability to address critical issues, such as the economy and its failure to provide better services to the Iranian people. Consequently, this negatively impacts the government’s image in society, leading to a weak response from the people towards its religious interpretations.

The second finding is that the ruling elite does not believe that delivering social justice and improving infrastructure are the government’s primary tasks, but they come secondary, i.e., at a later stage after the Islamization of society and the expansion of Iran’s Velayat-e Faqih influence abroad. Therefore, several issues plague Iran which greatly disrupt its social balance; social cohesion and harmony cannot be achieved due to systematic gaps in social justice and sectarian, ethnic, and economic divisions. Despite this, the Iranian government believes that with the exclusive power it has, it can control Iranian society.
The Economic File

Introduction

The year 2020 was full of economic crises which perhaps reached their peak after the convergence of challenges such as US sanctions, the outbreak of the coronavirus pandemic and the implementation of certain policies over the past year.

The year 2019 was a tough one in terms of Iran’s total economic performance and it impacted the everyday life of all Iranians. Comprehensive US sanctions played a huge role in perpetuating this economic situation as it targeted vital aspects such as oil exports and banking and commercial transactions. Hence, the year 2019 witnessed the largest decline in the export of Iranian oil, falling below 150,000 barrels per day by year-end. This led to a grave economic depression given that the average daily oil export level before sanctions reached 2.5 million barrels per day. Foreign currencies became scarce, and both Iranian imports and exports declined during the year by 30 percent and 38 percent respectively, and the government was forced to pursue fiscal austerity. It expanded borrowing from local banks and institutions to counter the budget deficit. The government increasing liquidity levels and the decline in the value of the local currency aggravated price inflation, particularly of food and drink items. The inflation rate surpassed 51 percent, according to the Statistical Center of Iran (SCI) — making 2019 a tough year for the Iranian economy at all levels. This file analyzes the developments in Iran’s economic performance levels and their impact on the country’s economic and social situation throughout 2020 and beyond.
At the outset, as a preliminary point, the Iranian economy in general has a host of strengths and weaknesses and faces growing challenges. The Iranian economy is assisted in countering these challenges by a host of elements of resistance. For example, it has many strengths, including geographical location, natural resources and a young workforce. However, it also suffers from many weaknesses, including structural problems, a decline in economic freedoms, growing corruption and it is also subject to the ideological and military domination of the Iranian government.\(^{(150)}\)

As for the primary current challenges, these include: the embargo on the country’s crude oil exports; the decline in prices of oil, petrochemicals and mining items. These items have been subject to smuggling following the Chinese drop in demand in particular and the decrease in global demand in general, as one of the direct ramifications of the coronavirus pandemic. This is in addition to the banking sanctions on commercial transactions with Iran, the worsening budget deficit, and the decline in foreign currency reserves. The government has attempted to respond to these challenges by pursuing resistance policies and trying to meet basic needs via domestic production even if items such as food and medicine are supplied at higher prices. In addition, it has attempted to acquire foreign currencies via exports and addressing the budget deficit through smuggling networks aided by front companies operating overseas and linked to the IRGC and the Quds Force. The latter are supported by endowments and companies linked to the Iranian government.

The year 2020 is viewed as a year in which multiple economic crises converged together. The Iranian economy faced simultaneously the impact of three important variables and all of them had significant repercussions on the government’s economic situation as well as on the living standards of the Iranian people. The variables were: the US sanctions imposed on the Iranian economy since August 2018, the suspension of everyday life due to the spread of the coronavirus pandemic since March 2020 and, finally, the government pursuing the policies of the resistance economy as well as irrational economic policies at the expense of the welfare of its people. These policies impacted economic performance levels and economic indicators fell to concerning levels.

*The Economic File of 2020* seeks to answer the following important questions: how was the Iranian economy impacted by these variables during 2020? What are the repercussions of these variables on the current and future economic performance levels and what has been the impact on the everyday life of the Iranian people? The answers to these questions will be discussed in the first topic. The second topic will address the role of these variables in determining future prospects and the likely decision-making of the Iranian government in the coming phase.

To answer the abovementioned questions, our argument is based on the “inductive analysis” approach, guided by statistical data and historical incidents as well as through economic analysis tools. This approach begins with collecting
information, analyzing it, deducting the important conclusions, linking the past with the present, and determining the major trajectories and their impact on shaping the future. The latter is known as the “strategic analysis” approach (151) which is pursued in other research areas such as political and military sciences.

I. The Economic Performance Indicators and Their Various Repercussions

The first topic in The Economic File analyzes Iran’s economic performance throughout 2020 and its impact on the government and society. It is a significant topic to understand the circumstances surrounding many of Iran’s current economic, political, and social realities and decisions as well as helping to forecast future events.

To analyze economic performance levels, we will discuss a host of important indicators, such as: GDP and its growth rate, or simply put the overall growth of the Iranian economy across all its different sectors, including the oil, industry, services and agricultural sectors; and changes in inflation, unemployment, and currency exchange rates as they quickly impact the lives and welfare of the Iranian people. In addition, some financial and monetary variables that reveal the general financial position of the government such as the balance of payments, foreign trade, foreign exchange reserves and variables related to the government’s general budget and spending patterns will be discussed.

1. The Growth of Iran’s Major Economic Activities

The Iranian economy came second among the biggest economies in the Middle East, (152)* behind the Saudi economy during 2020 in terms of the total value of GDP, estimated at about $611 billion according to the changing prices, compared to Saudi Arabia’s GDP of $681 billion. (153) However, it is not only significant here to measure GDP, but also to compare it to the population; known as the per capita income, then to compare the per capita with other countries.

In the case of Iran, the population posted a growth rate of 1.3 percent per year. Despite being a low population growth rate, it is higher than the country’s economic growth rate which has been negative over the past two years. In other words, there is a gap between supply and demand, or between demand resulting from population growth and the economic value generated by the economy.

A. GDP Per Capita Over the Years

At the individual level, we notice that there has been a decline in GDP per capita. In 2020, it was $7,260, which is higher than the GDP per capita in Iraq, Jordan and Yemen, but is still far behind the GDP per capita in the Gulf or even the average GDP per capita in the Middle East, which equaled $10,740 for the same year. (See Figure 1).

This is in addition to its decline below the GDP per capita rate which was posted
nearly a decade ago. In 2011, the rate was $7,680 per Iranian, which led to a deterioration in living standards, and caused a huge gap in welfare compared to many of Iran’s neighbors, despite the country’s leverage in terms of the natural resources it possesses.

A. The Reasons for Iran’s Economic Depression and Its Repercussions
The Iranian economy experienced a deep depression throughout 2020, which was ranked among the deepest depressions worldwide, according to different estimates.

The Economist Intelligence Unit estimated the real GDP growth rate at 12 percent,\(^{(154)}\) the most significant decline in Iran over the past three decades. Meanwhile, the estimates of international institutions, such as the International Monetary Fund, were less pessimistic, forecasting a growth rate of \(-5\) percent, while the Iranian government’s data posted a figure suggesting a positive growth rate of \(1.3\) percent for the period from March to September.\(^{(155)}\)* Anyway, the depression was a tangible reality across the country throughout the year, and it could be attributed to three main reasons:

1. The spread of the coronavirus pandemic in Iran since March and the lockdown that followed led to a disruption in production and the suspension of all economic activities. Hence, the impact of the coronavirus on Iran’s economic growth rates combined with the impact of US sanctions on the country’s economy.
2. The collapse of Iranian oil exports, which is the principal driver of Iran’s...
economic growth, coincided with a decline in global oil prices, as well as a decline in Chinese demand for Iranian oil after the outbreak of the coronavirus pandemic. The economic downturn hit the industrial sector and the recession impacted the main productive sectors such as services and industry in Iran.

3. The sharp decline in economic growth incentives, or what is known as the engines of economic growth, both private and government consumption spending, and total investments, at rates of 7.1 percent, -7 percent, -8.6 percent respectively. In addition to a decline in the export and import of goods and services at -25 percent and -28.5 percent respectively, as shown in the following table (Table 1), which reveals that all estimates were negative, without exception.

Table 1: Estimates of Change in Value Added for Sectors and Economic Growth Engines in 2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>-12</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-3.2</td>
</tr>
<tr>
<td>Industry</td>
<td>-11.3</td>
</tr>
<tr>
<td>Services</td>
<td>-18.6</td>
</tr>
<tr>
<td>Private consumption</td>
<td>-7.1</td>
</tr>
<tr>
<td>Government consumption</td>
<td>-9.6</td>
</tr>
<tr>
<td>Overall fixed investments</td>
<td>-8.6</td>
</tr>
<tr>
<td>Exports of goods and services</td>
<td>-25.1</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>-28.5</td>
</tr>
</tbody>
</table>


We can determine the impact of the depression on Iran’s main economic activities as well as on the Iranian people by casting a deeper light on the circumstances surrounding the decline in the country’s key economic activities such as services, industry, oil and agriculture.

1. The services sector posted an 18.6 percent downturn throughout 2020, which had a significant impact on Iranian living standards. If oil is the number one source of hard currency and the primary revenue generator for the government’s budget, the services sector is the number one employer of Iran’s labor force. It also contributes to about 50 percent of Iran’s GDP. This huge sector involves several economic fields such as tourism, banking/financial services, health, education, transport, wholesale/retail trade and others. These fields were significantly impacted by the outbreak of the coronavirus pandemic, especially tourism. It accommodates nearly 50 percent of the total labor force in the country. As many as 12 million Iranians saw their businesses contract or were directly or indirectly
impacted after the decline in their purchasing power and the rise in prices.

2. US sanctions have targeted Iran’s industry since 2018. This impact is still ongoing as the banking sanctions prevent the import of production inputs that are critical for industry on the one hand and impede industrial outputs on the other. For more than two years, sanctions have targeted the petrochemicals sector, automobile/aviation spare parts, and the steel sector. They took a toll on major companies such as Saipa and Iran Khodro that control nearly 90 percent of Iran’s automobile industry and are linked to the activities of the IRGC.

These sectors occupy a luminous position in Iran’s nonoil exports and generated billions of dollars before the sanctions.

Hence, Iran’s industrial sector has contracted and its foreign exchange reserves have declined (to be discussed later) in the country in general and in the most important apparatuses of the government in particular, given the IRGC’s control over many of them.

3. Oil is hugely important for Iran as it is the key driver for growth and contributes significantly to government spending. In addition, it is the biggest source of hard currency, contributing at least 60 percent.

Oil generated over $70 billion in 2018 and then plummeted to $13 billion in 2020, as oil exports collapsed, reaching between 133,000 barrels per day to 400,000 barrels during 2020, down from 2.5 million barrels per day in the past.\(^{(157)}\) This decline was a direct reason for the country’s economic recession, and deepened the budget deficit, causing government spending to decline, as Table1 highlights.

A host of reasons combined with one another leading to this decline, including the continuation of the US embargo on Iranian oil exports, the decline in demand for oil and its derivatives as well as the decline in global energy prices due to the lockdowns driven by the coronavirus pandemic. In addition, there was a decline in Chinese demand, the biggest buyer of Iran’s oil. This forced Iran to stockpile its oil in warehouses inside and outside the country and on floating oil tankers.

4. The agricultural sector represents the pillar of any society in general and is critical to the Iranian economy in particular. It is a very important sector as it ensures food security for more than 84 million people as well as ensuring the stability of the government and its pillars as it resists the economic embargo and the consequences of the consecutive sanctions since the 1979 revolution. Iran is self-sufficient in basic food items such as wheat, barley and rice and makes up for any shortages via imports or bartering with countries such as Russia. It also exports various agricultural items, but this self-sufficiency has not prevented the surge in food prices, as we will detail later in the section related to inflation.

We conclude that the convergence of a host of challenges such as the spread of the coronavirus pandemic, the sanctions on the banking and oil sectors and other accumulated problems led Iran to experience an economic depression in 2020, the harshest over the last three decades.
Although Iran’s GDP is the second largest in the Middle East, its growth is not proportionate with its population growth. Also, its GDP per capita is still less than the average compared to other Middle East countries, even declining from its rate reached 10 years ago.

The US sanctions targeting Iran’s industries such as oil, petrochemicals, and mines, in addition to the decline in Chinese demand for oil, succeeded in deepening the country’s economic depression and obstructing its engines of growth like government and private spending and exports. However, the agricultural sector is still the pillar of the Iranian government as it has allowed it to reach a satisfying level of self-sufficiency to counter the US embargo. In addition, the IRGC involvement in smuggling has aided this end.

2. Indicators Point to a Direct Impact on Societal Welfare

A set of macroeconomic indicators directly impact societal welfare if they undergo a change, such as changes in inflation, unemployment, and currency exchange rates. This is in addition to the Human Development Index (HDI), which measures key dimensions of human development.

The HDI is a new criterion to compare Iranian quality of life with other countries. It considers the individual share in the national income, life expectancy, and education.

Iran came 70th out of 189 countries worldwide, and much lower when compared to some of its neighboring oil-rich countries such as Saudi Arabia and the UAE, which came 40th and 31st respectively. The determining criteria leading to this significant difference was the low-income levels of Iranians in comparison to the citizens of the other countries. Iran has positions approximate with the Gulf countries in terms of life expectancy and education.

Studies reveal a sharp decline in Iranian income levels over the past years. After eight years of the tenure of President Hassan Rouhani, Iranian income levels declined by one third, or 34 percent compared to the period before Rouhani took office in 2013.

A study carried out by a host of Iranian economists at the Institute of Research in Management and Planning of Energy highlighted that by the end of 2020 the purchasing power of rural dwellers declined to the levels witnessed in 1989 while the income of urban dwellers rose to the level posted in 2001. The main reason behind this decline was the government’s financial policies and ongoing inflation.

As for the developments regarding inflation, which has the biggest impact on societal welfare, we find that the previous year’s scenario was repeated once again. The economic depression was accompanied by high rates of inflation, known as stagflation during 2020. The inflation rate reached at least 35 percent, with far higher rates for food items. This rate coincided with a negative economic growth rate, as we indicated earlier.

This created a tough economic situation for both the government and
individuals. Costs rose, job opportunities and incomes declined on the one hand, while prices surged, and purchasing power declined on the other hand. The most burdensome for the Iranian people was the surge in the price of food, medicine and rent.

The Iranian people suffered because of soaring prices throughout the year, especially with the price of food, drink and housing increasing. The prices of imported goods rose by nearly 70 percent. These goods vary, starting from food items, production supplies, and even automobiles and industrial machinery. The price of a residential square meter in Tehran increased by 86.5 percent during the summer of 2020, compared to the same period of the previous year, according to the Statistical Center of Iran.\(^{160}\)

Despite the government’s announcement that it seeks an inflation rate of 22 percent by the end of the year, this objective was unrealistic. The reality was far different from this figure, due to the convergence of several factors:

1. The severe dollar shortage in the black market by more than twofold in a single year, with the public turning out to buy it, reflecting their negative outlook.
2. The decline in the supply of goods and services due to production gaps and the outbreak of the coronavirus pandemic, which caused prices to surge. This also was reflected in the sharp decline in the import of goods and services by 28.5 percent.
3. The government’s injection of liquidity into the economy on an excessive scale that surpassed 36 percent in one year.\(^{161}\) This was done to cover the budget deficit and declining revenue levels.
4. The IRGC–linked companies vying with the importers of basic items in using a special financial transaction system set up by the Central Bank of Iran (CBI) for Iranian entrepreneurs to exchange foreign currency at lower rates. The system is locally known as NIMA (Iran’s domestic Forex Management Integrated System).

A report published by Fox News highlighted that the CBI helped companies linked to the IRGC and Quds Force to acquire foreign currencies primarily allocated to local companies, which import food and medicine at lower rates via the NIMA system. These dealings in hard currency were not exposed because they are conducted in the midst of a huge number of financial transactions in small sums, hence they are insufficient to be tracked by anti-money laundering systems, which gives the CBI an opportunity to deny knowledge of the matter.\(^{162}\)

This means that the CBI is probably involved in increasing the inflation rate instead of countering it and aggravating the suffering of poor Iranians instead of supplying food and medicine at affordable prices for millions of Iranians. Perhaps the CBI Governor Abdul Nasser Hemmati and even President Hassan Rouhani may stand trial one day, making them scapegoats for supporting and financing the militias linked to the IRGC overseas. The CBI governor and the president’s potential involvement here refutes the claims of the reformists about their desire to curb the economic activities of the IRGC.
The sharp fluctuations in the exchange rate was one of the factors stimulating inflation throughout the year and impacted the living standards of the Iranian people. These changes were always linked to geopolitical and economic events and developments in the region and inside Iran. These events included the killing of Quds Force Commander Qassem Soleimani and others in January 2020, the Financial Action Task Force’s blacklisting of Iran in February, the International Atomic Energy Agency (IAEA) calling on Iran to cooperate and allow it to inspect the suspected nuclear sites in June and Washington’s announcement in September that past UN sanctions on Iran were fully reinstated as the snapback mechanism was activated.

The prices of foreign currencies interacted with these events from the beginning of the year, especially the dollar, as the most traded currency globally. As shown in Figure 2, the price of the dollar began to gradually rise from the beginning of the year after the killing of Soleimani, reaching its peak in October of the same year at nearly 32,000 tomans per dollar following the activation of the snapback mechanism. The increase exceeded 146 percent as the average price of the dollar reached 13,000 tomans per dollar on the black market.

Hence, the Iranian currency, the toman, reached its lowest level on record before it slightly rose by the end of the year, reaching 26,000 tomans per dollar. This means it lost nearly half of its value in a single year.

As for unemployment, the spread of the coronavirus pandemic significantly impacted employment, particularly following the lockdown implemented across the country as of March 2020. The number of Iranians unemployed increased significantly, with the services sector hit the hardest, particularly the tourism, restaurant, transportation and other economic sectors. In general, the
IRANIAN ECONOMY IN 2020

- 1.3% Population growth
- Official currency: The toman/one dollar equals 26,000 tomans/according to the exchange rate on the free market by year-end
- Population distribution: 75.5% live in urban areas
- Population: 84.4 million people
- GPD per capita: $7.2K per year
- Total Gross Domestic Product (GDP): 610 billion
Geographical area: 1.6 million sq km
Unemployment rate: 20%
Inflation rate: 35%
Trade balance: -$3.1 billion
Budget deficit: 9.5%
Foreign debts: 8.6 billion
Foreign exchange reserves: $8 billion (estimates)
Economic growth rate: -12%
Human Development Index: 70 out of 189 countries

Sources: International monetary Fund, World Economic Outlook (October 2020), Economic Indigence Unit, Iran (December 2020), World meters, Bonbast, Iran Statistical Center.
unemployment level during the third quarter (June–September) of the year was 18.5 percent according to the Statistical Center of Iran, the Parliament’s research arm. (164)

It is a significant figure, which indicates that several million people are unemployed. The rate of unemployment among Iranians holding higher education certificates rose by more than 40 percent. This prompted many educated Iranians to leave the country, or what is known as “brain drain.” Iran is ranked among the leading countries in terms of losing efficient individuals and forcing them to leave the country.

In a recent opinion poll conducted by the well-known research institution Gallup, 44 percent of the respondents said their living conditions were worsening, the highest percentage since Gallup began to survey Iranian public opinion 10 years ago, in 2011. Meanwhile, 42 percent of the respondents said conditions were improving (see Poll 1). Nearly 50 percent of the respondents expressed their lack of confidence in the local government. (165)

Meanwhile, another poll conducted via telephone by the Center for International and Security Studies at the University of Maryland, using a sample group of nearly 1,000 Iranians in October 2020, showed that 72 percent of the respondents were pessimistic about the direction of Iran’s economic situation, (166) the highest level of pessimism in five years.

Poll 1: Iranians’ Views on Their Standard of Living (2011-2020)
According to the foregoing, we conclude that the Iranian people are facing increasing pressures that could impact their mental health and sense of security. This is in addition to declining societal welfare, slumping to levels lower than those reached eight years ago even if welfare is looked at from the angle of income levels only.

The decline in the value of Iran’s national currency by half, the nature of the financial policies pursued by the government leading to excessive liquidity, production plummeting, and inflation rates rising, particularly prices of food items and rent, played a pivotal role in perpetuating the suffering of the Iranian people, especially the poorer segments which make up at least half of Iranian society.

The rates of unemployment are still high among educated Iranians. Therefore, it is no surprise that the brain drain and the bleak outlook will continue. The spread of the coronavirus pandemic contributed to rendering hundreds of thousands unemployed, as it impacted the biggest employer of Iran’s labor force, the services sector.

3. The Developments Regarding Foreign Trade and Exchange Reserves

Foreign trade is important for Iran as it is an important means to secure hard currency in light of the decline in oil exports, the main source of hard currency, to less than 300,000 barrels per day. Hence, Iran sought to increase its trade as much as possible to its neighboring countries such as Iraq, Afghanistan and Central Asia via different trade blocs while strictly controlling imports through banning the import of thousands of items, and increasing dependence on China, Iran’s most important commercial ally. This is in addition to resorting to primitive methods of trade such as bartering and using local currency instead of the dollar with Russia and India in light of the difficulty in conducting financial transactions with Iran after the FATF blacklisted the country as well as the fear of international companies about dealing with Iran, even in the fields exempted from US sanctions such as drugs and agriculture.

For the first time in many years, specifically since 1998, the Iranian economy is experiencing an unusual situation. This comes as Iran failed to increase its exports over imports; i.e., posting a surplus in its trade balance. Iran’s trade deficit estimated at the end of 2020 was roughly $5.5 billion after its total exports were estimated at $34.5 billion and its total imports at $40 billion, down from $98 billion and $75.5 billion respectively in 2017.

Therefore, this historic trade deficit aggravated the erosion of foreign exchange reserves on an unprecedented level in an oil-rich country like Iran.

Although the total foreign exchange reserves remain unknown because they have not been officially announced, there are different estimates clarifying the extent of the damage caused. The IMF estimates that foreign exchange reserves fell to less than $9 billion in 2020, down from nearly $122 billion in 2018. This
is a collapse in every sense of the word for an oil-rich country, if the reserves are compared to other oil-exporting countries such as Iraq and Saudi Arabia, or even to oil-importing countries such as Egypt (see Figure 3). The estimates disclose that the Iranian government lost more than 90 percent of what it has long been accumulating in just two years. It should be noted that Iran has frozen assets around the world amounting to tens of billions of dollars, which are inaccessible due to US sanctions.

![Figure 3: Gross Official Reserves (Billions of USD/2000-2020)](https://bit.ly/3oS4CZt)

On the other side, this unprecedented trade deficit was one of the reasons behind the collapse in the value of the Iranian currency, the rise in the foreign exchange rate, the shortage in production supplies and the surge in the inflation rate as indicated before. Hence, both the economy and society in 2020 faced severe losses; this is what Rasanah’s 2019 Annual Strategic Report had indicated.

According to Rasanah’s report, the trade decline will impact both the Iranian government and society in the future as it means losing a major economic growth incentive; a decline in customs revenues; and a decrease in foreign exchange reserves available for the government. The report also stated that Iranian society will lose part of its welfare and basic assistance coming from abroad.
The scenario we laid down in the 2019 report came true, and it is likely to be repeated on a harsher scale in case the external impacts and the internal policies leading to this predicament do not change.

Despite US sanctions, five countries occupy a luminous position among Iran’s nonoil foreign trade destinations. Iran relies on them for importing its basic needs or exporting Iranian nonoil products. They are China, the UAE, Iraq, India and Turkey. According to the tallies of the Iranian Customs Administration on the most important countries receiving Iranian exports during the period from April to October 2020, Iraq and China shared first place. Petrochemical and agricultural exports are among the most important Iranian exports. The two abovementioned countries were followed by the UAE, Turkey and Afghanistan. As for the countries from where Iran receives its imports, they were respectively: China, the UAE, Turkey, India and Germany. (See Figure 4)

This ranking shows that most of the European countries are no longer on the list of Iran’s trade partners due to US sanctions, with China keeping its standing as Tehran’s most important trade partner (oil and nonoil items) even in light of the sanctions.

This is added to Iran’s attempts to advance its efforts to deepen commercial and economic partnerships with the Central Asian countries in general and some of them in particular, in a selective manner. It is an old policy pursued by Tehran which has sectarian, economic and political considerations.\(^{(168)}\)

But these countries have become important over the past two years as Iran tries to mitigate the impact of US sanctions and exploit the opportunities on offer with some resource rich countries like Azerbaijan.

Moreover, Tehran has a desire to wrest economic control over some neighboring countries, especially those that lack a lot of industrial products, such as Afghanistan or Iraq, through shackling them with debts in return for exporting vital Iranian commodities or services such as gas and electricity. These exports were used as a lever to impose political pressure on the abovementioned countries on many occasions.
In addition to being the most important trading partner for Iran over the past 10 years, China strongly emerged on Iran’s economic landscape in 2020. This came after the signing of the so-called “Comprehensive Strategic Partnership” between Iran and China, which includes long-term alliances and investments between the two countries estimated at more than $400 billion over 25 years. The partnership covers the ever-important military, security and economic spheres which are highly diverse and ensures that China will continue to buy Iranian oil. In addition, it will facilitate the transfer of money between the two countries as well as the business of Iranian traders in China. According to the partnership, China will be connected to Iran and Central Asia via rail networks. Other declared provisions of the partnership relating to China are discussed later in “China–Iran Relations” in the *Internal Affairs* file. Though China did not officially comment on the partnership or deny it, the worrying issue in fact is the leaked reports regarding the confidentiality clauses\(^{(169)}\) of the partnership in the economic fields, which pose a genuine threat to Iran’s neighboring countries in case they are implemented such as:

1. China changing the course of the Silk Road and allocating trillions of dollars to this landmark trade road to pass through Iran instead of the Arabian Peninsula.
2. Extending a gas and oil pipeline from southern Iran to the Mediterranean to be connected to Banias port in Syria and Lebanon’s Tripoli port.

3. Cooperation with Russia to connect the Sea of Oman and the Arabian Gulf with northern Europe via Azerbaijan, Russia and the coast of southern Iran via the Baltic Sea.

4. Allowing Iran to build oil warehouses on Chinese territories and stockpiling and even re-exporting its oil freely and without paying taxes.

There is no doubt that these provisions are dangerous if their accuracy can be confirmed because they negatively impact the Arab countries. Some of the provisions intend to marginalize the position of the Arab states in relation to international trade by excluding them from the Silk Road. This project run by China has a promising economic future and is expected to control international trade in the future.

Over the course of history, this road had passed through the Arabian Peninsula, starting from the cities located in present-day Saudi Arabia such as the ancient Gerrha in Eastern Arabia (the present-day al-Hasa province) to the Sultanate of Oman, Yemen, and the cities on the western coast of Saudi Arabia such as Mecca, Medina, Jeddah and even the city of Alexandria located in Egypt.\(^\text{(170)}\)

It was an important source of livelihood and survival for millions of people. Such partnerships will reduce Iran’s dependence on the Strait of Hormuz located in the Arabian Gulf and increase the likelihood of Tehran shutting it down, as it has repeatedly threatened to do. In addition, it will slash the Suez Canal’s revenues, turn Iran into a competitor for the Arab states in relation to exporting gas to Europe and render any international sanctions on Iran regarding its terrorist activities ineffective. This means increasing the security challenges facing the region in case these clauses have been accurately reported.

In conclusion, Iran’s continued commercial dependence on allies like China and the UAE while losing old allies such as most of the European countries, strengthening commercial dealings with neighboring and Central Asian countries as well as sometimes using transactions to exert political pressure, did not prevent a significant decline in Iran’s overall foreign trade throughout 2020. Moreover, a historic trade deficit was posted, the biggest since 1998 in addition to the collapse of foreign exchange reserves to $9 billion only, a disastrous figure for an oil-rich country with a population of 84 million. Even nonoil countries such as Egypt possesses reserves that are greater than that of Iran. To find a way out of this economic dilemma, Iran officially announced in media outlets its landmark partnership agreement with China — which aims to support trade and investment and export oil via China. However, this agreement has negative implications for the Arab region, in case the veracity of its confidentiality clauses are confirmed. China has neither confirmed nor denied the signing of this partnership.
4. The General Budget’s Trends

An analysis of Iran’s financial performance reveals a host of issues, including the financial situation of the Iranian government, the financial policies pursued, spending priorities, the ways of securing financial resources and their sustainability.

At the outset of the fiscal year, the approval of the 2020–2021 budget was an exceptional development as the Guardian Council approved it, not the Parliament— which approves the budget before March 21 every year.

The Parliament rejected the budget bill introduced by the government several times, citing it as unrealistic. Parliamentary sessions were subsequently suspended after several lawmakers contracted the coronavirus. Hence, the supreme leader ordered the bill to be referred to the Guardian Council, where half of the members are directly appointed by the supreme leader, which finally approved the budget.

The main difference between the Parliament and the government is that: the government exaggerated expected oil or tax revenues without taking into account the embargo placed on Iranian oil exports or the impact of the coronavirus or the banking sanctions on local businesses and companies.

The following points neatly sum up the features of the government’s budget for 2020:

1. The budget’s real value declined compared to the past year if we consider that the inflation rate surpassed 35 percent in 2020 and the local currency lost half of its value. The operating budget grew by only 24 percent, a percentage less than the inflation rate. The total operating budget reached 596 trillion tomans ($142 billion according to the official exchange rate or $36 billion according to the exchange rate on the free market, which reached at that time 16,500 tomans per dollar.)

2. Most of the spending is dedicated to operating and military expenditures: over 77 percent of the budget was allocated to cover salaries, pensions, subsidies and the running and operating costs of government facilities, including 25 percent allocated to the military and security establishments alone, or nearly 117 trillion tomans while 27 percent of the budget was allocated to cover the other sectors, except the health sector, as shown in Figure 5.

3. A severe shortage in sources of revenues, with taxes and the sale of bonds the main means to gather much needed revenues: the government planned to secure one third of the new budget’s revenues through tax collections to make up 33 percent alone. The rest was to be secured by transferring financial assets such as selling shares, bonds, and government assets (13 percent of the government budget) and withdrawing from the National Development Fund (at least 5 percent amid low forecasts regarding the sale of oil by nearly 48 trillion tomans ($11.4 billion per year compared to over $60 billion per year in previous years).
4. The continuation of the government’s unrealistic approach towards revenues: the government had raised its expected tax revenues in the 2020 budget by an increase of 23 percent compared to the previous year (2019). But, the country witnessed the unexpected health pandemic: most of Iran’s economic activities were suspended due to the coronavirus outbreak, and the government faced by the end of the year a deepening budget deficit as it collected only half of its forecasted tax revenues.

5. Exceptional spending to combat the coronavirus pandemic: up to 20 percent of the budget was allocated to combating the coronavirus pandemic and its consequences, including the provision of concessional loans for companies and businesses, cash subsidies for nearly 4 million families hit by the crisis and daily wage workers, deferring the payment of taxes and the funding of public facilities. In addition, the government met the healthcare expenses of 90 percent of those infected by the virus who did not have the means to pay for healthcare. This increased the budget’s expenditures, without having equivalent sources of revenues in return.

6. Excessive dependence on the stock market and causing a financial bubble: the government decided to finance part of its budget via selling government assets on the Tehran Stock Exchange in August. The value of the stock exchange doubled extraordinarily several times on a staggering scale for a country suffering from sanctions and severe depression. This led to a surge, causing the bubble to burst which resulted in a historic collapse of the stock exchange on December 14, 2020, in what is known as Black Monday, which destroyed the savings of thousands of small shareholders.
The budget deficit surged as a result of the collapse of oil and tax revenues compared to what was forecasted in addition to the increase in expenditures. The budget deficit is estimated to reach 9.5 percent of GDP or nearly $58 billion by the end of 2020, according to estimates by the International Monetary Fund. The government had no option but to search for a way to cover its expenses. Sometimes it resorted to the stock market to sell the so-called oil shares and justice shares to the Iranian people, selling bonds, withdrawing from the National Development Fund, or taking foreign loans on other occasions. The deficit still exists and is a pressure on the Rouhani government to find new sources of financial revenues.

It is likely that the government, during the remaining period of its tenure in office, will seek to fund the deficit through selling assets, borrowing from local
banks and continuing to increase liquidity levels exceeding the economic growth rate. By taking these measures, the government simply postpones resolving its economic problems, i.e., it has resorted to finding a temporary solution to the problem by securing financial resources. Thus, the Iranian people will later face much higher levels of inflation. The next government will find itself committed to paying future debts — which it has nothing to do with.

As for the new budget bill for 2020/2021 introduced in the Parliament by the government in December 2020, it is expansionary and expenditures increased by at least 43 percent, with doubled dependence on oil sales as the budget relies on these sales to secure 40 percent of its revenues or equivalent to exporting 2.3 million barrels per day.\(^{(172)}\) Hence, the government will face challenges to secure funds to finance its economic plans in case the sanctions remain in place.

This budget bill reflects the government’s optimistic economic outlook with the Trump administration leaving the White House and Joe Biden’s administration taking over. Iran’s optimism might turn out to be a financial nightmare for the new government if the plans of the Rouhani government do not materialize; the budget for 2021–2022 was prepared according to the Rouhani government’s views. The second part of The Economic File reviews the future of the Iranian economy, considering local and global developments, which will significantly impact it.

II. The Future of Iran’s Economy in Light of Local and Global Changes

At the outset, we would like to point to the previous forecast issued by Rasanah in 2019. Most of it proved to be true in 2020, some of the forecasted scenarios did not happen, while other forecasts need more time to materialize. The forecast which did prove to be true was the government’s financial and economic crisis reaching its crushing peak in 2020. This appeared in the growing budget deficit, the rapidly declining foreign exchange reserves, increased borrowing, quantitative easing, the inability to contain inflation or improve the day-to-day living conditions of the Iranian people.

This is in addition to the failure of the economy to post growth rates throughout the year and the economic and living situation plummeting to dangerous and unprecedented levels while searching for new tools to circumvent sanctions. All these developments occurred in 2020 and were discussed in previous axes within this report.

Meanwhile, the Iranian pressure on the Europeans to implement effective mechanisms to circumvent sanctions failed. However, Rasanah’s forecast on Iran searching for alternative methods to circumvent sanctions via neighboring countries like Iraq and increasing dependence on neighboring countries and the Central Asian countries turned out to be correct.

As for the possibility of the Iranian system enduring for a long time in the face of sanctions, last year’s report expected that this would be difficult to happen, with the Iranian government preferring the option of reaching an agreement
with the new US administration which includes even a partial lifting of sanctions, particularly those targeting its oil exports. So far, it seems that assessing the likelihood of Iran’s endurance in the face of US sanctions needs more time in order to ascertain whether Iran will adopt the same approach of 2020 — however 2021 will be a sufficient period to know the answer.

As for the future of Iran’s economy in light of local and global changes throughout 2021, we adopt the scenario analysis approach, concluding the most likely scenario. There are three likely scenarios as follows:

1. **An Imminent Economic Breakthrough and Boom**

   This optimistic scenario presumes a major improvement in the Iranian economic situation in 2021. It is adopted by a vast segment of analysts whether inside or outside Iran and even by the Iranian government itself, which assumes in its budget bill for the next year that oil revenues will double, and 2 million barrels will be exported. Hence, we forecast an economic boom after a long recession, which includes a strong economic comeback for the first time since 2018, the resumption of oil exports, a boom in foreign trade and investments and an improvement in the living conditions of the Iranian people. This optimism is due to two reasons:

   A. The increased chances of reaching an agreement between the Iranian governments crippled by US sanctions, especially at the popular level, and Biden’s administration, which does not want Iran to develop a nuclear bomb. This is in accordance with the remarks made by Biden to The New York Times. He hinted that such a development is the last thing we need in this part of the world.

   Under a new deal, the sanctions on the banking sector and the ban on oil exports will be lifted and the Iranian economy will bounce back at a very rapid pace as was the case in 2016 when the economic growth rate shot up to 12.5 percent, inflation declined to single digit and the government’s treasury was filled with billions of dollars from exporting oil.

   B. The end of the economic fallout from the coronavirus pandemic due to decreasing infection rates and deaths, lifting restrictions on movement and finding an effective vaccine. Hence, the prospects for growth in vital economic sectors such as services, exports and tourism will be enhanced.

2. **New Crises that Further Complicate the Economic Situation**

   As opposed to the first scenario, the pessimistic scenario presumes that the economic situation will continue to decline and head towards more complications at the public and private levels, especially when it comes to the government’s financial position. The government will experience a deepening financial deficit to extremely dangerous levels, as a result, foreign exchange reserves are likely to plummet. This is in addition to prices soaring at the popular level, which shall be exacerbated by supply shortages and the government continuing to inject liquidity to cover the budget deficit and the shortage of revenues. This is in addition to the
mounting disagreements with the new US administration.

In general, a highly tense atmosphere may prevail leading to protests, violence, and civil unrest in response to worsening living conditions.

A. This scenario is backed up by a domestic political variable; the possibility of a radical Iranian government being elected which refuses to hold negotiations with the Biden administration on the contentious issues to lift the sanctions. The most salient potentially contentious issues include: the Iranian missile program, stopping the Iranian sponsorship of militias that undermine stability in the region, and stopping Iran’s so-called policy of resistance. The hardliner-dominated government will probably fail to reach an agreement with the United States, so Washington, in return, will continue or escalate sanctions.

Khamenei views the US Democratic and Republican parties through the same lens, believing that their intentions towards Iran are the same: destroying Iran, toppling the government and its figures and continuing the series of sanctions in place since the establishment of the Islamic Republic in 1979.\(^{(173)}\)

B. Iran insisting that sanctions are lifted on the companies linked to the IRGC which operate in spheres vital to the government such as petrochemicals, automobiles, and maritime shipment. This is added to the recent killing of the Iranian nuclear scientist Fakhrizadeh in the same year in which Qassem Soleimani was killed. Maybe this will push the radical movement to be more intransigent during the potential negotiations with Biden’s administration, thus diminishing the chances of reaching an agreement leading to sanctions relief, and perhaps there will be more sanctions.

C. The radicals’ welcoming of IRGC activities at home and overseas, including its economic activities. Moreover, the radicals believe that the continuation of US sanctions, especially those imposed on the banking sector – despite crippling the overall economy – support the businesses, commercial activities and the domination of the IRGC over the Iranian economy, thus securing financial resources to finance the objectives of the Iranian government such as expanding its influence across the region.

The chances of electing a president aligned with the reformist movement are diminishing after the decline of President Hassan Rouhani’s popularity who concluded the nuclear deal in 2015 for several reasons. These include the protracted economic depression, soaring prices, and the crackdown on protesters in late 2019 following the government’s decision to lift fuel subsidies. Thus, this increases the likelihood of the radical movement taking over the decision-making centers in Iran, including the government, the Guardian Council and the Parliament, which it won overwhelmingly via the February 2020 election.

3. Limited Improvement
This is the likeliest scenario based on our forecast for the economic situation in Iran in 2021. This scenario forecasts that we will not be surprised by a considerable
improvement in the economic or living conditions during 2021 as many expect, and as the first scenario suggests with the Biden administration taking over in Washington. Furthermore, the internal situation will not slide into further chaos and economic collapse, as the second scenario suggests. But it is likely that the economic situation will be within the limits of the two previous scenarios during 2021.

In other words, it is likely that the first half of 2021 will be a period for exploring US–Iran relations, so there will be no tangible economic developments. During the second half of the year, the Iranian economy will witness limited improvements (general indicators) in case sanctions are lifted even partially. This improvement will somewhat reduce the pressure on the government’s position, while the pressure at the popular level will continue. The new government will tend to pursue more popular policies to gain popular support. Hence, we could see limited positive economic growth after two years of negative growth, an improvement in the balance of payments and a palpable increase in oil exports. Meanwhile, crises like the budget deficit and inflation will remain at high levels, causing a burden for both the new government and the Iranian people. Poverty is likely to worsen.

But this scenario depends on an important variable; the economic rationality of Iran’s decision-makers. This means that they must be aware of the danger posed by the current economic situation to the stability of the Iranian street and even to the political system itself. Thus, Iranian decision-makers should act according to a rational pragmatic perspective, which finds solutions for the country’s economic woes before the Iranian people reach their maximum agitation against their government.

Diminishing internal pressures is significantly related to lifting the sanctions
and making concessions during negotiations with the US administration while avoiding past mistakes, such as betting on the street’s patience and tightening security control.

Based on the foregoing, this scenario depends on some factors:

A. The possible delay of negotiations between Iran and the United States to the second half of the year. It is not on the cards that the supreme leader will allow Rouhani to resume negotiations which could make gains for the reformist movement again, which means preferring to wait until after a new government takes over in August 2021, which will likely be headed by a president affiliated with the radical movement. This is in addition to the two sides’ reservations about starting negotiations and setting preconditions.

In addition, the US variable has a major role in the potential delay. The new US administration under Biden will be busy addressing the ramifications stemming from domestic political developments, especially combating the coronavirus pandemic and its economic fallout amid signs of a second wave of the virus.

After former President Donald Trump’s supporters stormed Capitol Hill, it is likely that the Biden administration will focus on healing internal divisions, imposing internal security and improving the system’s shaken image.

On the other side, there are signs of the Europeans welcoming a new nuclear agreement to address their concerns, especially when it comes to Iran’s missile program, with the possibility of the United States allowing regional countries to partake in the new agreement with Iran. Therefore, the mentioned variables could delay negotiations. If an agreement is reached, though partial, we could witness a significant improvement in some Iranian economic indicators, as previously stated.

B. The existence of other global variables are likely to mean that Iran’s economic problems will continue even if sanctions are eased or totally lifted. Some of these global variables are short term, such as a decline in global demand for oil and a collapse in its price, as well as a decline in the price of petrochemical and mining products. This will impact Iran’s budget deficit and the exchange rate.

There is a significant internal variable related to the economic direction of the radical current in case it assumes the presidency, which inclines towards populist policies such as distributing money, injecting liquidity instead of increasing production, and raising slogans such as “bringing oil to the dining table of every Iranian” which was raised by Ahmadinejad and later caused a record surge in inflation resulting in the suffering of the Iranian people. It is not ruled out that the radicals will repeat the same policies without considering the economic consequences or the impact on living conditions. The economic fallout from the coronavirus pandemic will be ongoing in 2021 despite being less severe compared to the previous year. This is because the Iranian government failed in securing loans from international financial institutions to counter the pandemic.
For the long term, i.e., beyond 2021, it is not likely that solutions will be found to many of Iran’s economic problems, especially those impacting living standards because there are structural hindrances/imbalances preceding the sanctions imposed by the former US president. These include the decline in economic freedom, economic decisions aligning with ideological and military considerations, exploiting the economy for ideological purposes (the influence of Iran’s ideological doctrine on the economy), growing corruption and many other hindrances/imbalances related to growth and sustainable economic development previously addressed by Rasanah in its past studies.\(^{(174)}\)

The new Iranian government will inherit these hindrances/imbalances and there is no possibility for these to be corrected, hence undermining the growth of an economy which is rich in natural and human resources. It is an economy that needs to rebound, requires effective management of the country’s resources and for revenues to be directed to the home front. This is in addition to reconciling with the international community and neighbors as well as giving precedence to economic interests over ideological ambitions.

**Conclusion**

All economic performance indicators continued to deteriorate in 2020 for the second year in a row. But this year saw more deterioration compared to the past year due to the convergence of dangerous factors, such as US sanctions coupled with the outbreak of coronavirus, the pursuance of the wrong policies and structural problems. Therefore, we have seen a record deterioration in relation to most of the country’s economic indicators such as a decline in economic growth rates, a deepening budget deficit, rising inflation rates, an increasing trade deficit, and declining foreign exchange reserves. In addition, living standards declined because income levels dropped to those posted 10 years ago.

These challenges will force the Iranian government to seek to end the most important influencing factor: US sanctions. Although the United States failed in changing the government, it caused the government to face embarrassment at home and suffer economic deterioration for years. Hence, the lifting of sanctions will remain an objective for Iran’s decision-makers although they will continue to hide behind slogans like “the resistance economy” to save face. However, it is not expected that relief from sanctions will magically solve many of Iran’s economic problems in 2021, as was the case in 2016. There are too many different political and economic variables, whether inside or outside Iran impacting the economic front. These variables will have a role in shaping the future of Iran’s economy. Hence, we could see a limited improvement regarding Iran’s macro indicators. But at the level of the Iranian people, more time will be needed to see if past mistakes and structural hindrances/imbalances are rectified, with the latter not limited to sanctions only.
The Military File

Introduction

Through analyzing Iran’s military performance during 2018, 2019 and 2020, this file notes Iran’s growing military presence and influence abroad during 2018 and 2019. Despite the severe economic and political pressures on Iran, the trajectory of Iran’s military performance in 2020 shifted in comparison to 2018 and 2019; Iran faced surprises that embarrassed it on both domestic and foreign levels. In early 2020, the Quds Force Commander Qassem Soleimani was targeted in Iraq, weakening Iran’s foreign military projects – which Soleimani spearheaded—the impact of Soleimani’s killing may be felt for a long time. Moreover, Iran’s military performance suffered embarrassing errors, such as when the IRGC air defense forces shot down a Ukrainian civilian plane, killing 176 innocent people. In addition, an Iranian naval destroyer targeted another ship with friendly fire, while some military and nuclear facilities were exposed to a series of harsh attacks. Iran did not disclose details about the attacks.

Despite the IRGC’s announcement that it launched the Noor-1 satellite, and the Trump administration’s failure to convince the United Nations Security Council (UNSC) of its proposal to extend the arms embargo on Iran, which Iran’s President Hassan Rouhani believed was “a victory of the Iranian nation and a shameful defeat for the United States.” The US escalation against Iran is continuing because of Iran’s defiance. The United States announced that it will impose sanctions on any country or entity that violates the UN arms embargo on Iran. Washington said that this embargo would remain in place and would not expire in October as stipulated in the JCPOA. However, Iran has attempted to overcome international isolation through establishing new alliances and conducting military exercises.
with nations that are adversaries of the United States. Further, the targeting of its major nuclear scientist, Dr. Mohsen Fakhrizadeh, resulted in the country’s political leadership facing embarrassment at both domestic and international levels, thus making the country’s overall 2020 military performance poor and bitterly disappointing to the political elite.

The Military File of 2020 reviews the most prominent features of Iranian activities and their strategic impacts on Iran, its neighbors and the international community in general during the last 12 months. The first topic of this file discusses the resolution of the Azeri–Armenian conflict and its military and strategic impacts on Iran. The second topic analyzes the restructuring of Iran’s military (effective and small-movement ground forces). The third topic reviews Iran’s military alliances and their implications. Finally, the file discusses the future of Iran’s military activities in 2021.

I. The Resolution of the Azeri–Armenian Conflict and Its Military and Strategic Impact on Iran

Through Russian mediated diplomatic efforts, 44–days of conflict between Azerbaijan and Armenia over Nagorno–Karabakh (or Artsakh as known in Armenia) ended. It was difficult for Armenia to maintain the capital Khankendi (known in Armenia as Stepanakert) after losing the strategically and politically key town; Şuşa (Shushi), in the disputed Nagorno–Karabakh region due to the siege by Azerbaijan’s troops.

1. The Geopolitical Implications of the Conflict

New developments and different strategic realities emerged with the deployment of about 2,000 Russian soldiers, and Armenia returning areas under its occupation to Azerbaijan. Since the residents of the capital Stepanakert, are of Armenian descent, Azerbaijan agreed to allow access to the regional capital via a 5–kilometer corridor called the “New Lachin Corridor.” The corridor provides Azerbaijan with a great advantage to connect its mainland via Armenia with the territory of Nakhchivan and then to Turkey. With the participation of Turkish forces, Russian forces are responsible for peacekeeping along the corridor. The peace agreement included the withdrawal of Armenian forces from seven other regions of Azerbaijan near Nagorno–Karabakh by December 1, 2020, which Armenia had taken and held since 1994.(175)

Still, problems arose with Armenian settlers departing from the Nagorno–Karabakh region, and Russian forces taking over peace keeping duties in the region. Azerbaijan was alarmed about Russian peacekeepers possessing weapons, including high-firing Grad missile launchers, in light of Russia’s historically warmer relations with Armenia. Therefore, Azerbaijan called on Turkish forces to participate in the peacekeeping, specifically in the Joint Ceasefire Monitoring Center. Azerbaijan believes that the Turkish presence can help in establishing a
balance and paralyze any alignment between Russia and Armenia. According to the Kremlin’s Spokesperson Dmitry Peskov, The Turkish army will help to form the joint monitoring center. Baku could possibly provide Ankara with a military base to balance the Russian military base in Yerevan, to preempt any future scenarios. But this may not be on the table at least at the current stage. In this regard, the Turkish Parliament agreed to send forces within the peacekeeping mission to Nagorno-Karabakh.

For Iran, the new strategic reality along its southwestern border was somewhat unexpected, particular as Azerbaijan is a dominant neighboring country. In less than two months, the balance of power on the border front with Armenia has completely changed. During the second week of the conflict, Tehran began deploying forces along the recovered Azerbaijani borders, under the pretext of a self-defense strategy, in response to Tehran’s belief regarding the existence of “takfirist” fighters from Syria backed by Ankara.

2. The New Iranian Military Positions

Within weeks, the IRGC deployed the 25th Karbala Division of Special Forces, which covers Mazandaran province, and the 16 Armored Division of the Caspian Army in Jolfa, Khoda Afarin, Aslan Duz. Iran also activated the 31st Ashura Division in the border region, not only to monitor the border situation, but also to direct reinforcements. Iran also deployed hundreds of troops, equipped with nearly 200 (T-72M1) main battle tanks, BMP-2 infantry fighting vehicles, and surface-to-air missile air defense systems. The air defense system (domestically developed) Mersad 16 and Russian-made missiles were deployed in the northwestern borders near Qareh Baba village, in Iran.

3. Strategic Implications

Despite the conclusion of the peace agreement, it represents only a short respite giving Iran a chance to rearrange its cards and reduces the need to establish a buffer zone in Azerbaijani territories, but only for a short period. Moreover, Tehran will not be able to break the relationship between Israel and Azerbaijan, given Israel’s decisive role in securing Baku’s victory by supplying it with weapons. In addition, the repercussions of this war revived ethnic-national sentiments among Iranian Azeris, who represent the largest ethnic group in the country. The political risks of a local separatist group being revived became real, which could potentially receive support from abroad.

Iran had long suspected that Azerbaijan would one day become a base for Israel, allowing it to launch a preemptive attack on its nuclear and missile facilities. Baku could provide Tel Aviv with an intelligence center to eavesdrop on Iran secretly and regularly. Tehran was slow in adjusting its position and limiting Baku and providing it support, or adopting a neutral position that would allow cooperation with Azerbaijan in the future.
There is no doubt that the presence of Russian peacekeepers in Azerbaijan is negative for Baku, but it can act as a balancing factor against Iran. Moscow has proven itself to be an effective actor in keeping peace and stability in the Caucasus region, thereby ending the importance of the Minsk Group, which is concerned with the Nagorno-Karabakh conflict.

The victory of Azerbaijan in this war poses a threat to Iran from a military strategic perspective; Iran is always keen to strike a balance between Armenia and Azerbaijan, keeping them in engaged in conflict with one another. The success of Azerbaijan poses various challenges for Iran, particularly the Azeri desire for separatism. Moreover, the border area with Azerbaijan, which is pro-Western, increased, thus the Western and Israeli threat emerged on its northern borders. Perhaps Iran will try to influence Azerbaijan by exploiting the Shiite card and using cultural tools, but it will not be easy to win over the Azerbaijani people as the Nagorno-Karabakh conflict clearly exposed who are their friends and foes. It is also possible that the ramifications of what happened between Azerbaijan and Armenia will pose no significant threat to Iran due to the geo-economic and geopolitical importance of the Nakhchivan land link with Azerbaijan.

II. The Restructuring of Iran’s Armed Forces: (Effective and Small-movement Ground Forces)

The strategy of “forward defense” and “asymmetric warfare” brought interim successes for Iran, allowing it to avoid direct threats on its borders. The experience of the IRGC in the Syrian conflict and the losses of the Iranian Army in the Syrian battle gave the IRGC the justification to undermine the performance of the Iranian Army and criticize its lack of readiness.

1. The Impact of Threats and Economic Capabilities on the Military Structure

Iran's territorial borders had been relatively calm after the Iraqi army was dissolved, pro-Iranian governments came to power in the neighboring regions, and US forces withdrew from Afghanistan. It was important for Iran to reconsider the large military formations that were established to counter traditional opponents (regular armies such as the Iraqi Army). Despite the length of Iran’s land borders with its neighbors (Iraq, Armenia, Azerbaijan, Turkmenistan, Afghanistan, and Pakistan), they do not pose a significant threat to Iran in the near future, as did the Iraqi threat under Saddam Hussein for example. Moreover, Iran’s border regions with Pakistan do not hold vital importance for both countries. Therefore, these regions are unlikely to be hotspots for sparking an armed conflict leading to an all-out war between the two countries. The same case as the Iran-Pakistan one emerges on the borders with Azerbaijan, after the end of the armed conflict between Armenia and Azerbaijan over the Nagorno-Karabakh region. Consequently, the possibility of conflict emerging and developing into a traditional war with Iran is almost non-existent, and the rugged border areas,
makes the movement of regular forces exceedingly difficult. The case is also the same with Iraq, taking into consideration the country’s unstable conditions and pro-Iranian actors operating inside Iraq.

Iran’s internal discontent grew due to the deteriorating economic conditions resulting from the sanctions imposed on the Iranian political system. This recalls the demonstrations that took place against the political system in previous years. The eruption of such demonstrations makes Iran’s leadership concerned about any threat to its revolutionary political system. Therefore, the Iranian government promotes external threats to mobilize the Iranian people, diverting their attention from the country’s deteriorating internal conditions, and rehabilitates the army to contribute to strengthening internal security. The need for militia warfare seemed more suitable considering Iran’s military needs, than the need to mobilize regular forces with large organizational units including divisions and brigades. Iran recently wanted to divide its forces into factions and companies, or for maximum results, into battalions.

2. Objectives and Features of Iran’s Restructuring Plan for Its Ground Forces

Iran’s ground forces announced the completion of its restructuring plan — a plan that took three years to implement. It aims to convert the ground forces into small, fast-moving units, with a short chain of command. In accordance with this plan, the commander of the ground forces announced that the number of combat military bases increased from five to 12, and their combat and intelligence missions were placed directly under the supervision of the Regional Military Command in accordance with the new structure. (182)

A. Objectives of the Restructuring Plan

The plan to modernize Iran’s forces intended to speed up an earlier initiative called the Samen-ol-A’emeh Operation (Operation Eighth Imam), which was designed to simulate the US combat brigade concept, improve the flexibility and mobility of the army, and achieve better compatibility and integration to resist all forms of threats. The plan aimed to reorganize the large military formations of the Iranian army at the level of its divisions, numbering approximately 30 divisions, including many armed brigades (see Table 2), and divide them into smaller units; every division would contain three independent mobile combat brigades operating under a simplified chain of command. Moreover, the plan included the establishment of regional headquarters for the command of army units, each command unit included operational headquarters and the capability to make decisions (see Figure 1). This plan corresponded largely with the IRGC’s operational approach to decentralize its operations.

It is possible to delegate decision-making power to brigades through this formation; hence, enabling leaders in unconventional wars to make decisions and implement them quickly. (183) In this context, Iran attributes the success in shooting
down the US MQ-4C Triton reconnaissance drone by its air defense forces in June of 2019 to its flexibility resulting from delegating powers (command and control) to junior leaders. As a result, there is no need to wait for a long decision-making process that could delay Iran’s response to a threat. However, this flexibility has serious disadvantages due to a lack of oversight over command and control that may result in mistakes happening. This is what happened when Iran’s air defense units launched two missiles targeting a Ukrainian civilian airliner in early 2020.

Iran’s decision-makers restructured the army in accordance with a different military doctrine to achieve the following important goals:

1. Reduce the internal and external burden on the IRGC to safeguard the revolution and the political system. This is carried out by benefiting from the regular army’s human resources and capabilities, with the possibility of its weapons being used in accordance with IRGC tactics.

2. Remove the potential danger that the Iranian regular army might pose to the political system in case of internal chaos; it (the army) will probably clash with the IRGC. Reintegrating the regular army into military formations like those of the IRGC, and replacing some leaders positioned in the command centers of the regular army.

3. Adopt the IRGC combat style in terms of agility, stealth, and flexibility to respond to conflict variables on the ground.

4. Eliminate any overlap between the roles of the regular army and the IRGC and making their roles complementary to each other, in addition to addressing the imbalance in their capabilities which has occurred due to the state neglecting the regular forces.

5. Enhance the capabilities of the regular army to protect Iran’s borders and ensure the stability of the Iranian government considering growing internal threats. Historically, its role has always been limited to engaging in regular wars.

6. According to the army, this change will help it to develop its position from operating in the shadows and being quite marginalized into a strong force that takes its share from the funds allocated to the IRGC, which were previously solely utilized by the IRGC.

7. Remove military leaders who built their experience on traditional fighting strategies during the Iran–Iraq War, and appoint leaders who have the capability to work in accordance with the Iranian leadership’s vision and current security needs.

8. Flexibly deploy forces along Iran’s borders with its neighbors to curb any oppositional groups from penetrating the country’s borders.

In conjunction with the lifting of the UN arms embargo on Iran, and considering Iran’s security situation externally and internally, the military budget of some branches has increased significantly while decreasing for others. In general, the budget is still modest, considering the fact that most parts of the military system
require financing because they have been marginalized and neglected for years. In other words, the regular forces require ongoing financing to develop further. The salient observation in the 2020 budget is the increase in financing for both the army and the IRGC, although the latter still receives more than the regular army. What is also noted is the increase in support for the Research and Technology Center at the Ministry of Defense, with a 600 percent increase compared to the previous year. It is worth mentioning that the nuclear scientist Mohsen Fakhrizadeh headed this center before he was killed last year.

**B. Features of the Restructuring Plan**

The Iranian Army’s ground force is made up of more than 350,000 fighters of which 130,000 are regular fighters and 220,000 are conscripts (compulsory service for two years), which represents more than 50 percent of Iran’s active military forces (see Table 1). This force is deployed in several military areas, across brigades and military divisions, which include maneuver forces (infantry, mechanized armored infantry, artillery, army aviation, and special forces), in addition to combat support units. In view of the obsolete arms used by these forces, most of which date back to the pre-revolution era, modernizing their armaments represents a burden on the Iranian budget. More advanced weapons were not previously required because of the absence of traditional threats on the borders.
### Table 1: Iran’s Military Might (Manpower) in 2019

<table>
<thead>
<tr>
<th>Iran’s Revolutionary Guards Corps (IRGC)</th>
<th>Artesh (Regular Forces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRGC Ground Force (IRGCGF) 150,000</td>
<td>Ground Force (IRIGF) 350,000</td>
</tr>
<tr>
<td>IRGC Navy (IRGCN) 20,000</td>
<td>Navy (IRIN) 18,000</td>
</tr>
<tr>
<td>IRGC Aerospace Force (IRGCASF) 15,000</td>
<td>Air Force (IRIAF) 37,000</td>
</tr>
<tr>
<td>IRGC Quds Force (IRGC-QF) 5,000</td>
<td>Air Defense Force (IRIADF) 15,000</td>
</tr>
<tr>
<td>Basij (Reserves) 450,000</td>
<td>Total 420,000</td>
</tr>
<tr>
<td>Total 640,000</td>
<td>Total servicemen (including reserve personnel): 1,060,000</td>
</tr>
</tbody>
</table>


For Iran’s decision-makers, the need to restructure Iran’s ground forces is necessary due to the weak capabilities of the army. These capabilities are sometimes likened to the Chinese army in the 1980s with many poorly armed fighters. Moreover, the lifting of the arms embargo coincided with the emergence of new challenges on Iran’s northern borders in addition to instability growing inside the country, and other circumstances.

### Table 2: Names and Locations of Iran’s Military Brigades and Divisions

<table>
<thead>
<tr>
<th>Name</th>
<th>Location/City</th>
</tr>
</thead>
<tbody>
<tr>
<td>37\textsuperscript{th} Armored Brigade</td>
<td>Shiraz</td>
</tr>
<tr>
<td>40\textsuperscript{th} Infantry Brigade</td>
<td>East Azerbaijan Province / Sarab City</td>
</tr>
<tr>
<td>55\textsuperscript{th} Airborne / Paratrooper Brigade</td>
<td>Shiraz</td>
</tr>
<tr>
<td>65\textsuperscript{th} Airborne Brigade / Green Caps</td>
<td>East of Tehran</td>
</tr>
<tr>
<td>71\textsuperscript{st} Saheb Al Zaman Brigade / Mechanized Infantry</td>
<td>Kermanshah Province / Sarpol-e Zahab City</td>
</tr>
<tr>
<td>121\textsuperscript{st} Special Forces Brigade</td>
<td>Tabriz – East Azerbaijan</td>
</tr>
</tbody>
</table>

*Table continued on next page*
<table>
<thead>
<tr>
<th>Name</th>
<th>Location/City</th>
</tr>
</thead>
<tbody>
<tr>
<td>128th Brigade, Irj Nusrat Zad/Quick-reaction Forces/Infantry</td>
<td>Sanandaj City, Kurdistan Province</td>
</tr>
<tr>
<td>164th Infantry Brigade</td>
<td>Piranshahr City – West Azerbaijan Province</td>
</tr>
<tr>
<td>192nd Armored Brigade</td>
<td>Ahwaz</td>
</tr>
<tr>
<td>221st Infantry Brigade</td>
<td>Maragheh East Azerbaijan Province</td>
</tr>
<tr>
<td>228th Ibrahim Thabet Brigade/Infantry</td>
<td>Saqqez – Kurdistan Governorate</td>
</tr>
<tr>
<td>230th Asadullah Mataji Brigade/Infantry</td>
<td>Deployed in Gorgan, Gonbad Kavus, Azadshahr, and Mazandaran</td>
</tr>
<tr>
<td>264th Brat Ali Abdi Brigade/Infantry</td>
<td>Salmas County West Azerbaijan Province</td>
</tr>
<tr>
<td>288th Armored Brigade</td>
<td>Khash City</td>
</tr>
<tr>
<td>316th Armored Brigade</td>
<td>Hamadan Province</td>
</tr>
<tr>
<td>321st Infantry Brigade</td>
<td>Marand City East Azerbaijan Province</td>
</tr>
<tr>
<td>328th Rasoul Abadat Brigade/Infantry</td>
<td>Merîwan Kurdistan Province</td>
</tr>
<tr>
<td>364th Nasir Zadeh Brigade/Infantry</td>
<td>Mahabad City West Azerbaijan Province</td>
</tr>
<tr>
<td>392nd Armored Brigade</td>
<td>Dasht-e Azadegan County</td>
</tr>
<tr>
<td>Fourth Imam Reza Brigade/Marine Corps</td>
<td>Bandar Anzali City – Gilan Province – Northern Iran</td>
</tr>
<tr>
<td>Arrasoul Al’akram Second Brigade of Marines</td>
<td>Jask City – Hormozgan Province</td>
</tr>
<tr>
<td>Name</td>
<td>Location/City</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Hamza Sayed al-Shuhada’ Third Brigade/Marine Corps</td>
<td>Konarak Sistan and Balochistan Province</td>
</tr>
<tr>
<td>Imam Hussein 1st Brigade/Marine Corps</td>
<td>Bandar Abbas Maritime Port</td>
</tr>
<tr>
<td>177th Mechanized Infantry Brigade</td>
<td>Belongs to 77th Division of Samen-ol-A’emeh [Eighth Imam] – Torbat-e Heydarieh County</td>
</tr>
<tr>
<td>277th Mechanized Infantry Brigade</td>
<td>Belongs to 77th Division of Samen-ol-A’emeh – Quchan City</td>
</tr>
<tr>
<td>377th Mechanized Infantry Brigade</td>
<td>Belongs to 77th Division of Samen-ol-A’emeh – Mashhad City</td>
</tr>
<tr>
<td>477th Mechanized Infantry Brigade</td>
<td>Belongs to 77th Division of Samen-ol-A’emeh – Mashhad City</td>
</tr>
<tr>
<td>577th Mechanized Infantry Brigade</td>
<td>Belongs to 77th Division of Samen-ol-A’emeh – Torbat-e-Jam City</td>
</tr>
<tr>
<td>16th Armored Division</td>
<td>Qazvin Province</td>
</tr>
<tr>
<td>21st Hamza Division / 4 Infantry Brigades</td>
<td>Tabriz City – East Azerbaijan</td>
</tr>
<tr>
<td>23rd Special Forces Division</td>
<td>Parandak – Tehran</td>
</tr>
<tr>
<td>28th Infantry Division</td>
<td>Kurdistan Province</td>
</tr>
<tr>
<td>30th Infantry Division</td>
<td>Gorgan – Golestan Province</td>
</tr>
<tr>
<td>Special Forces 58th Division of Zulfikar</td>
<td>Shahrood County – Semnan Province</td>
</tr>
<tr>
<td>64th Infantry Division</td>
<td>Urmia – West Azerbaijan Province</td>
</tr>
</tbody>
</table>

*Table continued on next page*
Within the framework of the “Sixth Five-Year Economic, Cultural and Social Development Plan” recently enacted by Iran (2016–2021), and in line with the army development plan arising from it, Supreme Leader Ali Khamenei made new changes in the structure of the staff of Iran’s armed forces in July 2016. This included a move to appoint commanders linked to the IRGC ideology and remove leaders close to the reformist current. General Mohammad Bagheri was appointed as Chief of the General Staff of Iran’s armed forces. The appointments also included several commanders, including Major General Ghulam Ali Rashid as Commander of Khatam al-Anbiya central headquarters, which is responsible for planning and coordinating the armed forces’ operations.\(^{186}\)

After his appointment, the Chief of the General Staff Brigadier General Mohammad Bagheri revealed that the supreme leader had assigned to him directly a new mission consisting of four points:\(^{187}\)

1. A five-year plan to modernize the armed forces.
2. To strengthen mobilization in the fields of defense and security.
3. To continue defense preparations with the help of Khatam al-Anbiya headquarters.
4. To integrate Iran’s armed forces, especially with the IRGC.

The planned modernization is in line with the five main priorities which were identified in the military field during the execution of the Sixth Development Plan. These priorities include, increasing the capacity of missile production, developing and advancing air defense capacities. Moreover, developing and modernizing secure communication networks, modernizing weapons systems in proportion to...
to the threats, developing electronic warfare capabilities and advancing cyber defense capabilities.\(^{188}\)

Iran’s ground forces will reorganize themselves in accordance with this plan through independent quick-reaction brigades to become more responsive, flexible, and mobile, based on the field conflict (military work and tactics), which they have experienced in Syria against regular armies. Iran’s success in reviving its army is related to its ability to cover the modernization costs to update outdated equipment. Poor equipment has weakened the morale of Iran’s army. Moreover, modernizing Iran’s army is likely to be one of the goals after the UN arms embargo expired on Iran, taking into account that this plan, if approved, requires a massive budget exceeding more than $1 billion. Iran’s budget will not be able to cover such a heavy cost considering more urgent priorities, including the IRGC’s missile projects, which are a top priority in Iran’s theory of deterrence. Figure 1 highlights the army’s regional headquarters of military operations in Iran’s regions.

![Figure 1: IRIGF Regional Headquarters](https://bit.ly/3fAnKat)

3. The Impact of Restructuring Training Plans

The Iranian army conducts many annual exercises involving different scenarios for a future war. The leaders of the Iranian army may argue that such exercises are intended to test the new changes that have occurred in military formations, to prepare the army to win both traditional and asymmetric wars in the future. During the Iqtidar drill, which Iran’s ground forces carried out on January 1, 2019, the new combat strategy of the army was tested, based on the structural changes in the military command.

Commander of the Ground Forces General Kioumars Heydari stated that the
The most important development in this drill was demonstrating quick mobilization of “a special-forces rapid deployment battalion and a highly mobile offensive armored battalion.” He further stated that the army has made structural changes in its combat strategy, focusing on offensive operations, and it no longer focuses just on a defense strategy and asymmetric wars, but on other offensive strategies as well. However, the army’s obsolete military equipment does not help it to fulfill its obligations. The entire army needs to be re-armed to fulfill the obligation and meet the ambitions of military leaders. The Iranian leadership cannot fulfill this objective under the current economic conditions and due to the lack of sufficient local military industries to re-equip the army.

The Nagorno-Karabakh crisis, the heightened international presence on Azerbaijani lands, and the emergence of cross-border Azeri ethnic separatist sentiments in northern Iran, have all highlighted the emergence of new threats against the Iranian political system. Iran’s military forces sensed the threat and deployed forces along the Iranian–Azerbaijani borders. It is possible that the emergence of new threats will prompt the Iranian government to accelerate the plan to modernize the army, and enable IRGC leaders to implement this plan in accordance with modern techniques and the experience they gained in Syrian and Iraqi battlefields. These new emerging realities give the IRGC the authority to direct the army and determine senior positions in the army—weakening the regular army, which was almost parallel to the IRGC. Accordingly, the IRGC will be able tighten further its grip over the Iranian military scene; boosting Iran’s military doctrine based on exporting the revolution based on Velayat-e Faqih and adopting asymmetric warfare instead of depending on or developing fighting methods used by regular armies. This also entails a change in the methods to equip, prepare, and train the Iranian army.

The success in the effective restructuring of the Iranian military forces depends on the amount of support that can be provided to modernize their weapons systems. It also depends on a unified strategy that can be agreed upon among the army leaders who want further capabilities to face the threats emerging from regular armies such as the United States. This success will also depend on the approach of the IRGC leaders towards asymmetric warfare, the decentralization of the IRGC leadership, and the extent of their ambitions to dominate and maintain their privileges in the Iranian military establishment. In light of the aforementioned weaknesses in the Iranian regular army, the Iranian military establishment seeks to reformulate a new military approach and ideology, which the military establishment itself has not been able yet to clearly identify.

III. Iranian Military Alliances and Their Implications

During 2020, Iran sought to revitalize its military alliances with both Russia as the representative of the Eurasian Economic Union countries, and China as the leader of the Shanghai Cooperation Organization to maximize its strategic position.
Moreover, Iran sought to establish a front against the United States, as the three countries (China, Russia, and Iran) are all subject to US sanctions.

In the context of strengthening Iran’s military relations with both China and Russia through joint exercises, mutual visits, and the exchange of information and military deals, Iran has been active in implementing joint naval exercises with China, Russia, and several other countries. Rasanah’s 2019 Annual Strategic Report indicated that Iran participated in the Maritime Security Belt naval maneuvers on December 27, 2019, in the Indian Ocean and the Gulf of Oman near the entrance of the Arabian Gulf, where Russian and Chinese naval vessels docked at Chabahar port (southeastern Iran, at the so-called Shahid Beheshti port) before the exercises. The drills varied including operations to rescue ships from pirates, shooting at specific targets, aiding stricken ships, and exchanging communications and information. The area of the maneuvers covered about 17,000 kilometers in the Indian Ocean and included the three important straits: Bab al-Mandab Strait, the Strait of Malacca, and the Strait of Hormuz, dubbed as the Golden Triangle.

As announced at the time, these maneuvers intended to strengthen and develop defense capabilities in this region, and to exchange information between the armed forces of Iran, China, and Russia, among other things, to confront terrorism and maritime piracy. Some Iranians also considered the maneuvers a special strategic event and a change in the military balance globally, since China and Russia are two permanent members of the UN Security Council. This event was considered as the beginning of Iran’s military presence in the Indian Ocean, as well as the beginning of China’s military presence in the Arabian Gulf. Amir Hatami, Iran’s Minister of Defense expressed the country’s desire to repeat the experience of naval maneuvering with China and Russia, and the readiness and willingness of Iran’s armed forces to do so.

The Chinese Navy participated with the Xining destroyer, which was equipped with guided missiles. Three Russian ships of the Baltic Sea Fleet also participated: the escort ship Yaroslav Mudry, the fuel tanker Yelnya, and the search and rescue ship Viktor Konetsky. Iran participated with the Damavand destroyer equipped with Eagle Eye radars. In addition to the Pezat submarine equipped with vertical launch missiles, which weighs more than 3,000 tons, Iran also participated with drones and several other marine vessels.

1. Iranian Military Exercises With the Eurasian Countries and China

From September 21 to September 26, 2020, Iran’s ground and naval forces participated in the Caucasus 2020 maneuvers, which were carried out on Russian territory in the southern military zone and in the maritime range between the Black Sea and the Caspian Sea under the leadership of the Russian armed forces, to advance mutual understanding and coordinate operational integration. About 80,000 individuals from various military sectors participated in these maneuvers, in addition to about 1,000 soldiers from Armenia, Belarus, Iran, China, Myanmar and Pakistan.
By analyzing the goals of the countries participating in the two exercises, it becomes apparent that they seek to form an alliance in order to reformulate the rules of engagement in the region and secure their traditional spheres of influence. This attempt was to counter the US move to form a Western maritime alliance for security in the Arabian Gulf region and the Strait of Hormuz, without the participation of Russia, China, and Iran, which Washington sees as opposing its presence in the region. It is important for Iran that China and Russia side with it if a conflict erupts in the region. The involvement of China and Russia in any conflict with Western countries strengthens Iran’s position in many files, especially and most importantly during the nuclear negotiations.

2. The Objectives of Iran’s Military Alliances

Tehran sends numerous signals through its participation in such maneuvers to Washington, Western countries, and other countries in the region. The primary signal is that Russia and China stand with Iran. Tehran also signals that it is no longer isolated, and it has become an active country in international alliances, and its maritime borders are no longer confined to the region, but have extended to blue waters, and that its capabilities have reached the level of self-sufficiency in the military field.

For China, its military intentions seem completely unclear, and this can be understood by the fact that China is interested in strengthening its economic position, which includes cooperation with many countries in the region. Moreover, China is unwilling to engage in a conflict or align itself with a conflicting actor that could undermine its economic interests. China via cooperating with Iran is attempting to gain bargaining chips and tradeoffs in the disputed issues between itself and the United States. In addition, China wants to secure its relationship with Iran, and not to antagonize it for a number of reasons including Tehran’s importance in securing China’s trade lines to Central Asia, and meeting its future oil needs. Also, Iran is an important large market for Chinese goods and military products. (195)

Russia also has many common interests with Iran. Russia’s clash with the West is over areas of influence and military technology, so it appears more aligned with Iran than China. Russia also supported Iran’s interests during the nuclear negotiations, as it is one of the active countries in the nuclear deal. Moscow agreed to transfer nuclear material and products from Iran to Russia, thereby providing temporary storage under the JCPOA. (196) However, Russia hopes to increase its military sales to Iran after the lifting of the arms embargo, according to some sources, (197) but there are approaches through which Russia tries to balance its relations with Iran, as Russia has good relations with many regional countries, and coordinates with them to stabilize oil prices. In addition, for Russia, Iran is a potential competitor in the oil market if the oil sanctions are lifted on it; therefore, it is not in Russia’s interest for Iran to export oil. In addition to Russia’s dealings with Iran, its relationship with Washington has reversed and its interactions with
Tehran are a pressure tool to try to control its relationship with Washington. All of these factors place further pressure on Russia to re-shape its relationship with Iran within a specific framework.

The United States has realized the significance of Iran's moves. Perhaps the US administration's ongoing attempts to rearrange the cards and conclude reconciliations in the region (the Gulf reconciliation, the Israeli normalization with Arab countries starting with some of GCC countries) comes within the framework of Washington preempting any hostile activity, and not providing an opportunity for China and Russia to extend their influence within US spheres of influence.

It is expected that Iran’s military cooperation with both the Shanghai Cooperation Organization bloc and the Eurasian countries will continue amid intensified negotiations on Iran’s nuclear file and disagreements among the JCPOA signatories. Under the presidency of Joe Biden, the United States is expected to rejoin the nuclear deal. However, the nuclear deal’s success will be difficult considering the new political realities and the diverging demands of the two parties. Iran is likely to maintain the alliances it has formed to ensure its survival and prevent it from being defeated. However, these alliances will not reach the level that Iran wants due to the approaches of the abovementioned countries. The drills according to some Iranians are viewed as a deterrence against any potential US attack. The Islamic Republic of Iran Broadcasting (IRIB) said that the Maritime Security Belt maneuvers marks the beginning of a new tripartite naval force and the end to US hegemony in the region. However, Chinese officials consider these maneuvers as usual military ones that are in line with international norms and laws and have no connection with the regional situation. (198)

On the other hand, Iran aspires to strengthen its defenses due to growing threats, and to exploit the strategic advantage of the Arabian Gulf in the balance of energy supplies to the world. This is in addition to its desire to increase its maritime influence by reaching front defense points in blue waters and cooperate with countries that have great experience and capabilities in this field such as Russia and China. Further, Iran has expressed its intention to build a permanent military base in the Indian Ocean. (199) In the same context, Iran launched the locally manufactured Roudaki supply ship (figure 2). The IRGC Navy transformed it from a cargo ship into a logistical supply ship with the ability to carry radar and missile systems, troop carriers and tanks. (200) Through this, the IRGC is declaring its ambition to undertake a naval military shift to the high seas, and to redefine its maritime defense lines. The commander of the IRGC naval forces, Admiral Ali Reza Tangsiri, explained that Iran’s naval presence in the high seas and the establishment of a naval base in the Indian Ocean are among the IRGC navy’s important plans. He continued that the Supreme Commander of the Armed Forces Ali Khamenei has directed the naval plans to provide Iran’s navy with more capabilities. It is expected next that intensive work will be undertaken to develop Chabahar port, which is planned to be in service at the end of 2021. This port will be a primary base for Iran’s naval forces, allowing it direct access to blue waters, because of its unique specifications and location. (201)
In sum, Iran benefits from conducting such maneuvers to break its international isolation and develop its naval skills with the assistance of international partners. Iran will improve its operational capabilities, and possibly gain access to technology, weapons and spare parts that are considered vital for its military system.

IV. The Future of Iran’s Military Activities in 2021

The ramifications of killing Qassem Soleimani, the Quds Force commander, will continue for a long time. While his killing along with his senior helpers and the leader of the Iraqi Popular Mobilization Forces, Abu Mahdi al-Muhandis, led to a state of confusion and chaos among Iraqi and Syrian militias, Washington’s haste and its explicit announcement of the targeted operation stoked negative feelings among Shiites towards the United States. This put pressure on the Iranian leadership to respond to this humiliating blow. Iran escalated by filing a case before the International Criminal Court against the killing, and the court’s decision was in its favor. Iran has tasked its propaganda machine with presenting itself as a victim and Soleimani as a hero. This suggests that Iran will continue to exploit the killing to push Iran’s narrative and justify its acts of retaliation in the Middle East and elsewhere.

It seems that the operations targeting the Iranian governments’ senior figures were carefully deliberated. Soleimani was leading Iran’s expansionist military strategy and its hegemonic ambitions in the region to achieve a vital deterrent space for Tehran. Likewise, the killing of the nuclear scientist Mohsen Fakhrizadeh
targeted a key symbol of Iran’s nuclear program. Therefore, it is expected that the Iranian system will suffer from the loss of these two key figures, and it will be difficult for it to find alternatives to them in the short term. This will present Iran with difficult choices, as the system is under internal pressure, as the Iranian people see its failure in upholding their dignity, and they have no confidence in the effectiveness of the country’s security and intelligence forces. On the other hand, Iran needs to swallow its pride until it reaches a safe place, initially, to negotiate with the new US administration to preserve the JCPOA, and to avoid experiencing a military attack that could possibly lead to an all-out war or the overthrow of the political system.

In 2020, Iran’s military activities reflected an Iranian attempt to revitalize the regular army, and to support the militias fighting alongside Assad’s forces in Syria. The regular army’s training focused on joint procedures; i.e., coordinating between the regular army and the IRGC. The imbalance in command-and-control became apparent after Iranian air defense units mistakenly targeted a Ukrainian plane shortly after takeoff. This incident revealed the weakness in training and gaps in air defense decision-making. This necessitated the need to carry out joint exercises to harmonize the traditional military methods with newer methods, such as asymmetric warfare, decentralization, and dependence on militias.

Following the severe tests which Iran’s forces were subjected to in 2020, it is likely that Iran’s air force will receive great attention to advance further, with the possibility of purchasing Russian Su–30 or MiG–35 fighter jets, if the 2021 budget permits. The UAE’s pursuit of F–35 jets, the superiority of neighboring air force capabilities over Iran’s, in addition to the weakness of Iran’s locally made drones against advanced competitive drones should also be considered. Despite the variety and abundance of Iranian drones, their ability to be effective in an all-out conflict appears doubtful. It is expected that the use of drones will be intensified during the coming period, especially in monitoring missions along the borders with Azerbaijan, as Iran fears an increase in Israeli activity on Azerbaijani lands. This is in light of increased levels of infiltration into Iran’s interior, as well as growing concerns over anti-Iranian groups infiltrating the country.

In the north of the country, a new conflict front emerged, as a wave of anti-Iranian anger swept among the Azeri people because of Tehran’s close relations with Armenia. Moreover, Iran was described as a traitorous state, because it did not provide any support to Azerbaijan during the conflict with Armenia over the Nagorno–Karabakh region. Azeri hostility towards Tehran has become entrenched because of its support for Armenia. Therefore, for Iran to preserve its vital space in Azerbaijan and contain separatist Azeri aspirations, it will have to adopt its usual technique of soft, long-term penetration into the Azerbaijani interior, as was the case in Turkey and Pakistan. Iran will also take advantage of the shared cultural and linguistic heritage, in addition to influencing Azerbaijani religious pilgrims.
(visitors to the shrines), who regularly come to Iran. These new challenges facing Iran are putting pressure on its military forces, especially the IRGC. There is a necessity to secure the border areas, and to improve military relations with Azerbaijan, given the seriousness of border threats from the northern side, and its proximity to Iran’s vital regions. Therefore, it can be said that a new threat gap has been opened for Iran from its northern side, which was not previously considered, and will exhaust a large part of its efforts to cover and secure its borders with Azerbaijan.

From the southwestern side, Iran is anticipating a direct impact on its vital sphere, due to the establishment of diplomatic relations between the UAE and Bahrain with Israel. This coincides with the Azerbaijani victory from the northern side, which imposes two new strategic realities for Iran to deal with in the near future. Iran may expect the UAE and Bahrain to purchase weapons from Israel, with the holding of military maneuvers, and the exchange of intelligence information. Therefore, Iran could be active in targeting Israelis in these two countries to thwart their successful cooperation with Israel, which it sees as a significant threat that must be confronted.

In the context of preserving its vital spheres of influence, Iran will seek to secure its vital sphere in Iraq to serve its strategic security interests, and it will increasingly turn to Pakistan and Turkey to preserve neutrality with them and to deprive Israel from making any political gains with these countries. The UAE, Bahrain and some Arab countries dealing with Tel Aviv have deprived Iran of a political and strategic advantage that it wanted to gain after the defeat of Donald Trump in the US elections. The new US administration may deal with Iran according to political realities before Trump’s term, and it could impose Washington’s hegemony over the entire region. Regarding the cordial relations between Azerbaijan and Israel as well as Turkmenistan and Israel, these relations point to Israel’s amicable relations with Iran’s neighbors. If Tel Aviv succeeds in initiating diplomatic relations with Pakistan, Iran will be under an Israeli siege from multiple fronts, and this will perhaps jeopardize Iran’s forward defense doctrine.
Endnote


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میلادی: ۱۳۹۹، تاریخ انتشار: ۱۳۹۹/۱۲/۱۲

مقدمه

روحانی در این مطلب، به مسئولیت‌های عالی‌نشینی برای پیشرفت‌های اقتصادی و اجتماعی ایران اشاره نمود که در اینجا به عنوان یکی از مهم‌ترین نکات به توصیف آمده است. او چنین گفت: "نیاز به هماهنگی و همکاری در جامعه برای پیشرفت در زمینه‌های مختلف اقتصادی و اجتماعی وجود دارد."


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“It is worth mentioning here that in this report, in collecting data on Iran’s economy, we relied on international sources because the Iranian official statistics are not updated, and sometimes are not accurate; the Iranian governmental bodies release conflicting data. The data released by the Central Bank of Iran (CBI) and the Statistical Center of Iran (SCI) are conflicting, and the latter (SCI) is more reliable in this respect. For example, the two bodies published different rates on the economic growth for the same period. The SCI stated that gross domestic production saw a contraction of 1.9 percent.


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Iran’s expansionist activities in the Arab states faced unexpected levels of outright rejection, whether by governments or people. 2020 started with the killing of the Quds Force Commander Qassem Soleimani who had orchestrated a vast array of Iran-backed militias operating in Syria and Lebanon. Moreover, Iran failed to create a collective security cooperation agreement through its “Hormuz Peace Initiative.” It continued its destabilizing activities in the region, and its support for militias who have stepped up their missile attacks on Saudi cities, and obstructed all efforts for a peaceful solution after the Arab Coalition to Support Legitimacy in Yemen strengthened its position through the Riyadh Agreement.
In Iraq, the efforts of the Iraqi Prime Minister, Mustafa al-Kazemi, have ensured border security. Yet, he is still endeavoring to ensure that the government acquires exclusive control of arms and disarms the militias, which have posed serious threats to the sovereignty of Iraq.

In Syria, the Iranian militias were subjected to successive Israeli airstrikes, as Russia had halted its air cover for Iran in most attacks — after its dispute with Iran over spheres of influence and interests in Syria.

In Lebanon, the public rejection against Hezbollah’s hegemony over Lebanese political life increased after the Beirut port blast, which revealed the extent of Hezbollah’s corruption and its role in pushing Lebanon into regional conflicts to serve the interests of Iran – not Lebanon.

In general, it seems that Iran’s regional expansionist activities are moving towards collapse, especially with the new US President Joe Biden, who repeatedly spoke about a smart policy to resolve the nuclear program crisis. Biden also expressed his intention to address Iran’s interventions in the region, given the insistence of countries in the region to be part of potential negotiations with Iran regarding its nuclear and missile programs and its regional interventions.

In the last decade, a growing body of literature on the Middle East has intensively reviewed Iranian affairs. This has become a prominent topic in most security and political research articles, overshadowing significant regional issues, including the Palestinian-Israeli conflict. This is clearly due to Iran’s engagement in various hotbeds of tension across the region endangering Arab national interests, regional security and stability, and international maritime navigation.

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Iran and the Gulf States

Introduction

Tensions between the Iranian government and the Gulf states continued to escalate. The events of 2020 resulted in ramifications which cast a shadow of doubt over the relationship between the two banks of the Arabian Gulf. There is a long history of clashes and disagreements across many files, because of Iran’s interference in the affairs of regional states, fueling conflicts and sectarianism, in addition to Iran’s growing military arsenal.

In the 2019 Annual Strategic Report issued by Rasanah, it was forecasted that Gulf–Iran relations would continue to be linked to the Iran–US crisis. At the beginning of 2020, US moves were hastened to stifle Iran, as the Iranian government was waiting to reap the benefits of the nuclear agreement at the end of the year with the lifting of the arms embargo. However, Washington attempted to deprive it of this benefit considering its continued violations of the agreement, and the ineffectiveness of the agreement in deterring Iranian nuclear and missile ambitions, from the US point of view. This resulted in international and regional interactions, indicating major changes in the security and strategic landscape of the region. These changes are likely to impact the Gulf states and cast a shadow of doubt on the relationship between the Gulf Cooperation Council (GCC) and Iran. Considering the ongoing conflict between the United States and Iran over many files such as Iran’s nuclear program, its missile program, and its sponsorship of militias, the Gulf states were unable to distance themselves from the ramifications of this conflict, as their interests were threatened by Iran’s violent behavior, on
the one hand. On the other hand, the West did not take into account the Gulf states’ interests when it started negotiation arrangements and reached understandings to resolve outstanding issues with Iran. This file reviews the most significant political, economic and security interactions between the Gulf states and Iran by addressing Tehran’s policy towards the Gulf states in 2020, the determinants of the current relationship between the two sides, the interactions in the framework of Gulf–Iran relations during 2020, and finally, the likelihood of future relations between the Gulf states and Iran in light of rapid and intertwining events.

I. The Features of Iran’s Policy Towards the Gulf States in 2020

Iranian statements continued to blame the Gulf states for adopting a policy that is in line with the United States against Iran’s interests. Iran also accused the Gulf states of not considering its cooperation initiatives that intended to reduce tensions in the Arab Gulf. Iran has not yet presented an acceptable initiative based on common interests that the Gulf states can work with, hence so far all of Iran’s options are not serious in this regard. These Iranian initiatives include no indication that Iran will end its interference in the internal affairs of the GCC countries as well as its repeated threats. Iran’s display and development of its military power reflects its attempt to impose its security equation in the Arab Gulf with only one dimension: promoting Iranian interests.

1. Iran’s Approaches Towards Reconciliation With the Gulf States

The Iranian initiatives contradict the founding principles of the GCC. The GCC was founded on the idea that the Gulf states need to build their own capabilities to ensure a regional balance of power and form alliances with friendly countries to strengthen their capabilities to defend themselves in light of the disruption to the regional security system, and Iran’s inclination to impose its vision on regional countries. The Gulf states believe that the Arab Gulf’s security is an international responsibility to ensure the stability of energy supplies. Any attempt to undermine this security must be addressed by the international community. Therefore, the Gulf states believe that the involvement of international powers to stabilize energy supplies is critically important. When Iran demands the Arab Gulf to be free of international powers, it is interfering in the GCC’s decisions without providing an alternative that is acceptable to all parties.

2. The Gulf States’ View of Iran’s Initiatives

The GCC believes that Iran’s initiatives to manage Gulf security are merely verbal gestures with no tangible movement on the ground. The GCC believes that Iran must stop threatening Gulf security before putting forward a proposal to ensure security such as the “Coalition for Hope” or the “Hormuz Peace Initiative” presented by Iranian President Hassan Rouhani at the United Nations on September 25, 2019. According to Iran, it intended to establish friendly relations, initiate collective
action to secure energy supplies and guarantee the freedom of navigation in the Gulf. Iran proposed these initiatives as for Tehran they represent the best solution for Gulf security, and an alternative to the Western military presence in the region. However, the Gulf states establishing relations with Western countries does not necessarily mean targeting Iran. Any Iranian attempt to interfere in the relations between the Gulf states and the international community would indicate a violation of GCC sovereignty.

3. The Requirements to Build Confidence Between Iran and the GCC

When talking about attempts to initiate dialogue between the GCC and Iran, in light of the latter’s aggressive policies towards the Arab Gulf, questions are raised regarding the rules which will regulate the relations between the two sides considering Iran’s interference in the internal affairs of the GCC. The possibility of dialogue with Tehran raises questions in Gulf societies. Answers to questions raised would help in building confidence in Iran’s initiatives and lead to the beginning of negotiations. The speech of the Custodian of the Two Holy Mosques during the 75th session of the United Nations General Assembly in New York on December 24, 2020 clearly expressed the Kingdom’s response to Iran’s initiatives. He pointed, to the Kingdom’s desire and endeavor to build good, neighborly relations with Iran.\(^{(2)}\)

There are several questions that Iran needs to answer for its Gulf neighbors, particularly regarding the Gulf security system it wants to introduce. The Gulf states believe any system should be in the interests of all parties, not just Iran. Some of the questions that need to be answered include the following:
1. What are the grounds for any Gulf-Iran dialogue? Are previous international resolutions a reference point on which Arab Gulf security can be built on?

2. Will Iran’s dialogue with the GCC lead to a regional based security system? Iran has refused to acknowledge such a system and has dealt with each country separately.

3. Does Iran have a willingness for the sake of offering a goodwill gesture to discuss the outstanding issues with the GCC, including its ongoing occupation of the three Emirati islands, its interference in the internal affairs of the GCC, the differences regarding the security of the Arab Gulf, the uncertainty over its nuclear program, its threats to close the Strait of Hormuz, and target GCC states, as well as its support for the Houthi militia? Or is Iran seeking to advance its economic interests at the expense of Gulf security?

4. Is it possible to choose/agree upon a mediator to oversee the negotiations and follow up on the implementation of the agreed mechanisms?

5. Will Iran agree to a time limit for negotiations? Or does it intend to enter into endless negotiations, similar to the nuclear agreement?

Any Gulf-Iran dialogue requires practical actions to build confidence, based on common interests, as well as understanding and discussing the concerns of each party. However, Iran’s moves during 2020, from targeting the Gulf states’ interests, the ongoing supply of weapons to the Houthi militia, and threatening the Kingdom of Saudi Arabia’s and Gulf security, do not support Iran’s initiatives. However, these moves confirm Iran’s lack of seriousness behind its initiatives. In defiance of international norms, Iran’s appointment of an ambassador to the Houthi militia exposes Iran’s hypocrisy to the world, and its continuous endeavors to increase tensions in the region. Iran’s actions on the ground are far from what it proposes in its initiatives. Therefore, Iran’s actions prove that its initiatives are deceptive and a distraction from the real cause of the region’s problems. The adoption of an escalatory strategy proves Iran’s hostile policy in the region.

Although Iran has condemned the Gulf states for not agreeing to its initiative regarding a regional security system, the Iranian government deals with the Gulf states individually, and seeks to independently cultivate areas of cooperation with the Gulf states to influence the unity of the GCC and its decision making, hence, strengthening the Iranian government’s ability to dominate and weaken the GCC.

Lifting the arms embargo on Iran under the nuclear agreement will allow it to acquire more weapons or obtain money as a result of the sale of its weapons. It will also provide Iran with more flexibility to undertake regional actions and increases the likelihood of violence, thus, increasing tensions and threatening regional security by arming pro-Iran militias, instead of resorting to negotiations to calm tensions.

Iran’s threatening attitude towards the Gulf states was intended to signal that Gulf security is dependent on them accepting Iranian dictates. The Iranian
government considers the next US presidency as an opportunity to relieve the pain of US pressure imposed on Iran and to return to exercising its hegemonic role in the region.

II. Analyzing the Environment of the Current Relationship Between Iran and the Gulf States

Tensions escalated in the Arab Gulf against the background of Washington’s intent to go further in implementing its maximum pressure campaign on Iran, due to its destabilizing nuclear and missile activities, and its threat to lessen its nuclear commitments stipulated under the Joint Comprehensive Plan of Action (JCPOA). Iran’s celebration of October 18, 2020, the day on which the arms embargo was lifted in accordance with the nuclear agreement, provides it with many opportunities and challenges that will impact its relationship with the Arab Gulf states during 2021.

1. The Opportunities That Iran Sees Represent a Threat to the Gulf States

Iran views the lifting of the arms embargo as stipulated under the nuclear agreement as a victory for its diplomacy against US power and influence and demonstrates its ability to cause a rift in the US-Western alliance. It expects that lifting the arms embargo will enable it to enhance its military capacity by importing specific weapons to fill the gaps in its military strength, and to secure important economic avenues to export its weapons to some pro-Iran states and entities. Therefore, this will strengthen its economy under the sanctions embargo imposed on it, bolster its strategy of resistance and deterrence, and enhance the government’s status before its people in light of its ability to survive and confront challenges. As a result, tensions will increase in the Gulf region and the Gulf states will be at the heart of the US-Iran conflict.

Meanwhile, in addition to the historical accumulated crises with the Iranian government, the Gulf states’ view the future of their relations with Iran with much apprehension and little confidence, especially because of increasing hostility from the Iranian side, whereas, Iran claims it is the Gulf states that have rejected its initiatives that call for peace. However, Saudi Arabia’s response was clear regarding these initiatives. The Saudi foreign minister stated on February 16, 2020, that the Kingdom did not send any private or secret messages to Iran. He added that Saudi Arabia “is always interested in reducing the escalation in the region,” and stated that any conversation is pointless until the real sources of instability can be discussed. “The Kingdom’s message to Iran is that when Iran acknowledges its aggressive behavior and its impact on security instability in the region, including missile attacks on neighboring countries, then we can discuss the issue.”

The unified position of the Gulf states towards Iran waned during 2020 as a result of intraregional differences and because of regional and international
situations impacting the Gulf states. This resulted in different positions regarding how to deal with issues facing the GCC, including how to confront Iranian hegemony. Thus, it is imperative for the Gulf states to work in line with their common strategic calculus to minimize risks, maximize benefits, and promote unified positions and collective actions.

2. Determinants of the Relationship Between the Gulf States and Iran

From the Gulf’s point of view, the pending issues with Iran are not limited to the current disputes with the United States, but also include the issues related to the interests of the Gulf which are undermined by Iran, namely:

A. Interference in the Internal Affairs of the Gulf States:

Iran continues to support its subversive elements in the GCC countries to undermine their security and stability. One of the most significant signs of this was when Saudi authorities dismantled a terrorist cell, the members of which received military and field training inside Iran at IRGC sites, including training on how to make explosives.\(^{(5)}\)

B. The Ongoing Support for Terrorism and Promoting Instability in the Region:

Iran continues to provide support, technical advice and advanced weapons to terrorist militias in the region, including the Houthi militia, which targeted Saudi Arabia with a large number of Iranian origin missiles, as well as drones and boat bombs. In a blatant admission of Iranian support for the Houthi militia, Fars News Agency quoted the spokesman for Iran’s armed forces, Brigadier General Abu al-Fadl Shikaraji, as saying, “Defensive technologies for the production of missiles and drones have been put at the disposal of Yemenis,” in reference to Iran’s Houthi allies in Yemen, with such weapons used to threaten the Kingdom of Saudi Arabia and the Gulf states.\(^{(6)}\)

C. Threatening Regional Countries and Targeting Their Capabilities:

The military attacks on Saudi oil facilities, and the targeting of oil tankers in the Gulf are indicative of Iranian terrorist acts against the Gulf states, with the objective being to weaken their economies and shake international confidence in their economic sustainability. Iranian statements also provoke hostility towards the GCC states. This is against the principles of good neighborliness, which puts the Gulf states in a difficult situation as they are faced with difficult options to address Iranian threats.

D. Iran’s Different Security Concept for the Gulf:

Iran’s regional security concept contrasts with the vision of the Gulf states. Iran’s project is expansionary, its seeks to weaken regional countries, and targets the interests of the United States in an attempt to drive it out of the region, and take over Gulf security in line with the “Hormuz Peace Initiative.” It is based on some key
principles, according to Iran, including non-interference in the affairs of others, non-aggression, commitment to energy security, and recourse to international law.\(^7\) However, these principles are flagrantly violated by the Iranian government and statements that run counter to the actions executed on the ground cannot be trusted. However, the Iranian government holds its neighboring countries responsible for the deteriorating security situation in the Gulf. In his speech at the United Nations conference on maintaining peace and international security: a comprehensive review of the situation in the Arab Gulf, on October 20, 2020, the Iranian foreign minister said, “We call on our neighbors to choose between peace and tension,” referring to the Gulf states.\(^8\) On the other hand, the Gulf states seek to defend their stability and gains and strengthen their international relations. They also reject any external interference in their internal affairs. To achieve this important step, these countries believe that Iran must not interfere in the affairs of regional states and not initiate an arms race using rivalry as an excuse.

E. The Dictates Iran Seeks to Impose on the Gulf States:

Iran tries to influence the alignments and decisions of the GCC by claiming its decisions target Iranian interests. This includes the fierce campaign launched by Iran against the UAE and the Kingdom of Bahrain, after the two states announced their decision to normalize relations with Israel.

F. The Iranian Expansionary View:

The ongoing Iranian occupation of the three Emirati islands (Abu Musa, Lesser Tunb, and Greater Tunb), in addition to Tehran claiming historical rights to Bahrain, indicate Iran’s malicious intent to seize the Gulf states.
Table 1: The Gulf Strategic Environment: Strengths/ Weaknesses and Opportunities/Threats

<table>
<thead>
<tr>
<th>Strengths:</th>
<th>Weaknesses:</th>
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<tbody>
<tr>
<td>The unity of language, religion, and social ties between the Gulf states makes them immune to external influences, and strengthens their influence.</td>
<td>Intraregional differences and self-interest impact the collective efficiency of the GCC.</td>
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<tr>
<td>The great economic potential and the varied wealth allow the GCC countries to deal with emerging risks.</td>
<td>There is weakness in the military systems of the GCC: forces, armaments, industry, research, and training. As a result, it is unable to provide adequate protection to the economic and political spheres, and it is not in line with the ambitions of the Gulf states to provide effective deterrence.</td>
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<tr>
<td>• Gulf states have special international relations with most countries and important international alliances.</td>
<td>The center of economic weight of the Gulf states (the oil producing areas) is volatile, making it difficult to maintain security. It requires all GCC countries to coordinate and cooperate with one another.</td>
</tr>
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<td>• A young labor force and high levels of education facilitate increased levels of national achievements, and reduces dependency on foreign capabilities.</td>
<td>Some GCC countries are interested in foreign projects without taking into consideration the interests of other GCC countries.</td>
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<tr>
<td>• There are promising projects to eliminate poverty, unemployment, corruption, spread tolerance, and to promote transparency, equality, and human rights, as well as to enact laws that will create a civilized environment which is compatible with the moderate values of Islam.</td>
<td>The Gulf states' dependence on oil as their only source of income creates negative competition between them. It is important to establish integrative manufacturing industries between the GCC states.</td>
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<td>• Gulf states are aware of the dangers posed by extremism and destructive ideas targeting the younger generation. They have made significant progress in curbing destructive ideas, and eliminating the incubators of extremism.</td>
<td>The Gulf states have not shown interest in soft power to influence the international community.</td>
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<td>• The Gulf states have a central role in the Arab and Islamic world for several reasons, most notably the presence of the Two Holy Mosques.</td>
<td>The Gulf states are poorly represented in international organizations and blocs.</td>
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<td>• The Gulf region enjoys a geostrategic location at the regional and international levels.</td>
<td>The Gulf states have a weak intellectual influence, and do not have a strong presence in think tanks and forums to present the GCC vision.</td>
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<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
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<tbody>
<tr>
<td>◼ Redefining Gulf security and rearranging its priorities and setting points of consensus among the GCC states on crucial issues.</td>
<td>◼ The conflict of interests in the Gulf region, and the presence of opportunistic regional states pose ongoing security threats to the Gulf states, hence, they need to constantly review the definition of Gulf security.</td>
</tr>
<tr>
<td>◼ The Gulf states defining this vital security sphere and developing mechanisms to maintain special relations with other countries in this sphere.</td>
<td>◼ The proliferation of weapons in the region, and the international community’s indecisiveness in limiting this makes it imperative for the Gulf states to take this threat seriously.</td>
</tr>
<tr>
<td>◼ Recalibrating the relations of the Gulf states in their Arab and Islamic spheres, to protect them against threats.</td>
<td>◼ Washington’s intent to reduce its commitments in the Gulf (the policy of heading East) will create a vacuum via which some countries will compromise Gulf interests.</td>
</tr>
<tr>
<td>◼ Prepare plans leading to economic integration and cooperation in vital spheres, serving the post-oil stage.</td>
<td>◼ Arming the forces of the GCC states is related to the Gulf political positions. This makes Gulf security dependent on regional circumstances and developments. Thus, it is necessary for the Gulf states to diversify their sources of armaments in the future.</td>
</tr>
<tr>
<td>◼ Using virtual platforms to spread Gulf achievements in the spheres of economic, social and political reforms, as well as its success in empowering women, reforming labor laws, and financial systems. In addition to its success in promoting transparency and fighting corruption and terrorism to advance the positive outlook and vision of the Gulf states.</td>
<td>◼ The shortage of water and food supplies are serious threats to the GCC.</td>
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<tr>
<td>◼ Showing interest in countries that have Islamic credentials to promote the concepts of moderation and tolerance and spread correct ideas regarding religion.</td>
<td>◼ The fragility of the security environment in the Gulf, which is surrounded by several crises, demands serious efforts by Gulf states to confront these crises.</td>
</tr>
<tr>
<td>◼ Revise the media discourse and redirecting it to convey their messages and viewpoints to a wider audience via different languages.</td>
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III. The Developments in Gulf–Iran Relations During 2020

The disagreements between the GCC states and Iran vary according to the extent of Iran’s harm on each country’s interests resulting from Iran’s behavior in the region. However, they embrace, somehow, a general unified view towards the risks of Iran’s adventurism in the Gulf, its ramifications on the region, and turning the Gulf into a polarizing region and the center of an arms race. Thus, the size and extent of each country’s interaction with Iran is influence by its interests with Iran, and the degree of the threats it perceives.
1. The General Position of the General Secretariat of the Gulf Cooperation Council Towards Relations With Iran

On August 9, 2020, in a letter, the Secretary-General of the Cooperation Council for the Arab States of the Gulf, Nayef F. M. Alhajraf, called for the UN Security Council to extend Security Council Resolution 2231 regarding the restriction of transferring conventional weapons to and from Iran, which expired on October 18, 2020. The secretary-general wrote:

*The GCC Secretary-General pointed out that Iran has continued to proliferate conventional weapons and arm terrorist and sectarian organizations and movements throughout the region. In the years following the adoption of UNSCR 2231 in 2015, Iran has not ceased or desisted from armed interventions in neighboring countries, directly and through organizations and movements armed and trained by Iran. As such, it is inappropriate to lift the restrictions on conventional weapons’ movement to and from Iran until it abandons its destabilizing activities in the region and ceases to provide weapons to terrorist and sectarian organizations. It is imperative to extend those restrictions to ensure and preserve peace and stability in this region and the rest of the world.*

In response, Iran condemned the GCC letter and called it “irresponsible.” The official spokesman for the Iranian Foreign Ministry, Abbas Mousavi indicated that the letter was issued unilaterally and was dictated to the GCC secretary-general. He expressed his country’s regret at the unconstructive approach of some GCC countries towards Iran. Mousavi accused the General Secretariat of the Gulf Cooperation Council of “turning into an anti-Iran platform, influenced by the policies and behavior of some members of the Council.” He added that the call to extend the arms embargo on Iran ignored the realities of the region, and dismissed the priorities at this sensitive time. He also stated that some members of the GCC “have not stopped purchasing and stockpiling weapons even at times of economic problems and they are among the biggest buyers of weapons in the region and in the world.” These remarks were indicative of Iranian attempts to create divisions among the GCC countries, to weaken the role of the GCC and question its positions.

The Gulf viewed October 18, 2020, as the day which gave Iran the green light to import and export weapons, and the beginning of Iran escalating its supply of weapons to its regional proxies. This will lead to major political and strategic ramifications in the region.
Table 2: Incidents Supportive of the Gulf View Regarding Iran’s Offensive Behavior in the Region

<table>
<thead>
<tr>
<th>SN</th>
<th>Events</th>
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<tbody>
<tr>
<td>1</td>
<td>Iran has supported terrorism by creating several Shiite terrorist organizations in the region, including Hezbollah al-Hejaz and the Houthis in Yemen. It supported and conspired with organizations such as al-Qaeda, providing shelter to several of its leaders. Several of them are still in Iran.</td>
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<td>2</td>
<td>Kuwaiti oil tankers were bombed in the Gulf during the Iran-Iraq war in 1983. These tankers resorted to raising the US flag.</td>
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<td>3</td>
<td>An attempt was made to bomb the motorcade of His Highness Sheikh Jaber al-Ahmad al-Sabah, Emir of Kuwait. As a result, two Gulf soldiers were killed, and several others were injured.</td>
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<td>4</td>
<td>In 1986, Iran instigated its pilgrims to carry out riots during the Hajj season. As a result of the riots, 300 pilgrims were killed.</td>
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<td>5</td>
<td>In 1987, Iran-backed Hezbollah al-Hejaz set fire to an oil facility in Ras Tanura. In the same year, Hezbollah al-Hejaz also attacked the facility of a Saudi petrochemical company (SADAF) in Jubail, eastern Saudi Arabia.</td>
</tr>
<tr>
<td>6</td>
<td>In 1987, Iran was involved in the assassination of four Saudi diplomats in Thailand: Abdullah al-Maliki, Abdullah al-Bassri, Fahd al-Bahlil and Ahmed al-Saif.</td>
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<th>SN</th>
<th>Events</th>
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<td>9</td>
<td>In 1996, a pro-Iranian organization was involved in bombing a residential tower in Khobar, in which 120 people were killed, including 19 American citizens. Iran provided protection to the individuals who were implicated in the bombing, including Ahmad al Moghassail, a Saudi citizen who was arrested in Lebanon in 2015. The terrorist attack was directed by the Iranian attaché in Bahrain at the time. The perpetrators were trained in both Lebanon and Iran. The explosives were smuggled from Lebanon to Saudi Arabia via Hezbollah. The Saudi government and a number of friendly countries have evidence in relation to this terrorist act.</td>
</tr>
<tr>
<td>10</td>
<td>Iran has provided a safe haven to several al-Qaeda leaders since 2001, including Saad bin Laden, Saif al-Adel and others. It has refused to hand them over to their respective countries despite the Saudi government making requests on several occasions.</td>
</tr>
<tr>
<td>11</td>
<td>In 2003, the Iranian government was involved in the bombings targeting Riyadh. One of al-Qaeda’s leaders based in Iran had masterminded the attacks which killed many Saudi citizens and foreign residents, including Americans. (11)</td>
</tr>
<tr>
<td>12</td>
<td>In 2003, a terrorist plan to carry out bombing attacks in the Kingdom of Bahrain with Iranian support was thwarted. The Kingdom of Bahrain arrested a member of a new terrorist cell which was receiving support from the IRGC and the Lebanese Hezbollah, and also in Kuwait and the UAE, at various times. (12)</td>
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<td>13</td>
<td>In 2011, the Iranian government was involved in the assassination of the Saudi diplomat Hassan al-Qahtani in Karachi. (13)</td>
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<td>14</td>
<td>In 2011, the United States foiled an attempt to assassinate the Saudi ambassador to the United States and proved the Iranian government’s involvement. The criminal complaint filed at the Federal Court in New York identified two people involved in the plot: Mansour Arbabsiar, who was arrested and imprisoned for 25 years and Ghulam Shakoury, an IRGC officer who is currently in Iran and wanted by the US judiciary. (14)</td>
</tr>
<tr>
<td>15</td>
<td>In October 2012, hackers linked to the IRGC carried out cyberattacks targeting oil and gas companies in Saudi Arabia and the Gulf. The US Defense Secretary at the time, Leon Panetta, described the cyberattacks as one of the most destructive in the private sector. President Obama’s administration said that it was aware that these cyberattacks were the work of the Iranian government. (15)</td>
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<th>SN</th>
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<td>16</td>
<td>In 2016, the Kuwaiti Criminal Court sentenced two members of the so-called “Abdali cell.” One has Iranian citizenship. They were charged with carrying out acts that undermine the territorial integrity and unity of Kuwait and collaborating with Iran and Hezbollah to carry out hostile acts.</td>
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<tr>
<td>17</td>
<td>In January 2016, Iran officially acknowledged through the IRGC Commander Mohammad Ali Jafari that it had 200,000 Iranian fighters outside the country in Syria, Iraq, Afghanistan, Pakistan and Yemen.</td>
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<td>18</td>
<td>Iranian diplomatic missions established spy networks in different countries to plan and carry out terrorist operations. The Gulf states that discovered Iranian spy networks included: Saudi Arabia in 2013, Kuwait in 2010 and 2015, Bahrain in 2010 and 2011, and the UAE in 2013.</td>
</tr>
<tr>
<td>19</td>
<td>Iran carried out several attacks targeting Gulf diplomatic missions, including the attack on the Saudi Embassy in 1987, the attack on the Kuwaiti Embassy in 1987, and the attack on Saudi Arabia’s Consulate in Mashhad in 2016. In addition, a Kuwaiti diplomat was assaulted in 2007 in Iran. The Iranian government did not protect Saudi diplomatic facilities as it claims despite repeated requests. However, Iranian security personnel entered the embassy and stole its property.</td>
</tr>
<tr>
<td>20</td>
<td>Iran violated Security Council Resolution 2216 regarding the Yemen crisis because it continues to supply weapons, missiles and armed drones to the Houthis. Iranian ships carrying weapons, ammunition and rockets were intercepted on their way to the Houthis in Yemen.</td>
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<tr>
<td>21</td>
<td>In June 2019, Emirati and Saudi ships were targeted in an act of sabotage. The investigations concluded that Iran was behind the incident.</td>
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<tr>
<td>22</td>
<td>Iran attacked Saudi oil facilities in Abqaiq and Khurais on September 16, 2019.</td>
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<tr>
<td>23</td>
<td>The IRGC’s involvement in training a terrorist cell was revealed. Its members were arrested in the Kingdom of Saudi Arabia on September 26, 2020.</td>
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<tr>
<td>24</td>
<td>Iran appointed an ambassador to the Houthi militia to legitimize the coup against the legitimate Yemeni government on October 18, 2020.</td>
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Although beneficial exchanges between the Gulf states and Iran can possibly increase, the Iranian government is seeking to impose it hegemony and views its neighboring countries as part of Iran’s historical struggle with the West, which has preoccupied the Iranian mindset.

2. Saudi Arabia and Iran

The Kingdom of Saudi Arabia believes that Iran is the main reason for the region’s misery as it has instigated strife and sectarianism. The world should confront its destructive behavior and deter its ambitions and escalatory moves, despite the efforts that were made to advance cooperation with Iran and establish an atmosphere of peace and coexistence in the region. The Kingdom has based its positions towards Iran on the history of Iranian escalatory moves against its territories since the Iranian revolution in 1979.

In the speech delivered by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud at the 75th Session of the United Nations General Assembly in New York, on September 24, 2020, he mentioned that the Kingdom extended its hand in peace to Iran and has dealt with it during the past decades with positivity and openness, received its presidents several times to discuss ways to build good neighborly relations and mutual respect, and welcomed international efforts to address Iran’s nuclear program. But again and again, the whole world saw the Iranian government exploiting these efforts by increasing its expansionist activities, establishing terrorist networks, and exhausting the wealth of the Iranian people to fund its expansionist projects that have led to chaos, extremism and sectarianism. The Saudi monarch indicated that the Iranian government has continued its aggressive approach and targeted oil installations in the Kingdom, hence violating international law. Iran has negatively impacted international peace and security, and proven its total disregard for global economic and energy stability. The Iranian government also continues, through its proxy, to target the Kingdom, launching over 300 missiles and more than 400 armed drones in flagrant violation of Security Council Resolutions 2216 and 2231. He stated that living with the Iranian government has taught the Kingdom that offering partial solutions and appeasement has not stopped Tehran’s threats to international peace and security. A comprehensive solution and a firm international position are needed to deal with the Iranian government’s attempt to develop weapons of mass destruction and missiles. In addition, such firmness is needed to stop its interference in regional affairs and its sponsorship of terrorism. (16)

Saudi Arabia may be the strongest front against the Iranian government in the region because it is an important Islamic and international actor, and is impacted the most by Iranian terrorism. In addition, Saudi Arabia is pursuing active diplomatic efforts against Iran’s subversive actions. The impact of such efforts are reflected in Iran’s hostile reactions towards Saudi Arabia’s organization of Hajj and Umrah – which Iran has been politicizing to diminish the standing of
the Kingdom of Saudi Arabia as the Islamic nation’s leader. This is clearly evident through Iran’s constant criticism of the Kingdom and questioning its ability to manage the holy sites. (17)

Saudi Foreign Minister Prince Faisal bin Farhan indicated that Saudi Arabia “is always interested in reducing the escalation in the region,” adding “there is only one party behind the instability in the region,” and explained that “Iran engages in reckless behavior and threatens the global economy.” On October 15, 2020, he stated, “Where there are problems in the world, you will find Iran. It continues to destabilize the region by supporting militias and terrorists.” He indicated that the Yemen crisis is due to the Houthi militia and Iran’s support for this militia, and that the Kingdom will continue to confront Iran’s destabilization of the region’s security, stressing that “Iran’s nuclear and missile activities represent a great threat to the region.”

At the end of 2019, President Hassan Rouhani called on the Saudi government to end the war in Yemen by saying, “Saudi Arabia’s security will be ensured by ending aggression in Yemen rather than by inviting foreigners to the Kingdom’s land.” These remarks reflect Iran’s involvement in managing the Yemeni conflict and how it continues to deny the role of its policies in instigating tensions and conflicts in the region.
3. Bahrain and Iran

Bahrain suffers from Iran’s expansionist vision towards it. Iranian official statements still assert Iran’s historical right to annex Bahrain. Iran is always betting on the loyalty of Bahrain’s Shiite community. In the context of these interactions, in June 2020, Bahrain’s High Criminal Court sentenced three officials and fined four banks more than $185 million and confiscated $2.5 million for their involvement in money laundering and financing terrorism, serving Iranian interests. Recently, Bahrain accused Tehran of “biological aggression” by covering up the spread of the coronavirus pandemic and failing to stamp the passports of Bahraini travelers who visited Iran. The Bahraini Ministry of Interior stated, “With this behavior, Iran allowed a dangerous virus to travel abroad. This constitutes biological aggression that is internationally banned, as it has put in danger our safety and health and that of others.”

The presence of the US Fifth Fleet in Bahrain makes it an Iranian target, and justifies Tehran’s attempts to undermine Bahrain’s security and stability via carrying out subversive terrorist acts to raise US costs and impose more pressure on it. Therefore, the IRGC views Bahrain as a low-cost strategic opportunity that should be fully exploited, even if Bahrain does not match the strategic importance of Iraq or Syria for Iran. As Iranian officials have indicated, the normalization of relations between Bahrain and Israel will increase Iran’s hostility towards the Kingdom of Bahrain.

4. Kuwait and Iran

Kuwait–Iran relations oscillate between cooperation, tensions, and calm. Sometimes the relationship between the two countries is friendly and at other times, it is close to severance because Iran interferes in Kuwaiti affairs and sets up subversive cells. However, the course of their relations has generally been positive, friendly and calm in all its stages.

There have been tensions recently in the Kuwait–Iran relationship against the backdrop of Kuwait hosting members of the Arab Struggle for the Liberation of Ahwaz movement, classified by Iran as a terrorist group. However, President Hassan Rouhani, in a phone call with Kuwait’s former Emir Sheikh Sabah al-Ahmed al-Sabah, praised Kuwait’s efforts to stabilize the situation in the region, and said, “I believe that there is no way to establish security and stability in the region without cooperation and friendship among the countries of the region.” Rouhani described relations between Iran and Kuwait as fraternal and friendly. He added, “We focus on these relations so that they can be stronger and more friendly. We are ready to develop cooperation.”

Shiites in Kuwait constitute a balanced percentage of the total population which contributes to strengthening Kuwait–Iran relations. However, disputes between the two countries still exist regarding the demarcation of the Dorra field in the northern Gulf, which is rich in gas and minerals, or what is known as the
continental shelf. Kuwait protested against Iran drilling in the field to search for gas.\(^{27}\) However, the two countries are linked by a set of economic agreements and treaties that balance their differences, including the Transit and Trade Agreement. The volume of trade between Kuwait and Iran until the third quarter of 2020 reached about $160 million, Iran’s exports to Kuwait reached nearly $150 million and its imports from Kuwait were about $9.5 million.\(^{28}\)

5. The UAE and Iran

In spite of the positive signs, the improved relations at the beginning of the year between the two countries and the exchange of visits between their coast guard officials to strengthen maritime border understandings, a step welcomed by Iran which believed that as the UAE approached Iran, it represented a divergence between Saudi Arabia and the UAE,\(^{29}\) Iran soon escalated its threatening posture towards the UAE following its normalization agreement with Israel. Supreme Leader Ali Khamenei criticized the UAE move by saying, “The United Arab Emirates has betrayed the Islamic world, the Arab world, the regional states, and the important Palestinian cause.” He added, “Of course, this situation will not last long, but the stigma will stay with them. The Emiratis put the occupation of Palestine and the displacement of the Palestinians behind them. They opened the door of the region to Zionists in the region.” He also expressed his regret at “the UAE government’s cooperation with the Zionist entity and the malicious Zionists in the US government who are against the interests of the Islamic world and the region. He said, “I hope that the Emiratis wake up and compensate for what they did.”\(^{30}\)

Iran’s relations with the UAE are heavily dependent on trade exchange with the UAE, considering its economic crisis because of the sanctions imposed on it, and the ramifications of the coronavirus crisis. Meanwhile, the UAE normalization with Israel is a threat to Iran, and it is not something it can overlook.

However, despite tensions, Iran–UAE trade exchange rose, according to the Iranian Customs Organization, reaching $13.5 billion during the past Iranian year (March 21, 2019 to March 19, 2020), reflecting the UAE’s importance to the Iranian economy. The UAE is Iran’s biggest trading partner and the second biggest trading partner in the world.\(^{31}\)

Recently, UAE policy has been active in several directions. It can be interpreted as a UAE attempt to exploit Iran’s need for trade cooperation to impose a new reality on the Iranian government, and to adjust Tehran’s behavior towards pursing mutual interests rather than an escalatory path. In spite of the sensitivity and tensions between the Iranian government and the Israeli entity, the UAE normalized relations with Israel, which caused a crisis with Iran. However, Iran did not take any escalatory steps. As the UAE purchased F–35 stealth fighter jets and advanced weapons from the United States, it sent a message to Iran that although there are mutual interests between the two countries, it can also possess deterrent elements and form alliances to counter Tehran’s arrogance and recklessness.
6. Oman and Iran

Although Oman is involved in the Gulf’s policy via the GCC, it has kept, for a long time, a parallel policy with Iran. The sultanate has pursued an independent political path. Throughout the long tenure of Sultan Qaboos bin Said and his Minister of Foreign Affairs, Yusuf bin Alawi, Oman had been reluctant to interact with many files regarding the Gulf. Oman’s policy was one of pursuing a mediating role in complicated regional files. Oman’s mediating role was apparent between the United States and Iran to complete the nuclear agreement between Iran and the P5 + 1, as well as playing a mediating role in the Yemeni crisis.

Oman playing this role has contributed to a reduction in its involvement in the Arab Gulf. Therefore, it has not been impacted as much by Iran’s policies compared to the rest of the Gulf states. Oman manages the Strait of Hormuz together with Iran. Oman hopes that its ports will benefit from the economic corridor (North-South), which connects Iran with the Central Asian states. Oman was one of the signatories to the Ashgabat Treaty in the transportation field, which also includes Iran, Turkmenistan, Uzbekistan, and Kazakhstan. This treaty aims to facilitate the transport of goods and commodities between Central Asia and the Arab Gulf. (32) This has led to intertwining Oman-Iran interests and relations.

As Sultan Haitham bin Tariq took power in Oman, his first decision was to dismiss the veteran Foreign Minister Yusuf bin Alawi and to appoint a new foreign minister. There were signs of a different political approach compared to Oman’s traditional approach. Sultan Haitham’s cabinet prepared plans to revitalize the sultanate’s faltering economy. The sultanate’s debts have accumulated in the past few years and its international credit rating has fallen. The International Monetary Fund expects that Oman’s fiscal deficit will reach 10 percent of GDP. (33) The sultanate may request financial support from the Gulf states, which will no doubt help to keep the sultanate active in the Gulf region.

Oman has moderate economic relations with Iran, but relations are growing. Iran seeks to overcome its economic crisis via its cooperation with Oman. It wants to facilitate trade exchange by establishing an active shipping line between Iranian and Omani ports. Furthermore, Iranian trade has flourished in the Omani market. The records of Oman’s Ministry of Trade and Industry highlight the registration of more than 300 companies in joint investments with Iranian entrepreneurs and companies. (34)

By developing its relations with Oman, Iran aims to pull Oman away from the Gulf states, especially from Saudi Arabia, and to exploit its role as a mediating actor so that it can engage in negotiations behind closed doors if needed, such as regarding the nuclear file.

On the other hand, Oman seeks to import gas from Iran via a marine pipeline between the two countries, and both countries are discussing the development of joint gas fields at sea. There is also military cooperation between the two countries
based on the military cooperation agreement signed in 2010. They also carried out joint naval maneuvers in the Strait of Hormuz. (35)

7. Qatar and Iran

Qatar looks at its relationship with Iran through the lens of its tensions with the Arab Quartet: Saudi Arabia, the UAE, Bahrain and Egypt. Iran opened its airspace and ports to Qatar when the abovementioned three Gulf states boycotted it. In addition to intertwined economic interests between the two countries, Iran and Qatar share a joint gas field, the South Pars/North Dome field (36) that supports 50 percent of Iran’s national income. There is also joint coordination in the area of maritime security. Therefore, the Qatari position towards Iran differs from the other Gulf states. It is expected that the Qatar–Iran coordination will continue due to mutual interests, until the political crisis among the Gulf states is resolved. During the preparation of this report, reconciliation was announced between Qatar and the Arab Quartet. Based on the positive interactions, Qatar, through its Foreign Minister, Sheikh Mohammed bin Abdulrahman al–Thani, called on the Gulf states to hold talks with Iran. He indicated that Qatar “will facilitate negotiations, if asked, stressing that his country will support whoever is chosen to do so.” (37) The Iranian foreign minister welcomed such regional understandings that he believes are in the interest of all parties. He posted on his Twitter account, “As we have constantly emphasized, the solution to our challenges lies in collaboration to jointly form a strong region: peaceful, stable, prosperous and free from global or regional hegemony.” (38)

8. The Statement of the al–Ula Summit Supports the Gulf’s Unified Position Towards Iran

The statement of the al–Ula Summit, issued on January 5, 2021— during the writing of this annual report — indicated the resetting of Gulf relations and stressed the need for solidarity amid the challenges and threats facing the region. It is hoped that this restoration of Gulf relations will positively impact the ability of the Gulf states to tackle the challenges facing them and strengthen the position of the GCC regionally and internationally, allowing strategic partnerships to be formed with regional and international organizations that will serve the Gulf’s interests. Among the significant points of the al–Ula Summit’s statement was the GCC rejecting Iran’s interference in Gulf sovereign affairs, and condemning Tehran’s terrorist operations and support for sectarian conflicts. The statement also called on Iran to stop sponsoring groups that are instigating sectarianism, including the supply of weapons such as ballistic missiles and aerial drones that target civilians, and to end its provocative acts that threaten international shipping lines and the global economy. The statement emphasized that any new negotiations with Iran must address Tehran’s destabilizing behavior in the region, its missile/drone programs, and its nuclear program. Furthermore, the
Gulf states must be included in the negotiation process with Iran. Finally, the statement called for advancing military integration between the Gulf states under the supervision of the Joint Defense Council, the Supreme Military Committee and the unified military leadership of the GCC to confront the emerging challenges in accordance with the joint defense agreement and the principle of collective security for the Gulf states. (39)

IV. The Future of Iran–Gulf Relations in 2021

As indicated above, Iran’s policy towards the Gulf states is in line with its hostility with the United States, which has resulted in Gulf–Iran relations following the same path of tensions as one witnesses in US–Iran relations. However, the recent unified position of the Gulf states towards Iran will be a significant factor in influencing regional and international interactions with Iran. This in turn will reflect on Gulf–Iran relations. The relationship is expected to take one of the following paths during 2021:

1. Pacification and the Reduction of Tensions

If this scenario materializes, there is a likelihood that a calm in relations between the Gulf states and Iran will be witnessed during the next stage, pending the outcome of the new policies pursued by the US administration towards Iran. This scenario is based on the exchanges between the United States and Iran, with both parties indicating a willingness to move towards calm in exchange for the United States returning to the nuclear agreement albeit with some variations. This scenario is likely to happen during 2021. It is possible, due to the following:

A. In light of US policy continuing to curb Iran’s nuclear and missile capabilities and its regional role that has impacted Washington’s regional allies, as well as the difficult economic conditions Tehran is facing, it is expected that the new US administration will renegotiate with Iran to return to the JCPOA, but with new conditions to make sure that past mistakes are addressed, including addressing Iran’s missile program, stopping Iran’s support for terrorist outfits, forcing it to end its interference in the affairs of regional countries and defining new protocols to monitor Iran’s nuclear activity and enrichment programs. In this endeavor, the Gulf states should make intensive efforts to communicate with the United States and the other countries participating in the negotiations, to urge them not to overlook Gulf security issues as a result of Iran’s multi-faceted behavior in the region. The Gulf states must be involved in the negotiations related to Gulf security, and this could lead to an indirect dialogue between them and Iran, under international supervision.

B. As a result of the Gulf’s unified position towards Iran and the outcomes of al-Ula Summit, it is possible that Iran may consider the implications of this unified position and shift its tendency of dealing with the Gulf states individually.

C. The Gulf states have large military capabilities which they are continuously
seeking to modernize with the latest technological advancements. These military capabilities are part of the Gulf’s deterrence against Iranian threats. It is expected that work will be done to further integrate Gulf military capabilities, hence forming a collective Gulf network (early warning), to counter any external attacks. The UAE’s recent arms deal to purchase military weapons worth more than $23 billion, including stealth F-35 jets, is indicative of the Gulf states’ desire to establish effective deterrence in the region. The Gulf states establishing alliances with friendly countries such as the United States, Britain and France is part of their strategy to counter threats posed by Iran to Gulf and global security. It is hoped that these factors will pressure the Iranian government to move towards a path of reconciliation and abandon its escalation targeting the Gulf states.

D. Iran may reconsider its calculations and accept that the normalization between some Gulf states and Israel was in response to its escalatory policies, and further escalation will lead to other Gulf states normalizing relations with Israel. Therefore, this does not serve Iran’s interests.

2. Continued Escalation
The escalation of tensions between the two parties is likely to continue, and may take several paths as follows:

A. The United States tightens its unilateral sanctions as the US administration’s negotiators will fail to reach a solution to return to the nuclear agreement under mutually agreed conditions between Washington and Tehran. Upon the consequences of failure to reach an international consensus, it is expected that countries, which oppose the US policy towards Iran, will break the international isolation imposed on Iran by exploiting loopholes in international law. Iran may also attempt to target US interests and its allies in the Gulf.

B. The Gulf states might need to counter Iran’s interference in their internal affairs, and deal with Tehran’s militias in the region, which is likely to lead to escalation.

C. Iran may not agree to a new nuclear agreement that addresses strategic and deterrence elements such as its missile program and regional role. This would force the United States to threaten Iran with harsh measures so that it complies with the new agreement, otherwise the Gulf will be vulnerable to Iran’s ongoing escalation.

D. The failure to reach a settlement between the United States and Iran, or Israel targeting Iran’s nuclear program, will increase regional escalation. The Gulf states will enter into conflict with Iran in the areas of confrontation: Yemen, Iraq, and the Arab Gulf, in response to Iran continuously targeting its neighboring countries.

The US administration insisting that it will not provide Iran with an opportunity to develop a nuclear bomb means that confrontation less likely to happen. Otherwise, it may have to intervene militarily later, something that the United States does not favor. In this context, Israel has pressured the US administration so that it prevents Iran from producing nuclear weapons.
3. Understandings and Forging a Gulf–Iran Settlement

This scenario means that Iran will likely pursue a diplomatic path via mediation to establish a Gulf–Iran dialogue to build confidence, and to reduce tensions within a regional framework, which Tehran is wanting to pursue. However, this is one of the scenarios that is the least likely to happen. Similarly, the Gulf states will not accept this because there is no common ground on many issues. The Gulf states do not trust Iran because of the current situation and hope for international participation. As Gulf security is of particular concern to the international community, it is hoped it will intervene to help in stabilizing global energy supplies. This path could be pursued due to the following:

A. The Qatari call that was put forward may receive a positive response from Iran as it may seriously consider it given the political, economic and health crises it is facing.

B. Iran’s desire to expel international powers from the region, especially the United States, is because it wants to increase its hegemony in the region. It aims, through a future settlement with the Gulf to, serve – first and always – its interests.

C. Some Gulf states are willing to build bridges of understanding and partnership with Iran. In all cases, and despite the divergent interests of the Gulf states with Iran, and their convergence on security issues, keeping a regional balance necessitates that the Gulf states set aside their intra-regional differences, establish a unified viewpoint towards Iran, and develop the military capabilities of the joint Peninsula Shield Force, which has proven its deterrence capabilities on previous occasions. In addition, the Gulf states must increase intra-regional exercises to improve military integration to reach a level of deterrence which is able to protect the Gulf from external aggression and increase military efficiency against hostile projects within the framework of the joint defense agreement signed by the leaders of the GCC states at the 21st session of the Supreme Council on December 21, 2000, in the Kingdom of Bahrain.

When reviewing the internal dynamics between the Gulf states in regard to their disagreements on Iran, it becomes apparent that they are eager, most prominently the Kingdom of Saudi Arabia, to reduce tensions with Iran. This was evident in the speech of the Custodian of the Two Holy Mosques at the United Nations General Assembly, reflecting a general Gulf desire to have normal relations with Iran. However, this desire is hindered by Iran itself which adopts an aggressive, expansionist policy, and interferes in the internal affairs of the Gulf states. This has created the impression that Iran is unwilling to reduce tensions and take steps that could be considered as confidence-building measures by the GCC. If Iran changes its policy towards the region which it has pursued over the past 40 years, then the Gulf states will be ready to seriously deal with any Iranian proposal.
Iran and Yemen

Introduction

In 2020, several events happened in Yemen in relation to the political and military decisions taken by the Houthi militia which is linked to the Iranian government. The Houthi militia continued to receive Iranian support in line with Tehran’s interests, a matter that added further complexity to the Yemeni crisis.

The International Institute for Iranian Studies (Rasanah) pointed out in its 2019 Annual Strategic Report that the implications of the Yemeni crisis in 2020 will depend on the level of the Houthis’ association with Iran. Rasanah also drew attention to Iran’s desire to impede peace efforts, which impacted the Yemeni scene.

The Houthis’ connection to Iran increased in 2020, in line with Iran’s desire to escalate further and thwart the peace process via the employment of the Houthis in the political equation. The Yemeni government’s minister of information said that the Iranian government undertakes both military and political steps to escalate the situation to thwart the implementation of a political solution, with positive signs emerging regarding this matter.

Rasanah indicated that the international efforts, notably the efforts of the UN envoy, Martin Griffiths, during 2020, would contribute towards reaching a solution to the Yemeni crisis. Griffiths submitted a proposal to the parties of the Yemeni crisis. His proposal included a ceasefire, humanitarian and economic action points to mitigate the suffering of the Yemeni people, building trust between the parties, strengthening Yemen to fight the COVID-19 outbreak, and the resumption of political dialogue.\(^{(40)}\)

The Yemeni government called on the international community to take serious steps to curb Iran’s behavior. The Yemeni people suffered severely during 2020
because of Iran's ongoing escalation. In addition, they suffered because of displacement, economic collapse and the outbreak of the coronavirus pandemic. Moreover, the pace of Iran’s political escalation increased when Tehran smuggled an IRGC officer to Sana'a to act as an ambassador and it instructed the Houthis to militarily escalate further, internally and externally.

In 2020, violations continued to obstruct peace efforts. On December 30, 2020, Aden airport was attacked; Griffiths in response said the “targeting of civilians and civilian facilities, is a serious breach of international humanitarian law, and such violations may constitute a war crime.”

The file reviews the implications of Iran’s role in escalating the Yemeni crisis in 2020 at the political, military, and cultural levels:

**I. The Political Role**

1. Iranian Violations of International Law in the Yemeni Crisis

   **A. Politically**

   In 2020, Iran’s political violations of international law varied in the Yemeni crisis. The appointment of Hassan Irloo as Iran’s ambassador to the Houthis highlighted Tehran’s violations of international law and diplomatic norms. It is worth mentioning here that Iran is the only country to recognize the Houthi militia as a government. Thus, Iran’s appointment of Irloo was considered to be a political scandal and a continuation of Iran’s hostile policy following Tehran’s acceptance of the so-called Houthi ambassador to Iran, Ibrahim al-Dulaimi. This Iranian move represented a challenge to the United Nations, defying United Nations Security Council (UNSC) resolutions on the Yemeni crisis including Resolution 2216. This move also indicated Iran’s desire to complicate the Yemeni crisis further and to provide the Houthis with a veneer of legitimacy at the international level.

   The Iranian–Houthi approach was confirmed through what the so-called minister of foreign affairs of the Houthis’ Salvation Government said to Iran’s ANA news agency, “Iran’s move could be a prelude to appointing ambassadors for other countries in Yemen.” Simultaneously, he praised the Iranian move against the legitimate, internationally recognized government, and referred to the Iranian government’s attempt to legitimize the Houthis. He said, “Iran’s move is in support of the Sana’a government and the government formed by the Yemeni revolutionaries.” Observers believe that the two parties will continue to undermine the sovereignty of the legitimate government, thus violating international resolutions, international law and diplomatic norms.

   In this regard, the Yemeni government emphasized that the Iranian move (accepting the credentials of Ibrahim al-Dulaimi) was a flagrant violation of international law, and the unprecedented smuggling of Hassan Irloo to Sana’a, contradicted diplomatic norms, and this act was done by gangs not a state. “The Iranian government’s continued behavior to act like gangs and terrorist
organizations by smuggling weapons and individuals to the Houthi militia confirms Iran’s aggressiveness and its malicious intent towards Yemenis,” the Yemeni government declared in a statement. The Yemeni government called on the international community and the UNSC to condemn Iranian violations with an official complaint submitted to the UNSC on October 19, 2020, in relation to the smuggling of Hassan Irloo, an IRGC commander, into Sana’a—the IRGC was designated as a terrorist organization in 2019. The Yemeni government also called on the international community, namely the UNSC permanent member states, to take a clear and resolute position against Iran’s aggression in Yemen.\(^{(43)}\)

Trump’s Secretary of State Mike Pompeo condemned Iran’s violations of international law and UNSC resolutions regarding Yemen. Pompeo considered Iran’s smuggling of Hasan Irloo into Sana’a as a violation of UNSC and UN resolutions and an escalation that defies attempts to reach a political solution in Yemen and a move to prolong the conflict.\(^{(44)}\)

The United States, in return, designated Hassan Irloo as a terrorist. Reuters quoted a US official as saying, “Washington will impose terrorism-related sanctions on the so-called Iranian ambassador to the Houthi militia, Hassan Irloo.” The US approach exposes the dangerous role of Iran’s military delegate, as he was smuggled to prolong the conflict and carry out terrorist attacks inside and outside Yemen, especially since Irloo worked as an anti-aircraft weapons training officer and he does not have any diplomatic experience.\(^{(45)}\)
On December 8, 2020, the United States included the Houthis among “Entities of Particular Concern” to be listed with al-Shabaab, al-Qaeda, Boko Haram, Tahrir al-Sham, ISIS, ISIS–Greater Sahara, ISIS–West Africa, Jamaat Nasr al-Islam wal Muslimin, and the Taliban, in preparation to designate it as a terrorist organization.46

On January 16, 2021, the United States announced the designation of the Houthis as a terrorist organization, and the inclusion of its leader, Abdul-Malik al-Houthi, Abdul-Khaliq al-Houthi, and Abdullah al-Hakim, on its terrorist list. “The classification aims to hold the Houthis accountable for their terrorist acts, including cross-border attacks, which threaten civilians, infrastructure and commercial shipping,” Pompeo stated. Many international parties welcomed the US move, including the legitimate Yemeni government. However, the Iranian government and the Houthi militia condemned the US designation.47

B. Militarily

According to Resolution 2216 which stipulates that the export of arms to the Houthis shall not occur, the ongoing Iranian military support to the Houthis, whether through sending experts or the smuggling of arms to destabilize Yemen, is considered a violation of international law, UN resolutions and Yemeni sovereignty; it also threatens regional and international security.

Abul Fazl Shakarji’s remarks, the official spokesman of Iran’s armed forces, on September 2020 confirmed Iran’s destabilizing role through providing military support to the Houthis to kill the Yemeni people and target neighboring countries. “The Iranian government puts all military technologies at the disposal of the Houthi militia,” Shakarji told Fars News Agency. These remarks also confirm the Arab Coalition’s reports on Iran’s destabilizing role in Yemen, while the Yemeni minister of information considered these statements as “an explicit recognition of managing and supporting the Houthi coup to implement Iran’s sabotage agenda in Yemen and the region,” which breaches the UNSC and UN resolutions.48

Iran has different ways to support the Houthi militia and smuggle weapons. On July 17, 2020, the US magazine Foreign Policy published a report on Iran’s suspicious role in supporting Iranian militias through supplying oil and weapons. The report indicated that Iran used money to recruit individuals in Somalia and set up a network to smuggle weapons to the Houthi rebels via its relationship with the al-Qaeda–linked Shabab al Moumineen movement in Somalia.49

Iran also has used fishing vessels as a cover to smuggle various weapons to the Houthis. Yemen’s Minister of Information Moammar al-Eryani referred to Iran’s suspicious activities in Yemeni territorial waters saying, “Global Fishing Watch and Trig Matt Tram, the specialists in monitoring and tracking fishing vessels and fisheries, have disclosed dangerous information on these activities.” The two tracking sites revealed that Iranian ships are involved in illegal fishing operations in Yemeni territorial waters and disclose only part of their activities.50
Considering the joint forces and the Arab Coalition’s efforts to curb the smuggling of Iranian weapons to Yemen, they revealed that a Houthi cell coordinated with the IRGC on September 15, 2020 to smuggle Iranian weapons to Yemen. Investigations proved the IRGC’s involvement in smuggling weapons via several ways. Previously, these Houthi terrorist cells had carried out smuggling operations through Yemeni ports. Investigations revealed the identities of Houthi officials who organize smuggling operations in various regions of Yemen, under the supervision of Muhammad Ahmad al–Talbi or Abu al–Jafar al–Talbi, who assumes the rank of major general and occupies the position of director of procurement of the so–called Houthi Ministry of Defense.\(^{51}\)

Moammar al–Eryani said, “Iran’s ongoing supply of weapons, funds, and military experts to the Houthi militia, is an exploitation of the Stockholm Agreement, which was finalized under UN supervision, particularly using the ports of Hodeidah, Salif and Ras Isa to smuggle more weapons.” The Yemeni government considered these Iranian–Houthi moves as “a flagrant violation of international law and UN resolutions related to the Yemeni crisis.”\(^{52}\)

In this context, Pompeo said, “The United States calls on Iran to stop smuggling weapons to the Houthis in violation of UN Security Council resolutions and to stop enabling the Houthis’ aggressive acts against Yemen and towards its neighbours, including Saudi Arabia.”\(^{53}\)

C. Human Rights

In 2020, Houthi violations of human rights increased in Yemen, especially towards children and women. A Yemeni report identified 24,488 Houthi violations of children’s rights in Sana’a, which were monitored by the Human Rights Office in Sana’a between November 2019 to November 2020. According to the report, Houthi violations varied between killings, kidnappings, violence, forced recruitment, looting food items and robbing health and educational institutions. The report indicated that Houthi violations of children’s rights are increasing. The report noted that the impunity of those carrying out these violations encourages them to commit more violations against Yemen, its people, and children.\(^{54}\)

Meanwhile, the Iranian judiciary awarded the leader of the Houthi militia, Abdul–Malik al–Houthi, a human rights prize on August 15, 2020, in addition to the deputy head of the Iraqi Popular Mobilization Forces, Abu Mahdi al–Muhandis, who was killed in a US attack. The award was also given to the founder of the Palestinian Islamic Jihad Movement that has ties with Iran, Ramadan Shalah.\(^{55}\)

Many observers believed that Iran granting Abdul–Malik–Houthi such an award was an Iranian attempt to “whitewash the horrific Houthi militia’s crimes against the Yemenis.” At the same time, it highlighted the Houthi militia’s subordination to Iran. Walid al–Abara, the spokesperson for Yemen’s Ministry of Human Rights said, “Human rights have a single declaration that has been acknowledged by all countries, and it acts as a committing reference to all international agreements...
and treaties related to human rights [...] The alleged human rights award set up by Iran’s mullah regime was designed to evade commitment to human rights and to whitewash Iran’s controversial record of oppressing freedoms and violating human rights both at home and abroad,” adding that the prize is worthless. “Iran, under economic siege, is no longer able to present its proxies in the region but with missile technology and moral support in exchange for serving its bloody expansionist agenda,” he added.(56)

Since Iran tops the list for global terrorism and human rights violations, with its catalogue of extensive crimes committed in the name of its violent ideology, observers wonder how such a country can grant a human rights prize to a terrorist. In addition, some observers called on the international community to seriously deal with the approach of Iran and its militias.(57)

In this context, the UN removed the military wing of the Arab Coalition to Support Legitimacy in Yemen from its blacklist of human rights violators on June 6, 2020. This UN step was welcomed by the Yemeni community, as it was considered a victory for the Yemeni people, and a move away from the politicization of humanitarian files. Yemeni Minister of Human Rights Mohammed al-Askar said, “The removal of the Coalition to Support Legitimacy in Yemen from the international blacklist represents a restoration of its legal right, away from the blackmailing and politicization of this file.” The under-secretary of the Ministry of Endowments and Guidance said, “Removing the coalition from the blacklist is a victory for diplomacy that is based on facts and realistic evidence, and a refutation of the misleading information that the Houthis provided to the United Nations, through some suspected people.”(58)

It is noteworthy that the Arab Coalition to Support Legitimacy in Yemen is based on high-precision standards in targeting the military sites of terrorist militias since the inception of Operation Decisive Storm, considering the need to avoid inflicting injuries and casualties.

Moreover, the coalition issued a statement in which it clarified that it had undertaken “efforts to protect the Yemeni children, which included the establishment of a special unit to protect them, in addition to adopting more preventive measures to work on special programs for Yemeni children who were recruited by the Houthis, all intending to provide them with health, psychological and educational services, and reuniting them with their families.” The coalition also confirmed ongoing work with the Special Envoy on Children and Armed Conflict, Virginia Gamba, who supervises the Child Protection Office in Yemen.(59)

In reaction to removing the coalition from the blacklist of children’s rights violators, Abbas Mousavi, the former Iranian Foreign Ministry spokesperson, accused the UN members of bribery saying, “Some people in the United Nations seek to cleanse Saudi Arabia with dollars.”(60) Some observers considered Mousavi’s accusation as irresponsible, and in the context of an attempt to distract attention
from the reports that prove the Iranian-Houthi involvement in crimes against children and civilians in Yemen. In this regard, Save the Children, a leading British global children’s charity, reported that the Houthi militia deliberately participated in the targeting of hospitals in Yemen, and that Iran contributed to worsening the humanitarian crisis in Yemen through ongoing support to the Houthis to prolong the crisis and thwart peace efforts.\(^{(61)}\)

According to the official Yemeni news agency, the Yemeni Network for Rights and Freedoms announced the recording of approximately 66,000 cases of children’s rights violations carried out by the Houthi militia since the beginning of the Yemeni crisis. The network also stated in its report that more than 7,120 children were killed, including 97 infants, because of Houthi bombings, snipers, and planting mines. In addition to the 465 cases of imprisonment and kidnapping, 12,341 children under the age of 14 years were forcibly recruited to fight on various fronts with the Houthis. \(^{(62)}\)

**D. Peace Process**

All relevant Iranian steps related to the peace process in Yemen indicate that Tehran has sought to disrupt the political path in Yemen, as Iranian interests lie in the continuation of the Yemeni crisis and the armed conflict. In 2020, Yemen witnessed many Iranian steps to undermine the peace process, whether at the political or military level, or by instructing the Houthis to oppose all agreements that are in the interest of Yemen and its people. Iran’s policy in Yemen is considered an extension of its position in previous years to thwart all Yemeni peace agreements and initiatives. This began with instructing the Houthis to defy the Stockholm Agreement and the Riyadh Agreement before it came out in its final form in 2020, coinciding with the prisoner exchange agreement between the legitimate government and the Houthi militias. After the implementation of the prisoner exchange agreement and the positive atmosphere that prevailed, the Houthi militia stepped up its escalation on instructions from Iran, leading the Yemeni government to denounce Iran’s role in sabotaging the Yemeni peace efforts. It is noteworthy that prior to the prisoner exchange agreement between the Yemeni government and the Houthi militia, Iranian officials had made numerous statements opposing the peace efforts. The Yemeni government considered these statements as an Iranian signal to the Houthis to escalate further at the political and military levels. The Iranians aim to destabilize and increase the complexities on the Yemeni scene, as their statements were made amid talks between the legitimate government and the Houthi militia in September 2020 regarding a prisoner exchange. The Iranian army’s official spokesman in the same month said, “Iran puts defensive technologies to produce missiles and drones at the disposal of the Yemeni people.”\(^{(63)}\)

The legitimate Yemeni government denounced Iran’s interference and irresponsible statements; it also described Iran’s role as impeding a political
solution in Yemen, and a violation of international resolutions related to the Yemeni crisis. Simultaneously, the Yemeni government called on the international community to intervene and put an end to Iran’s blatant interference in Yemen. Tehran does not comply with international law, and poses a threat to the region, as well as to international peace and security.

Many international parties welcomed the prisoner exchange agreement leading to 1,000 people being released. These individuals represented the opposing sides in the conflict. The UN Secretary-General António Guterres and the UNSC member states welcomed in two separate statements the prisoner exchange agreement that was reached on September 27, 2020 and was implemented over two days (October 15 and October 16, 2020). “This is an important step in the implementation of the Stockholm Agreement and is the largest prisoner exchange since the start of the conflict. It is proof that important breakthroughs can be achieved through dialogue and compromise,” said Stephane Dujarric, spokesman for UN Secretary-General Antonio Guterres. At the same time, the UNSC member states renewed their commitment to a political settlement by Yemen’s leadership, in accordance with UN resolutions, including Resolution 2216 (2015), the Gulf Cooperation Council initiative and its mechanisms, and the outcomes of the National Dialogue Conference.

Regarding this, Ali Asghar Haji, a senior assistant to Iran’s foreign minister said, “Iran’s initiative for a political solution is still on the table.” He claimed, “Iran has announced from the beginning that the solution must be political, so Iran has presented four items for such a solution.” This statement coincided with the efforts of the Kingdom of Saudi Arabia to start implementing the Riyadh Agreement in December 2020.

Many observers believe Haji’s remarks reflected an Iranian attempt to undermine the efforts of the Arab Coalition to Support Legitimacy in Yemen and to impede the unification of actors challenging its Houthi arm. On the other hand, Haji’s remarks are considered as an Iranian attempt to prove Iran’s presence in Yemen via the Houthis, which are used as a pressure card to threaten international shipping and regional security. These observers also wondered how Iran talks about the peace process in Yemen, while it is involved in smuggling weapons and military experts to kill Yemenis, as well as threatening neighboring countries, and pressing for more military escalation.

II. The Houthi Military Escalation at the Behest of Iran

In 2020, the Houthis intensified escalation at the behest of Iran, using missiles and drones inside Yemen and abroad, targeting neighboring countries and international navigation. The Houthis' firing of Iranian missiles and drones became part of their propaganda campaign to raise the morale of fighters and they also promoted fake victories to boost their fighters. In addition, these weapons were used to disrupt the political process and Iran used the Houthis as an
international pressure card through targeting energy supplies. The Arab Coalition to Support Legitimacy in Yemen has succeeded in gathering strong evidence of Houthi missiles and drones being manufactured in Iran. The debris of intercepted missiles and drones has provided compelling evidence of this.

According to US reports, Abdulreza Shahlaei, an IRGC leader in Sana’a, is considered as the mastermind of the Houthi strategy of launching ballistic missiles, drones, and boats. The reports revealed that the most prominent Iranian-made missiles are: Borkan, Cruz or Quds 1, Mandeb 1 anti-ship missile, and Samad 2. The Houthis have also employed modified versions of Iranian drones including Qasef 1+2, Rased, Raqib, Hodhod (espionage) and Samad 1+2 (suicide drones).

The Houthi “terrorist” attacks have escalated since Hassan Irloo’s arrival in Yemen. The Arab Coalition succeeded in disabling approximately 26 terrorist attacks, which involved four ballistic missiles and 21 drones, in addition to a suicide boat. Most of these attacks were launched in October 2020 near the port of Salif and the north of Hodeidah.67

It is noteworthy that Irloo, who Iran appointed as an ambassador enjoying absolute authority, came to Sana’a carrying instructions for the Houthis. The Iranian instructions included the need to intensify attacks against Saudi Arabia via the usage of suicide drones and ballistic missiles. The Iranian instructions were followed by consecutive shipments of the smuggling of drones and Iranian ballistic missiles to the Houthis.68

Table 1: The Most Prominent Thwarted Houthi Terrorist Attacks on Saudi Vital Areas in 2020

<table>
<thead>
<tr>
<th>Date of Targeting</th>
<th>Location</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 21</td>
<td>Yanbu</td>
<td>Drones and two winged missiles, in addition to a ballistic missile. All indications showed that they were manufactured in Iran.</td>
</tr>
<tr>
<td>March 28</td>
<td>Riyadh, Jazan</td>
<td>Missiles and drones. All indications showed that they were manufactured in Iran.</td>
</tr>
<tr>
<td>June 23</td>
<td>Riyadh, Jazan</td>
<td>Five Iranian-made ballistic missiles and drones.</td>
</tr>
</tbody>
</table>

Table continued on next page
<table>
<thead>
<tr>
<th>Date of Targeting</th>
<th>Location</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 3</td>
<td>Najran Airport, Khamis Mushait, Jazan</td>
<td>Iranian-made Qasef K2 drones.</td>
</tr>
<tr>
<td>September 06-17</td>
<td>Abha Airport, Riyadh</td>
<td>Drones and a Zulfiqar ballistic missile. All indications showed that they were manufactured in Iran.</td>
</tr>
<tr>
<td>October 24-27</td>
<td>Abha Airport, Jazan Airport, Khamis Mushait</td>
<td>Qasef K2 and Samad 3 drones. All indications showed that they were manufactured in Iran.</td>
</tr>
<tr>
<td>December 24</td>
<td>Oil tanker at Jeddah port.</td>
<td>Suicide boats.</td>
</tr>
</tbody>
</table>

Domestically, the Houthi militias intensified their escalation of military attacks, especially their attacks targeting the Ma’rib governorate. From three fighting fronts, the Houthis worked to impose an unprecedented level of pressure on Yemen’s army and the Ma’rib tribes. The three fighting fronts were starting from the north through the open spaces of Al Jawf Governorate; westward through the mountain chain to Sirwah and Nihm District; to the common border with Al Bayda’ Governorate, in the far south. The Houthi military operations at home intended to change the on ground realities and impose pressure to thwart the implementation of the Riyadh Agreement. The Mar’ib governorate holds crucial strategic importance in the political, economic and military equations in Yemen. Ma’rib possesses oil and gas wells in addition to the Safer oil refinery, and it shares the longest administrative border area with Sana’a, in addition to hosting the largest number of Yemeni army brigades.

Some observers believe that the Houthi escalation targeted the arrangements to form a Yemeni government in accordance with the Riyadh Agreement. Moreover, the surprise attacks launched by the Houthis preceded the national army’s military operations to regain the territories that it lost during the first months of 2020. The Houthis attempted to penetrate Ma’rib to strengthen their negotiating position before any future developments, and to take advantage of the strategic vacuum between Yemen’s national components, as the Houthis realize that the implementation of the Riyadh Agreement will fill this vacuum and unite the Yemeni components. In other words, the implementation of the agreement would...
herald the end of the militia. Therefore, the Houthis are attempting to coordinate in advance with one of Yemen’s components separately, before the Yemeni components unite against them because they fully understand that they cannot survive if unity emerges among the ranks of Yemen’s national components.\(^{(69)}\)

The UNSC condemned the Houthi escalation inside Yemen in Ma’rib, Hodeidah and Ta’iz. The UNSC member states confirmed the international community’s commitment to support Yemen’s sovereignty, independence, unity, and territorial integrity. Moreover, the UNSC stressed the implementation of the Riyadh Agreement to bridge the differences, in preparation for declaring a ceasefire throughout the country.\(^{(70)}\)

It is noteworthy that the Houthis tried to target members of the Yemeni government upon their arrival at Aden airport. The Yemeni government blamed Iranian experts for plotting the attack. It also reported that the attack was carried out with guided missiles from Houthi-controlled areas. Yemeni Prime Minister Maeen Abdulmalik Saeed said, “Initial investigations of the terrorist attack against Aden International Airport indicate Houthi involvement, which was carried out through guided missiles.” He also pointed out that according to intelligence and military information, Iranian experts were in the Houthi militia-controlled areas to direct these attacks.\(^{(71)}\)

### III. Iranian Cultural and Social Penetration

#### 1. Changing the Educational Curricula in Yemen

The Yemeni people live under Iranian–Houthi attempts to change their Arab identity within the framework of Iran’s cultural invasion. Iran has looked at Yemen through a sectarian lens and supported the Twelver Shiite sect at the expense of the Sunni sect which Yemenis have followed for centuries.

At the beginning of the 2020 school year, the Yemeni government denounced Houthi attempts to intellectually stagnate Yemeni society and its promotion of
propaganda via teaching distorted educational curricula in schools that serve “Iran’s agenda” in Houthi-controlled areas.

The Yemeni information minister tweeted “Attempts by the Iranian regime and its Houthi tool to target the Arabic language and to impose Persian come as part of a plot aimed at Yemen’s identity, Arabism and cultural heritage [...] The establishment of a Persian language section in Sana’a University is one of the Iranian efforts to impose control over Yemen’s educational and cultural sector.

The Yemeni minister of information revealed the Houthis’ intellectual and cultural dependency on the Iranian political system. The impact of this will be reflected on future Yemeni generations. “It’s a Persian cultural invasion [aimed] to sweep away the identity, graduate terrorists, Persianize generations, glorify Iranian terrorist characters, and erase the Arab identity,” he said. “Naming one of the graduation batches from the Faculty of Languages at the University of Sana’a as Qassem Soleimani, is evidence of the Houthis’ intellectual and cultural dependence on Iran.”(72)

According to experts, the attempts of the Houthis to change the Yemeni educational curricula aim to promote ignorance among Yemenis; the curricula does not consider Yemeni nationalism and serves sectarian goals. According to the director of the General Administration of Educational Media and Publishing at the Yemeni Ministry of Education, “The Houthi militia seeks to recruit many young people to fight in battles by distorting the [Yemeni] curricula.” He also warned that the generation which the Houthis intend to influence by distorting the educational curricula would turn “Yemen into a ticking timebomb that may explode in the future because of its destructive ideology this will lead to wars and a state of destruction.” He further added, “The Houthis exploit education and invest in and fund their war effort and aim to remove educational content and replace it with Iran’s destructive agenda.”(73)

It is noteworthy that the Houthi militia made 234 changes to the curricula at the primary and secondary levels, without referring to the Curriculum Committee. Yahya al-Houthi (the brother of the Houthis’ leader) suspended the Curriculum Committee upon assuming the position of minister of education in the illegitimate Houthi government. Moreover, he formed an alternative committee consisting of 50 Houthi-affiliated academics to make curriculum changes. Yahya al-Yinai, the media official of the Yemeni Teachers Syndicate in the legitimate government said, “The changes made by the Houthi militia aim to promote the concept of Houthi ethnic superiority and high lineage.” He added, “The Houthi militia has changed the supplication, which always was in the name of the ‘Prophet Mohammad, Peace Be upon Him’ to ‘Peace Be upon Him and His Family,’ which refers to them as they claim that their lineage can be traced back to al-Bayt [the Prophet’s family].”

Al-Yinai further stated, “There are other sectarian changes, such as deleting the names of Muslim leaders, including ‘the Companion Omar Ibn al-Khattab,’
deleting the third grade reading lesson: ‘The Ten Granted Paradise,’ and changing
the name of Hafsa wherever it is mentioned in primary school reading books.”
Furthermore, he said, “Changing these names is clear evidence that the Houthis
are propagating Iranian sectarian thought, which expresses intense hostility and
great hatred towards Omar ibn al-Khattab and his daughter Hafsa, who was one
of the Prophet’s wives (peace be upon him).” (74)

The former Deputy Minister of Education in the illegitimate Houthi
government, Abdullah al-Hamdi said, “The Houthis are working to change
the education curricula quietly, by inserting small texts in the curricula which
promote their beliefs.” Al-Hamdi, who defected from the Houthis in mid-2018,
further mentioned, “The Houthi militia is issuing new curricula with old dates
so that families do not pay attention to what they put in it, thus deceiving people
into believing that no changes have been made to it.” An academic at Sana’a
University described the changes in the curricula as a systematic action intending
to distort Yemen’s national memory, considering this to be a disaster with serious
ramifications including the “establishment of a generation saturated with Houthi
ideology and believing in violence and sectarianism.” (75)

In the context of Iran’s intellectual and cultural invasion, Ibrahim al-Dulaimi,
the so-called Houthi ambassador to Iran revealed, “The Houthi militia received
750 scholarships in Iranian universities, in various scientific and applied
specializations, and for all academic levels (BA, MA, and PhD).” Some observers
see Iran’s generosity to the Houthi militia within the framework of its cultural
invasion to deepen sectarian divisions among Yemen’s sects. Moreover, the
Houthis will offer these scholarships to their fighters for them to be taught
sectarian subjects in Qom and to become tools to implement Iran’s project in
Yemen after their return. Some observers believe that it is likely that the IRGC will
train them to implement Iran’s “terrorist” agenda in Yemen and the region. (76)

2. Ideologization of Sectarian and Social Discourses

The Houthis have sought to expand their political, social, and sectarian activities
in Sana’a since their coup against the legitimate government in 2014 — in their
attempt to establish the bedrock of their sectarian project according to Iran’s
agenda. The Houthis and Iran are trying to build a sectarian identity and a new
environment that defends Iran’s project through demographic changes in
northern Yemen, they moved the tribes of Sadaa to northern Yemen.

The Houthi–Iranian demographic change plan, based on a sectarian angle,
began nearly two decades ago, secretly and with Iranian support in Sadaa, Amran
and Sana’a, but this plan intensified from late 2014 to 2020, especially after the
Iranian embassy in Sana’a drew up a demographic road map for the Houthis.
The Houthis built new communities on the ruins of indigenous communities
and extended their infiltration into Yemen’s executive and judicial institutions
by appointing its members within them. It also dismantled the Yemeni army in
the north, replacing it with sectarian militias declaring their absolute belief in Velayat-e Faqih [supreme leadership] and its terrorist agenda.

To compensate for the militias’ small number in Yemen, which represent approximately less than 5 percent of Yemeni people, the Houthi militia sent hundreds of young Yemenis to study in Iranian and Iraqi hawzas (religious seminaries) and to organize cultural activities in Sana’a, which promote Iran’s radical sectarianism which is against Yemeni beliefs and culture.\(^{(77)}\)

The Houthis observe Ashura in Sana’a each year according to Iranian practices, which corresponds to the 10th of Muharram. They impose tight security protocols, mobilize their tribal supporters, invest in the occasion to promote Iranian sectarianism, and allocate huge funds to promote the event, while the Yemeni people live under difficult conditions in the Houthi-controlled areas because of their wealth being wasted over the past five years. At the same time, the Houthis take advantage of Ashura to assert their legitimacy, particularly in the areas that they control. They promote their ideas within the capital’s mosques (Sana’a), prohibit opposition, and ensure compliance with their sectarian principles that reflect the Velayat-e Faqih doctrine.

Sources indicated that Khaled al-Maddani, the so-called ruler of Sana’a, held a meeting with the supervisors of the capital’s directorates and district officials, and instructed them to intensify efforts during Ashura to “incite people to fight and convince them that the Houthi militia is gaining legitimacy from a divine right.” He added, “We will not accept whoever questions the mandate of Abdul-Malik al-Houthi over Yemen, and whoever does this will face a painful fate. Because questioning al-Houthi’s mandate is disobeying Allah’s orders.” This clearly reveals the extent of the Houthis’ sectarian approach and the sectarian discrimination which excludes all Yemeni components.\(^{(78)}\)

The Houthis’ exploitation of Ashura comes less than a month after their celebration of Eid al-Ghadir (a Shiite celebration of what they believe was Ali ibn abi Talib’s appointment as leader by Prophet Mohammed). The Houthis spend large amounts to display the portraits of Abdul-Malik al-Houthi and promote the reverence of the Houthi lineage. Moreover, the Houthis threaten people who refrain from their mobilization campaigns by dismissing them from their jobs and instruct schools and faculties in Sana’a to do the same. They also seek the help of people employed in the educational sector, including teachers, school directors, and administrators. They are forced to attend large-scale meetings and participate in all the Houthis’ celebrations.\(^{(79)}\)

It is noteworthy that the Tehran Center for Foreign Policy Studies, an Iranian research center based in Tehran, issued a study reviewing how Iran has penetrated Yemen’s political, social, cultural, and economic spheres. On the cultural and media level, the study explains how Iran established a media and cultural system which promotes sectarianism in Yemeni society. The study summarizes the most
prominent Iranian policies/approaches:

A. Inviting Yemeni students of religious sciences and training them in the Iranian seminaries to strengthen the Islamic awareness of the Yemeni people.

B. Striving to create unity and harmony between the Zaidi sect and all other sects in Yemen.

C. Conducting various popular campaigns on social media to protect the Houthi militia.

D. Dedicating Iranian films and series to promote the narrative of resistance on Yemeni television networks.

E. Giving scholarships to outstanding Yemeni students.

F. Using the occasion of Ashura to highlight Houthi resistance via religious literature, poetry, mourning, and much more.

G. Shiite marjayas issuing fatwas that permit the Houthis to receive the Khoms (20 percent; Shiite Muslims donate a fifth of their wealth at the end of every year).

H. Supporting and protecting trade relations between Iranian and Yemeni merchants.

I. Offering advisory services to Yemeni merchants and employers.

IV. The Scenarios of the Yemeni Crisis in Relation to Iran’s Role in 2021

1. Resolving the Crisis

Perhaps the circumstances and realties of the Yemeni crisis will differ in 2021. The first scenario forecasts a solution to the Yemeni crisis based on:

A. Effective implementation of the Riyadh Agreement and the Yemeni government returning to Aden.

B. The US designation of the Houthis as a terrorist organization marks a turning point in US policy, with Washington taking a firmer position towards the Yemeni crisis. This designation will reduce the financial support that the Houthis receive from international parties. This will make it difficult for the Houthis to finance their fighting fronts.

C. It is likely that the US administration under Biden, who promised in his campaign to end the Yemeni crisis, will adopt a policy of diplomacy with Iran if negotiations restart between the two parties. It is also likely that the United States will involve its allies in the region in any potential nuclear negotiations with Iran. It will consider the position of its allies in the region regarding Iran’s destabilizing role, especially in Yemen. The new US administration’s Secretary of State Anthony Blinken insisted on ending the war in Yemen during the preparation of this file on January 19, 2021. Thus, the Iranian role in Yemen via its Houthi proxy will be affected.

The Yemeni crisis is causally linked to Iran’s interference in the region and its destabilizing activities. Therefore, it is expected that the US success in forcing Iran to negotiate over its nuclear program in addition to its regional interventions,
considering the interests of its allies, will resolve the crisis, and make it possible to pressure the Houthis to enter into serious talks regarding a permanent and comprehensive solution.

2. The Crisis Continues

This is the most likely scenario if:

A. US negotiations with Iran are limited to its nuclear program, then Iran will continue its support for the Houthis. However, the factors impacting the Yemeni crisis cannot be limited to external factors and the course of US–Iranian negotiations. Despite their importance, there are other factors impacting the Yemeni crisis that undermine the influence of the Houthis, and constitute important steps towards resolving the crisis, namely:

1. The positive role in strengthening Yemeni national cohesion via the implementation of the Riyadh Agreement in all its political and military aspects.
2. The return of the legitimate government of Yemen.

B. If Iranian support ends, it is unlikely that the Houthis will retreat immediately. Rather, there will be a period when the Houthis’ will try to resist and continue with their rebellion, but without Iranian support, the Houthis will not be able to do this for a long period due to lack of economic and military resources.

With the beginning of 2021, the aforementioned realities in Yemen indicate that the parties in the Yemeni crisis may reach a political settlement. The Houthis’ influence in Yemen is expected to decline at the political, military, and economic levels. Moreover, Yemen will witness a political breakthrough, in light of the efforts of the UN envoy and a lasting ceasefire will be forged as well as the commencement of confidence building measures between the Yemeni parties. Nevertheless, it is more likely that new realities will push the Houthis to escalate further with Iranian support. Iran seeks to use the Houthis as a political pressure card. In this case, a new phase of military engagement may occur in which the Houthis will be the weaker side.
Introduction
The year 2019 witnessed an increase in Iranian clout in Iraq at the military level (the deployment of armed militias), the economic level (Iran is the top exporter to Iraq) and the political level (pro-Iranian alliances secured the highest number of seats in the Iraqi Parliament). Furthermore, Iran made historic gains in 2019 when it signed an agreement to share sovereignty over the Shatt al-Arab waterway with Iraq through implementing the Algiers Agreement signed in 1975. This is in addition to removing visas for Iranians visiting Iraq and Iran outlining financial mechanisms to circumvent economic sanctions. Moreover, Tehran put pressure on the Iraqi Parliament to pass a law to remove foreign troops from Iraq. According the US policy to address Iran’s clout in Iraq in 2019, it was based on “escalation versus escalation.”

The 2019 Annual Strategic Report forecasted that Iran’s clout in Iraq throughout 2020 would witness “no steady growth nor decline.” Iran experienced a stalemate in Iraq throughout 2020. This is because the Iraqi arena saw new developments which prevented Iran from moving ahead with its plan to further dominate Iraq compared to 2019. Some of these new developments were:

First: the US military escalation against Iran in Iraq through the sudden assassination of the Quds Force Commander Qassem Soleimani, the architect of Iran’s expansionist plan on January 3, 2020. This killing was in response to Iran targeting US interests and the killing of a US civilian contractor by Tehran’s
proxies in Iraq. This led to heightened escalations between Iran and the United States in the Iraqi arena throughout 2020.

Second: the impact of the coronavirus pandemic on the whole situation in Iran, which in turn impacted Iran’s ability to move ahead with implementing its expansionist plan in Iraq.

Third: the government of Mustafa al-Kazemi, which aims to transition Iraq from the phase of “no state control” to the phase of “full state control,” took over in May 2020.

Meanwhile, Iraq throughout 2020 was not only a sphere of conflict between the United States and Iran, as was the case in 2019, but it also witnessed a spate of confrontations and counter-confrontations between other actors, in which Iran was the common factor. This included the US–Iran confrontations resulting from the strategic shift in the US position regarding Iran’s clout in Iraq, the conflict between the supporters of the government (Mustafa al-Kazemi and several political alliances) and backers of non-state actors (pro-Iranian military and political proxies) and the dispute between militias and Iraq’s Kurdish faction. This is was because of Iraq’s geopolitical, economic, and cultural position and its importance to the conflicting parties.

This part of the report is divided into four sections. The first breaks down the US–Iran conflict in Iraq, its motives, and implications. The second measures the extent of the conflict between those who want “full state control” and those who want to continue with the status quo of “no state control.” The third touches on the nature of the crisis between the pro-Velayat–e Faqih factions and Iraq’s Kurdish faction. The fourth reviews the future of Iran’s role in Iraq during 2021.

I. The US–Iran Dispute in the Iraqi Arena
Throughout 2020, Iraq turned into an arena to settle scores between the United States and Iran, with disputes escalating to armed confrontations. The following is a breakdown of the mutual US–Iran escalation on the Iraqi scene, the causes of this escalation and an evaluation of this escalation in light of game theory.

1. The Nature of the US–Iran Escalation in Iraq
The US–Iran escalation reached the level of armed confrontations because of pro-Iranian militias firing approximately 30 missiles at the US base K-1 which houses US soldiers north of Kirkuk, on December 27, 2019. The attacks killed a US civilian contractor.

Only two days after the attacks, the US army retaliated to send a strong deterrence signal to Iran. It bombed five brigades linked with Iraq’s Hezbollah Brigades (Kata’ib Hezbollah) using F-15 jets. Three brigades were in the Iraqi city of Qaim near the Iraq–Syria border and two were in Syria in the border triangle with Iraq. The attacks killed 28 fighters including a senior Hezbollah Brigades leader, and Abu Ali Khazali, who commanded the first regiment in Brigade 45. The
latter was one of the closet commanders to the former Quds Force Commander Qassem Soleimani. The attacks also wounded 48 other fighters belonging to the Iraqi Popular Mobilization Forces (PMF).

It seems that Iran underestimated the ability of the United States to retaliate in response to the killing of a US civilian contractor. This happened at a crucial and delicate time for US President Donald Trump because he was preparing for the US presidential elections. As a result of Iran’s miscalculations, its proxies besieged the US embassy and destroyed its walls and gates on December 31, 2019. Hence, the United States retaliated with a strong response, it assassinated the architect and coordinator of Iran’s regional plans Commander Qassem Soleimani on January 3, 2020, along with other PMF commanders, including a commander who was close to Tehran, the deputy head of the PMF Abu Mahdi al-Muhandis.

As a result, Iran understood the significance of Washington’s retaliation and the shift in its position towards Iranian clout when the United States assassinated Soleimani.

Iran’s retaliation in response to the killing of Soleimani was only symbolic as it was limited to an attack on two US bases in Iraq, no injuries or casualties were reported. In addition, Iran quickly announced that its retaliation to seek revenge for the killing of Soleimani had ended despite high-ranking Iranian officials vowing on numerous occasions to inflict a crushing blow to the United States.

Iran’s Foreign Minister Mohammad Javad Zarif rushed to post on Twitter, “Iran took & concluded proportionate measures in self-defense under Article 51 of UN Charter targeting base from which cowardly armed attack against our citizens & senior officials were launched. We do not seek escalation or war but will defend ourselves against any aggression.” (82) Trump responded to Zarif with a brief tweet reiterating Iran’s limited strikes. Trump wrote, “All is well!” (83)

Following the killing of Soleimani, Iran changed its tactics, tools, and objectives by shifting to limited and measured confrontations without killing US troops. It realized that it had made a severe miscalculation by killing a US civilian contractor at a sensitive time for Trump. This led to a shift in the US position from “escalation...
for escalation” to a strategy based on resorting to armed confrontation.

This is in addition to Iran’s calculations about the potential dangers posed by engaging in all-out confrontations to the survival of the political system itself and its regional gains and the heavy cost which Iran will incur in case comprehensive and open confrontations break out with major powers which Iran can never match economically or military.

Hence, Iran’s proxies continued to mount attacks using Katyusha missiles targeting US interests, bases and diplomatic headquarters in Iraq as part of Tehran’s limited confrontation scenario, without killing any US citizen throughout 2020 after its killing of a US civilian contractor.

The latest of these attacks was the rocket attack mounted by Iran’s proxies targeting the US embassy on December 23, 2020, which General Frank McKenzie Jr., the commander of the United States Central Command in the Middle East, considered to be the biggest since 2010. The number of missiles targeting the embassy reached 21. He confirmed that the rockets were Iranian-made and no injuries were reported. On the first anniversary of the killing of Soleimani, it was expected that Iran’s proxies would intensify the level of their attacks on US targets.

Iran resorted to a limited confrontation scenario, because it realized the huge cost it would incur if it engaged in an all-out war with the United States. This is in addition to the huge losses Iran would incur if it entered a war with a major power like the United States that has multiple capabilities and resources to hit strategic Iranian targets. It has military bases surrounding Iran in several directions. Furthermore, in any US-Iran war, Tehran has no doubt that US allies, especially Israel would participate. This would cause Iran to suffer immensely. Therefore, the Iranian leadership gives utmost priority to the survival of the political system over engagement in an all-out confrontation with the United States, which would cause the political system to collapse. This limited confrontations scenario is most appropriate considering Iran’s capabilities and resources.


The US-Iran dispute in the Iraqi arena is due to Iraq’s centrality to the strategy of each of the two sides. The following details Iranian and US motives for escalation in Iraq:

A. Iranian Motives

Iraq is significant in Iran’s strategy as it is an important economic artery to mitigate the impact of sanctions, whether through Iran’s dependence on Iraq to export its oil to the outside world or because of the revenues resulting from Iranian exports to Iraq. Iraq is also a central hub in Iran’s expansionist project due to its geographic proximity and sectarian makeup. It connects Iran with Syria, Lebanon and the Mediterranean. This is in addition to the massive deployment
of armed militias in the Iraqi provinces, which makes the prospect of striking US targets much more likely.

Iranian calculations were behind Tehran’s escalation against the United States in Iraq, the core objective was to put Trump in an awkward position in front of the US public by killing a US citizen. Iran attempted to repeat the scenario of the killing of the US ambassador in Libya in 2012 and the well-known hostage crisis situation which was among the main reasons that led to Jimmy Carter not winning a second term in office in the 1980s, resulting in Ronald Reagan taking the presidency. The Iranian calculation was to besiege the US embassy in Iraq to influence the US elections in order to prevent Trump from winning a second term.

B. US Motives

Iraq holds great geostrategic importance in the US strategic mindset. It is important when it comes to tightening the sanctions on Iran, because Washington can prevent Iran from utilizing Iraq to smuggle oil or exert pressure on Iraq to reduce its dependence on Iranian gas, electricity and items to deprive Iran of much needed revenues to suffocate further the Iranian economy. Iran understands that curbing its clout in the Middle East begins with Iraq, as the latter gives Iran a large geographic area westward as far as the Israeli borders and the Mediterranean.

The Iraqi arena enables the United States to encompass Iran from the west within the framework of its strategy to besiege Iran after surrounding it with US forces in Afghanistan. This is in addition to preventing Iran from targeting US forces in Iraq since most of the US bases in Iraq are within the firing range of Iran’s proxies and disrupting the Iranian smuggling and supply of weapons to militias in Iraq, Syria and Lebanon via the Iraq–Iran and Iraq–Syrian borders.

It seems that the prime motive behind the US shifting its position towards Iran, with the US administration resorting to the strategy of “deterrence by force” throughout 2020, was because the Trump administration underwent a strategic recalculation – in response to repetitive Iranian attacks targeting US interests. The Trump administration was convinced that there was a need to redefine the role and power of the United States. (85)

This recalculation was followed by the United States sending nearly 750 Marines to protect the US embassy in Baghdad two days after the killing of Soleimani and 500 soldiers to Kuwait to deter Iran from targeting the US embassy in Kuwait. This was in addition to the Pentagon’s approval to send an additional 3,000 US soldiers to the Middle East on January 4, 2020 and Trump’s repeated threat that Washington would strike 52 targets across Iran if US forces were attacked.

Prior to the killing of Soleimani, it was reported by Western media outlets that the Pentagon had come across some invaluable information which it referred to the White House. According to the information, Soleimani was plotting a dangerous plan to target US diplomats in Iraq and across the region. (86)

The plan aimed to put Trump in an awkward position before the US public. This
could be seen in the remarks made by Trump himself on January 4, 2020, one day after the assassination of Soleimani. The United States killed Iran’s top military commander Qassem Soleimani “to stop a war, not to start one.”

Trump’s Secretary of State Mike Pompeo indicated that the airstrike that killed the Iranian Commander Qassem Soleimani was ordered to disrupt an “imminent attack” to save US lives.

Hence, perhaps the Trump administration understood that Soleimani’s plan was aiming to drive Trump out of the White House by turning US public opinion against him to reduce the likelihood of him winning the elections. This was in addition to Washington’s awareness of the need to limit Iran and prevent it from attacking US forces in the future.

Throughout 2020, the United States continued to pressure the Iraqi government to curb the network of Iranian militias and protect diplomatic missions and US bases in Iraq. Regarding the intensification of attacks against US targets, the United States stepped up its pressure on Baghdad by threatening to move the US embassy from Baghdad to Erbil in case the Iraqi government is unable to prevent pro–Iranian militias from targeting US and foreign targets.

3. The US–Iran Confrontations in Iraq: Winners and Losers

In light of the win–lose strategy which is widely discussed in international relations, Iraq and Iran were the two losing sides in the US–Iran confrontations in the Iraqi arena in 2020.

Iraq was on the losing side as the conflict was situated in its territories. This conflict aggravated Iraq’s security turmoil throughout 2020 to the extent that living conditions deteriorated, economic indicators declined and its chronic crises were further complicated: electricity, unemployment, corruption and drinkable water. Iraq was also plunged into a political crisis after being unable to form a government for a year-and-a-half since Adel Abdul-Mahdi submitted his resignation on November 30, 2019, until Kazemi was designated as prime minister on May 7, 2020.

This delay in appointing a prime minister was due to Iran’s insistence on designating an Iran-aligned prime minister who spins in its orbit and acts on its orders, as well as to make Iraq seem as if it was incapable of forming a government itself.

As for Iran, its losses were significant. The year started off with the killing of the mastermind of Iran’s cross-border project, as he sponsored armed militias in Arab countries and enjoyed a great degree of influence and popularity as a national hero inside and outside Iran. He was a military commander who had a huge following among fighters and militias in Iraq, Syria and Lebanon and had a geopolitical vision and extensive experience, unlike the current Quds Force Commander Ismail Qaani, in relation to military planning and managing battles on the ground as he directed a host of battles in Iraq and Syria.
In addition, Soleimani had an extensive network of connections on the ground among significant militia commanders and directly controlled several militias as he was responsible for creating them. His command of the Arabic language was excellent and he was a modest man. These qualities allowed him to win the loyalty and confidence of commanders and build extensive networks for Iran, hence he could mobilize fighters rapidly. Moreover, he was one of Khamenei’s closest confidants, and this position allowed him to secure support to manage battles in Iraq and Syria, thus bypassing Iran’s extensive bureaucratic structures. Soleimani’s successor does not have this privilege as he does not hold a position like Soleimani in the Iranian political system.

The killing of Soleimani led Iran to lose a strong lever in Iraq who helped in implementing its agenda. He pushed for the formation of an Iranian-aligned government in Iraq and coordinated efforts among Shiite alliances before Iraq’s parliamentary elections to ensure that Shiites would be successful.

The impact of his killing was most visible throughout 2020 during the formation of the Iraqi government following the resignation of Adel Abdul-Mahdi. Qaani failed to find a suitable candidate who complied with Iran’s agenda, hence, Iran had to accept the approved candidate in Iraq, Mustafa al-Kazemi, who aims to transition Iraq to the phase of “full state control.” The Iraqi government was formed in May 2020.

Due to Iran’s awareness of Qaani’s inability to fulfil Iran’s agenda, Reuters reported that Iran may have shifted the Iraqi political file to three Iranian officials: Secretary of Iran’s Supreme National Security Council Ali Shamkhani, Iran’s Ambassador to Baghdad Iraj Masjedi who faces US sanctions that were imposed in November 2020, and the former Iranian Ambassador to Iraq and the Chairman of the Committee for the Development of Syrian–Iranian–Iraqi Economic Relations Hassan Danaei-Far, with Qaani responsible for managing the Iranian militia file in Iraq.(89)

Iran’s losses in Syria due to the killing of Soleimani are no less than Iran’s losses in Iraq, since he played the most significant role in changing the Syrian equation in favor of Assad. He did this by helping the Syrian regime to outline military strategic plans to manage battles on the ground in all the provinces which witnessed fierce battles between the Assad regime and opposition forces.

He was most likely the architect behind the displacement agreement signed by the besieged Syrian opposition factions. Syria’s cities and towns were fully besieged because of the military encirclement imposed on them from all directions by Syrian forces and pro-Iranian militias. The aim was to pressure Syrian opposition factions to pull out from Syria’s towns and cities and to gather them in one geographical spot. This would allow them to be easily encircled and besieged in a way that weakens their resistance in return for repopulating these vacated cities and towns to change Syria’s demographic makeup to serve Iran’s
strategy to control Syria.

Soleimani – with the help of several Iranian officers which Iran dispatched to fight side by side with Syrian forces – played a central role in developing a defense plan to prevent Damascus from falling. He also played a major role in recruiting and training fighters and establishing armed militias to fight side by side with Assad’s forces following an extensive mobilization of fighters whether they were Iranian military or non-military personnel from Iraq, Lebanon, Pakistan and Afghanistan. Hence, Iran’s losses in Syria are great because of the killing of Soleimani.

Thus, the killing of Soleimani added complexities and challenges to Iran’s influence in the region in light of the US maximum pressure campaign to change its behavior; the dispute with Russia over areas of influence in Syria; and Israel’s repeated airstrikes against Iranian positions in Syria.

Therefore, the killing of Soleimani resulted in the pillars of Iran’s clout being imbalanced. Hence, in Syria, Iranian influence will be impacted in several spheres, such as demographic change and the degree of coordination among fighters. It is expected that a collision will transpire between militias in Iraq and Syria. Disagreements between militias in Syria broke out in the past but were quelled by Soleimani due to his clout and symbolic position. This included the dispute over the spoils of war and profits from the narcotics trade between the National Defense Forces (NDF) and Hezbollah in Qalamun and Al-Bukamal.\(^\text{(90)}\)

As for the victorious side, it is the United States as it caused Iranian regional clout to experience an imbalance by killing Qassem Soleimani. This impacted the remaining aspects of Iran’s regional clout in its entirety and perhaps will impact its ability to implement its strategic projects between Iran and Syria and curb the establishment of new military bases in Iraq. Soleimani’s killing will also decrease Iran’s ability to establish a model like Hezbollah in Syria on Israel’s borders and reduce its chances to control strategic areas in Iraq and Syria and thwart its scheme to spread Shiism in the southern Syrian provinces, especially Deraa and Quneitra.

II. The Raging Conflict Between State and No State Actors
Conflict erupted between those individuals supporting Iraq’s transition to a phase where the government has full control over the country’s affairs – and
the armed militias that oppose them since Mustafa al-Kazemi was appointed as prime minister in May 2020. He has been seeking to ensure Iraq’s transition to a state that has full control and sovereignty. This is rejected by the armed militias as they want to perpetuate the state of lawlessness in Iraq to implement Iran’s schemes. This can be detailed as follows:

1. Kazemi’s Efforts to Curb Iran’s Clout in Iraq

Kazemi has been exerting tremendous efforts to secure the sovereignty of Iraq’s institutions in general and the security apparatuses in particular since he took office. He carried out a host of steps which impacted influential state apparatuses to ensure sovereignty was established, such as:

A. Changing the Political Discourse Towards Iran’s Clout

Unlike the tenure of former Prime Minister Adel Abdul-Mahdi, who raised the budget of the PMF by 20 percent in 2019,(91) the political discourse towards Iran’s clout changed since Kazemi took office. The platform of his government included: to hold early elections, scheduled to be held on July 6, 2021, restore the state’s prestige through limiting arms to the state, impose the rule of law and as well as establishing foreign relations based on respecting national sovereignty, treating each other equally, and openness to friendly and brotherly countries in the Arab sphere.(92) Changing Iraqi discourse towards Iran appeared unambiguously in all the meetings held between the two sides, whether in Iraq or in Iran. During the visit of Zarif to Iraq on June 19, 2020, the presidency, the office of the prime minister and the Foreign Ministry focused on reiterating the sovereignty of Iraq and the independence of its decision-making. President Barham Salih reiterated that Iraq attaches importance to protecting its sovereignty and security and cooperates with allies and friends within the framework of mutual respect and non-interference in national affairs.

Furthermore, Kazemi stated that Iraq seeks to reiterate its balanced and positive role in peacemaking in the region.(93) Iraqi Foreign Minister Fouad Hussein said that “We want balanced relations with all the neighboring countries in line with the national interest.”(94)

More importantly, during the visit of Kazemi to Iran on June 21, 2020, he did...
not meet Iraqi officials close to Iran as had been the case during the previous visits of Iraqi prime ministers. He also paid no heed to the remarks of Khamenei wherein he said, “Iran expects that the government will show commitment to the decision of the Iraqi Parliament to expel the US forces as their presence causes security chaos,” adding, “They have killed your guest at your home and audaciously admitted to this. Iran will never forget this,” reiterating non-interference in the internal affairs of the two countries and the necessity to prevent Iraq from turning into an arena for a US–Iran war.

During his meeting with President Hassan Rouhani, Kazemi not only acknowledged Iran’s role in helping Iraq defeat the Islamic State but he also continued his remarks, saying, “Iraq stood by Iran to overcome its economic crisis and turned into a market for Iranian products. There is a necessity for creating comprehensive cooperation to ensure the continuation of services.”

Kazemi also rejected Khamenei’s request to pay the Iraqi debts owed to Iran in US dollars to avoid being hit with US sanctions. He insisted on paying the debts in Iraqi and Iranian currencies. Kazemi also refused to meet Qaani.

Kazemi’s remarks reflect his commitment to reshaping Iraq’s main policies towards Iran and his insistence on reiterating the same message which he wanted to send to Iran during Zarif’s visit. The core point of the message was: it is time for Iran to deal with Iraq as a state, not a satellite state.

B. Changing the Security Positions in Favor of Transitioning to “Full State Control”

Kazemi carried out a shakeup within the country’s security positions to serve his anti-Iran agenda and curb the influence of its political and military allies over Iraq’s security decision-making. He relieved Faleh al-Fayyad, who is close to Iran, from his position on July 4, 2020 as the head of the National Security Service and national security adviser. He appointed Qassem al-Araji as national security adviser and General Abdel-Ghani al-Assadi (who was retired during the tenure of Adel Abdul-Mahdi due to his position on Iranian influence, according to multiple media reports) was appointed as head of the National Security Service.

On May 9, 2020, General Abdel-Wahab al-Saeedi, known for his opposition to Iran’s influence in Iraq, resumed his position as chairman of the Counter Terrorism Service.

C. Intensifying Security Efforts to Tighten Control Over Border Crossings

Kazemi took actions to control border crossings and to bring them under the control of the Iraqi army. In addition, by doing this he freed them from the influence of armed militias that took advantage of them. Kazemi tightened the noose around the militias. He issued a decision in November 2020 to close the unofficial crossings existing on the Iraqi borders which are exploited by militias close to the IRGC such as the Hezbollah Brigades and the Badr Organization. They use these crossings to smuggle weapons, drugs and oil to Iraq. He directed the
Joint Operations Command to close the unofficial crossings.\(^{(98)}\)

These moves deprived the militias of important sources of income to finance their military activities in the Iraqi arena. The decision curbs the smuggling of huge amounts of drugs and oil estimated to be worth millions of dollars. In addition, by exerting control over border crossings and closing unofficial ones, the government is able to limit the influx of fighters whether IRGC personnel or militia fighters recruited from restive countries such as Afghanistan, Iraq and Lebanon to join Iranian-aligned militias in Iraq and Syria. This is in addition to obstructing the Iranian-Iraqi-Syrian networks.

**D. Pursuing a Tit-for-tat Policy During Official Visits**

According to this policy, Kazemi instructed that foreign officials whether military or political without exception must obtain an entry permit before they visit Iraq. As a result, Qaani and other Iranian officials had to obtain visas before they travelled to Iraq. Iraq also ensured that the displaying of national flags was in accordance with the ranking of the Iranian official. For example, during the meeting between Zarif and Kazemi on July 19, 2020, only the Iraqi flag was displayed. According to official protocol, both national flags are only displayed when the two officials are of similar rank. This was not the case in the meeting between Kazemi and Zarif.

**E. Besieging Iranian-aligned Armed Militias**

In an unprecedented and bold move, which none of Iraq’s prime ministers in the post-Saddam era have undertaken, a move considered by observers as indicating a serious intent to limit militias to curb Iran’s clout in Iraq, Iraqi security forces raided militia headquarters, and arrested commanders and fighters.

First: the security forces closed the headquarters of the Iran-aligned Tharallah Movement situated in Basra and confiscated its weapons on May 11, 2020, for its involvement in targeting protesters while they protested in public squares.

Second: on May 25, 2020, Iraqi forces raided the headquarters of the Hezbollah Brigades – the closest ally of Iran – in Al-Doura neighborhood in southern Iraq. Iraqi forces arrested 13 militia fighters inside a small weapons factory. The fighters were armed with missiles to be fired at US targets in the Green Zone and Iraqi camps which host international coalition forces.

Third: on December 26, 2020, Iraqi intelligence services arrested Hossam al-Zerjawi, the commander of the Rocket Battalion which is part of the Asaib Ahl al-Haq militia and six other fighters belonging to this militia. This sparked massive anger, which prompted the Asaib Ahl al-Haq militia to escalate against the Iraqi government, giving it a 48-hour grace period to release the detained fighters. The government refused to release the detainees. A document obtained by Iraqi intelligence revealed the militia’s intention to escalate by mobilizing near one of the key security headquarters in Baghdad to put pressure on Kazemi to release the detainees.

The three operations targeting the militias that have a close relationship with
the IRGC (the Tharallah Movement, the Hezbollah Brigades, and Asaib Ahl al-Haq) were in response to their attacks targeting the Green Zone in general and the US embassy in particular. These militias openly objected to Kazemi’s attempts to move Iraq towards exercising full control over its territories. This put Kazemi’s government in an awkward situation in front of other foreign governments as it seemed incapable to maintain internal security and protect foreign diplomatic missions. This also worsened the security turmoil in Iraq.

The Sinjar Agreement signed between the Kazemi government and the Kurdistan region on October 1, 2020, diminished Iran’s clout in Iraq by calling for the withdrawal of all armed factions from the district. (99)

This means that pro-Iran militias must pull out from the district which has been under their control since 2017. This impacts Iran’s clout in the other areas disputed with the Kurdistan region such as Daqouq, Kirkuk, Khanaqin, and Makhmur as well as the areas with ethnic and sectarian diversity. These areas continue to have a militia presence unless a similar agreement to the Sinjar one is signed in line with Kazemi’s objective to exert “full state control.”

Furthermore, Iran and its proxies in Iraq are aware of the ramifications of the agreement on their regional clout. This is why Qais al-Khazali, (100) the commander of the Asaib Ahl al-Haq militia, opposed the agreement, since the Sinjar district holds geopolitical importance as it is a geographic extension of Tal Afar towards Syria near the Iraqi-Syrian borders. This makes it one of the main links in the chain of the Iranian Corridor which links Tehran with the Mediterranean and represents a logistical supply line from Tehran through Baghdad and Damascus to Beirut. Hence, the militias are expected to continue opposing the Sinjar agreement through 2021 since it is hard to imagine that they would simply give up the gains that they achieved in Sinjar, such as securing the line connecting Iraq and Syria.

F. Openness Towards the Arab Sphere

To restore the balance of foreign relations, in further bold moves compared to Abadi, on June 13, 2020, Kazemi called for the Iraqi delegation in the Saudi-Iraqi Coordination Council to be reshuffled and chaired by the finance minister in a way which serves Iraq’s policy of advancing cooperation with its neighboring Gulf states.

He also picked Saudi Arabia as the first leg of his tour which also included Iran and the United States in July 2020. However, he postponed his visit to Saudi Arabia due to the health conditions of King Salman bin Abdulaziz.

During his meeting with Saudi Foreign Minister Prince Faisal bin Farhan in August 2020, Kazemi declared that Saudi Arabia is a genuine partner for Iraq and that Baghdad looks forward to establishing distinguished ties based on their deep-rooted historic bonds to secure a better future for both countries. (101)

The Saudi-Iraqi relationship was greatly strengthened during the virtual meeting held between Saudi Crown Prince Mohammed bin Salman and Kazemi
on June 10, 2020, to announce the agenda and the outcomes of the 14th session of the Saudi–Iraqi Coordination Council. This session focused on strengthening ties between the two countries in various fields, such as tightening control over borders, confronting terrorism, coordinating their petroleum policies within the Organization of Petroleum Exporting Countries (OPEC) as well as coordinating regional and international positions and the Saudi commercial mission commencing its operations in Baghdad. Iraq also renewed its call on Saudi companies to take advantage of Iraq’s promising investment opportunities in different fields, while reiterating the need to implement the memorandums of understanding signed in 2019 to connect Iraq’s electrical system with Saudi Arabia’s.

The session resulted in confirming the re-opening of the Arar border crossing on November 18, 2020. It opened after 30 years of its closure. This is in addition to launching the electricity interconnection project between Saudi Arabia and Iraq to meet Iraq’s increasing electricity needs on the one hand and freeing the country from Iran’s pressure because it depends on Iran for its electricity needs.

The interconnection is based on two grids. The first extends towards Samawah and provides Iraq with 300 megawatts, and the second extends towards Basra and provides the country with 500 megawatts. This project to interconnect electrical systems falls within Kazemi’s efforts to bring Iraq back into the Arab sphere and the Kingdom’s desire to strengthen the Arab depth of Iraq. This project is expected to be completed within the coming months.

In his attempt to win the battle against armed militias to reassert Iraq’s sovereignty, Kazemi took advantage of several factors, including: the killing of Soleimani and the end of his influence over Iraq’s security services, the disastrous economic situation in Iran, and the growing Iraqi popular rejection of Iranian clout. This is in addition to Iraqi protesters demanding the creation of a sovereign state, a demand which was strongly supported by the Shiite marjaya in Iraq, which in April 2020 allowed four of its associated factions to announce their withdrawal from the PMF. They were: Imam Ali Division, Ansar al-Marjaya Brigade, Ali Al-Akbar Brigade, and Abbas Combat Division. The marjaya’s green light for these factions to withdraw from the PMF means that the marjaya withdraws its support for the pro-Iran militias. This move also undermines the legitimacy of these militias.

First, it is worth noting that Kazemi was not the first option for Iran. He was an acceptable one, as he is not counted among Iran’s associates and has good ties with the United States. He also belongs to the Victory Alliance which seeks to transcend sectarianism. But Iran has accepted him for several reasons, including the difficult phase which Iran is going due to its domestic challenges, and the US pressure on it in the Iraqi arena, which has limited Iran’s maneuverability to name an Iraqi prime minister aligned with it.
Second, Iraqi protestors rejected nominees with sectarian backgrounds and those who are aligned with Iran. These demands played a key role in Kazemi’s selection as prime minister.

This appeared evidently in the protests that had been raging since October 2019. The momentum of these protests continued until Kazemi was designated as prime minister in April 2020.

Third, the nature of the relationship between Kazemi and Iran is not bad or totally irreversible. Moreover, Iran thought that Kazemi could possibly be a good mediator between Tehran and Washington because of his positive relations with the United States.

Fourth, the Iranian government is aware that it has sufficient levers to impede Kazemi’s government — in case he distances himself from Iran — through its militias deployed across Iraq.

Fifth, Iran is aware that Kazemi’s tenure in office could be short, lasting until the holding of parliamentary elections in June 2021.

2. Iran’s Levers to Keep Iraq Locked in the “No State” Phase

As a result of Iran’s awareness that Kazemi’s policy to transition Iraq to full sovereignty will impact its clout in Iraq, Tehran has used multiple levers to impede his movements and curb the effectiveness of his policies, especially when it comes to limiting arms to the state. The important levers that Iran has include:

A. Throwing the Security Landscape Into Limbo

The Iranian–aligned armed militias in Iraq fired dozens of Katyusha missiles continuously throughout 2020 not only at the Green Zone which includes Iraqi institutions and foreign diplomatic missions but also the headquarters of the international coalition against ISIS and the headquarters of US military bases that manages operations across all Iraqi provinces. The aim was to shuffle the cards, resist Kazemi’s efforts to curb the pro-Velayat-e Faqih factions, throw the Iraqi security landscape into confusion, put Kazemi in an awkward situation and impede his efforts by stirring up security and political crises.

The number of attacks via Katyusha missiles and unmanned aircraft targeting US, foreign and UN interests reached 11 during the first quarter of 2020. The attacks increased approximately twofold during the second quarter with 19 attacks. During the third quarter, the attacks increased to 27. In addition, militias used IEDs against US and UN convoys and trucks. The number of IED attacks reached 14 in the first quarter of 2020 and 27 in the second quarter. During August and September of the same year, the IED attacks were as many as 49 (24 attacks in August and 25 attacks in September).

On Iranian directives, militias carried out a spate of assassinations targeting political activists hostile to Iran’s clout in Iraq. Most prominent among these activists were Hesham al-Hashemi, who was close to Kazemi and had worked with
him for a long time in Iraq’s intelligence services as well as the activists Reham Yaqub, Safaa Ghali, Ahmed Abdel-Samad as well as others. Due to its military clout in Iraq, Iran had the ability to destabilize the Iraqi landscape to undermine Kazemi’s moves that were seen as hostile to Iran’s clout during 2021.

**B. Attempting to Obstruct US–Iraq Dialogue**

Iran, acting through its armed militias, sought to thwart the US–Iraq strategic dialogue, the first round of which was held in Baghdad on June 11, 2020. The militias fired a barrage of Katyusha missiles at the Green Zone only a few hours before the first round kicked off.

Iran dispatched Qaani eight days before the first round began to pressure Iraq to prioritize Iran’s demand that foreign troops must be pulled out of Iraq and to identify the weapons which the US might leave at its bases in Iraq if the two sides agreed to keep a number of US troops and military advisers.\(^{105}\)

In addition to Qaani’s visit to Iraq, Zarif held a telephone conversation with his Iraqi counterpart one day before the first round of talks kicked off for the same purpose. Despite these pressures, the first round of talks resulted in Washington reaffirming its intention to reduce the number of its forces in Iraq, not to totally withdraw. The dialogue which called for a partial withdrawal of US troops from Iraq is viewed as an official Iraqi acknowledgement about the necessity of the US military presence in Iraq — which former US Secretary of State Mike Pompeo asserted, without setting a deadline.

**C. Attempting to Abort Saudi–Iraqi Understandings**

The political arms, especially the State of Law Alliance led by Nouri al-Maliki, and the military arms, especially the Asaib Ahl al–Haq militia led by Qais al–Khazali, strongly attacked the economic and political understandings between Riyadh and Baghdad which took place in November 2020. The State of Law Alliance and Asaib Ahl al–Haq called for halting the understandings on granting Saudi Arabia investment opportunities in the Iraqi desert, Najaf, Karbala and Al–Muthanna governorates, describing the understandings as colonization, not investment.\(^{106}\)

Kazemi rejected the attack by the Iranian–aligned militias on the investment understandings with Saudi Arabia. He said, “Some parties are falsely promoting the idea that there is Saudi colonization. This is inappropriate. Is creating hundreds of jobs for our youth via investment colonization?”

He added, “Saudi Arabia today is one of the five richest countries in the world, and all the former prime ministers visited Saudi Arabia. Maliki, Abadi and Abdel–Mahdi visited Saudi Arabia and we signed agreements with Saudi Arabia to serve our country.”

Kazemi further added, “Is it possible to reject investments from a rich country neighboring Iraq? The door is open for investments to any country serving Iraq. Saudi Arabia invests in agriculture in Canada, Argentina and Brazil, and these investments involve cultivating 50 percent to 80 percent of agricultural lands
in these countries. Is this considered colonization? This creates jobs for our protesting young people searching for job opportunities.\(^19\)\(^{(107)}\)

The pro-Iranian proxies in Iraq opposing Saudi investments is nothing new. Iran understands Saudi-Iraqi rapprochement will weaken its gains and clout in Iraq which it has secured over approximately two decades. Iran’s declining clout will deprive it of the ability to reap the benefits of its expansion, and impede Iranian exports to Iraq. In addition, it will no longer be able to use Iraq to mitigate the impact of sanctions, and its expansionist scheme connecting Tehran with Baghdad and Damascus will be impeded. This comes as Saudi Arabia plans to implement agricultural investment projects in Iraq along the northern and northeastern borders of Saudi Arabia.

### 3. The Iraqi Aims Behind Curbing Iranian Clout in Iraq

In general, Kazemi, through moves to impose Iraqi sovereignty, intends to send messages to four parties.

First: he wants the home front to know that his government will move ahead to establish security and meet protester demands to curb Iranian clout by restoring Iraq’s sovereignty and the independence of the country’s decision-making. Iranian militias gained extensive leverage and clout over Iraq’s security and political spheres.

Second: to Iran, that the phase of the state having no control has ended and there is a need to deal with Iraq as a state, not a satellite state. Iran must not interfere in Iraq’s internal affairs, especially when it comes to forming governments and allocating positions.

Third: to the Arab and Gulf states, that it is time for Iraq to return to the Arab sphere and that Iraq will not allow itself to become a launching pad to threaten Arab or Gulf states directly or indirectly.

Fourth: to the international community, especially the United States, that Iraq is pursuing a policy of neutrality and it does not want to be a conflict zone to settle scores between conflicting countries. It is hoped that this will help Iraq to obtain international help and encourage the United States and the Gulf states to strengthen their relations with it. This requires Kazemi to control and curb armed militias more effectively. This is a risky task for Kazemi because of Iran’s extensive infiltration within Iraqi state apparatuses. Therefore, the conflict between “full state control” and “no state control” will be a distinctive feature of the Iraqi arena through 2021.

### III. The Crisis Between Pro–Velayat–e Faqih Factions and the Iraqi Kurdish Faction

In addition to the US–Iran conflict and the spat between the Iranian-aligned armed militias and the Iraqi government which the Iraqi arena witnessed in 2020, a crisis broke out between the militias and the Kurdish faction following the firing of six
rockets at Erbil airport. The militias intended to send a message to Washington that their Katyusha missiles can hit US targets at any geographic spot in Iraq. The United States had threatened to move its embassy to Erbil. However, these rocket attacks constituted aggression against civilian Iraqi Kurdish positions.

1. The Iranian Escalation Against the Kurdish Faction

The Iranian escalation against the Kurdish faction reached its peak in October 2020 when fighters linked to Iranian-aligned armed militias set fire to the headquarters of the Kurdistan Democratic Party (KDP) in Baghdad as well as setting fire to pictures of Kurdish public figures. They did not stop the escalation at this point, they raised the flag of the pro-Iran PMF on the KDP’s headquarters.

The militias said that they escalated against the Kurds in response to the call of the KDP leader and former Iraqi Foreign Minister Hoshyar Zebari in October 2020 for the Kazemi government to rid the Green Zone of militias operating there. This call was because of militias continuously targeting diplomatic missions, Zebari described the PMF as “a law-breaking faction.”

The Iran-aligned Rab’Allah militia played the most significant role in the escalation against the Kurds as it is a pro-Velayat-e Faqih Shiite faction like Iran’s...
Basij. This militia is tasked with operations to mobilize and suppress protests and to respond to comments critical of Iran’s intervention in Iraq.

The militia is affiliated to the Hezbollah Brigades, Asaib Ahl al–Haq and Harakat al–Nujabaa. The militia is accused of assassinating political activists and putting down popular protests against Iran’s role in Iraq, as well as targeting Iraqi satellite channels that adopt a hostile narrative against Iran’s project. Also, the militia is responsible for rallying and mobilizing Iranian supporters against the headquarters of the US diplomatic mission to put pressure on Washington so that it withdraws its forces, which in turn shall obstruct Kazemi’s efforts to limit arms to the state.

2. Motives Behind the Iranian Escalation Against the Kurds

The militias’ escalation against the Kurds in Iraq throughout 2020 was within the context of Iran’s escalation against US targets and interests. This escalation intended to put pressure on Washington so that it withdraws its forces from Iraq. The Iranian escalation against the Kurds, a US ally, is to deter them from allowing the United States to move its embassy from Baghdad to Erbil. By heightening military escalation against the Kurds, Iran indicated to them that they would be targeted militarily. Thus, the armed militias fired six rockets at Erbil airport following the US administration’s threat to move the US embassy from Baghdad to Erbil.

When Hoshyar Zebari remarked that he was against the uncontrolled operations carried out by the militias targeting Iraq’s Kurdistan region, the armed militias rushed to attack the headquarters of the KDP in Baghdad. Iran and its militias in Baghdad and within the areas of influence are pursuing escalatory policies against any faction that opposes Iranian clout in Iraq because of its significance to Iran’s strategy. In addition, these escalatory policies intend to intimidate the Iraqi government and its regional and international allies and to signal that Tehran’s proxies can foment instability in case the Iraqi government continues to curb and limit their power.

Through this escalation, Iran also wants to send a message to the US administration that the Katyusha rockets will hit US interests anywhere in Iraq, which is a lever against the US presence there. However, it is unlikely that the situation will further morph through 2021 into a military confrontation between the Kurds and the militias aligned with Iran as opposition to armed confrontations has been voiced on the one hand, and the lack of proximity between the Kurdish forces and the pro–Iran militias on the other, except in very scant places. Third, there is a lack of military buildup in this region.

IV. The Future of Iran’s Role in Iraq Through 2021

1. Conclusions for the Year 2020

A. Compared to 2019, the year 2020 witnessed variables which led to Iran’s influence remaining unchanged despite the emergence of new militias aligned
with Iran such as Rab’Allah and Ahedallah. On top of these variables was the killing of Soleimani, Iran’s failure to present a favorable candidate to be designated as prime minister after Adel Abdul–Mahdi, while a prime minister seeking to transition Iraq to full state control was appointed. He gave directives to Iraq’s security services to detain militia members involved in firing rockets at the Green Zone, and he instructed the Joint Operations Command to close the unofficial crossings to prevent unofficial trade, control borders and prevent the smuggling of weapons, drugs and oil to Iraq. In addition, he reshuffled Iraq’s security positions to serve his security policy and pursued an open approach towards the Arab sphere to restore a balance in foreign relations.

But throughout 2019, Iran made – in addition to the military gains (the deployment of militias), the economic gains (the number one exporter to Iraq in 2019) and the political gains (Iranian-aligned political proxies secured the largest number of seats in Parliament and a significant number of positions within Adel Abdul–Mahdi’s cabinet, who raised the PMF budget) – historic gains in Iraq. The historic gains included the agreement to share sovereignty with Iraq over the Shatt al–Arab waterway through agreeing to implement the Algiers Agreement of 1975. Both countries agreed to cancel entry visas for Iranian visitors to Iraq, and they agreed to outline financial transaction mechanisms to circumvent US sanctions on Iran, and Tehran maximized its control over commercial activity in Iraq to mitigate the impact of sanctions and urged Iranian-aligned political alliances in the Parliament to pass a law to expel foreign forces from Iraq.

B. The United States was quite effective in the Iraqi arena throughout 2020 as it besieged Iran and curbed its clout compared to 2019. A strategic shift occurred in the US position in the Iraqi arena. The United States shifted from its policy of “escalation for escalation” which it pursued with regard to Iran throughout 2019 to “resorting to direct military involvement” throughout 2020 in Iraq because of Iranian-aligned militias killing a US civilian contractor in Iraq.

The US response was crushing, it assassinated Qassem Soleimani and Abu Mahdi al–Muhandis. Iran understood this shift in the US position, which explains the limited and symbolic scale of the retaliation it took to avenge Soleimani’s killing and avoided killing US citizens during the dozens of rocket attacks it launched against US targets throughout 2020.

Kazemi enjoys tangible benefits and strengths in the face of Iran’s influence in Iraq via the mounting public opinion opposed to Iranian influence in Iraq and Kurdish and Sunni support to curb the clout of Iranian-aligned militias. In addition, President Barham Salih supports Kazemi, and several Shiites in Shiite-majority provinces reject Iranian clout, and some Arab and Gulf states such as Saudi Arabia want to stand by Iraq and support it to overcome its crises. Kazemi’s strengths emerged also from Iran’s crises, most prominently: the absence of Soleimani from the scene; the disastrous Iranian economic circumstances due
to sanctions; Iranian protesters rejecting Iranian adventurism overseas; the US escalation against Iran in Iraq and the harsh challenges faced by Iran in the remaining areas of influence in Syria, Lebanon and Yemen.

Despite the aforementioned, there are several weaknesses that limit Kazemi’s efforts to control the rampant proliferation of weapons such as: the short period that remains for him in office in case early parliamentary elections are held in June 2021, leading to the formation of a new government, which will be in six months. This is in addition to the huge clout exercised by Iranian-aligned militias due to their extensive military deployments across Iraq, the economic problems resulting from the collapse of oil prices in the aftermath of the coronavirus pandemic, the chronic internal crises such as unemployment, electricity, poor quality drinking water and how to deal with protester demands. On top of these demands include cracking down on the corrupt, holding accountable those who killed protestors (most of whom are Iranian agents and continuously serve Iran’s interests), striking a balance in foreign relations, preventing Iraq from turning into an arena to settle scores and responding resolutely to the pressure imposed by militias to drive US forces out of Iraq.

Kazemi is in a difficult position because he must keep good relations with the United States on the one hand while continuing to face pressure from Iranian-aligned militias on the other.

2. Trends of the Iranian Role in Iraq in 2021

Considering the foregoing, several trends can be outlined regarding the Iranian role in Iraq in 2021 as follows:

A. Surge: this could happen considering multiple indicators particularly if the two most significant challenges Iran is facing in Iraq disappear. First, in case the US pressure to curb Iranian clout disappears whether by a reversal of the US position towards Iran’s clout or by lifting the sanctions which suffocated Iran’s regional plans, or both. This could happen in case the Biden administration enters into negotiations with Iran over its nuclear file without considering the interests of US allies in the region. Second, in case Kazemi’s government departs and a new Iran-aligned government is appointed following early parliamentary elections in June 2021. In this case, Iran will continue its expansionist project. In addition, Iran possesses expansionist tool
given its considerable military and political influence in Iraq through which it can solidify its control and infiltration into the institutions of the Iraqi state.

**B. Decline**: this could happen given the impediments to Iran’s projects in Syria, Lebanon, and Yemen in general. In Syria, Iran is facing the Caesar Act imposed on its Syrian ally and the Israeli, Russian and Turkish challenges given the dispute between Iran and these countries to control the most significant areas of influence in Syria. In Lebanon, the popular rejection of militias and their role is growing. In Yemen, the Arab Coalition to Support Legitimacy in Yemen established and led by Saudi Arabia is continuing to push back against the Houthi militias. In Iraq in particular, Iran’s clout could be eroded due to Qaani lacking Soleimani’s charisma and experience as well as his inability to coordinate between the Shiite militias. In addition, the possibility of the Kazemi government continuing through 2021, Saudi Arabia’s intent to forge a strong relationship with Iraq, the opening of the Arar border crossing with Iraq, and the current electricity interconnection projects, which could help in ending Iran’s leverage over Iraq. This is in addition to the continuation of the sanctions on Iran throughout 2021 until the completion of negotiations as they require a long time to be lifted. It is also expected that Biden will take advantage of the strong pressure imposed by Trump on Iran to raise the ceiling of his conditions, which could further prolong the negotiations.

**C. Stalemate**: which means Iranian clout in Iraq remains unchanged, moving neither upwards, nor downwards. This is the likeliest trend given the unexpected
developments such as the killing of Soleimani and the ramifications of the coronavirus pandemic which hit the whole world. These two developments were never expected. There will be no upward trend in 2021 given the growing popular rejection in Iraq of Iran’s clout, as well as Shiite incubators in the southern Iraqi governorates opposing Iran’s clout. Nearly two decades after Iran’s intervention in Iraq, the Iraqis have not experienced anything but a torn country suffering chronic crises such as unemployment, electricity, and water problems. Terrorism became rampant in the country, with entire provinces being annexed and corruption pervaded all institutions and rivalries between alliances and Iran’s political proxies became common. In Iraq, there is now increasing support for transitioning towards a nation state in its comprehensive sense and a desire to make Iraq open to the Arab sphere.

In addition, Kazemi’s government could remain in office through 2021 even if parliamentary elections are held in June 2021 as compromises always occur among Iraq’s political alliances, particularly when it comes to selecting a certain candidate. This usually requires more time, which could allow Kazemi to continue with his political agenda, as well as the possibility of continuing US pressure in case the Biden administration wants to take advantage of the severe pressure imposed by the Trump administration on Iran to change the behavior of its government. It is likely that Biden will not make concessions to Iran, nor will he pursue Obama’s approach when addressing the Iranian file by entering into negotiations with Iran without taking into consideration the interests of US allies in the region.

All these factors will lead to a stalemate, not a decline, of Iranian clout given the extensive military and political leverage which Iran enjoys in Iraq as a result of the deployment of armed militias across the strategic provinces, and the Iranian-aligned political proxies’ securing the majority of parliamentary seats. This will allow Iran to influence any laws that attempt to weaken its clout in Iraq and to pass laws that entrench its clout.

This is in addition to the lever of gas and electricity exports to Iraq which Iran repeatedly threatens to stop amid Iraq’s power crisis, the severity of which deepens during the summer. It is not possible nor realistic that Iran would simply make concessions, jeopardizing its influence in Iraq —unless it faces severe pressure at all levels. Iraq is at the core of Iran’s expansionist strategy. Tehran has paid a high financial and human price and now is waiting to reap its gains.
Introduction

During 2019, Iranian–Syrian relations witnessed intense developments and posed difficult challenges to Iran’s clout in Syria. This was apparent via the widening divergences between Russia and Iran at the political and military levels. The Russians are aware of the danger Iran’s clout poses to their interests within Syria.

Iran’s relations with the other powers engaged in the Syrian equation were not much different from its relations with Russia. Israel, for its part, intensified its attacks against Iran by targeting the hotspots of Iranian-backed militias and the Lebanese Hezbollah within the Syrian territories. Turkey, by conducting military operations and proposing to establish a buffer zone in northern Syria, stirred up differences with Iran. Tehran considered the Turkish moves as an attempt to curb its clout in the region.

The assessment published in the 2019 Annual Strategic Report indicated Iran’s policies to extend its influence and wrest control over Syrian state apparatuses (politically, economically and militarily) would continue in 2020 — albeit at a lower level — to maximize its control amid the spat over influence with the other regional and international powers in Syria. This is in addition to the Syrian regime’s reliance on Iran increasing in one way or another.

Events in 2020 have proven to be consistent with the abovementioned assessment; Iran’s influence and strength were weakened to force Tehran to leave Syria. These events involved multiple political, military, and economic developments, and Iran was the main actor in the Syrian equation.
At the political level, in order for Iran to strengthen its role in Syria in light of
the consecutive threats to its influence, Tehran sought to plant loyalists in the
Syrian Parliament to prepare for a prospective political solution that could result
in Iran losing its gains in the country.

Iran’s economic presence in Syria was reduced compared to last year and it was
limited to some trade and investment agreements. This decline was advanced by
the Caesar Act which was activated at a delicate juncture and this period witnessed
the balance of power in the Syrian arena shifting in favor of the Syrian regime.

The Caesar Act prevented Iran from making investments in Syria through which
it wanted to entrench its influence and achieve military victories on the ground. At
the military level, the situation was much more complicated and witnessed heated
disputes between Iran and the other actors in the Syrian arena.

On the one hand, Israel intensified airstrikes targeting Iranian positions and
Iranian-backed militias. On the other hand, Iranian-Russian divergences began
to increase in a number of Syrian regions. Iran continued to show defiance and
outlined its strategy to resist pressures including the ongoing targeting of its
positions by signing a military cooperation agreement with the Syrian regime.

In this part of the report, we provide an insight into Russian-Syrian relations
during 2020 via discussing three main axes.

First, the Iranian tools and means to advance its influence in Syria.

Second, the regional and international factors impacting Iranian influence in
Syria.

Third, the critical features of Biden’s policy in relation to Iranian influence in
Syria.

I. The Iranian Tools and Means to Advance Iranian Influence in Syria

Since its involvement as a critical actor in the Syrian conflict, Iran has been
attempting to outline diverse approximations to strengthen its clout and entrench
its presence at the political, economic and military levels in Syria, particularly in
light of the growing international pressures on the other actors involved in the
Syrian conflict in order to exclude Iran from the Syrian equation.

Figure 1 indicates the level of Iranian control and the scope of its military,
security, social and economic influence across the Syrian provinces. At the military
level, Iran doubled its influence in this sphere compared to 2013.

Figure 1, designed by Rasanah’s research team, in relation to Iran’s social and
economic clout in Syria, indicates the extent of its penetration into Syrian society
to advance its control over different Syrian institutions to ensure a long-term stay
in the country in case an international agreement is reached to curb its military
presence in the country. (109)
Here, it can be noted that Iran adopted a package of policies and tools throughout 2020 to advance its influence in the Syrian arena. These policies and tools will be explained as follows:

1. The Syrian Parliamentary Elections and Strengthening Iran’s Role

The Syrian parliamentary elections were held on July 19, 2020. A number of those elected to the Syrian Parliament have stirred up controversy in relation to their merit and competency, especially as they are accused of having strong links with Iran. Eight Syrian lawmakers in 2016 received direct support from Iran, while 11 Syrian lawmakers who received Iranian support were identified in 2020.\(^{110}\) By analyzing deeper the names of those elected as mentioned in several reports and studies, it becomes clear that they include commanders and representatives of militias having strong links with Iran.\(^{111}\) It seems that Iran intends to exploit these commanders and representatives of militias as well as loyal businessmen to help in creating a political arm which secures its interests and enables it to plant some figures within Syria’s political decision-making circles. This indicates that Iran seeks to outline an approximation related – in one way or another – to its previous approximations in Iraq and Lebanon.\(^{112}\)

Iran, via enabling its loyalists to have seats in the Syrian Parliament, seeks to create a political class whose mission is to defend its economic interests in particular. It also seeks to gain some privileges for those loyal elected lawmakers, including immunity and protection from Syrian law, which would allow them to
conduct trade and economic activities and legitimize them under a legal cover.\(^{(113)}\)

Perhaps through the abovementioned step, Iran wanted to advance the scope of its influence and expand its control over Syrian decision-making at multiple levels, ensuring Syria’s connection with and dependence on Iran.

Iran helped a host of political figures and assisted them to gain expertise via training. This enabled them to expand the scope of their clout to be a nucleus of individuals that would forge alliances with those intent on protecting Iran’s interests and countering projects initiated by external powers, whether the United States or even Russia. This is in addition to thwarting any prospective resolution that would weaken Iran’s presence and undermine its strategic objectives in Syria.\(^{(114)}\)

Iran rushed to congratulate the Syrian Parliament after the parliamentary elections. This was plainly expressed by Iran’s Foreign Ministry spokesman Abbas Mousavi. He considered the Syrian parliamentary election – according to the Iranian point of view – a positive step towards stability and advancing Syrian political dialogue.\(^{(115)}\)

Speaker of the Islamic Consultative Assembly (the Iranian Parliament) Mohammad Bagher Ghalibaf, congratulated his Syrian counterpart Hammoudeh Sabbagh for his re-election as Parliament speaker, noting that the Iranian and Syrian Parliaments should remain committed to the continuation of strategic relations at different bilateral, regional and international levels to a greater degree than before, especially in the economic sphere. This raised several questions about Iran’s relationship with this Syrian Parliament and its role in Sabbagh’s re-election as Parliament speaker for a second term.\(^{(116)}\)

It seems that Iran is repeating in Syria the Iraqi scenario, by creating a loyal parliamentary bloc in preparation for a future political solution. The visit of the newly appointed Syrian Foreign Minister Faisal Mekdad to Tehran, which was his first foreign trip, was indicative of Iran’s attempt to repeat the Iraqi scenario. There are multiple signals which are consistent with the previous analysis and premises that Iran is replicating the Iraqi experience in Syria. The first of these signals points to the Syrian government’s desire to keep its deep-rooted ties with Iran. The second signal indicates Mekdad’s desire to send a message to Tehran that he will continue on the path of the late former Syrian Foreign Minister Walid Muallem in relation to upholding the relationship between Syria and Iran.\(^{(117)}\)

The visit, given the Russian-Iranian rivalry in Syria, might intend to send a specific message to the Russians about the importance of Iran’s presence in Syria and that the Syrian government is not contemplating to abandon Iran in the future.

2. **Advancing Iranian Economic Clout in Syria**

Economic relations between the Iranian government and its Syrian ally were intense in 2019 in terms of signing several commercial and investment agreements, which were in line with advancing Iran’s domination and control over Syria’s economic sector. Meanwhile, Iran’s pace in gaining several investment and economic
projects in Syria was much slower in 2020. Important Iranian projects included the establishment of the Iranian trade center in Damascus’s free zone and Iranian companies assigned with maintaining and reconditioning Syrian airports and infrastructure.\(^{118}\)

The Syrian regime also granted Iran oil concessions in the Syrian city of Al Bukamal on the border with Iraq.\(^{119}\) Furthermore, Iranian economic activities focused on the Syrian real estate market and the purchase of Syrian lands. Tehran sought, via its real estate arms, including middlemen, brokers and militia commanders, to continue purchasing more properties in Damascus and its surrounding areas. Hence, Iran took advantage of the crippling economic squeeze impacting the Syrian people, particularly in the areas controlled by the Assad regime.\(^{120}\)

It is worth mentioning that the Caesar Act came into force in the first half of June 2020\(^{121}\) amid a spate of regional and international entanglements in Syria which Iran has been contending with since January. The Caesar Act creates new challenges for Iran’s presence in Syria and the region’s countries, especially at the economic and reconstruction levels. On the latter, Iran places much reliance.

There were many motives behind the issuance of the Caesar Act, including political motives such as sending a message to the Syrian regime’s allies that their role would be curbed in Syria, and they will be thwarted from achieving their objectives in the Syrian arena and all the economic and military support provided to the Syrian regime would be suspended.

The sanctions via the Caesar Act are intended to reduce Iran’s ability to support its militias financially and – in particular – to thwart the flow of capital to Hezbollah via imposing sanctions on the Syrian banking system. Thus weakening the militias and the organizations linked to Hezbollah. This is in addition to the sanctions shutting down some of the foundations generating finances for the IRGC, hence putting more pressure on Iran to gradually reduce its presence in the Syrian arena.\(^{122}\)

Iran realized since the very beginning that the principal objective of the Caesar Act was not only to curb its strategic clout inside Syria, but also to curb the influence and scope of all its proxies in the region, especially Hezbollah in Lebanon. Therefore, Iran verbally condemned the Caesar Act.\(^{123}\) Iran’s Foreign Minister Javad Zarif initiated diplomatic moves in anticipation of the Caesar Act’s looming threat by rushing to hold meetings in Ankara and Moscow in search of tools to curb its impact, especially since Washington demands Iran’s withdrawal from Syria in order for the Caesar Act to be revoked. This has put Iran in a difficult situation.

Despite the Caesar Act being one of the most powerful US actions taken against Iran in Syria, it is unlikely that Iran or its militias will submit and leave Syria. There are several important reasons for this:
First: Iranian expertise in finding multiple channels to circumvent US sanctions.

Second: Iran will not relinquish what it has achieved in Syria economically and politically, which has resulted in it creating a key strategic outlet on the Mediterranean, enabling it to become a key regional power.

Third: Iran has spent more than $30 billion in Syria to achieve its economic and strategic objectives in Syria. These sanctions via the Caesar Act will not prevent Tehran from reaping the benefits of its economic successes, especially since Iran’s vast expertise in circumventing sanctions will allow it to outmaneuver and overcome these sanctions. Iranian officials have made remarks in this respect, including Hassan Afar, the Chairman of the Center for the Development of Economic Relations with Iraq and Syria, who expressed Iran’s readiness to counter the new sanctions on Syria. At the same time, Iran worked on increasing its oil exports to Damascus after the Caesar Act was activated, which is another indication that the Iranians are not really concerned about the short-term impact of this law. Iran also announced it was seeking to boost trade with Syria from $73 million throughout 2020 to $1 billion in the first quarter of the following year.

3. Boosting Iran’s Military Clout in Syria

In addition to the economic and political approaches to strengthen Iran’s clout, over the past 12 months, Tehran employed diverse tactics to boost its military dimension in light of the Russian and Turkish understandings and the behind-the-scenes American and Israeli understandings to curb Iranian clout in Syria.

A. The redeployment and reinforcing of Iranian positions: throughout the year, Iran adopted diverse policies to mitigate the impact of the ongoing airstrikes by the world powers targeting its forces. This included changing the positioning of its forces and redeploying in different locations, which is a tactical measure consistent with its strategy dubbed “strategic patience.” The redeployment also aims to cope with the abrupt political and field developments which pose a threat to its military presence in Syria and allow it to minimize its losses and maximize its gains in the long run.

Iran made changes to a number of military positions in January 2020. Iran’s militias evacuated their headquarters in the city of Al Bukamal in the province of Deir ez-Zor in eastern Syria and moved to Al-Bassatin on the banks of the Euphrates River. This redeployment was also a precautionary step as Iran prepared to take retaliatory action in response to the killing of Qassem Soleimani. Iran targeted US troops in this area close to the border with Iraq.

This coincided with the threats and vows made by Iranian officials, including Iranian Supreme Leader Ayatollah Ali Khamenei, who vowed “hard revenge” against the United States.

Iran’s forces withdrew from some of its positions in Deir ez-Zor province, handing them over to Syrian militias such as the Quds Brigade and the Desert
Hawks Brigade under the supervision of Russia to avoid skirmishes with the United States. Iran also worked to relocate elements of the Fatemiyoun and 313 brigades from southern Deir ez-Zor. The Fatemiyoun Brigade was sent back to the main headquarters in Palmyra while the other was shifted to the main headquarters in the town of Sayyidah Zaynab in the south of Damascus.\(^{(128)}\)

In line with redeploying militias, Iran has continued to strengthen its presence at Imam Ali military base in the city of Al Bukamal on the Iraqi border. It sent Iraq’s Asaib Ahl Al-Haq militia to Imam Ali military base in November 2020. Before the arrival of this militia, surrogates and equipment belonging to the Popular Mobilization Forces (PMF) had arrived in different positions in Deir ez-Zor.\(^{(129)}\)

These Iranian military reinforcements came at a time when they were facing intense Israeli airstrikes at times, and from international coalition partners at other times. On many occasions, Imam Ali military base has been hit with strikes from anonymous sources. Satellite imagery shows that Iran’s activities of establishing warehouses and tunnels to stockpile weapons is continuing despite its positions being hit by air attacks on multiple occasions.\(^{(130)}\)

The two following maps released by the Atlantic Council, a nonpartisan organization, indicate the huge shift in Iranian influence from 2013 to 2020. In 2013, direct Iranian influence was limited to Aleppo and Idlib while Iran’s indirect presence was limited to the presence of Hezbollah in southern Syria (Map No. 1).

**Map 1: Iranian Military Clout in Syria 2013-2020**

On the other side, the second map points to Iran’s growing influence and geographic expansion based on recruiting local and foreign militias, which has enabled it to gain control over a host of Syrian regions.

Map 2: Iranian Military Clout in Syria 2013-2020


B. Boosting Syrian air defense through a comprehensive military cooperation agreement: considering the consecutive attacks targeting Iran’s military infrastructure inside Syria, thus forcing Iranian forces to withdraw from the areas where they were stationed, Tehran began to address the issue and strengthen its presence in Syria. This was done via signing a military and defense cooperation agreement with Syria. One of the provisions of the agreement is related to developing Syrian air defense systems.\(^{(131)}\)

Iran, of course, has been providing Syria with its air defense needs over the past nine years. But the importance of this agreement is its timing and the multiple messages it has sent to the various parties involved in the Syrian conflict. With regard to its timing, the agreement came after the Caesar Act was activated last June, which
imposed economic sanctions on the Syrian government and its allies supportive of it. Its timing also coincided with Iranian forces and its loyalist militias in Syria coming under consecutive attacks carried out by several actors to drive Iran and its militias out of the Syrian territories.

As for the messages which Iran sent via signing this agreement, these can be summarized in three main points.

First, Iran is attempting to strengthen its presence in Syria through signing sovereign agreements which ensure that its presence in the country is legitimate in the future. Second, a response to the international call by the United States and Israel to end Iran’s presence and declaring their readiness to respond to any future attack or violation caused by Iran in Syria, especially as one of the provisions of the Caesar Act stipulates that Iran and its militias must leave Syria. Third – which is the most important message – is that Iran is countering Russian moves as well as regional and international understandings on Syria, including the understandings with Turkey. In this context, Bagheri made a direct statement, saying that Turkey should know that resolving its problems should not be at the expense of Syrian territories, and arriving at a solution is only possible through dialogue and understanding with the Syrian side.\(^{(132)}\)

II. The Regional and International Factors Impacting Iran’s Clout in Syria

Since its emergence as a main actor in the Syrian conflict in 2011, Iran has been committed to strengthening its military and security clout, as well as tightening its control over a number of key areas and maximizing its presence on the Syrian map to ensure its strategic interests in the region.\(^{(133)}\) It is no secret that the growing presence of Iranian militias in Syria is considered undesirable by regional and international powers alike, especially by Russia, Israel, and Turkey. The latter expressed concerns about Iranian movements and the threats they pose to its security interests and strategic objectives in Syria and the region in general. During 2019, Israel embarked on intensifying its pressure and attacks on Iranian militias to force them to withdraw and to reduce their control over key regions in Syria. In 2020, the situation was not vastly different as the three countries have continued their attacks targeting the positions of Iranian militias.

1. Israeli Escalation of Targeting Iranian Militias

In recent years, Israel has repeatedly attacked what it calls targets linked to Iran in Syria. It escalated these attacks throughout 2020. Not a single month passed without news reports of Israeli airstrikes targeting the bases and the areas where Iranian forces and their affiliated militias were deployed. By comparing the number of airstrikes through which Israel targeted Iranian positions in 2020 with the previous two years, we notice that Iranian forces were hit with 26 air raids by Israeli jets in 2018, 23 strikes in 2019 while 2020 witnessed the largest escalation on record. Israel attacked Syrian territories on 39 occasions.\(^{(134)}\) Moreover, the attacks expanded to include the vicinity of Damascus and its airport as well as the Al Bukamal crossing on the Iraqi border.
An Israeli reading into the security and military realities in southern Syria released by the Israeli Institute for National Security Studies (INSS) indicated that the security situation in southern Syria demanded greater Israeli intervention, especially as this region had become Iran’s backyard and a launching pad for mounting attacks on Israel.
Israeli decision-makers warned that several regions in southern Syria witnessed growing Iranian militarization, especially in Deraa, the province of Quneitra and the As-Suwayda area. This meant there was a need to change from counter-observation and non-engagement policies to ones based on weakening Iran’s grip on several neighboring countries and advancing coordination with the Russian army. At the same time, the INSS report pointed to the importance of Israel strengthening local forces in southern Syria and establishing ties with local residents who oppose the Syrian regime to expand Israeli clout and obstruct the Iranian presence in southern Syria. (135)

Rasanah indicated in another report the possibility of a multi-faceted war being waged in northern Syria, which would pose a major threat to Israeli security. To avert this possibility, it requires countering the military threat posed by Iran and its allies against Israel. This is likely to happen through continuing to act against Iran’s presence in Syria and reducing its military personnel and loyalist militias in the northern areas of Syria. (136)

According to the arguments present in the INSS report and the ongoing developments in the Syrian arena, Israel must cooperate with Russia and the United States in suppressing Iran’s military establishment while focusing more on the areas neighboring Israel. In addition, Israel must attempt to influence any future arrangements in Syria. (137)

Here arises the possibility of skirmishes breaking out between Israel and Iran. The former seeks to target any hostile Iranian activity in Iraq or Yemen, as was the case when it targeted the PMF.

Iran is likely to shift away from its policy of strategic patience if Israel intensifies its airstrikes targeting its positions in Syria during 2021. Provided Iran wants to respond to the assassination of its nuclear scientist Mohsen Fakhrizadeh, it is expected that the Syrian arena, in addition to the Iraqi and Yemeni arenas, will be theaters for skirmishes between Iran and Israel over the coming months.
2. The Widening Divergences in Russian–Iranian Relations

Several positions which have emerged recently indicate that the divergences between Tehran and Moscow are increasing. This was apparent in two developments. The first was the excessive criticism that the Russian media directed toward the Syrian president and his government because of corruption. This criticism was intended to put pressure on the Syrian president and his ally Iran amid the difficulties the two countries are facing because of the coronavirus pandemic and the mounting US tensions with Syria and Iran. The aim was to increase Russian influence and for Moscow to have a more dominant presence in Syria. As part of its efforts to achieve this goal, Russia appointed its new ambassador to Damascus as “the special presidential representative for developing ties with Syria.” This was done while turning a blind eye to the ongoing Israeli airstrikes targeting a number of bases housing Iranian forces and its militias whether in southern or eastern Syria. Furthermore, the trilateral alliance between the United States, Russia and Israel indicates a clear intention to end Iran’s presence in Syria. (138)

There was also another important aim behind this Russian media criticism against the Syrian president and his government. Russian concerns were growing about its agreements with Turkey being endangered because of Iranian-backed Syrian interventions.

This Russian media criticism coincided with Russian Defense Minister Sergei Shoygu visiting Syria in March 2020. He visited Syria in order to warn the Syrian president about bypassing the Russian agreements signed with Ankara or any attempts to put them at risk. (139)

This Russian media criticism raised Iranian concerns. Iran’s Foreign Minister Mohammad Javad Zarif rushed to visit Damascus in April 2020, carrying multiple messages. He asserted Iran’s presence in the Syrian crisis and responded to the marginalization which Iran has been experiencing over the past period and its exclusion from several files and understandings between Russia and other regional actors such as Turkey and Israel on the one hand, and between Russia and international actors such as the United States on the other hand.

The Chief of the Quds Force, General Ismail Qaani, visited Damascus in May 2020. He met with the commander of the Iranian forces in Syria Mohammad Reza Fallahzadeh. He also met with Maher al-Assad. He agreed with both to strengthen Iranian positions in different regions, especially in the vicinity of Aleppo International Airport, which raised the anger of the Russian forces. (140)

The second disagreement between Moscow and Tehran was in relation to their ambitions to control a number of Syrian regions. In eastern Syria, the Russian–Iranian disagreement heightened, especially in Deir ez-Zor, which is of importance to Iran. Iran aims to connect its activities and finance its networks via the corridor extending from Iraq to the Syrian city of Al Bukamal stretching to Lebanon. Meanwhile, Russian interventions in this region were intended to secure
strategic positions near the airports and military bases and contain Iran’s clout in the southernmost part of Syria, in Al Bukamal.\(^{(141)}\)

As a result of this importance, the region, throughout 2020, witnessed mounting tensions between Iranian-backed militias and divisions supported by Moscow.\(^{(142)}\) In southern Syria, meanwhile, Russia’s silence in relation to Israeli raids targeting Iranian positions and Moscow permitting Syrian airspace to be used by Israel to conduct its airstrikes from time to time raised Iran’s anger. Tehran interpreted this as Russia responding to international calls to curb its clout within Syria.\(^{(143)}\)

It seems that the disagreements between the two countries are short term ones dictated by regional and international circumstances. As soon as these circumstances change, the mutual understandings between the two countries in relation to shaping Syria’s landscape will revert to their previous status.

As for Russia, the mentioned movements aimed to accelerate its steps to contain Iran’s clout in Syria before US President Joe Biden entered the White House. This is in accordance with its attempts to create new realities in Syria, particularly new security and military arrangements which it can present during negotiations with the United States in relation to the Syrian situation in the coming phase.

On the other hand, Iran works to withdraw from several regions and to hand them over to Russia as a tactical ploy to avert Israeli attacks against its positions. Iran also aims to calm the Syrian situation until the outcomes of the prospective negotiations in relation to the nuclear deal are somewhat clearer.

3. Iranian–Turkish Tensions Without a Military Confrontation

The heated exchange of remarks between the Iranian and Turkish sides reflected the mounting disagreements between them over the ground developments in the city of Idlib because of Turkish military interventions and the targeting of Iranian positions as well as those of Lebanese elements linked to the Lebanese Hezbollah. The first signs of escalation between the two emerged when Tehran issued a statement on March 1, 2020. In this statement, Iran warned Turkish forces against continuing their attacks on Idlib. Iranian President Hassan Rouhani called for holding a summit to discuss the Syrian situation and to resolve the crisis in Idlib via political dialogue. This was done after he had deliberated with his Turkish counterpart Recep Tayyip Erdogan.

Unlike Iran’s diplomatic position, the Iranian advisory center in Syria issued a much sterner warning to Turkey’s forces, reminding them of the need to act rationally and to take into consideration the interests of the Turkish and Syrian peoples. Moreover, the Iranian advisory center in Idlib announced that the Turkish army is within the firing range of its military forces.\(^{(144)}\)

The variations in Iran’s diplomatic and military positions on Turkey’s intervention in Idlib indicate Tehran’s concerns about Turkish attempts to curb its clout in this region, hence expanding Ankara’s clout, and depriving Iran of having a role in Syria’s future.
At the same time, Iran fears that the continuation of the escalation between Turkey and the Syrian regime and its allies will lead to a Turkish-US agreement on Idlib, leading to further complexities in its attempts to expel the United States from the region, especially after the killing of Qassem Soleimani, the Quds Force commander.

### III. The Preliminary Features of Biden’s Policy in Relation to Iran’s Clout in Syria

Iran and the other countries involved in the Syrian conflict are waiting to see the policies of the new US administration under Joe Biden and the strategy which he shall pursue in addressing the Syrian file and the actors influencing it.

Analyses and forecasts have begun to provide insight into President Joe Biden’s prospective policies in relation to the Syrian file, their complexities and varying implications, including their impact on Iran’s role in Syria.

Initially, it seems that Biden’s position as well as the remarks and positions of some of the members of his transitional team in the past in relation to the Syrian file indicate that he will adopt an approach that is quite close to that of his predecessor Donald Trump regarding the objectives and ends pursued. However, Biden’s approach will be different, particularly when it comes to the tools and methods which he could employ to implement his approach toward Iran, whether in relation to Iran’s nuclear program or curbing its hostile violations in a number of countries, including Syria. In this context, Biden said in a statement that he seeks to exert pressure on all the influential actors involved in the Syrian file and to mobilize other countries to support Syria’s reconstruction. (145)

Although the Caesar Act introduced by the outgoing President Donald Trump conflicts with Biden’s intent to reconstruct Syria, the preliminary evidence indicates that the new US administration will keep the Caesar Act in place, which is intended to dismantle the axis of resistance and undermine the influential actors in Syria which want to exploit this file for their own specific agendas and objectives.

Antony Blinken, Biden’s nominee for secretary of state, emphasized the importance of the Caesar Act in curbing the capabilities of the Assad regime and its allies inside Syria. (146)
Iran is aware of the importance of the Syrian file in its negotiations with Biden’s administration, which has indicated a willingness to restart negotiations in relation to the nuclear file. Therefore, Tehran will seek to strengthen its position in the negotiations via exerting pressure using its clout in Syria. The intensified Israeli airstrikes targeting Iranian positions in Syria reflect the extent of Iran’s expansion in Syria. These airstrikes also reflect Iran’s attempt to impose a fait accompli in the country to force the Biden administration and those interested in the nuclear file to take Iran’s sphere of influence into consideration when negotiating with Iran, counting it among Iran’s strengths.

There is no doubt that reaching a new nuclear agreement, in line with its past formula, and the subsequent lifting of sanctions imposed on Iran will negatively impact the situation in Syria and the region in general.

The scope of US policies and their impact on Iran’s clout in Syria depends on several factors which, according to a report by the US Foreign Affairs magazine, could be used by Biden’s administration to address the current situation in Syria and curb Iran’s clout in the country.

The Russian factor is the main one. The US administration could take advantage of the widening divergences between Moscow and Tehran and work to drive Iranian forces and Tehran’s militias from the areas adjacent to the headquarters of US forces in Syria.

On the other hand, the United States could work hand in hand with Israel and grant it a sufficient margin of movement to wipe out the threats established near its borders with Syria, especially since Israel has repeatedly targeted Iranian military positions in Syria.

**IV. Horizons of Iranian–Syrian Relations**

Considering the foregoing and according to the interactions within the framework of the relationship between Iran and Syria throughout 2020 and the multiple events and challenges it witnessed, the Iranian role in Syria is continuing despite Tehran undergoing a tactical retreat in different periods during the year. Iran is not ready to lose Syria as losing this country would be considered by Tehran as ending the axis of resistance. This, to a big extent, would be a significant blow to its strategic ambitions and aspirations. The agreement recently signed between Iran and Syria asserts Iran’s intent to establish a long-term presence in Syria, especially in light of growing international calls to end Iran’s military presence in Damascus.

The continuation of crises throughout the year – starting with the killing of Qassem Soleimani, the mastermind of Iran’s expansionist plan not only in Syria but across the entire region; the outbreak of the coronavirus pandemic, which led to Iran’s military and economic decline and deprived it of resources to finance its large-scale military projects in Syria; the killing of Iranian nuclear scientist Mohsen Fakhrizadeh; and the explosion at the nuclear plant in Natanz near
Esfahan will all influence Iranian strategy in the coming period.

It seems that Tehran will continue to pursue its “strategic patience” policy, with Syria remaining an arena for a decisive face-off with Israel and the United States. Bashar al-Assad now inclines more towards Iran than Russia as Moscow has no objection to removing him from office according to the Sochi mechanism. Iran believes that Bashar al-Assad is critical to any future political settlement in Syria. This is supported by Assad pointing to the partial disengagement between Syria and Russia. Despite not seeming decisive, Syria’s agreement signed with Iran will have a long-term impact as Tehran is working to sustain its presence in the region and to determine the fate of its allies in line with its interests.

These developments indicate that Iran is now distancing itself from Russia more than ever before in relation to the Syrian file. Iran intends to maintain long-term military cooperation and a bigger military presence in Syria. This means Iran wants to give itself more options to respond to any international movements to end Syria’s internal conflict.

Russia has moved closer to Israel’s interests than Iran’s. It has also forged a deeper alliance with Israel in the Syrian file amid growing Russian–Israeli cooperation in Syria. This is because Russia is the one controlling Syria’s airspace. It is known that it has the upper hand in this respect. Hence, Israel could never carry out its airstrikes on a large-scale without Russia’s green light. This indicates Russian dissatisfaction with Iran’s behavior in Syria and Moscow using Israel to weaken Iran’s clout in Syria.

For several years, Iran has carried out hundreds of airstrikes targeting Iranian positions in Syria on a regular basis. In recent months, these raids escalated both quantitatively and qualitatively. This Israeli activity clearly indicates that Israeli officials are deeply concerned about the possibility of Iran strengthening its presence across the northern Syrian borders close to Israel’s borders.

The Iranian model to dominate Syria is based on two pillars:

The first pillar is to establish diverse military forces composed of both local and foreign fighters, who are mostly Shiites, and submit to Iranian control and directives. The second pillar is to ensure its interests in Syria in the future. The Iranian leadership has realized the need to deal with all files of the Syrian crisis and lay down variant scenarios to address any outcomes. Therefore, Iran has entrenched its influence in Syria at all levels: the economic, political, and social levels. If Tehran succeeds in effectively penetrating Syrian society, it can enhance its influence in the Syrian political and economic system, i.e., ensuring a deep-rooted presence in Syria, in case its military presence declines.

When comparing the level of Iranian clout between 2013 and 2020, we find that Iran’s clout and the scope of its military, security, social and economic influence across Syria’s different cities have alarmingly surged, which is indicative of the extent of its penetration into the country and the difficulty in uprooting it.
As the Iranian axis – led by Hezbollah – maintained its presence in the Lebanese government, Iran’s role has been strengthened further leading to the exacerbation of Lebanon’s crises. The International Institute for Iranian Studies (Rasanah) expected this to happen when it forecasted the dimensions of the Lebanese crises in its 2019 Annual Strategic Report.

Rasanah expected that Iran’s role would continue to deepen the economic and political crises of Lebanon. In addition, Western countries would reconsider Iran’s role in Lebanon via Hezbollah. This happened when the European countries designated Hezbollah as a terrorist organization in 2020. In the 2019 Annual Strategic Report, Rasanah forecasted that the popular protests and US sanctions would not curb the political and military activities of Hezbollah. In last year’s Annual Strategic Report, Rasanah also warned that Iran’s role could cause economic collapse and political divisions, in addition to obstructing the formation of the Lebanese government.\(^{147}\)

This happened. Iran’s role has become an impediment to building strong state institutions and has undermined the Lebanese state’s harmony with the international community. Popular protests demanding political and economic reforms included opposition to Iran’s role in Lebanon. These protests flared up on an unprecedented scale in 2020.

These developments led to further complexities on Lebanon’s political and economic landscape but they did not result in radical changes due to reasons which we will highlight in this report.

The Iranian government – represented by Hezbollah and the other political forces linked to it – was successful in excluding all patriotic Lebanese politicians
from the Lebanese landscape so that it could implement its agenda and make Hezbollah the most powerful political force in the country which spins in Tehran’s orbit and serves its political will.

This year’s strategic report discusses the interactions of the Lebanese political elite and the attempts made to end the deadlock over the formation of the Lebanese government. Did this elite manage to curb the domination of Lebanon’s Hezbollah in the Lebanese political arena and its exploitation of state resources for its own self-interest? Did the popular protests push the Lebanese state towards undergoing real change and did citizenship emerge victorious over quota-based power-sharing and sectarianism? What are the economic ramifications of the economic sanctions imposed on Lebanon due to it providing financial and economic support to groups designated as terrorists?

I. Trajectories of Iran’s Political Penetration into Lebanon

1. The Dilemma of Forming the Lebanese Government

Since the resignation of Saad al-Hariri’s government in response to popular calls on October 29, 2019, the dilemma in relation to forming the Lebanese government has gripped the political landscape in the country. The Iranian government’s dictates to Hezbollah, the Amal Movement and the Free Patriotic Movement have become an impediment thwarting the aspirations of the Lebanese people for patriotic Lebanese forces to enter the government which could develop a modern civilian state and introduce the correct concept of citizenship.

Hezbollah’s insistence along with the forces supporting it to form a government based on sectarian quotas has impeded its formation. This approach taken by Hezbollah has also pushed the Lebanese state to the brink of economic collapse. In recent years, the bloc which represents Shiites as well as a percentage of Maronite Christians has been controlling the Lebanese landscape. It is worth mentioning that this bloc had played a role in thwarting the country’s presidential elections for two years (from April 2014 to October 2016). This period was known as “the political vacuum” until Michel Aoun was announced as the Lebanese presidential election winner in October 2016 with Iran’s approval. The Iranian government’s Foreign Minister Mohammad Javad Zarif made a visit to Lebanon on November 7, 2016 and met with Aoun at that time. Several observers considered this visit to be among the most important visits made by Zarif to Lebanon, as it emphasized the
Iranian government’s support for Michel Aoun because he will not resist Iran’s clout in Lebanon. It also confirms Iran’s support to its regional proxies and allies, with the ramifications arising in the following years. The ruling elite did not understand the reality of the Iranian axis and its obstructive role through yielding to the dictates of the Iranian government and its complete loyalty to Iran, thus prioritizing Iranian interests at the expense of Lebanese national interests.

This had a negative political, economic and social impact on the Lebanese arena until it was evident with the 2020 crises which is considered a watershed moment in the history of the Lebanese state.\(^{(148)}\)

Maronite Patriarch Bechara Boutros al-Rahi attributed the Lebanese government’s crises to “loyalties to outsiders and Hezbollah’s uncontrolled arms arsenal,” referring to Hezbollah’s loyalty to the Iranian government. He added, “This is our situation in Lebanon. A limbo caused by personal interests, loyalties to outsiders, lack of an effective authority, administrative and security chaos because of illegitimate and uncontrolled weapons, theft, attacks, politicization of the judicial system, and a weak government.” \(^{(149)}\)

The French proposal, laid out by French President Emmanuel Macron in the aftermath of the Beirut port bombing on August 4, 2020, was initiated to put more pressure on Lebanese political forces to form a government to undertake urgent reforms in return for international financial support which could save Lebanon from its economic crisis. The two major Shiite forces, Hezbollah, and the Amal Movement, monopolized the Ministry of Finance to ensure that this ministry was always held by Shiites. Other political parties opposed this, reiterating the principle of rotation and that no political force should retain any position
exclusively. This led to a halt in dialogue between the political forces and delayed the formation of a new government. The main reason for this impasse was the uncompromising position of the two major Shiite political forces, Hezbollah and the Amal Movement, which are subordinate to the Iranian government.

In this respect, Saad al-Hariri said, “No sect had the exclusive right to the ministry of finance or other government portfolios,” and that rejecting the principle of rotation was sabotaging the last chance to save Lebanon.\(^{(150)}\)

Nonetheless, the Iranian position supportive of the two main Shiite political forces in impeding the formation of the Lebanese government is based on regional equations and dimensions consistent with Iranian interests. The former Iranian Ambassador to Lebanon Ahmad Dastmalchian made remarks expressing Tehran’s position. He considered that the pressure which he called “external [pressure]” is one of the challenges facing the process of forming the government. He also described the international attempts to help Lebanon as outside schemes aiming to foment crises and protests. However, he turned a blind eye to the role played by the two Shiite parties – Hezbollah and the Amal Movement – in obstructing the formation of the Lebanese government. He said that all the international initiatives call for a resolution from within Lebanon without external influences.\(^{(151)}\)

According to some observers, the Iranian government will seek to thwart the French proposal, citing the behavior of Iran’s allies among the Lebanese political forces. Khorasan newspaper published an article titled “Macron’s Scheme to Strip Hezbollah of Its Weapons” in which it described French demands to form a Lebanese government in accordance with Western principles. In addition, this government will seek to end Hezbollah’s ownership of weapons.

The article added that, “Yes, the US and France speak of the need to make radical reforms in Lebanon via forming a technocrat government. They link this demand to providing help to the country via financial assistance and loans. But there is an objective behind this demand, which is to restore Western hegemony over Lebanon to benefit the Zionist regime through stripping Hezbollah of its weapons.”

In this respect, Iran’s Javan newspaper described the international attempts to help Lebanon to form a new government as a venture to restructure Lebanon’s system of government to be in accordance with Western interests. The Iranian viewpoint draws a link between international calls to help Lebanon with the regional political dimensions and the Iranian government’s interests in the region as Tehran sees Lebanon as its exclusive area of influence. This offers an insight into Iran’s insistence to thwart all international attempts to help Lebanon in forming a technocratic government, leaving its proxies inside Lebanon to choose the best way to achieve this goal [thwarting the formation of a technocratic government].\(^{(152)}\)

Before the end of 2020, Saad al-Hariri was – and still is – facing several challenges when it comes to forming a new government to administer national
affairs in a way different from the past. He has attempted to name ministers who are from technocratic backgrounds. However, the partisan forces with links to external interests spearheaded by the Iranian axis want to hold on to sectarian quotas when it comes to forming a new government, with direct support from President Michel Aoun. This triggered tensions between the Lebanese president and Saad al-Hariri. Hariri submitted a cabinet lineup to President Michel Aoun in the first half of December. The two parties agreed to address the differences, but the atmosphere became tense, especially when the Free Patriotic Movement, established by Aoun, insisted on clinging to one-third of the ministerial positions.

Hariri’s media office released a statement in which he stressed the necessity to put aside partisan interests based on loyalties to outsiders in order to move ahead with the formation of a government capable of limiting Lebanon’s crises.\(^{153}\)

Table 1: The Successive Governments From Late 2019 to Late 2020

<table>
<thead>
<tr>
<th>Prime Minister</th>
<th>Date of designation</th>
<th>Date of resignation</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saad al-Hariri</td>
<td>18-12-2016</td>
<td>29-10-2019</td>
<td>Popular protests</td>
</tr>
<tr>
<td>Hassan Diab</td>
<td>19-12-2019</td>
<td>10-8-2020</td>
<td>Beirut port explosion</td>
</tr>
<tr>
<td>Mostafa Adib</td>
<td>30-8-2020</td>
<td>26-9-2020</td>
<td>Impediments by the Amal Movement and Hezbollah</td>
</tr>
<tr>
<td>Saad al-Hariri</td>
<td>23-10-2020</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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2. Hezbollah’s Role in Targeting Activists and Crushing Protests in Lebanon

Popular protests broke out in Lebanon in October 2019 due to a hike in taxes proposed by the Lebanese government. The protests escalated into a general strike across Lebanon, continuing into 2020. The demands of the protesters changed from improving the economic situation and fighting corruption to implementing UN Security Council Resolution 1559 dated September 2, 2004. It stipulates Lebanon’s territorial integrity, sovereignty, and political independence. In addition, it affirms the dissolution and disarming of all militias, including Hezbollah. It emphasizes the importance of the Lebanese government extending control over all Lebanese territories.\(^{154}\)

The protesters chanted slogans against Hezbollah’s domination which is loyal.
to parties outside Lebanon’s borders, demanding the implementation of the UN Security Council resolution and calling on the Lebanese government to extend its control. They chanted, “No black weapons...No illegitimate weapons.” The protesters rejected the existence of a state within a state, in reference to Hezbollah, supporting the demand to limit arms to the state and to implement international resolutions in this respect. It is worth noting that this was the first time that a popular sit-in was held in Lebanon to demand the implementation of Resolution 1550 since the withdrawal of Syrian forces from Lebanon.\textsuperscript{(155)}

The UN Security Council mentioned in past reports the need to disarm Hezbollah in addition to disarming all Lebanese militias working beyond the control of the Lebanese state. In this respect, the UN Deputy Spokesperson for the Secretary-General Farhan Haq said, “I would like to note that the UN Security Council resolutions 1559, 1680 and 1701 plainly call for disbanding and disarming all Lebanese and non-Lebanese militias.”\textsuperscript{(156)}

Meanwhile, Hezbollah and militias aligned with the Iranian government crackdown on Lebanese protestors. The Iranian government deployed militiamen linked to the Amal Movement and Hezbollah and the latter’s head threatened protesters with a civil war. This clearly implicated the Iranian government in cracking down on protestors in addition to the Iranian government’s position towards the protests and the remarks made by Iranian officials in this regard.\textsuperscript{(157)}

*Foreign Policy* magazine issued a report in which it pointed to Hezbollah’s crackdown on protests because of its involvement in corruption. The report mentioned that protester demands, including comprehensive and radical changes, threatened Hezbollah’s position and domination of the Lebanese political landscape. Also, the report pointed to Hezbollah’s head opposing any alternative name to Prime Minister Saad al-Hariri and the escalation of clashes, street fighting and the unleashing of motorbike-riding gangs linked to Hezbollah and the Amal Movement. The protesters not only faced a smart enemy, but also an armed enemy. Hezbollah’s and the Amal Movement’s supporters, the government’s main allies, attacked the protesters several times over the past few months. “There has been a palpable fear of Hezbollah taking over the streets, as it did in 2008 when its hold over communications and Lebanon’s airport was challenged.”\textsuperscript{(158)}

It also highlights the role of Hezbollah and the Amal Movement in silencing protesters, in addition to a massive crackdown. The protestors managed to bring national and global attention to the chronic problems which the Iranian axis within the Lebanese government caused. Hezbollah’s threats against the protesters deepened the organizational problems of the protesters, leading to the lack of a leadership hierarchy. The main reason behind the protesters not selecting a leader was their fear that they would be assassinated by militias linked to the Iranian government. This is similar to Hezbollah killing dissidents in 2005.\textsuperscript{(159)}

It is worth noting that Iranian Supreme Leader Ali Khamenei attributed the
Lebanese protests to the widespread anger against the corrupt ruling class — spearheaded by the Iranian axis — in Lebanon to external parties. He said, “The US and Western intelligence services, with the support of the reactionary countries in the region, create chaos. This is the worst hostility and the most dangerous venom towards the nation. I advise those who sympathize with Iraq and Lebanon to address the lack of security.” He also asserted that corruption is rampant within the Lebanese state, and Hezbollah controls all apparatuses.\(^{(160)}\)

This angered the protesters on the Lebanese street. Several observers believe that Khamenei’s remarks were in the context of supporting the forces subordinate to his ruling system. Some Lebanese protesters describe Khamenei’s remarks as “rude.” Khamenei accused those rebelling against the corrupt political elite and authoritarianism as being US and Zionist stooges. The Iranian government wanted to distract Lebanese protestors from the real role played by Iranian-backed militias in Lebanon that have caused political and economic crises, negatively impacting livelihoods and impeding the work of successive governments. Multiple observers believe that Khamenei carefully selected his words to send a message to the protesters that their demands would not be addressed via “official channels but through militias linked to the Iranian government.”\(^{(161)}\)

3. Classifying Hezbollah as a Terrorist Organization

On April 30, 2020, Germany designated the Lebanese Hezbollah (including both the military and political wings) as a terrorist organization, joining the United States, the United Kingdom, Canada, and other countries. Several countries and parties welcomed the German move because Hezbollah’s terrorism is an extension of Iran’s hostility and is a tool for implementing Tehran’s terrorist policies.

The US Department of State issued a statement in the aftermath of the German designation. It indicated that this decision will curb the clout of the Iranian government and its malicious behavior in the region. The Yemen government welcomed the German decision and described Hezbollah’s terrorism as a continuation of the Iranian government’s belligerency in the region, especially in Yemen.

In an official statement published by Yemen News Agency SABA, the Yemeni government welcomed Germany’s designation of Hezbollah as a terrorist group. “This decision is a step in the right direction as Hezbollah, like other Iranian militias and proxies, is a tool for destruction, devastation, undermining security, and stability of the region and interfering in internal affairs to serve the Iranian project,” a statement from Yemen’s Ministry of Foreign Affairs said.\(^{(162)}\)

The Yemeni government considers Hezbollah as an accomplice in the crimes committed by the Houthi rebels against Yemenis. Hezbollah has not hidden its collaboration with the Houthis and Iran’s terrorist activities in Yemen.

On August 13, 2020, the Lithuanian government designated Hezbollah a terrorist organization and prevented Hezbollah members from entering the
country. Lithuanian Foreign Minister Linas Linkevicius said that Hezbollah’s involvement in terrorism threatens the security of Lithuania, which is a European Union and North Atlantic Treaty Organization (NATO) member state.\(^1\)

The designation of both Hezbollah’s political and military wings as a terrorist organization continued worldwide. On December 1, 2020, Slovenia announced the designation of Hezbollah’s political and military wings as a terrorist organization. According to the Iranian Students News Agency (ISNA), the Slovenian government said in a statement that it took this decision based on a report on Hezbollah’s “activities and mode of operation” by the Permanent Coordination Group for Restrictive Measures.

The report stated, “Hezbollah’s activities are intertwined with organized crime and the conduct of terrorist or paramilitary activities on a global scale.” Also Latvia had designated Hezbollah as a terrorist organization.\(^2\)

Hezbollah’s designation as a terrorist organization in several countries is due to the suspicious activities it carries out, which are closely intertwined with the policies of the Iranian government. Hezbollah collects money from several countries to finance terrorism and engages in systematic crime, drug trafficking, and money laundering. In addition, it recruits and deploys individuals to conflict hotbeds in the Middle East and other areas to carry out terrorist operations consistent with the interests of the Iranian government, undermining security and stability. German lawmaker Marian Wendt said the weapons gathered by Hezbollah which is backed by the IRGC, allows it to commit systematic crime and smuggle narcotics. He said that Hezbollah can also finance its activities by collecting funds from businessmen who own stores and restaurants as well as from other entrepreneurs in the country. At the same time, he stressed that via its activities, Hezbollah finances crime all over the world, reiterating the need to block Hezbollah’s sources of finance.\(^3\)

Iran’s reaction in response to Hezbollah’s designation as a terrorist organization indicated that it is nothing but a tool to implement Tehran’s agenda, whether in Lebanon or beyond and that the terrorist behavior of Hezbollah is an extension of the Iranian government’s behavior. Alaeddin Boroujerdi, a member of Iran’s Foreign Policy and National Security Committee said, “It is a wonder that Germany, with its stature in Europe, is still heedless of the fact that Hezbollah is part of the country’s political system. It participates in both Parliament and government. The Berlin decision is like others designating part of the German government as a terrorist entity.” He said that this designation was not accepted by Iran, considering it an insult to Lebanon. He called on the German government to apologize to Lebanon and its people.\(^4\)

It is worth noting that several commentators described Hezbollah’s designation as a terrorist organization in multiple countries as a consequence of Hezbollah’s negative role in Lebanon. The designation of Hezbollah (as a terrorist organization)
means that the financial institutions, companies, and individuals linked to the organization are no longer able to conduct legal dealings with Lebanon. This will aggravate the severe economic crisis in Lebanon, with the Lebanese people bearing the brunt of Hezbollah’s terrorist behavior.

Some sources said that it is likely that the countries which designated Hezbollah as a terrorist organization would vote to block any help for Lebanon from the International Monetary Fund (IMF) and other organizations. Multiple sources said that Hezbollah is leading Lebanon into a genuine crisis, the ramifications of which will involve internal chaos but are hard to predict with accuracy considering the circumstances.\(^{(167)}\)

II. Trajectories of Iran’s Economic Penetration Into Lebanon

1. The Role of Hezbollah in Deepening Lebanon’s Economic Crisis

In 2020, Lebanon witnessed the worst economic crisis since its independence in 1943. The Institute of International Finance (IIF) expected the Lebanese economic recession would deepen from 15 percent to 24 percent. The IIF indicated that, given the significant contraction in production and the massive decline in the exchange rate on the parallel market, Lebanon’s gross domestic product was expected to shrink from $52 billion in 2019 to $33 billion in 2020.\(^{(168)}\)

The US Foundation for Defense of Democracies stated in a report on Lebanon’s economic situation that the main reason behind the decline in the country’s economic situation is the behavior of Hezbollah and the Iranian government backing it. The report identified Hezbollah and the Iranian government as the biggest challenge contributing to the destruction of Lebanon. The report also highlighted assessments indicating that Lebanon needs $93 billion to save itself. It considered that this is impossible in light of Hezbollah’s role in power, stressing that any support for Lebanon at the present time would be considered as support for Hezbollah.\(^{(169)}\)

According to the report, Lebanon suffers from a principal problem, which is Hezbollah’s domination of the Lebanese system and its financial channels. The direct result of Hezbollah’s domination over the political landscape in Lebanon is corruption across the Lebanese financial system, money laundering, drug trafficking and terrorism via illegal financing. As a result, the most important Lebanese financial institutions were hit with lawsuits in the United States, with these institutes charged with providing financial services to Hezbollah and facilitating the inflow of funds that were used by Hezbollah to finance its terrorist operations in the region. The donor community cannot turn a blind eye to this.

The report mentioned an important point that Hezbollah is already controlling strips of land in the southern Beqaa Valley and Beirut’s suburbs. This is in addition to Hezbollah’s surrogates possessing missiles supplied to them by the Iranian government. Hezbollah’s missile arsenal is estimated to include 150,000 missiles.
In addition, the Iranian government has supplied militias in Lebanon with precision-guided munitions for use in regional conflicts, which could prompt Israel to consider preemptive strikes.

The possibility of Hezbollah and the Iranian government triggering a destructive war is alarming for donors, who question why a state facing a looming war should be financed.

The report paints a bleak picture of the Lebanese situation, reiterating the negative impact of Hezbollah’s control over Lebanon; a state burdened by huge debts. These debts were accumulated in the first place due to financial corruption, political imbalances, and the negative impact of the COVID-19 pandemic on the Lebanese economy.

Lebanon is in dire need of a comprehensive reform program which addresses banks and financial institutions, and above all, the political system. This reform program would also address Hezbollah’s behavior so that it turns into a faction that is loyal to the Lebanese government and not to Iran. This would occur via blocking its financial channels as well as halting its smuggling operations.

The report highlighted that anything other than such a comprehensive reform program would be considered as supporting terrorism, describing the financing of Lebanon in light of Hezbollah’s control over state apparatuses as “sustaining the biggest schemes in history.”

The English language newspaper Asia Times based in Hong Kong said in a report published on its website that some of the Lebanese people do not realize that their economic and national crisis is in fact “made in Lebanon.” Some of them blame
what they call “the US siege on Lebanon.” This blame is misplaced as the main reason behind Lebanon’s crises is Hezbollah. The report indicated that except for the sanctions imposed by the Office of Foreign Assets Control, the counterterrorism arm of the US Department of the Treasury, on some entities linked with Hezbollah and its surrogates, there are no other financial restrictions on Lebanon and its public and private institutions. The report pointed to the fact that even without sanctions being placed on Lebanon, foreign investors do not want to invest in Lebanon as Hezbollah is currently involved in regional conflicts in Syria, Lebanon and Yemen.

The newspaper pointed to the donor conference held for Lebanon where the countries that participated in the conference pledged $11 billion in a bailout package. Saudi Arabia and the United States were the top donors, setting conditions such as fighting corruption and implementing reforms. However, it is difficult for Lebanon to meet these conditions because of the impediments put in its path by Hezbollah and other factions loyal to the Iranian government.

2. Hezbollah and the Shadow Economy

IMF figures indicate that the average percentage of the shadow economy in Lebanon in 2015 made up 31 percent of the GDP. The GDP was estimated by the Central Administration of Statistics to be $49.9 billion. This means that $15.8 billion was produced locally (outside the mainstream economy) and was not taxable.

However, this statistic is conservative, as it does not include Hezbollah’s illegal economic activities. Sources close to Lebanon’s Central Bank indicate that the percentage of the parallel economy in Lebanon for 2020 surpassed 50 percent of the total economic activity. It is worth noting that the shadow economy in Lebanon dates back to the 1980s when Hezbollah was created and the Iranian government began to finance it beyond the watchful eye of official Lebanese institutions. In light of the current Lebanese crisis with deepening corruption and commercial transactions shifting to the money market despite the scarcity of foreign currencies, sources indicate that the parallel market in Lebanon – or what is called the shadow economy – goes beyond Lebanon’s boundaries. It is now called “the eastern market” as there is an illegitimate integrated economic cycle set up by Hezbollah in Lebanon which has links with the Syrian regime and the Popular Mobilization Forces in Iraq. It reaches out to the Iranian government via the corridor which connects the Mediterranean coast with Iran.

Sources indicate that this market is worth approximately $17 billion. It funds the suspicious activities of Hezbollah in addition to the activities of the Syrian regime, the Popular Mobilization Forces in Iraq, and the Iranian Revolutionary Guard Corps. Hezbollah’s influence over state institutions has had a direct impact on the growth of this parallel economy.

This influence has resulted in the weakening of state apparatuses in controlling land borders and maritime crossings, as well as controlling imports and exports.
and ensuring that this is limited to official entities in Lebanon.\(^{(172)}\)

This market creates massive chaos across the structure of the Lebanese economy. It grows at the expense of legitimate state institutions, negatively impacting the livelihoods and the Lebanese economy in general. On the other hand, it has created thousands of jobs for Hezbollah’s surrogates.\(^{(173)}\)

According to several Lebanese and international reports, Hezbollah runs its own parallel economy in Lebanon via the use of social institutions and cooperatives in addition to some companies such as dairy companies and the automobile trade.

Hezbollah’s parallel economy is based on drug and arms trafficking and money laundering, which have depleted the foreign exchange reserve currencies in the Lebanese Central Bank. Hezbollah takes hard currency to fund its needs from banks and markets. This is in addition to smuggling the goods subsidized by the Lebanese Central Bank such as fuel and wheat estimated at $4.5 billion to the Syrian regime. Further, Hezbollah purchases sophisticated equipment which Iran requests from Europe worth $2.5 billion per year.\(^{(174)}\)

On the other hand, a research memo released by the Foundation for Defense of Democracies titled, “Hezbollah Finance in Lebanon: A Primary-Source Review,” said that Hezbollah’s financial pot is dependent on criminal activities. There is a massive network of money laundering in South America, Africa, and the United States. In returning this money to Lebanon, Hezbollah depends on official channels in Lebanon. “Once money is injected into the formal financial system, Hezbollah transfers value back to its criminal clients by purchasing goods, selling those goods, and remitting proceeds from merchandise sales to the group’s clients (minus commission).” Hezbollah relies on exchange offices. The US Department of the Treasury points to the exchange of currency carried out at exchange offices such as Chams Exchange, which has been placed on the US list of sanctions for facilitating the transfer of Hezbollah funds.\(^{(175)}\)

It is worth mentioning that the study considered Hezbollah a principal actor behind the financial deterioration in Lebanon. This is due to Hezbollah’s strong relationship with several Lebanese banks which facilitate its suspicious activities. Foremost among these banks are Audi Bank, BLOM Bank and Banque Libano-Française in addition to other banks and financial institutions. The study touched on the official and unofficial channels Hezbollah depends on to carry out its smuggling operations, such as Beirut–Rafik Hariri International Airport. Hezbollah is linked to loyal officials within the airport who allow commodities purchased via drug money to enter the country. This is in addition to Beirut port and Syria’s Latakia port. The study also mentioned the testimonies given by some of Hezbollah’s purchase agents such as Dani Tarraf and Hassan Hodroj, with both confirming that Hezbollah totally controls Beirut port.\(^{(176)}\)

The US Department of State offered a $10 million bounty to anyone who could provide information leading to the arrest of three Hezbollah agents. “The US
Department of State’s Rewards for Justice (RFJ) program, which is administered by the Diplomatic Security Service, has a standing reward offer of up to $10 million for information leading to the disruption of the financial mechanisms of the global terrorist organization Lebanese Hizballah,” the US Department of State said in a statement.177

3. Hezbollah and Blocking International Support for Lebanon

Considering the economic and political crises that Lebanon is facing at the present time, a number of countries agree that it is important to help Lebanon, especially in the aftermath of the Beirut port explosion and its ramifications for the Lebanese people. But Hezbollah’s presence has spoiled Lebanon’s relations with the international community. The donors imposed conditions in relation to political and economic reform, such as combatting corruption for support to be provided to those who really need it and not to Hezbollah.

Some countries expressed concerns about the clout exercised by the Iranian government in Lebanon via Hezbollah, demanding transparency in relation to how the financial assistance is spent. Hezbollah has acted as an impediment hindering relations between Lebanese financial institutions and donor countries, as the Iranian axis controls Lebanon’s financial channels.178

Donor countries held a conference for Lebanon on August 9, 2020, in the aftermath of the Beirut port explosion within the framework of the French proposal under the patronage of the UN. Up to 30 countries partook in the conference, in addition to the head of the European Council Charles Michel and directors of international organizations such as the IMF, the World Bank and the Red Cross.

French President Emmanuel Macron said that financial help would focus on four priority areas: health, food, rebuilding schools damaged by the Beirut port explosion and reconstructing homes. The French president spoke of forces which have an interest in the division and chaos gripping Lebanon, referring to Iran, stressing the importance of the international community being united to address the Lebanese crises despite the geopolitical conditions surrounding the country. At the same time, he called on the Lebanese authorities to act swiftly to prevent the country from total collapse and respond to the aspirations of the Lebanese people. He stressed that this help is not a carte blanche for Lebanon’s officials who the Lebanese people accuse of corruption and neglecting the country’s affairs which has been suffering from a dangerous political and economic crisis for months. The help should be provided to the Lebanese people in the first place, the genuine beneficiaries.179

It is worth noting that Lebanon requested in mid-May 2020 to undertake negotiations with the IMF to acquire financial assistance. However, negotiations stalled due to Lebanon’s political problems behind which Iran’s axis prevails in the country.180
III. The Political and Economic Consequences of the Beirut Port Explosion

1. The Political Consequences

On August 4, 2020, approximately 2,750 tons of aluminum nitrate, stored in Warehouse 12 in Beirut port since 2014, exploded causing the largest explosion in the history of Lebanon. It killed 200 people, wounded 6,000 others, and rendered more than 300,000 people homeless.\(^{(181)}\)

This explosion occurred in the context of complicated crises gripping the Lebanese landscape. The explosion highlighted the extensive corruption within the Lebanese state, which is controlled by the Iranian axis. The Syrian crisis has affected Lebanon on political, economic and social levels. The Syrian regime has halted the political life in Lebanon. This is apparent in the poor performance of successive governments, and their inability to forge a political settlement that help the country address external crises.\(^{(182)}\) Hence, the explosion prompted Prime Minister Hassan Diab to resign, reflecting on the Lebanese situation via his resignation letter dated August 12, 2020, he said, “Corruption is more powerful than the state in Lebanon.”\(^{(183)}\)

Protests quickly erupted in the aftermath of the explosion, with the Lebanese people targeting the ruling political class. The Lebanese protesters chanted slogans rejecting Hezbollah’s role in Lebanon’s political landscape after the disastrous explosion, describing Hezbollah as a terrorist militia. The protesters started off with a vigil in front of the Lebanese Parliament in central Beirut. Their main slogans targeted Michel Aoun and the secretary general of Hezbollah, pointing the finger of blame at them as the main perpetrators behind the Beirut port explosion, since the port is totally controlled by Hezbollah, which turned the port into a warehouse to store weapons.\(^{(184)}\)

This prompted the Lebanese judiciary to break with norms and summon the head of the caretaker government Hassan Diab and senior ministers to hear their testimonies in relation to the Beirut port explosion.

The Lebanese Supreme Judicial Council, which hears major cases, took up the Beirut port explosion case. But Hassan Diab and senior ministers of the caretaker government Ghazi Zeaiter, Ali Hassan and Khalil Youssef refused to turn up for interrogation before the judicial investigator Fadi Sawan. They argued that the investigation defies the Constitution unless it succeeds in ensuring two thirds of the Parliament’s members voted in favor. Sawan categorically dismissed this argument, considering them as making excuses to shirk responsibility and evade accountability. Sources close to the Supreme Judicial Council believed that the four accused ministers refusing to turn up to the hearing on the basis of multiple justifications is a moral condemnation of them and an unambiguous indication that Lebanese politicians are accustomed to overstepping and disrespecting laws. The sources wondered: “if they are innocent, then why do they avoid appearing
before the judge, using sectarian instigation as a pretext in this regard?"(185)

This came in the context of rising criticism targeting the ruling elite before and after the explosion. There is a widely held belief that the political elite forbids corrupt political figures to be held accountable and that they are protected, most significantly by Hassan Nasrallah and the Iranian axis. They grant the most important and influential positions within the Lebanese state exclusively to whoever they wish. Those officials selected by the Iranian axis in Lebanon hide behind its clout, which prevents competent individuals who are not within the sectarian quota from taking positions.(186)

The Atlantic Council, a nonpartisan US organization, disputed Hezbollah’s narrative floated by Hassan Nasrallah following the explosion that it had nothing to do with the Beirut port explosion. The Atlantic Council prepared a report in which it stated the reasons which make Hezbollah responsible for what happened.

In its report, the Atlantic Council says, “Suspicions that the stash of 2,750 tons of ammonium nitrate belonged to Hezbollah aren’t entirely unfounded. The group is known to exercise a degree of control over Beirut’s port and has a history of stockpiling and using the material in several of its global operations, including in London, Berlin, Thailand, Cyprus, Bulgaria, and elsewhere.” The report rules out that Hezbollah had no knowledge of the lethal shipment at the port’s warehouse especially as Wafiq Safa, the official in charge of Hezbollah’s Liaison and Coordination Unit directly controls all the maritime and land ports in Lebanon, including the Beirut port, according to the US Department of the Treasury.(187)

According to the report, since 2013 “Hezbollah’s allies headed the Transportation Ministry responsible for all Lebanese ports, including Beirut’s, and the Finance Ministry, which controls the Lebanese Customs Authority.” The report argues that Hezbollah presents itself as different from all the Lebanese political factions, a fighter of corruption and keen on upholding the security, dignity and sovereignty of Lebanon. Hence, it justifies maintaining its huge arsenal of weapons. But its total failure in addressing the question of the 2,750 tons of ammonium nitrate is conclusive evidence of its baseless allegations or silence about the presence of this huge amount within residential areas.

The report concludes, “Nasrallah often likes to state that ‘Hezbollah will be present wherever we must be present.’ But where were they when Lebanon needed them this time?” The Atlantic Council believes that Hezbollah was likely busy imped ing radical reforms which could have enabled Lebanon to avert this disaster.(188)

In this respect, Bahaa al-Hariri, son of late Prime Minister Rafik al-Hariri, blamed Hezbollah, deeming it a direct cause behind the explosion as the Beirut port and airport were controlled by Hezbollah. He said, “President Aoun is among the staunchest supporters of Hezbollah, and I am totally frustrated at this situation and the utter negligence which caused this harrowing explosion at the port while
Hezbollah was controlling the storage facility.”

He called on Hezbollah to end its political participation in Lebanon and allow the country to usher in a phase of reconstruction following the Beirut port explosion.

He added, “Our country has paid a huge price because of Hezbollah’s acts, which is backed by Iran. It brought sanctions, war, and suffering. We should stand up for a new state which does not include militias and allows Lebanon to get back on track independently of any outside influence.”

He noted, “I do not have any personal political ambitions, nor do I want to become prime minister. But I do want to copy the role played by my father in reconstructing Lebanon following the 15-year long civil war.”

These remarks prompted Hezbollah to file a lawsuit against Bahaa al-Hariri for blaming it for the Beirut port explosion. According to Iran’s ISNA news agency, Hossein Hashem, the head of Hezbollah’s Lawyers Syndicate said, “We invite Beirut’s Investigative Judge Charbel Abu Samra against [Bahaa] the brother of Saad al-Hariri, the interim prime minister of Lebanon, for accusing Hezbollah.”

Some observers believe that it is particularly important to analyze the position of Hezbollah on Bahaa al-Hariri. The main defendants involved in the explosion have evaded standing in front of the Supreme Judicial Council and hide themselves behind the clout of Iran’s axis. Hezbollah did not take any action against the concerned officials because they belong to the Iranian axis. Therefore, Hezbollah and the Iranian axis are complicit in supporting the corrupt officials in Lebanon and Hezbollah’s selective turning to the judicial system is proof that it is pursuing its interests and outside dictates at the expense of Lebanon’s security and stability.

2. The Context of the Explosion and its Economic Consequences

Beirut port is one of the most important ports in Lebanon, and one of the most critical ports in the eastern basin of the Mediterranean Sea due to its strategic location linking the East and the West. For the Lebanese economy, it is considered a basic pillar, because of its essential role in imports and exports and its critical role in turning the wheel of the Lebanese economy. The port deals with more than 300 ports worldwide, and the number of ships docking at the port is estimated at 3,100 ships per year. The port consists of four basins up to 24 meters deep, in addition to many warehouses and wheat silos that provide the best storage conditions. The port receives roughly 70 percent of Lebanon’s needs.

The Beirut port explosion impacted the political, economic, and social structure in Lebanon. The explosion coincided with multiple crises hitting the Lebanese home front. These crises resulted from Iran’s recruitment of Lebanese Hezbollah into its regional conflicts.

This is in addition to the Syrian crisis which has overshadowed the Lebanese scene politically, economically, and socially. The Syrian regime has impeded political life in Lebanon. This was evident from the multiple cabinets which failed in arriving at a political formula to protect Lebanon from external ramifications.
At the economic level, the Beirut port explosion coincided with multiple economic crises, such as the collapse of the Lebanese currency to a record low level, Lebanon’s banking crisis, a shortage in foreign liquidity, rampant corruption, the coronavirus pandemic and the implications of these crises on Lebanese society in relation to poverty and unemployment levels.\(^{(192)}\)

The World Bank issued a report on the economic impact of the Beirut port explosion, as it caused economic damage ranging between $6.7 billion and $8.1 billion. According to the World Bank report, “This disaster will not only exacerbate the contraction in economic activity, but also worsen poverty rates, which were already at 45 percent of the population just before the explosion.”

The explosion damaged a large part of the port and the surrounding area, in addition to damaging property worth between $3.8 billion and $4.6 billion. The explosion led to economic losses between $2.9 billion and $3.5 billion due to a decline in production across various economic sectors. The sectors most impacted included the housing, cultural sectors and transport, as well as religious/archaeological sites and national monuments. In addition, services such as theaters, archives and libraries suffered. The World Bank estimated that the recovery and reconstruction needs range between $1.8 billion to $2.0 billion — with $605 million to $760 million needed in the immediate term (September-December 2020) and between $1.18 billion to $1.46 billion in the short-term (2021) — with transport needs highest followed by culture and housing.\(^{(193)}\)

Regarding the macroeconomic situation, the World Bank report said, “The report includes a preliminary assessment of: (1) losses in economic activity caused by the destruction of physical capital; (2) trade disruptions resulting in higher transaction costs of external trade; and (3) the loss of fiscal revenues and of further tax exemptions approved by the Government.”

The World Bank expects a 0.4 and 0.6 percentage point (pp) decline in the growth rate of real GDP in 2020 and 2021, respectively. It is worth noting that the explosion destroyed and damaged the homes of about 300,000 people at a time when Lebanon was already facing an economic, financial, and monetary crisis, which worsened following the COVID-19 pandemic. This led the World Bank to expect Lebanon’s GDP to decrease in 2020 to 10.9 percent.

**IV. Dimensions of the Lebanese Landscape in Relation to Iran’s Role in 2021**

Throughout 2020, the Lebanese state went through multifaceted crises, the main reason for this was a lack of consensus among Lebanon’s ruling class. This is attributed to transnational loyalties spearheaded by the Iranian axis in Lebanon, which negatively impacted the stability of Lebanon’s successive governments. The internal rifts existing within Lebanon’s landscape are considered as a significant impediment, distancing Lebanon from those countries which want to help it economically considering their designation of Hezbollah as a terrorist organization. This comes at a time when Hezbollah controls a host of financial
channels in Lebanon, which is an impediment hindering the country’s allies from helping it.

As a result of Hezbollah owning a massive supply of weapons and the ongoing support it receives from Iran in line with its interests at the expense of reform and the interests of the Lebanese people, Tehran could prompt Hezbollah to enter a military confrontation with Israel or Hezbollah might export Lebanon’s crises overseas via limited direct military confrontations. This is less likely to happen as the Iranian government is looking forward to concluding a new deal with the new US administration. But it is more likely that the Iranian government will continue to work to thwart the formation of a new technocratic government, which is independent of external calculations, with the Iranian government allowing the two Shiite blocs dominating the Lebanese political scene to choose suitable candidates according to their own criteria.

Hence, it could be said that the likeliest scenario is that Lebanon, in the first half of 2021, will witness an internal economic crisis as the Iranian axis, primarily represented by Hezbollah, is not prepared to make sufficient concessions to allow any prospective Lebanese government to undertake radical reforms and it will continue to limit the options available to the other political forces.

Further, the political forces will attempt again to form a government and implement reforms, given the ongoing popular protests and international pressure from Lebanon’s partners to end corruption and implement economic reforms including financial transparency. This is one of the main demands put forward by Lebanon’s partners to allow Lebanon to access international help and World Bank loans. The latter expects poverty levels to surge in Lebanon, surpassing half of the population by 2021. Even though the formation of a new government is not considered a radical solution but a first step in the right direction, the French and international intent to help Lebanon is conditioned on the formation of a new government, which will safeguard the Lebanese state from collapsing.

Considering the opposition of the Iranian government and its axis in Lebanon to the French proposal, the phase of forming Lebanon’s next government will reach a difficult point early next year which the country’s patriotic forces will have to deal with. Therefore, it is likely that the chaos will continue at the political and economic levels until the formation of a new stable government which undertakes economic and political reforms. These reforms will be achieved primarily through external pressures and influence.
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Donald J. Trump, "all is well! Missiles launched from Iran at two military bases located
The work of the writer is to be published in various newspapers and journals worldwide, including the largest newspapers in the world. The writer's name is Ali Jafar. He is 6 years old. On 6 May 2020, the writer published an article titled "The Work of the Writer is to be Published in Various Newspapers and Journals Worldwide" on 30s9ryQ/https://bit.ly/30s9ryQ
"Ali Jafar, the writer of the article, was arrested on 29th of December 2020 due to his Ngoài việc đã viết bài "Vũ trụ trong mắt người chữa bệnh" trên báo hàng ngày, Ali Jafar còn là tác giả của nhiều bài viết khác. Lưu ý, tên của tác giả là Ali Jafar và anh ta chỉ có 6 năm tuổi. Bài viết được xuất bản vào ngày 6 tháng 5 năm 2020 trên đường link 30s9ryQ/https://bit.ly/30s9ryQ
"Ali Jafar, the writer of the article, was arrested on 29th of December 2020 due to his activities. The article was published on 30s9ryQ/https://bit.ly/30s9ryQ.
A journalist named Ali Jafar was arrested on December 29, 2020 due to his activities. His article was published on 30s9ryQ/https://bit.ly/30s9ryQ.
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Trump’s departure from the White House and the Democrats re-assuming power was the most prominent event for Iran’s international affairs at the end of 2020. This change in the White House made the Iranian politicians believe that the US would end its maximum pressure campaign, which imposed significant challenges on Iran and influenced its foreign policies in 2002 not only with the United States but also with all the international powers. Under the US maximum pressure campaign, Iran was more flexible and responsive to all Russian and Chinese demands in relation to accessing its resources and making long-term economic agreements. The bedrock of Iran-Europe interactions was the European initiation of the Instrument in Support of Trade Exchanges (INSTEX) and Europe’s commitment to continue commercial exchanges with Iran— despite US sanctions imposed on those carrying out commercial or financial dealings with Iran. Under harsh economic sanctions, Iran resorted to strengthening its relations with its regional
partners, hoping that this would save its deteriorating economy from collapsing. Iran tilted towards rapprochement with Turkey, Pakistan, and India. It was keen to remove the obstacles that hinder its rapprochement with Central Asian countries, by halting its support to political Islam groups in these countries as a first step to achieve economic integration with the Eurasian Union and Shanghai Cooperation Organization (SCO) — these two organizations include countries of Central Asia.

As Trump left the White House, the Iranians seemed keener towards the US returning to the nuclear deal, while voices that called to cancel the deal almost faded away. However, despite Biden's statements about returning to the deal during his election campaign, it seemed — at least until the end of writing this report — that the US return would not be easy or quick, as Iranians had thought. In addition, Biden would work according to Trump's previous policies towards Iran, i.e., to include Iran’s missile program and regional interventions within any new nuclear agreement with Iran, in exchange for the lifting of US sanctions on Tehran that were imposed during the Trump era.
Iran and the United States

Iran–US relations in 2020 witnessed calculated escalations and mutual hostilities which were reflected in their interactions. For its part, the Trump administration chose to intensify its pressure and expand the scope of sanctions instead of engaging in direct confrontation to inflict further economic challenges on the country. Iran also faced security challenges in the region through the US deterrence strategy, such as the killing of the Commander of the Quds Force Major General Qassem Soleimani in Iraq. He was the pioneer of Iran’s expanding regional influence, and one of the most important actors who coordinated Iranian operations that threaten US interests in the region. The Trump administration hoped that the intensification of pressure would inevitably lead to negotiations and Iran would submit to American demands. This was coupled with further attempts to develop an international consensus against Iran and undermine what is left of the nuclear agreement. On the other side, Iran chose to bet on time or what it calls “strategic patience,” particularly considering that the new US administration is likely to shift the United States’ position towards Iran.

The mutual hostilities were a result of the rising tensions between the two sides in 2019. The maximum pressure campaign adopted by the Trump administration, which reached its climax in 2019, had indeed succeeded in creating a complex reality for the Iranian government at home, especially on the economic front. However, the Iranian government is still holding on to confronting and resisting pressure and not signing a new agreement with the United States that could potentially address the main disputed issues. Instead, the Iranian government has attempted to balance US pressure by reducing its nuclear commitments...
and exploiting the Trump administration’s inability to develop a consensus on reinstating international sanctions as well as attempting to end the validity of the nuclear agreement. In addition, Iran has indirectly threatened the interests of the United States and its allies in the region.

The 2019 Annual Strategic Report forecasted(1) this stalemate and how mutually hostile policies would impact the relationship between the two parties during 2020. This is likely to continue in 2021. 2020 was an extraordinary year but it has left behind open-ended questions in the context of the relationship between the United States and Iran, including how the new Biden administration will deal with Trump’s legacy in regard to Iran. What are the options available to the new administration, particularly in relation to rejoining the nuclear agreement which Trump withdrew from in May 2018? How will the United States rejoin and under what conditions?

This report attempts to monitor the relationship between the two parties on three levels: internally, regionally, and internationally. It also clarifies the implications and consequences of this relationship, and the course of future relations during the next stage with the Biden administration through the following elements:

1. US policy towards Iran: Trump’s pressure and Biden’s promises
2. Iran’s policy in response to Trump’s strategy
3. The outcomes of the confrontation and the trajectory of their relationship considering the outcome of the US elections.

I. US Policy Towards Iran: Trump’s Pressure and Biden’s Promises

The interactions between the United States and Iran, particularly the developments during 2020, can be analyzed as follows:

1. Intensifying Pressure on Iran

The United States imposed extensive sanctions and pressure on the Iranian government during 2020. These sanctions included the following:

A. Sanctions and political pressure: during 2020, the Trump administration intensified its political pressure on the Iranian government, particularly on its various leaders and institutions, to undermine the legitimacy of the ruling system, limit its power, and push it towards re-evaluating its positions and policies, hence adopting policies within the framework of understanding and engagement rather than the hostile policies it has pursued. The sanctions impacted prominent figures of the Iranian ruling elite, including the supreme leader. Furthermore, some official institutions were designated as terrorist organizations such as the IRGC, the Mostazafan Foundation (which is an important political and financial arm under the control of the supreme leader), and Mahan Airlines as well as the companies dealing with it.

B. Economic sanctions: the United States imposed further restrictions to prevent Iran from exporting its oil abroad. American pressure also brought
Iranian oil exports to their lowest levels at the beginning of 2020 before they increased relatively in the last quarter of the same year. In this context, the sanctions targeted shipping companies, oil smuggling networks and all parties and entities that helped Iran, including companies in the UAE, Iraq, China, and Hong Kong. The United States also confiscated four oil tankers carrying more than 1.1 million barrels of gasoline that were heading towards Venezuela. The sanctions included the Iranian Ministry of Oil, the National Oil Company, and the Iranian Oil Minister Bijan Zanganeh. The sanctions were also imposed on companies operating with Iran in the chemical, petrochemical, construction, mining, steel, aluminum, and iron sectors, both inside and outside Iran.

C. Sanctions on the financial sector: the sanctions aimed to prevent Iran from engaging in financial transactions with the world or accessing financial resources to supplement its budget. In this context, the sanctions impacted the Central Bank of Iran, a number of Iranian banks and their officials as well as financial networks/channels, and banks that are linked to Iran in many countries across the world. America also pressured several states not to release money owed to Iran from previous financial transactions such as funds in South Korea and Iraq. The United States only permitted financial transactions within the framework of food items and drug sales to Iran. For this purpose, it announced a Swiss financial mechanism. It pressured the European parties not to activate the INSTEX financial mechanism except within the framework of humanitarian transactions authorized by the United States. The aforementioned deprived Iran of hard currency, contributing to the country’s serious economic deterioration, especially after the outbreak of the coronavirus pandemic.

D. Nuclear pressure: the United States intensified its attempts to thwart Iranian access to aid that serves its nuclear aspirations. In this context, companies and individuals were added to the US sanctions list for helping Iran to obtain equipment in the nuclear sector. The nuclear sanctions included the Iranian Ministry of Defense, individuals linked to Iran’s nuclear weapons program and Iranian scientists for their role in the development of Iran’s centrifuge industry such as Majid Aghaei and Amjad Sazgar. The United States decided to end the exemptions that allowed European, Chinese and Russian companies to continue working at Iran’s nuclear facilities in an attempt to undermine what remains of the nuclear agreement and nullify its effectiveness. Trump considered launching airstrikes against the Natanz plant because of International Atomic Energy Agency (IAEA) reports indicating that Iran had violated its obligations. However, his top advisers, including Secretary of State Mike Pompeo and the Chairman of the Joint Chiefs of Staff General Mark Milley, dissuaded him, arguing that such an attack would lead to war erupting in the Middle East during his last weeks in office.

E. Military deterrence: Trump sent strong deterrence messages to the Iranian government, most importantly via the assassination of the Quds Force Commander
Qassem Soleimani at the beginning of the year. He warned Iran that he would launch airstrikes on 52 Iranian sites, including the country’s cultural heritage sites, if it responded by targeting US soldiers or interests. Trump had authorized the launch of missile strikes on a number of Iranian military sites to retaliate for the downing of a US unmanned drone in June 2019 by the IRGC over the Strait of Hormuz in the Persian Gulf after it was spotted in Iranian airspace, according to the Iranian version. However, he called off these strikes at the last minute. Suspicion abounds about the United States’ involvement in a series of explosions and fires at Iranian missile sites, power stations, and industrial complexes, most importantly at the uranium enrichment plant in Natanz. It is possible that the Trump administration had prior knowledge and approved the targeting of Iran’s nuclear scientist Mohsen Fakhrizadeh on November 27, 2020, who was also a prominent actor in the country’s Ministry of Defence. However, Iran accuses Israel of assassinating Fakhrizadeh.

On December 10, two American B-52 Stratofortress bombers flew with Saudi, Qatari, and Bahraini fighter jets for several hours over the Arab Gulf waters and near the Iranian coast to deter Iran from launching any attacks in response to Fakhrizadeh’s assassination. This was the second mission of its kind in less than a month. In addition, the United States launched the largest cyberattack targeting Iran’s internet infrastructure. Iran’s Telecommunication Infrastructure Company said that the cyberattack targeting the country originated from East Asia and North America. The United States imposed sanctions on individuals and entities associated with the Iranian cyber threat group, which is linked to Iran’s Ministry of Intelligence and Security.
F. Undermining the legitimacy of Iran’s political system: in light of the difficult conditions Tehran is going through, to put pressure on the government, the United States accused Iran of rigging the parliamentary elections in February 2020, and supported the opposition and the protests that erupted at the beginning of the year in response to the IRGC erroneously downing a Ukrainian airplane. Washington defended the rights of the Iranian people amid the protests and criticized the country’s human rights violations. The United States demanded detainees to be released, for religious freedoms to be respected and for minorities to be given their due rights. In light of this, the United States imposed sanctions on those individuals and entities that participated in the suppression of the protests at the end of 2019. The United States accused the Iranian authorities of hiding facts about the coronavirus pandemic, and misusing humanitarian funds that were allocated to address the outbreak of the pandemic.

2. Countering Iran’s Regional Influence

The Trump administration’s strategy focused on several key elements to counter Iran’s growing regional influence, especially in Iraq, Syria, Lebanon, Yemen, and the Gulf region. The Trump administration combined deterrence and sanctions to confront Iranian threats to US forces and interests, which will be discussed below.

A. Confronting Iran’s influence in Iraq: the United States began 2020 with the killing of Quds Force Commander Qassem Soleimani in Baghdad on January 3. He was the architect of Iran’s regional influence and one of the most significant elements threatening US interests in the region. The United States confronted the security challenges posed by Iran to its forces in Iraq in the aftermath of Soleimani’s assassination with great decisiveness. The US military retaliated in response to the killing of a retired US army brigadier general in an attack launched by an Iraqi militia on US bases in Iraq at the end of January 2020. The United States initiated a massive bombing campaign against Iranian militias in Iraq and Syria, which resulted in dozens of dead and wounded.

The United States held Iran responsible for the attack targeting its embassy in Baghdad, and the US president threatened Iran directly and decisively. He granted his forces powers to counter any attack. The United States strengthened its qualitative military presence by sending 750 Marines following these events. The United States also deployed new defense systems and repositioned its forces in Iraq after Iraqi militias linked to Iran escalated their operations against US bases. This was done to protect US forces in Iraq from Iranian missile attacks.\(^6\) The Harir military base, which is 115 kilometers from the Iran–Iraq border, was reinforced as part of wider US regional measures to guard against Iranian attacks.\(^7\)

The United States also used popular pressure and protests, and pressured for the formation of an Iraqi government with a nationalistic approach under the leadership of Mustafa al-Kazemi. He intended to reduce the influence of militias, restore state authority, limit weapons to the state and restrict Iran’s hegemony.
over Iraqi political decision making. The United States opened a strategic dialogue with the Iraqi government to reassess their relationship, and to emphasize the importance of the US presence in Iraq as well as to reorganize the deployments of its forces. The dialogue also intended to reiterate the importance of bilateral security and military cooperation and the need for US forces to remain in Iraq to combat terrorism in the face of pressure resulting from the Iraqi Parliament's decision to expel foreign military forces. This pressure was exerted on Iraq’s Parliament by Iraqi parties and militias linked to Iran. The United States began to create challenges for Iran via the Kazemi government. His government arrested members of the PMF and the Iraqi Hezbollah on allegations of planning attacks against US forces in Iraq. However, they were subsequently released. In spite of all these pressures, the United States was unable to end the exemption granted to Iraq to import gas and electricity from Iran.

B. Confronting Iran’s threats posed to Gulf and Yemen security: with regard to Gulf security, Trump instructed US forces to shoot down any Iranian threats in the Arabian Gulf if they threatened US warships and caused trouble against the backdrop of IRGC boats harassing US ships in the Gulf on April 15, 2020. In this context, US Naval Forces announced that they would take lawful defensive steps against Iranian vessels in the Middle East if they came within 100 yards of its warships. On February 13, 2020, the US Central Command announced that it had seized a shipment of Iranian weapons heading to Yemen in the Arabian Sea which violated the UN Security Council resolution which prohibits the direct or indirect sale or transfer of weapons to the Houthis.\(^{(8)}\)

C. Confronting Iranian influence in Syria: the United States promulgated the Caesar Syria Civilian Protection Act of 2019 to restore its influence in the Syrian arena. The Caesar Act represented a challenge to Iranian influence, as it targets pro-Iran militias, and impacts Hezbollah in Lebanon. In addition, the Caesar Act undermines Iran’s interests in relation to the implementation of contracts, investments, and reconstruction. The United States tasked its ally Israel to confront Iran’s growing influence in Syria, and even allowed it to carry out operations targeting Iran’s interests and its allies in Iraq.

D. Confronting Iranian influence in Lebanon: the Trump administration imposed further sanctions on Hezbollah and some Lebanese officials. Trump extended the national emergency order with respect to Lebanon on August 1, 2020. He said that Iran continues to transfer weapons to Hezbollah, undermines Lebanon’s sovereignty, destabilizes the region and threatens the national security and foreign policy of the United States.\(^{(9)}\)

US sanctions have had an impact on many Iranian ambassadors in Iraq and Yemen, as well as impacting many officials, banks, companies, individuals, and networks operating in the UAE, Iraq, Syria, Lebanon, and Turkey. The aforementioned did not comply with US sanctions and continued to cooperate with
Iran. Iran uses the mentioned individuals and entities to hide its activities. They have assisted Iran in the smuggling of oil, carrying out financial transactions, and money laundering, as well as in operations to smuggle and transfer weapons. The sanctions also impacted some militias and their leaders.

3. International Confrontation Efforts

Although the United States succeeded in imposing unprecedented pressure on the Iranian government internally and regionally, the Trump administration faced a major challenge in relation to stifling Iran at the international level. Some observers point to the fact that the US strategy in this regard was unable to isolate Iran as much as the Trump administration isolated itself. This was evident in two important issues: the United States’ failure to undermine the validity of the nuclear agreement, and to extend the arms embargo on Iran in the UN Security Council. These points as well as related issues will be discussed as follows:

A. The attempt to end the validity of the nuclear agreement: with regard to the nuclear agreement, US pressure and threats failed to convince the European parties, Russia, and China to declare that Iran has violated the agreement. US pressure has also failed in activating the snapback mechanism and invalidating the agreement to restore sanctions automatically on Iran. The United States also failed to change the positions of the nuclear agreement’s signatories towards Iran after the IAEA report indicated that Iran’s uranium enrichment reserves were more than eight times the amount which is permitted under the 2015 nuclear agreement, and the decision of the IAEA Board of Governors which rebuked Iran for not allowing the agency’s inspectors access to some nuclear sites. The UN Secretary-General Antonio Guterres informed the Security Council in a report that the drones and missiles used in the attack on the Abqaiq oil complex in Saudi Arabia in 2019 were of Iranian origin. The US administration was forced to extend the nuclear waivers that permitted the countries committed to the nuclear agreement to continue cooperation with Iran at three nuclear sites in Fordow, Arak and Bushehr, to ensure that uranium enrichment levels are monitored, and to maintain Western control over Iran’s nuclear activities and facilities.\(^{(10)}\)

B. The attempts to extend the arms embargo on Iran at the UN Security Council: the United States did not manage to convince the other Security Council members to pass a resolution to extend the arms embargo. The differences between the members of the Security Council forced the United States to withdraw a draft resolution submitted on August 11. Instead, the United States introduced a streamlined version of the draft resolution on August 14.\(^{(11)}\) However, 11 countries abstained from voting on this draft resolution, including Britain, France, and Germany, and two countries including Russia and China voted against it. The United States and the Dominican Republic voted in favor of it.\(^{(12)}\)

C. Attempting to restore sanctions through the snapback mechanism: Trump announced that the United States would activate the snapback mechanism.\(^{(13)}\)
Indeed, on August 20, Pompeo delivered letters to both the United Nations’ secretary-general and the Security Council’s president. He notified them that the United States would initiate the restoration of all UN sanctions on Iran lifted under UN Security Council Resolution 2231. However, this step, like the previous one, faced a similar outcome. The US request was rejected and opposed because it had no legal basis. However, the United States did not care about the positions of the other powers. It based its legal interpretation on its right to activate the mechanism and restore sanctions. The US announced on September 20, 2020 the restoration of all sanctions, including the arms embargo.

D. The unilateral attempts to impose the arms embargo: because of uncertainty surrounding how effective the unilateral sanctions would be, the United States took on the challenge to address the danger resulting from the international community’s inability to prevent the lifting of the UN arms embargo which expired on October 18, 2020. In this regard, Pompeo said, “The United States is prepared to use its domestic authorities to sanction any individual or entity that significantly contributes to the supply, sale and transfer of conventional arms to Iran.” The United States based this on a series of domestic laws through which it will be able to track any attempt to sell arms to Iran.

4. The US Election and Biden’s Promises to Deal With Iran

The Iranian file was one of the most important issues in Biden’s electoral campaign. Biden had sharply criticized the Trump administration’s approach towards Iran. He had promised to pursue a smarter way to deal with Tehran and to prevent Iran from acquiring a nuclear weapon. In addition, he had promised to restore respect for diplomacy and amend the nuclear agreement with the participation of Washington’s allies. Any new negotiations must include many files such as Iran’s missile file and its file related to human rights. He also pledged to stop Iran’s activities that destabilize and threaten the United States’ allies and to defend US interests if Iran continues to escalate the situation.

Biden has set conditions for the United States to rejoin the nuclear deal, most notably: Iran must refrain from raising uranium enrichment purity rates, limit the range of its missiles, and review its regional behavior. He said, “If those terms are accepted, we will lift the sanctions.” The positions of Anthony Blinken and Jake Sullivan indicate that Biden’s policy will not be much different from Trump’s policy, but rather will benefit from it.

II. Iran’s Policy to Confront Its Internal and External Challenges

Iran adopted a policy of confrontation to respond to US pressure during 2020. The policy of confrontation and its objectives will be discussed as follows:

1. The Attempts to Control the Internal Situation and to Avoid Collapse

Despite the difficult circumstances imposed on Iran as a result of US policies, Tehran
adopted a policy revolving around confrontation and resistance to sanctions, which included the following:

A. Refusing to negotiate and prioritizing the survival of the political system: Iran chose to confront rather than yield to US pressure, thus granting gains to Trump before the elections. It also demanded that in the event of negotiations restarting, they must happen within the framework of the 5 + 1 group, with the participation of all signatories to the agreement and that the United States must pay compensation for withdrawing from the nuclear deal and lift the sanctions. Ensuring the survival of the political system was the main goal, given that the sanctions had led to the home front deteriorating and eroded the government’s legitimacy. Through a dual policy of repressing opponents and mobilizing loyalists at the political level, the government was able to achieve some degree of stability to strengthen the domestic front. In addition, it gained popular support by promoting conspiracy theories and the idea of an external enemy.

The killing of Qassem Soleimani at the beginning of 2020 and the nuclear scientist Mohsen Fakhrizadeh toward the end of 2020 provided an opportunity for the Iranian government to promote conspiracy theories. However, the government led by Rouhani has pursued a fairly coherent strategy to confront Trump’s pressure in spite of the coronavirus outbreak. Nevertheless, the hardline wing used the position of the Trump administration to consolidate its gains internally by dominating the Parliament in February 2020. This was reflected in the hardline position towards the United States and the issue of negotiation.

In this context, the Parliament approved a bill that designated the US Department of Defence and the Pentagon as terrorist organizations in response to the US designating the IRGC as a terrorist group. The allocation of 200 million euros from the National Development Fund was approved to strengthen the Quds Force’s mandate to avenge the killing of Soleimani.
B. Economic options to overcome the crisis: Khamenei called for resisting US pressure in accordance with Iran’s capabilities. He called 2002 the year of “surge in production.” The government discussed plans to circumvent US sanctions on the banking sector. Iran has previous experience in dealing with these types of sanctions. It also resorted to a new pattern of financial relations with China and Russia. Based on the abovementioned developments, it is estimated that Iran’s oil, petrochemicals, and oil derivatives exports will increase.\(^\text{(20)}\)

Tehran also pressured countries that froze Iranian assets in response to US pressure, such as South Korea and other countries. These countries agreed to find solutions to address this problem, including the export of non-prohibited goods to Iran. Iran reached an agreement with Iraq for assets worth $5 billion to be released. It is known that Iran has $80 billion in hard currency frozen in other countries.\(^\text{(21)}\)

In spite of the imposed sanctions, Iranian oil exports increased during the last quarter of the year. Reports indicated that they reached 1.2 million barrels per day in August 2020.\(^\text{(22)}\) In response to these reports, the Iranian government’s spokesman Ali Rabiei stated that the Oil Ministry had done its best to sell oil and efforts to sell oil under the embargo had indeed increased. He added that it was not the government’s policy to publish such information under the current economic war, as a result accurate statistics will not be provided.\(^\text{(23)}\)

C. Diplomatic exertions to end the sanctions: Iran intensified its diplomatic activities to pressure the United States. It aimed to pressure the United States to lessen the sanctions due to the outbreak of the coronavirus pandemic. In this context, a popular campaign was launched to urge the United States to end the sanctions given the outbreak of the coronavirus pandemic. Although the import of medicine, food and medical equipment is not banned, there are difficulties in delivering these items to Iran due to the sanctions. In addition, the Iranian government issued warrants to prosecute 45 US citizens and legal entities involved in the repressive sanctions against the Iranian people.

D. Enhancing deterrence capabilities and resorting to cyberattacks: Iran has kept up the support it provides to its ballistic missile program. It strengthened its missile capabilities by producing ballistic missiles that can be used from underground tunnels and launched a missile carrying a satellite into space. Iran also intensified its cyberattacks against the United States. It hacked the email accounts of Gilead’s employees, a US pharmaceutical company which is attempting to develop a COVID-19 vaccine. There were also other cyberattacks that impacted the US elections.

2. The Calculated Regional Escalation and “Heading Towards the East”

Iran attempted to create a balance and search for paths to confront US pressure imposed on it in the region by working on several axes, most importantly:
A. Pressuring the United States to withdraw its forces from the region: the assassination of Qassem Soleimani undermined Iran’s prestige in the eyes of its militias and forces as well as in the eyes of regional and international powers. Iran threatened to expand its attacks, including across the region. Finally, it saved face by carrying out a limited strike against the US base Ayn al Asad in Iraq.\(^{(24)}\)

Iran has pursued indirect moves (operational and political) via the Popular Mobilization Forces and its loyal militias to pressure and force the United States to withdraw from Iraq. Indeed, these militias have intensified their operations against US bases in Iraq. Politically, Iran forced the Iraqi Parliament to vote on a resolution to expel US forces from Iraq. Iran imposed sanctions on the US ambassador to Iraq for his alleged role in the assassination of Qassem Soleimani.\(^{(25)}\)

B. Threatening to target US interests in the Gulf: Iranian military commanders’ threats to target US bases and interests in the region continued.\(^{(26)}\) US reports indicated that Iran had deployed a group of anti-ship missiles and other missiles in the region bordering the Strait of Hormuz.\(^{(27)}\) Iranian boats also harassed US warships in the Arabian Gulf. Iran also threatened to target US merchant ships in the Arabian Gulf and the Sea of Oman. This was in preparation for retaliation if any of its oil tankers were attacked by the United States in the Caribbean. In the same context, the IRGC constructed a new mockup for a US aircraft carrier off its southern coast for live-fire drills. This model was previously used in February 2015 during a military maneuver called “The Great Prophet-9.” This operation indicated that the IRGC was preparing to attack a fake US aircraft carrier similar to the operation it carried out in 2015.

C. Regionalism and heading towards the East: to reduce the impact of sanctions, Iran has strengthened the regionalism element of its foreign policy. During the last period, under what it calls “heading towards the East,” Iran oriented its foreign policies towards the East. In this context, it worked to strengthen its relations with the states of Central Asia and the Caucasus region. The government activated the role of border provinces to develop relations with neighboring countries and open border crossings to trade to reduce the impact of sanctions and attempts to stifle Iran’s financial transactions with the world.

D. The trend towards strengthening Iran’s relationship with the Eurasian Economic Union: Iran inclined towards strengthening its partnership with the Eurasian Economic Union and the Central Asian region through trade agreements to advance cooperation in several fields. It also developed relations with China, which Zarif visited to discuss the implementation of the Comprehensive Partnership Agreement. Iran is seeking to reach an agreement with Russia in regard to the legal status of the Caspian Sea. Cooperation with China and Russia is beneficial to Iran as both countries oppose the US policy towards Iran.\(^{(28)}\)
3. Maintaining the Nuclear Agreement and Attempting to Isolate the United States From Its International Partners

A. Working to undermine the US strategy towards Iran: Tehran tried to gain international support to resist US pressure and sanctions, thwart US attempts to undermine the nuclear agreement, and prevent the European parties from joining the US pressure campaign against it. It also developed relations with Russia and China, benefitted from their support in the face of US pressure, and sought support from other countries that have tense relations with the United States.

In this context, Iran launched a diplomatic campaign titled “Stop the Sanctions Imposed on Iran.” It classified the economic pressure imposed by the United States amid the outbreak of COVID–19 as health terrorism. The Iranian diplomatic campaign invoked some level of response: the representatives of Russia, China, Cuba, North Korea, Iraq, Venezuela and Nicaragua in the United Nations sent a message to the secretary-general regarding the need to lift the sanctions on Iran. United Nations Special Rapporteur on the Right to Food Hilal Elver called for lifting the international sanctions imposed on countries such as Iran, Syria, and Venezuela due to the spread of COVID–19. She also called on some world leaders as well as on some leaders of key international bodies including the secretary-general of the United Nations, the director-general of the World Health Organization, and the United Nations high commissioner for human rights, to lift the unilateral sanctions.

B. Nuclear policies and creating differences between the United States and the rest of the nuclear agreement’s signatories: Iran used the nuclear file to counteract US pressure and impose a complex reality on the United States at the international level. Although Iran was keen to appease the IAEA and the parties involved in the nuclear file, thus allowing IAEA inspectors to access two suspected former nuclear sites, it reduced its nuclear obligations. It announced the fifth step in breaching its nuclear commitments after the killing of Qassem Soleimani. The research and development activities related to the nuclear fuel cycle were commenced without any restrictions. The establishment of several fuel complexes for the reactors at the Arak Nuclear Complex and other power reactors commenced. These steps commenced in cooperation with Russia, China, and the European countries in some specific areas. It also threatened not to implement the Additional Protocol and to reconsider cooperation with the IAEA. Nevertheless, IAEA reports confirmed that Iran is building an advanced underground centrifuge assembly plant after its Natanz nuclear facility exploded in an attack last summer. Recently, the Iranian Parliament approved a bill to prevent UN inspections, to increase uranium enrichment up to 20 percent purity rates, and to restart activities at the Arak reactor heavy water facility, as it was before the 2015 nuclear deal and to install three centrifuges at the largest enrichment plant in Natanz.
C. Iran strengthening its relationship with regional and international powers: Iran moved to strengthen its international and regional partnerships to confront the US sanctions. In this context, it endeavored to activate the strategic partnership agreement signed with China in 2016. Zarif also underscored his country’s intention to extend a “cooperation agreement” with Russia, and to update it to be a “comprehensive and long-term agreement.” Iran expressed its desire to buy new weapons from Russia to increase its defense capabilities. Iran had several goals behind these moves such as deepening economic relations with China and Russia, promoting the export of arms and equipment to gain hard currency, and providing itself with sufficient space to politically maneuver against the United States.

The Expediency Discernment Council of the Iranian political system refused to approve the bills of the Financial Action Task Force (FATF), because they would restrict Iran’s ability to circumvent US sanctions. This in turn had prompted the FATF to add Iran to its blacklist, but Iran realized that this would not impact its strategy to circumvent US sanctions.

D. Building an anti-US front: Iran called on states subject to US sanctions to form a common front. In this context, cooperation between Iran and Venezuela can be understood. During 2020, Iran provided help via Mahan Air to Venezuela. The airline carried equipment to recondition Venezuela’s old oil refineries at a time when the country’s oil industry is suffering from US sanctions. Venezuela transferred assistance funds to Iran. The latter also supplied Venezuela with its gasoline needs and sent five oil tankers to help it overcome its energy crisis because of the sanctions imposed by the Trump administration on the Caracas government. Iranian officials announced that Iran had received the full payment for its gasoline shipments. The US Special Representative for Iran and Venezuela Elliott Abrams said that Iran received gold for the help it provided to Venezuela. The two countries have decided to develop their bilateral non-oil trade, especially trade in food and agricultural items.

4. Betting on a Change in the US Administration

Iran betted on the time element amid US pressure. After the Democratic nomination of Joe Biden was confirmed, Iran reaching an understanding with the Trump administration was postponed while it awaited the outcome of the presidential elections. Particularly, Biden had criticized Trump’s withdrawal from the nuclear agreement and promised to return to it if he won. Although Iranian officials, including the supreme leader, reiterated that Iran’s policies were not based on the outcome of the US election, and continuously stressed that there is no difference between the Republicans and Democrats, Iran tried to influence the election outcome in Biden’s favor. Along with a group of countries, it was accused of promoting misinformation on the internet to influence the outcome of the US elections. Google said that Iranian hackers had targeted the election campaigns of Donald Trump and Joe Biden.
Following Biden’s win, Rouhani’s government hopes to revive the nuclear agreement and lift the sanctions, despite its second term ending in June 2021. As a result, the situation at home would ease, and the reformists would make important gains before the presidential elections. Iran realizes that the United States returning to the nuclear agreement is not something that will happen spontaneously. It will involve negotiations which will include mutual conditions. Iran will work to narrow Biden’s space to maneuver and pressure him to lessen his conditions, especially in relation to its missile program and regional behavior. In this context, Iran’s announcement of further escalatory steps in relation to the nuclear file was made.

III. The Outcomes of Iran’s Confrontation and the Direction of Relations Considering the Results of the US Elections

In light of the developments that the Iran-US relationship witnessed during 2020, several conclusions and future trends can be drawn as follows:

1. Trump’s Legacy and Its Implications for Iran

Trump’s policy imposed an excessive level of pressure on Iran during the past four years which cannot be denied. The maximum pressure campaign is still exceptionally effective, and periodically imposes further difficult realities on the government internally and externally. By the end of 2020, the national currency was plummeting, and Iran’s economy was experiencing rising levels of public debt and inflation. It seems that living conditions have declined, thus impacting the legitimacy of the government. This is because US sanctions reduced oil exports significantly. Iran has also been deprived of revenues gained via trade with many countries. It suffered heavy losses after investors withdrew from Iran. Iran’s exchange reserves declined, and unemployment rates increased. Further analysis on the economic impact of US sanctions on Iran is included in the Economic File of this annual report. At the regional level, as a direct result of sanctions, the government was deprived of finances which it had used to fund its regional activities and advance its nuclear and missile capabilities. Iran reduced its military budget by about 25 percent in 2019. As a result of less financial support, the government’s proxies and militias have suffered. They were forced to adopt austerity measures in Lebanon and Yemen. The United States was able to lessen Iranian threats in the region, especially in the Gulf and the Strait of Hormuz. During 2020, Iran’s targeting of maritime navigation and the detention of foreign carriers decreased. The region, under American auspices, is moving towards the development of a new security paradigm which will primarily focus on addressing Iranian threats.

The sanctions have been effective internationally as they have thwarted Iran’s financial interactions with the world. As part of Washington’s pressure on states, entities and individuals engaging in economic cooperation with Iran, it stalled
European plans based on understandings with Iran to uphold the nuclear deal. For example, although the membership of the INSTEX mechanism has expanded, the participating countries were only able to activate limited exchanges within the framework of humanitarian transactions permitted by the United States. An arsenal of sanctions and laws hindered any arms sales to Iran.

2. Iran’s Gains

Iran bet on the time element. With Trump’s departure, the government has demonstrated its resilience. Iran kept in place the nuclear deal as it was a critical part of its confrontational policy against Trump’s strategy. Iran now claims that it removed the Trump administration from the nuclear deal and not the other way around.

With the conclusion of Trump’s term, Iran has managed to endure the maximum pressure campaign it has been exposed to, especially as indicators reveal an increase in Iranian oil exports. Many independent analysts estimated that Tehran exported 1.2 million barrels of oil per day on average in September and roughly the same amount in October 2020. Although this represents less than half the amount of oil Tehran was selling in 2018, it is significantly higher than the 70,000 barrels per day reported in April. This was at a time when Iran was struggling because of US sanctions and the devastating impact of COVID-19. As a result, a rise in oil imports has contributed to US pressure weakening on Iran.

Some of Iran’s partners are no longer trying to keep their transactions hidden. Thus, Iran has been more open about its trade with China since the summer. The latter made an announcement regarding a quantity of Iranian oil imports in defiance of the Trump administration’s threat to retaliate against governments that trade with Tehran. Iran conceals the majority of its oil trade through clandestine networks which employ simple underhand methods such as changing the names and registration documents of oil tankers, to complex and more dangerous methods such as transporting crude oil or LPG secretly between ships at sea.

Regionally, Iran still maintains its influence and presence, in spite of the many challenges posed by the Trump administration to the Iranian government. It is present in Iraq and directs the country’s interactions to some extent through its militias. However, it poses a real security challenge to the United States in this arena via its quest to force US army personnel to withdraw. Iran is also present in Syria in coordination with Russia. Indeed, it has established a long-term presence and influence in Syria. In fact, its presence in Iraq and Syria is connected to its influence in Lebanon. It has also steadfastly held onto the land corridor connecting Tehran to Beirut through Iraq and Syria. Iran still has influence in Yemen through the Houthi militia, which still poses a threat to the security of the Gulf states.

On the international level, Iran received support from the signatories to the nuclear agreement, which greatly impeded Trump’s efforts and his administration’s
strategy, especially considering the international desire to reduce the impact of sanctions and US unilateralism. Iran was reassured of the effectiveness of its decision to maintain the nuclear agreement and it continued to cooperate with Russia, China, and the European Troika. These parties in the Security Council opposed the US proposal to extend the arms embargo because it was incompatible with international law. Furthermore, along with the rest of the Security Council members, they rejected the request by the United States to activate the snapback mechanism.

This has enabled Iran to reduce its nuclear commitments without ramifications, increase its stockpile of uranium and increase its nuclear violations. Last week, the IAEA notified its member states in a classified document that Iran’s stockpile of low-enriched uranium had ballooned to nearly 8,000 pounds, more than 12 times the limit set by the 2015 nuclear agreement (Figure 1). The US efforts to extend the arms embargo on Iran via harnessing an international consensus or restoring all sanctions through the snapback mechanism failed. Iran has inclined towards building an effective strategic partnership with China and has attempted to do the same thing with Russia, particularly in the spheres of military cooperation and arms supplies.
This poses a threat to the map of regional balances and weakens the influence of the United States in the region.

![Inventory of low-enriched uranium (≤5%)](image)

**Figure 1: Iranian Inventory of Low Uranium as of November 2020**

3. The Prospects of Iran–US Relations Considering the Outcome of the US Election

Until the end of its term, the Trump administration continued to impose further pressure on Iran. However, the option of direct confrontation remained limited despite the two parties exchanging statements and threats at the end 2020. These incidents aimed to obstruct the Biden administration’s resolve to return to the nuclear agreement.

Now that the Biden administration has taken office, a change in the US–Iran relationship is expected. Diplomacy and engagement will be an alternative to the confrontation, escalation and unilateralism which prevailed during Trump’s term. However, the path that Biden will follow is linked to many opportunities and challenges. The following scenarios may shape Iran–US relations in 2021:

A. The return for return: this is Washington’s automatic return to the nuclear agreement in exchange for Iran’s compliance with its obligations once again, which is known as the “the return for return path.” However, it faces many challenges, most importantly being that the regional, international and internal realities in the two countries have brought about new developments that make it difficult to return to square one.

B. The collapse of the nuclear agreement: what remains of the existing nuclear agreement breaks down and it is impossible to reach a new settlement. This may trigger the reinstatement of international sanctions before the signing of the 2015 agreement. The Iranian government may attempt to gain more time and hold on to its demand to separate between the three negotiating tracks: the nuclear program, the missile program, and the proliferation of Iranian militias in the
region. Meanwhile, the United States still upholds its conditions by signing a new agreement and reaching understandings on all disputed issues.

C. Reaching a new and comprehensive agreement: Biden may resort to an alternative scenario, which is to reach a new and comprehensive agreement by building upon Trump’s legacy. This means that the Biden administration will address the threats and challenges posed by Iran through imposing more pressure and sanctions and building on the trajectory that Trump left behind to reach a new comprehensive understanding and lessen all risks posed by Iran. Hence maintaining Trump’s path and attempting to sign a new agreement.

However, reaching a new agreement in this way is full of challenges and complications because Iran has endured the maximum pressure campaign under the Trump administration. However, it could refuse to sign a new agreement, which is possible if the Biden administration followed the same approach. Not only that, but Iran’s insistence on confrontation would also complicate the situation of the nuclear file, which is used by Tehran as a pressure card to narrow the Biden administration’s options. The United States estimates that the time element in relation to the nuclear program is in Iran’s interest. The Biden administration will unlikely resort to the use of force to impose its full will on Iran. However, seeking a new agreement may be a complex and difficult issue.

D. Adopting multi-track and multilateral diplomacy: adopting a multi-track and multilateral diplomatic process to arrive at a midpoint where both sides make mutual concession to settle their differences. This Biden initiative if pursued would focus primarily on the need to quickly address the nuclear file as an urgent issue due to Iran’s increasing nuclear excesses, however, without overlooking the ballistic missile and regional behavior files. This can be realized by agreeing on a comprehensive negotiating track, in which the nuclear agreement is negotiated as a technical agreement to address the nuclear issue between Iran and the United States. The negotiations must also include the ballistic missile program and Iran’s regional behavior as new regional and international parties would have entered these tracks. Biden may reach a new agreement by imposing further nuclear restrictions in exchange for a partial renunciation of the demands related to Iran’s missile program and regional behavior. In this option, diplomacy plays an important role, confidence-building measures are needed, and the importance of opening a multi-track and multilateral negotiation process must be understood.

This option assumes that the two parties are aware of the difficulty of returning to the situation before May 5, 2018. They are also aware that realizing comprehensive gains is somewhat elusive. In addition, this multi-track and multilateral approach will gain international and regional approval as it addresses all the threats posed by Iran. This model has a degree of flexibility that might motivate other parties to engage and deal with it positively. In addition, the Trump administration’s maximum pressure campaign is an important pressure
card against Iran in Biden’s hand. Anthony Blinken, the nominated secretary of state in Biden’s administration, has mentioned that Trump did well and he left Biden with a good investment. The situation in Iran is seriously deteriorating. The government will not be able to withstand American pressure any longer. It also needs to respond to US interactions and enter into new negotiations to find a way out of its crises and emerge victorious internally and externally even if some compromises must be made. However, maintaining the Iranian political system remains the top priority. Biden will have more influence on the nuclear deal’s signatories than Trump. He can impose greater international pressure on Iran, especially with the European parties, whose positions on Iran’s ballistic missiles and regional behavior converge with the United States. This would lead to Iran facing a united front. Undoubtedly, the changes taking place in the region, especially with regard to the Abraham Accords, and the expected changes in regional policies, may force Iran to draw clear lines of competition rather than to continue with its policy of unceasing conflict and hostility that may cost and threaten the survival of the Iranian political system.

In fact, this option faces significant challenges, the most important being that Iran refuses to discuss the issue of its ballistic missile program because it is an internal matter. It also wants negotiations over its regional role to be limited to a regional framework without foreign interference. The conservative radical camp refuses to return to negotiations, arguing that the United States cannot be trusted and that Iran’s economic difficulties must be addressed by pursuing the “resistance economy” adopted by the supreme leader. In particular, the statements of Biden and his advisers have increased Iran’s concerns that the new US administration does not intend to lift the economic sanctions completely in exchange for the
resumption of negotiations. The resumption of dialogue, therefore, will be perceived in itself as a principled US readiness to make concessions with Iran. The Iranian Supreme Leader Khamenei has not commented so far on the possible resumption of negotiations with the Biden administration. He reiterated his usual position that the resumption of negotiations is conditional on the United States canceling all sanctions and that talks must be conducted only within the framework of the 5 + 1 group, and not bilaterally between Iran and the United States. The position of some regional powers represents a challenge to this option. Some of them want to make an amendment to the nuclear agreement to ensure greater control over Iran’s nuclear capabilities in the future. Those countries also hope that the United States does not restart negotiations without putting an end to Iran’s regional ambitions and reducing the likelihood of Iran and its proxies accessing advanced missiles and weapons systems that would inevitably threaten regional security and stability.

Finally, it can be said that Biden will depend on diplomacy as a possible option, which is likely to be based on building confidence through mutual concessions in relation to the nuclear agreement. The United States may initiate the building of confidence by easing sanctions in exchange for Iran fully complying with the terms of the nuclear agreement. This would be done in coordination with the European parties, and perhaps Russia and China. This would be a starting point towards initiating talks on the central issue: the nuclear agreement including negotiations over whether to strengthen or extend it, as well as other issues: the missile program and Iran’s regional behavior. Under this track, each party has its own priorities which they cannot completely abandon. Iran also has pressure cards that it will try to use to maximize its gains at the negotiating table. In accordance with the foregoing, a negotiation process will begin at the beginning of 2021. It will probably not follow Obama’s path, but will depend on multilateral diplomacy and successive negotiations to address the issues of dispute. However, if diplomacy fails, Trump’s legacy will provide an opportunity to impose more pressure on Iran. These developments will further unfold during 2021.
Iran and Russia

As we described 2019 as the year of signing bilateral agreements between Iran and Russia, we can say that 2020 was the year of implementing the agreements concluded between the two countries. Over successive years, Iran and Russia have been pursuing an upward trend to deepen relations at all levels, in spite of the emergence of some problems and differences regarding some issues which led to relations partially straining. These issues arose either in the Syrian file, where there was conflict between the two countries over their respective boundaries of influence in Syria, or in the Caucasus file, where there was diplomatic competition between the two countries over who would take the initiative to resolve the crisis. To this end, Russia has shown extreme toughness to prevent Iran from playing a diplomatic role to resolve the conflict in the Nagorno-Karabakh region between Azerbaijan and Armenia.

It seems that the two countries are taking concrete and progressive steps toward economic cooperation bilaterally or multilaterally through the Eurasian Economic Union (EAEU), to increase global trade passing through their territories, and military cooperation after the lifting of the arms embargo on Iran in October 2020. Iran has a long list of arms purchases that it wants from Russia. The latter has expressed its readiness to provide most of these weapons to Iran, indicating that it is not concerned about US threats to impose sanctions on countries exporting weapons to Iran. However, Russia demands cash payments and is taking into consideration the regional balances, especially Israel’s objections to the nature of weapons exported to Iran.

Nevertheless, the Russian position on the Iran–US conflict regarding the nuclear agreement remains cautious. It is only limited to calling on Iran to comply
to the terms of the agreement and not for Tehran to be directed by the hard-line political current that wants the agreement to be revoked, and for the United States to return to the agreement. However, Russia did not clarify its position on the US and European requests to amend the nuclear agreement, increase its duration, or preserve it. The Russian position as a whole seeks to hold the United States and the European countries responsible for global nuclear security, and not to be involved in the conflict with Tehran to show a degree of solidity, otherwise tensions could flare up in the relationship between Iran and Russia, thus impeding the upward economic and military cooperation between the two sides.

The year 2020 witnessed several Iranian-Russian interactions which were forecasted in Rasanah’s 2019 Annual Strategic Report, such as the continuation of Russian-Iranian cooperation in relation to the Syrian crisis. Russia played an important role in reducing US military threats against Iran. The forecast in relation to Russia playing a decisive role in Iran’s nuclear file has not come to fruition yet. Russian policies toward the nuclear file were marked by extreme caution, distancing itself from this dispute, and calling on the United States and Iran to comply with the nuclear agreement.

Rasanah’s 2020 Annual Strategic Report seeks to identify the characteristics of the relationship between Iran and Russia by analyzing three main issues: the Russian position regarding Iran reducing its nuclear commitments, and the economic and military cooperation between the two sides after the lifting of the arms embargo on Iran. The report has previously dealt with the interactions regarding Iranian-Russian relations in the Syrian crisis in the Iran-Syria file within the Arab affairs section, as well as the Iranian-Russian interactions in relation to the Nagorno Karabakh conflict and its regional geopolitical dimensions in the military file
within the internal affairs section. Finally, the report concludes by mapping out the prospects for Iranian–Russian relations in 2021.

I. The Russian Position on Iran Reducing Its Nuclear Obligations

In 2002, Russia continued with its major role, which it had taken up in 2019 to preserve the nuclear agreement and persuade the rest of the signatories to work to keeping the nuclear agreement in place.(40) Russian efforts were taking place against the backdrop of escalating tensions over Iran’s nuclear file after Tehran reduced its compliance to the agreement’s restrictions applied to its nuclear program. This move was taken in response to the attacks that targeted many Iranian political figures and nuclear units starting with the United States assassinating the Iranian Quds Force Commander Qassem Soleimani on January 3 in Iraq and targeting several important nuclear units in July of the same year. In addition, the leader of Iran’s nuclear program Mohsen Fakhrizadeh was assassinated at the end of the year. Iran directly accused Israel of involvement in both incidents.

1. Russian Criticism of the Two Parties Involved in the Conflict

Russia’s intent to legitimize Iran’s violations of its nuclear obligations and its attempt to contain the ongoing escalation regarding this file followed the Iranian government’s announcement that it would abandon the last practical nuclear restrictions and would commence unrestricted uranium enrichment on January 5 against the background of the US assassinating Qassem Soleimani.(41) Although Iran has reiterated its ongoing cooperation with IAEA inspectors, Russian concern prompted it on January 8 to reject US President Donald Trump’s call for the nuclear agreement’s signatories to withdraw from the deal, and emphasized the importance of the participants to continue with serious steps to preserve the deal.(42) On the other hand, on January 16, Moscow criticized the European Troika: France, Britain and Germany, for their attempts to trigger the dispute resolution mechanism of the nuclear agreement to force Iran to fully respect its nuclear obligations. In a statement, the Russian Foreign Ministry said that the decision of the troika to trigger this mechanism was very frustrating and a major concern. The Russian statement did not exclude the possibility that these “ill-conceived” actions of the troika could hinder the efforts of the IAEA and make it impossible for the troika to return to the original agreed framework.(43)

Russia criticized Washington’s attempts to extend the arms embargo on Iran, since it is no longer a party to the nuclear deal and thus lost the right to reimpose sanctions on Iran. The Russian Foreign Ministry said in a statement that the UNSC had not taken any step to reinstate the previous sanctions against Iran, and claimed that the reimposition of sanctions on Iran was a “mere show” from the US side. This statement came shortly after the Trump administration’s Secretary of State Mike Pompeo announced the restoration of all previous sanctions against Iran in accordance with the snapback mechanism and UNSC Resolution No. 2231. (44)
2. Russian Bias Towards Iran

The other Russian position was demonstrated when Iranian authorities approved at the beginning of December a new law entitled “Strategic Action to Lift Sanctions and Protect the Interests of the Iranian Nation.” This occurred in response to the killing of nuclear scientist Mohsen Fakhrizadeh, and would lead to Iran intensifying its nuclear activities, such as raising uranium enrichment to 20 percent and installing more centrifuges at Natanz, the Iranian assembly plant. Although Russia considers the Iranian decision a violation of the nuclear agreement which would negatively impact the JCPOA, the majority of the blame for this Iranian decision rests with the United States and the sanctions imposed on Iran. Russia stressed the need for Iran to show the utmost “responsibility” and refrain from “escalating” the crisis regarding the nuclear agreement and to search for ways to maintain the JCPOA.

Russia fully relies on the gradual and unconditional return of the new US administration to the JCPOA with Iran. Foreign Minister Sergey Lavrov believes that adding new articles to the current nuclear agreement would make the situation more complicated, and it would be wrong and inappropriate to propose a new JCPOA with Iran. Lavrov’s remarks coincided with discussions that were being held about possible amendments to the Iranian nuclear deal amid Iran’s refusal to renegotiate its nuclear program.

II. Economic Cooperation and Trade Exchange

During 2020, the Iranian and Russian governments sought to activate many mutual treaties and agreements, including the announcement of launching a permanent shipping route by September 2030 which passes through Iran. The idea of this corridor revolves around transporting goods from India to the port of Chabahar, southeast Iran, which is the only Iranian port that overlooks the Indian Ocean. The goods will then be shipped by land to Bandar Inzali port on the coast of the Caspian Sea. Afterwards, the goods will be transported by sea to Astrakhan, Russia, and from there to northern Russia or Europe by rail. In addition, Russia intends to build a new port with a capacity of 12.5 million tons in the Russian region Kalmykia near Lagan city, which will connect the operating ports in Iran, India and Kazakhstan with Russia. Iranian officials indicated that the new shipping line in cooperation with Russia will significantly reduce shipping time from 40 days to 25 days. Both projects are in line with the two countries’ cooperation to activate the international transport corridor between the North and the South to increase trade between Russia and Iran. This corridor will also strengthen Iran’s position as a major player in Russia and further China’s plans to impose regional hegemony in the Middle East.

Similar to the comprehensive cooperation agreement between Iran and China announced in July 2020, Tehran announced through its Foreign Minister Javad Zarif during a visit to Moscow, that a comprehensive long-term strategic agreement
between the two countries was concluded for 20 years. The cooperation treaty known as the “Treaty of the Foundation of Mutual Relations and the Principles of Cooperation” between the Islamic Republic of Iran and the Russian Federation was also extended. It was signed in 2001 and will expire in March 2021.\(^{(48)}\) Tehran’s endeavour to sign a new long-term agreement with Moscow is in line with its new policy to strengthen relations with countries that do not accept US criticism of their relationship with Iran; Tehran is trying to show how the United States has failed in isolating it from the rest of the world. Tehran works to create a new economic bloc to boost trade by using local currencies in an attempt to marginalize the US dollar and reduce its impact on the economies of the bloc’s participants.

Iran also sought to create new opportunities for its deteriorating economy by signing a temporary agreement to establish a free trade zone with the EAEU in November 2019 to expand the level of economic relations with the countries that joined the EAEU since 2014. This would link Iran to the Eurasian market, which has 183 million people and a GDP worth about $5 trillion.\(^{(49)}\) According to data released by the Iranian Chamber of Commerce and Industry (TCCIMA), Iran’s exports to Russia and Belarus increased significantly in terms of weight and value. However, exports to three other countries, namely Armenia, Kyrgyzstan, and Kazakhstan, declined during the first eight months of the previous Iranian year (March 19 to November 20, 2020). Russia is the top destination for Iranian exports valued at $285 million, while most of Iran’s imports also came from Russia valued at $727 million.\(^{(50)}\)

However, contrary to the declared intentions of both sides, and the multiple meetings and treaties signed, the economic cooperation between Russia and Iran remains at a relatively low level. Although the two countries agreed to increase the volume of trade to $25 billion, the volume of trade between both countries did not exceed $2 billion.\(^{(51)}\) In this context, Iran’s ambassador to Moscow, Kazem Jalali, indicated that the economic relations between Iran and Russia are still well below their economic potential. According to his analysis, this is due to several reasons that impeded the development of economic relations between both countries to a desired level, notably, Iran’s economy relies on imports rather than exports and it lacks infrastructure which could strengthen the country’s economy.\(^{(52)}\)

### III. Military Relations Between Iran and Russia

Relations between Tehran and Moscow were based on rapprochement and consensus on all issues and levels. This was clearly demonstrated after Iran transcended the issues that caused tensions and differences between the two sides. As a result, their relations tilted towards strategic consensus in order to maintain their interests. This is in addition to estimating the desired goals to be achieved from their convergence on political issues, especially regarding the Syrian crisis — which recently led to Iranian mistrust of Russian behavior. However, Iran’s policy considerations at this stage prompted it to go beyond the conflicting issues and think about the results of cooperation on other levels. Russia’s position in support of Iran and its rejection of
the recent US move to extend the arms embargo on Iran were the most important factors in the course of developing relations between the two countries on several levels. Russia’s position strengthened Tehran against the backdrop of escalating US pressure, especially since Tehran relies mainly on an ally like Russia because it does not trust the Europeans. In addition, Russian officials took the initiative to express their opposition to US positions on Iran’s military activities and proactively expressed their support for these activities.

The Iran–Russia rapprochement was, roughly speaking, in all files. However, their military rapprochement was the most prominent. It was evident in the joint naval maneuvers between Russia, China, and Iran, which were held in late 2019 for the first time in the history of the two countries in the waters of the Indian Ocean. It was a real indication that Tehran is proceeding to advance close military cooperation with the eastern poles: Russia and China.

1. Supportive Positions and Joint Cooperation

The Russian position towards recent Iranian military-political issues has led to Iranian satisfaction, as Tehran realizes the importance of Russia’s global role. Russia rejected the US draft resolution presented to the UNSC to extend the arms embargo on Iran that expired on October 18. Russia has expressed it willingness to conclude arms deals with Iran, after the legal barriers to military cooperation with Tehran ended, and provide it with the necessary military and defence technologies. In this context, Russian Foreign Minister Sergey Lavrov stated that his country has the full right to advance its military cooperation with Iran, indicating that Russian military and technology cooperation is fully compliant with international law and Russian export control laws which are extremely strict. The Russian Foreign Ministry expressed its rejection of the US statement regarding Tehran’s launch of the military satellite Noor 1. According to Washington, the satellite launch, was a violation of UNSC Resolution 2231. Moscow rejected the US position, viewing Washington’s claims as baseless allegations as the launching does not violate UNSC resolutions.

Visiting Iranian officials also emphasised the importance of the joint military and defense cooperation agreements between the two countries. The visit of Iran’s Defense Minister Amir Hatami to Russia intended to confirm this cooperation. They discussed strengthening defense cooperation between the two countries within bilateral, regional and international spheres, as announced by the Iranian news agency, IRNA.

2. Armament Understandings

Tehran is striving to take advantage of the arms embargo expiring to conclude many arms deals and to advance its various weapons capabilities. On the other hand, Russian experts confirm that the threat of sanctions will not impede military cooperation between Moscow and Tehran.
Russian weapons are the main backbone of Iran’s weapons, especially its defense systems and combat aircraft fleet. Tehran’s purchase of air defence systems played an important role in its relations with Moscow. In mid-2019, Tehran placed an order to purchase the S-400 system from Russia, but the Kremlin refused because it is incompatible with UNSC Resolution 2231. However, this issue arose again after the Russian ambassador to Iran, Levan Dzhagaryan, announced that the Kremlin might sell the S-400 missile defense system to Tehran after the UN arms embargo expired. He added that his country has delivered the S-300. Russia believes that there is no problem with the delivery of the S-400 to Iran, and it was not a problem from the beginning.

Ruslan Pukhov, the director of the Centre for Analysis of Strategies and Technologies, had predicted that military exports from Russia to Iran would reach more than $5 billion over the next five years. He also indicated that when selling weapons to Iran, Russia will have to take into account, among other things, the position of Israel, which may object to the sale of certain weapons to Tehran. At the same time, he notes the significant progress made by Iran in producing modern weapons.

The general evaluation of the level of military relations between Moscow and Tehran indicates that Tehran is continuing to take maximum advantage of the
expiration of the arms embargo by restoring its arms stockpile and strengthening its cooperation with the Eastern Bloc poles: Russia and China. The effectiveness and potential of Iran’s weapons are diminishing, especially since Iran’s current defense systems came under attack and the country’s nuclear facilities were targeted. Updating its defense systems would enable Iran to retaliate against possible future air attacks.

IV. The Future Prospects for Iranian-Russian Relations in 2021

Iran-Russia relations in 2020 indicate that the two countries would probably take several approaches to develop their relations in 2021. As relations between the two countries have experienced many turning points and challenges during the past 10 years, Iran has become more realistic about what it expects to obtain from Russia. It realizes that the relationship is not a strategic alliance as it is a partnership in some areas and spheres and does not pre-empt competition and possible confrontation in other areas and spheres, provided that this does not harm the overall relationship between the two countries.

It is expected that the two countries’ relationship in regard to the Syrian file will see better coordination after Iran took steps to provide air defense cover for its forces that are deployed in Syria in cooperation with Bashar al-Assad’s forces. This was done through signing a military cooperation agreement that focuses on developing the capabilities of Syrian air defense while not asking the Russians to provide cover, whether for international considerations or because of the competition between Russia and Iran.

Iran has also redeployed its forces in Syria in a manner consistent with its combat capabilities and to avoid US and Israeli air attacks as much as possible. It is also expected that the Iranian-Russian rivalry over areas of influence and reconstruction contracts in Syria will end. It would be replaced by coordination. Both parties will be driven by their desire to achieve greater economic gains through global transit trade projects that pass via both their territories.

Although the Syrian interactions between Iran and Russia are heading towards peace and stability, Russian-Iranian interactions in the Caucasus will be much more tense, especially as the situation has become more complicated on the northwestern borders of Iran, after Russian and Turkish forces were deployed at the checkpoints between both Azerbaijan and Armenia.

In spite of signing the ceasefire agreement and the withdrawal of Armenians from the occupied Azerbaijani lands, the existing causes of the conflict could still lead to a new round of fighting. The Armenians are not satisfied, and Azerbaijan believes that some of its lands are still occupied and it must strive to liberate these areas. To achieve that goal, it believes that the Turkish and Israeli support provided it with the ability to secure victory in the last round, and it must continue to cooperate with them. This is worrying for Iran, especially with the existence of Syrian jihadists in Azerbaijan under the supervision of Turkey. Undoubtedly,
Iran will hold Russia responsible in for securing its northern borders because of its effective role in ending the conflict, and its strong relationship with the two parties to the conflict. Consequently, any violations of Iranian borders from the northwest would greatly strain Iranian–Russian relations.

On the economic level, Iranian–Russian ambitions to have a greater share of global transit trade have become more realistic after the development of the Iranian port of Chabahar on the Indian Ocean and the entry of Indian goods through this port to Afghanistan and Central Asia. Iran completed the construction of several railway lines connecting Chabahar and northern Iran, and signed navigational agreements on the Caspian Sea. The biggest obstacle in implementing the Russian–Iranian plan is that Russia and Iran are not open enough to the Gulf states and their operating ports, given the fact that their goods are not widely traded in the Gulf region. The completion of this project to enter into trade exchange with the Scandinavian countries in Northern Europe through this corridor will be the winning card for the North–South trade corridor, allowing Russia and Iran to increase their share of global transit trade. The two countries are expected to take serious steps regarding this project during 2021.

It is also expected during 2021 that Russia will announce the implementation of huge arms export deals to Iran, especially with the change of the US administration and the extreme secrecy of Iran and Russia in this regard will be maintained since the United States has failed to extend the arms embargo that was imposed on Iran. Russia’s announcement of its conditions to supply arms to Iran — whether those related to cash payments and the non–objection of the regional countries — intend to deescalate tensions before Moscow’s implementation of arms deals with Iran.

The possibility of implementing these deals has been boosted by Iran’s move towards progressive military cooperation with both Russia and China, and its desire to create a Russian–Chinese presence in the Arabian Gulf waters and the Indian Ocean to neutralize the US presence.

It is not expected that Russia will supply Iran with advanced qualitative weapons, especially for its air force, but it is expected to develop the Iranian armored corps, provide Iran with advanced air defense systems such as the S–400, cooperate with it to develop drones, and support Iranian naval capabilities.

In view of the expected tensions in US–Russian relations during the Biden administration against the backdrop of Moscow’s interference in the US elections and human rights violations in Russia, it is expected that the Russian position regarding the nuclear agreement will be more inclined toward the Iranian side than it was in the past which will contribute to widening the gap between the Russian and European positions, especially as both the United States and Europe will be more determined to place restrictions on Iran’s missile program. However, Russia has announced more than once that the nuclear agreement does not place restrictions on Iran’s ballistic missile testing as long as the missiles do not carry nuclear warheads.
Overall, the two countries will continue to strengthen their relations in all spheres, and there will be no hotbed of tensions except for the situation in the South Caucasus and on Iran’s north western borders, where Russia will be keen to ensure a minimum level of tensions as long as Iran does not cross Moscow’s red lines in Syria.
Iran and Europe

Iran–Europe relations in 2020 witnessed several changes, most prominently, because of the outbreak of the COVID-19 pandemic, and the US elections which resulted in the Democrats winning, who do not oppose negotiations with Iran. According to Rasanah’s 2019 Annual Strategic Report, their relations deteriorating and the nuclear deal being limited were presented as an expected scenario. This is in addition to forecasting that their disagreements would deepen amid Iran’s strategy to decrease its nuclear commitments following the US killing of the Quds Force Commander Qassem Soleimani and the triggering of the dispute resolution mechanism. However, the scenario about keeping in place the nuclear deal without any developments in their relationship was realized in 2020 according to the realities that will be discussed in this part of the report.

Iran–Europe relations in 2020 were riddled with contradictions. As was highlighted in Rasanah’s 2019 report. The Europeans adopted a carrot and stick policy towards Iran, placing pressure on Iran’s human rights record, terrorist acts, and ballistic missile program. However, the Europeans exerted all efforts possible to safeguard the nuclear deal. In some way, Iran adopted a policy that contradicted the position of the European Troika (the E3: the UK, France, and Germany) as it launched many attacks on the Gulf, which destabilized maritime security. In addition, Iran protested against US sanctions and the European failure to uphold its commitments and guarantees. Tehran also adopted a five-stage plan to reduce its commitments stipulated under the nuclear deal. Yet, Iran simultaneously kept open its communication channels with the Europeans to uphold the nuclear deal.

The foregoing raises significant and crucial questions about how Iran and the Europeans responded to the regional and international political changes which impacted their relations in 2020? What was the nature of the outcomes that they
wanted to achieve in 2020? What were the cards they exploited to forge a balance of power and reach a common understanding in relation to their disagreements? Finally, how successful were their efforts in achieving their set goals?

Thus, this file aims to provide insight into Iran–Europe relations, their developments, and the attempts to keep the nuclear deal in place by shedding light on the following three discussions: I European Pressure to Curb Iran’s Violations, II The Intersection of Iran–European Interests, III The Future of Iran–Europe Relations.

I. European Pressure to Curb Iran’s Violations

The ambiguity in Iranian–European interactions was evident when reviewing several sensitive issues; particularly when the Europeans increased their pressure on Iran after it had violated international law and the provisions of the 2015 nuclear deal. In response, Iran condemned the Europeans, because Tehran believed that they had procrastinated in addressing what Tehran calls “US terrorism” against the Iranian people. In this part, we discuss the disagreements between Iran and Europe by highlighting three main issues.

1. Curbing Iran’s Nuclear Violations

Roughly speaking, there were two major developments that provoked disagreements between the Europeans and Iran in 2020 in relation to the nuclear file: the E3 initiating the dispute resolution mechanism and the IAEA resolutions regarding Iran’s confirmed nuclear violations.
A. The E3 Initiating the Dispute Resolution Mechanism

Iran on January 5 announced its fifth step in reducing its commitments stipulated under the 2015 nuclear deal. It suspended its last key commitment related to operational limitations. As a result, Iran undertook steps to change its enrichment capacity and raised the percentage of uranium enrichment, in addition, it increased the number of centrifuges. The E3 foreign ministers were prompted to issue a joint statement on January 14 to invoke the dispute resolution mechanism.(59)

The motive of the E3 in invoking this mechanism became clear when EU High Representative for Foreign Affairs and Security Policy Josep Borrell visited Tehran in February. He stated that the Europeans do not intend to go to the UNSC and they intend to keep in place the nuclear deal.(60)

In response, some Iranian officials – at home – had threatened that Iran would withdraw from the Nonproliferation Treaty (NPT). Later, it became apparent that the Iranians did not intend to revoke the nuclear deal nor was it in a position to risk its relations with the UN amid increasing international isolation.

The meeting of the Joint Commission of the Joint Comprehensive Plan of Action (JCPOA) on February 26, 2020 was instrumental in easing tensions between the E3 and Iran – even though temporary. The Joint Commission hoped to take positive steps to ensure Iran complies with its nuclear commitments. The Joint Commission confirmed its support for the nuclear deal and its responsibility to ensure that key nuclear non-proliferation projects that are an integral part of the JCPOA continue.(61)

B. IAEA Resolutions

The IAEA accused Iran of impeding its inspectors from visiting two undeclared nuclear enrichment sites. The IAEA called on Iran to clarify why it had blocked inspectors from visiting the two sites, adding that Iran should immediately cooperate with the agency and provide prompt access to the two sites in question.(62)

Iran’s Foreign Ministry spokesman Abbas Mousavi said that the IAEA allegations were based on false reports issued by countries that are hostile to Iran. Iran had previously sent a letter to the IAEA, which mentioned that it “does not consider itself obliged to respond to such allegations,” in addition, it claimed that the agency’s allegations were baseless.(63)

Moving to a harsher measure, the IAEA’s 35-member Board of Governors confirmed on June 19 the E3 draft bill which obliges Iran to “fully cooperate with the agency and satisfy the agency’s requests without any further delay.” It is the first European resolution of this nature against Iran since 2012.(64)

Iran’s Ambassador to the IAEA Kazem Gharibabadi condemned the IAEA resolution and the position of the E3, which crafted the resolution. He condemned their “inaction” in undertaking concrete steps to fulfill their promises under the JCPOA.(65)

Undoubtedly, the IAEA reports on Iran’s violations and the Board of Governors’ resolution which was submitted by the E3 resulted in suspicion over Iran’s
compliance with its nuclear commitments, and highlighted Iran’s history of deception towards the international community regarding its nuclear program. The E3 had not abandoned the nuclear deal, nor did they halt negotiations with Iran; they only wanted – through taking strict moves such as: triggering the dispute resolution mechanism and supporting the IAEA resolution— to mitigate the ramifications of the US withdrawal from the nuclear deal and the Iranian violations. The E3 aimed to keep in place the nuclear deal as a bedrock of their future understandings.

2. Iran’s Human Rights Violations

Consecutive human rights violations led to thorny disagreements between the two sides. The jail sentence of the French-Iranian academic Fariba Adelkhah; the execution of the Iranian wrestler Navid Afkari; and the execution of the dissident journalist Ruhollah Zam led to disagreements.

After Iran’s Appeal Court upheld Adelkhah’s five-year prison sentence, the French Foreign Ministry condemned the unfair sentence in a statement saying, “We condemn this decision by the Iranian authorities, who persist in detaining Fariba Adelkhah despite the absence of serious evidence or fact, with an exclusively political objective.”

Adelkhah had worked as a researcher at the Centre for International Studies (CERI) and was arrested by the IRGC during her visit to Iran in June 2019. French President Emmanuel Macron condemned the Iranian authorities for detaining Adelkhah, calling it “arbitrary” and “unacceptable.” He has repeatedly called for her immediate release.

In response to the French remarks, Iranian judicial spokesman Gholamhossein Esmaeili said the Appeal Court upheld the sentence after it was confirmed that Adelkhah committed security crimes; held gatherings and plotted to undertake actions against Iran’s national security.

In the same vein, Navid Afkari, 27, an Iranian wrestler, was sentenced to death by Iranian courts on September 12, 2020, over the murder of a security guard in Shiraz during a wave of anti-government protests in 2018. The European countries had repeatedly called on the international community to convince Iran to halt the death penalty against the young Iranian athlete. Iran turned a blind eye to the international call, provoking the EU to issue a statement in the strongest terms, condemning the execution of the Iranian wrestler.

The European outrage against the execution of Navid Afkari snowballed unexpectedly to such an extent that it canceled the visit of Iran’s foreign minister who was scheduled to meet his German, French, and British counterparts — scheduled on Monday, September 14, 2020. But Iran’s Foreign Ministry stated that “logistical problems” led to the cancellation of the visit.

Iran faced an unexpected backlash over the execution of Navid Afkari on December 12, 2020. The Europeans withdrew from the Tehran online business forum. The European ambassadors who boycotted the forum were from Germany, France
and Switzerland. France described the execution as “barbaric and unacceptable.” The EU condemned the execution in the strongest terms. The business forum was postponed by the organizers. The Iranian government summoned the envoys of France and Germany, which both held the presidency of the Council of the EU, over their condemnation.\(^{(71)}\)

Analytically speaking, the Europeans always used Iran’s human rights record as a card to place pressure on the Iranian government. But the latest horrendous violations piled up drastically. The violations in 2020 started first with the detention of the Franco–Iranian female academic Fariba Adelkhah; which invoked European criticism amid Iran’s inaction to international calls, second the execution Iranian wrestler Navid Afkari, which could not be halted by the calls of the international community. Eventually, Iran faced serious backlash from the Europeans, in particular the E3, against its atrocious human rights violations.

**II. Intersection of European and Iranian Interests**

In this part, we review how European interests intersected with Iran’s via analyzing the files in which both sides held similar positions and how the Europeans addressed its Atlantic ally, the United States, leading to the pressure on Iran declining. The Europeans and Iran reached common understandings on the following files:

1. **Extending the UN Arms Embargo on Iran**

Many of the UNSC member states rejected the US move to extend the UN arms embargo on Iran. The vote in the 15-member UNSC resulted in 11 abstaining, two voting against (Russia and China) and two voting in favor: the United States and the Dominican Republic.\(^{(72)}\)

Despite the European remarks concerning the dangerous ramifications of lifting the UN arms embargo on regional and international security, the E3 opted to follow the position of the majority of the UNSC member states, which abstained. The E3 issued several official statements to justify its position. The Europeans explained their position to the United States and highlighted their commitment to the JCPOA.

The E3 abstained from voting for a few reasons: first, from the very beginning the US move did have the international support needed during the talks since it was submitted to the UNSC in June; second, the US move did not represent a basis for reaching a consensus to uphold regional security and stability. Thus, the E3 announced its commitment to the nuclear deal and its full readiness along with the UNSC member states to secure the appropriate path to evade the ramifications of lifting the arms embargo on Iran.\(^{(73)}\)

The Iranians celebrated the vote outcome and the US disappointment. Iran’s Foreign Ministry spokesman Abbas Mousavi tweeted saying that the United States should stop “shaming itself” otherwise “it will get isolated, even more than now.”\(^{(74)}\)
2. Opposing the Snapback Mechanism

In response to the US triggering the snapback mechanism, the E3 foreign ministers issued a joint statement expressing their absolute rejection of the US move to trigger the snapback mechanism, arguing that since mid-2018, the United States was no longer a participant in the JCPOA. According to the Europeans, the US move, here, would not address Iran’s violations. They believed that the most appropriate way out of this crisis was to boost dialogue between the JCPOA signatories through the Joint Committee supervising the dispute resolution mechanism. Thus, the Europeans remained committed to their position — following the vote on lifting the arms embargo — which aims to maintain the nuclear deal despite acknowledging Iranian violations as well. (75)

When the 30-day period set to trigger the snapback mechanism expired on September 19, 2020, the United States stated that the UN sanctions would be reimposed on Iran, placing further pressure on the Iranian government not to conclude any military deal after the lifting of the arms embargo on October 18, 2020. However, the JCPOA signatories opposed the snapback mechanism.

The E3 issued a joint statement rejecting the US push to trigger the snapback mechanism as it is “incapable of having legal effect.” The E3 challenged the US move submitted to the UNSC. (76)

3. Addressing the COVID-19 Pandemic

To help Iran combat the COVID-19 outbreak in the country, the E3 sent humanitarian aid — including medical equipment — to Iran worth 5 million euros, the UK ambassador to Iran said in March 2020. (77) The first shipment of medical supplies to Iran was from Paris on March 18, 2020, Fars News Agency reported. The package was prepared and sent by the French Organization of Humanitarian Aid (BIP). (78) In the same vein, the EU sent 20 million euros in humanitarian aid to Iran to help it combat the coronavirus outbreak, EU foreign policy chief Josep Borrell said in a video news conference on March 23. (79)

The E3 special purpose vehicle INSTEX, activated on March 31, (80) was quite significant because it was activated after a long period since its initiation in late January 2019. The transaction was for about 500,000 euros ($548,000) to purchase medical equipment from a German exporter. (81) It was reported that this INSTEX transaction was not part of the humanitarian aid sent to Iran as Tehran had requested for this shipment several months before the pandemic.

4. The Europe-Iran Position on the US Returning to the JCPOA

During his campaign, US President Joe Biden talked to media outlets about his foreign policy. He confirmed that he will return to the nuclear deal if Iran complies with its nuclear commitments under the deal. In an interview with Der Spiegel, German Foreign Minister Heiko Maas expressed the surprising European position regarding the nuclear deal with Iran. To preserve their security, the Europeans need
a “nuclear deal plus” to address the danger of Iran’s ballistic missile program and a strengthening of the European role in the region. “We need this agreement [nuclear deal plus] precisely because we distrust Iran,” Maas added. His interview raised suspicions about the nature of the potential nuclear talks and the possibility of Washington’s unconditional return to the nuclear deal. His remarks could have created a quite complex diplomatic reality before the commencement of talks about Washington’s return to the nuclear deal.

However, to avoid worsening tensions, the foreign ministers of the E3, China, Russia and Iran, held an urgent virtual meeting on December 21, 2020 where they stressed their commitment to preserve the nuclear deal and the important role of the IAEA in the nuclear deal. The ministers restated their regret over the US withdrawal from the agreement, welcoming the prospect of a return of the United States to the JCPOA. Later, European officials repeatedly expressed their priority to save the nuclear deal through the commitment of the United States and Iran to the provisions of the agreement — before touching upon the thorny issues and including them in the talks.

Nevertheless, Iran escalated tensions by resuming uranium enrichment to 20 percent at the Fordow nuclear facility. A few days before taking this step, Iran’s nuclear chief Ali Akbar Salehi informed the IAEA of his country’s intention to resume enriching uranium. Iran took this move amid rising tensions with the Trump administration and speculation about a potential military escalation from both sides. The Europeans condemned the Iranian move, warning that nuclear enrichment would threaten the nuclear deal and is viewed as a departure from Iran’s nuclear commitments.

5. Trade

Trade between Iran and the EU’s 27 member states declined to 23.5 percent compared to the same period (the Iranian year: March 20–November 20) last year. The trade volume is estimated at $3.54 billion. Further, $323.45 million worth of non-oil goods were exported to EU member states during the eight months under review, according to the latest statistics released by Iran’s Customs Administration. European exports declined by approximately 28 percent compared to the previous year. Germany had the lion’s share of EU exports to Iran, nearly 41 percent.

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<th>March 20 – November 20</th>
<th>In USD</th>
<th>Percent of change compared to previous year</th>
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<tr>
<td>Trade volume</td>
<td>3.54 billion</td>
<td>23.5 percent decline</td>
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Table 1: Iran-EU Trade

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III. The Future of Iran–Europe Relations in 2021

The overall relationship between Iran and the Europeans is dependent on the fate of the nuclear deal. It is likely to improve if the signatories to the agreement return to complying to the provisions stipulated under the deal. Without a shadow of a doubt, the new Democratic administration in Washington will play an integral role in this regard. There are other key factors that might impact the relationship such as: the looming dominance of Iranian hardliners in the upcoming presidential elections in 2021; the divergence of strategic interests between the nuclear participants, China, and Russia, the E3 and the United States. There are five possible scenarios concerning the future of Iran–Europe relations in light of the abovementioned factors.

1. Improvement by Returning to Mutual Compliance

The Iran–Europe relationship is likely to improve, which bloomed in the post-nuclear deal period: since concluding the deal in 2015 until the US withdrawal in 2018. According to this scenario, the United States is expected to return to the nuclear deal without additional conditions, i.e., Washington would accept mutual compliance to the deal; Iran re-complies with its nuclear commitments in return for the US re-complying with its commitments. This scenario is likely to happen because of the following reasons: the new US administration is keener to reach better understandings with Iran compared to the Trump administration — given the expectations that the hardliners will dominate the upcoming Iranian government, and that they will reject talks with the West. Thus, it is likely that Washington and Tehran will hasten reaching a common understanding as long as the reformist Rouhani government is still in power. Then, the Europeans could possibly achieve their partial goals; preserving the nuclear deal, benefiting once again from the investment opportunities and economic contracts signed with Iran. However, according to the thorny security issues with Iran, in particular its ballistic missile program, the Europeans are unlikely to work towards a decisive political resolution.
2. Deterioration and the Possibility of Military Options

This scenario is based on the maximum level of disagreements between the three sides: the United States, the Europeans, and Iran. These disagreements would arise due to conflicting demands put forward for the United States returning to the nuclear deal. According to this scenario, the two Atlantic allies would include Iran’s hostility in the region and ballistic missile program in the nuclear talks. Iran, in response, would refuse and increase its uranium enrichment to an extent where the Europeans and Washington would reach a political deadlock and start considering launching military attacks. The press conferences and meetings of President Joe Biden indicate that he is willing to include the worries of Iran’s neighbors in the nuclear deal. In the same vein, the Europeans have expressed their concerns over the security threats posed by Iran’s ballistic missiles, recalling here the remarks of the German foreign minister. On the other side, the Iranian government, from the key power actor – the supreme leader – to government officials, has repeatedly confirmed that Iran’s ballistic missile program is not negotiable at any cost.

3. Improvement Through Iran’s Submission

Contrary to the previous scenario, this scenario is based on the other side of the war-peace equation by achieving the US–Europe goal; including other files (issues related to Iran destabilizing regional security) in the nuclear deal along with Iran’s submission to their demands to lift the sanctions imposed on Tehran. The other files relate to Iran’s behavior in undermining regional security and stability as well as all sides reaching effective compromises that prevent Iran from intervening in the internal affairs of neighboring countries by ending its sponsorship of militias and other non-state actors. Iran must also show flexibility to comply with the restrictions on its ballistic missile program. The Iranian concessions in this regard will be in return for the US lifting all its sanctions imposed on Tehran. Iran–Europe relations will then improve and both sides will reap the lucrative economic and investment benefits. To realize this scenario, the United States and the Europeans will use the sanctions imposed by the Trump administration as a bargaining chip against Iran. This is in addition to achieving consensus among the negotiating parties with Iran, especially Russia and China — despite it being quite complex to forge a consensus between the negotiating parties amid the current disagreements between the abovementioned powers and the United States.

4. Maintaining Negotiations Without Fully Lifting Sanctions

According to this scenario, the European mediation efforts to resolve tensions between the United States and Iran will continue yet neither of the two parties will achieve their aspired goals. The Iranian government, including the reformists and the hardliners, are adhering to their demands; the full lifting of US sanctions and the US returning to the nuclear deal without conditions. The United States will not accept to fully lift its sanctions without including other files in the nuclear deal. This
scenario appears to be a likely one, given the growing dominance of the hardliners over Iran’s governmental institutions and their agitation of regional tensions by threatening maritime security in the Arabian Gulf and testing ballistic missiles. Thus, the Europeans will resort to adopting the same approach they have followed over the two past years: a push and pull strategy to ease tensions and re-craft a new nuclear deal accepted by all parties. The support of China and Russia to Iran against forging a comprehensive compromise—built upon previous nuclear understandings—will increase the US rejection to fully lift the sanctions.

5. Improvement Through the Partial Lifting of Sanctions

Iran–Europe relations are expected to improve as participants in the deal intend to re-comply with their commitments—but this is likely to be conditioned with a partial lifting of US sanctions. In return, Iran shall accept negotiations with the nuclear participants to reach a comprehensive compromise on Iran’s nuclear and ballistic missile threats and Iran must end its sponsorship of radical militias and non-state actors financially or politically. This is the most likely scenario because it somewhat achieves the interests of the three parties: Iran, the United States, and the E3 and at the same time it does not conflict with the goals of Russia and China. The negotiations to forge an initial compromise may take a considerably long time exceeding the timeframe the Europeans hope for due to the growing internal problems in the United States—which the new administration needs to resolve first before moving with all its political will to resolve external problems. The United States, at home, suffers from snowballing thorny issues; political, racial, and social polarization and the Trump administration’s mismanagement in resolving the health crisis against the backdrop of the outbreak of the coronavirus pandemic.

Iran and the Europeans will reap considerable political and economic gains, saving Iran’s collapsing economy and allowing some European firms to revive their concluded contracts with Iran—at the same time, negotiations on thorny issues between the two sides, such as Iran’s ballistic missile program, will continue.

Roughly speaking, the Iran–Europe relationship in 2021 will not be quite different from that of 2020. The European policy seems to be largely the same carrot and stick policy; placing pressure on Iran over its nuclear file and human rights record while supporting Tehran against the US move to extend the UN arms embargo and its activation of the snapback mechanism, which reimposes UN sanctions on Iran. Due to sanctions, the Iran–Europe trade volume did not record noticeable progress while the Iranian government and people were suffering from harsh deteriorating conditions amid the outbreak of the coronavirus pandemic. It is expected to witness relative developments in 2021 considering the new Democratic administration of Joe Biden, which intends to kick off new negotiations with Iran. Thus, the fifth scenario—the return to the nuclear deal with its current provisions and with the partial lifting of US sanction—is the most likely one in 2021.
Though Iran–China relations have been stable for years, we recently witnessed movements towards closer rapprochement. The two countries aim to expand the scope of their bilateral relations to the fullest extent at the regional and international levels. Tehran talks with excessive pride about its relationship with China in several political, economic, and military fields while China has emerged as a major player in the Middle East through its continuous support to Iran. The most notable event during this year was the expected Chinese convergence with Iran against the US move to extend the UN arms embargo on Iran. A leaked draft of a comprehensive cooperation agreement between Tehran and Beijing also sparked a lot of controversy and speculation over the agreement’s hidden aims and its impact on the region’s geopolitics.

In this file, we comprehensively review Iran–China relations, particularly the developments witnessed during 2020. This will be done by looking at the details and aims of the Comprehensive Strategic Partnership signed between Iran and China; Chinese steps against the US move to extend the UN arms embargo on Iran; the potential repercussions of the rapprochement between the two countries; the impact of Iran–China relations on the nuclear deal. Finally, the file forecasts the future of Iran–China relations.

I. The Comprehensive Strategic Partnership Between Iran and China: Its Aims and Implications

The leaked draft of the partnership, officially known as the Iran–China 25–year Cooperation Program or Comprehensive Strategic Partnership, made headlines in Persian and non-Persian media outlets, and was accompanied by widespread controversy, dividing Iranian domestic and international public opinion during
2020. The controversy surrounding this draft is because this agreement and its implications extend beyond the economic sphere and the standard bilateral relations between the two countries.

Although this agreement received Iranian Supreme Leader Ali Khamenei’s support, it caused widespread controversy in Iran. The reformists and the conservatives as well as the Iranian public expressed their dissatisfaction towards the agreement. Former Iranian President Mahmoud Ahmadinejad considered the agreement as a clear violation of Iran’s sovereignty, because it grants a significant proportion of national resources to China at the expense of the Iranian people. The son of the former Iranian shah, Reza Pahlavi, condemned it as a “shameful treaty.” The controversy will continue to rage over this strategic agreement between Iran and China, especially since Chinese investments will enter all Iranian sectors. Some even compare it to the Treaty of Turkmenchay, expecting that it will eventually result in Iran turning into a Chinese outpost, like many African countries have since welcoming Chinese investments.

1. The Aims of the Comprehensive Cooperation Agreement Between Iran and China

This partnership is a 25-year roadmap for both countries covering various economic, political, and military fields. It intends to expand cooperation in the fields of energy, infrastructure, industry, technology, and finance. In the fields of energy and electricity, the agreement mentions that the two countries will collaborate in constructing and upgrading oil, gas and petrochemicals storage tanks, and China will be encouraged to invest in electricity and energy projects. In the fields of construction and development, China will build railways and airports and renovate and expand several seaports. According to the draft, the two countries will also cooperate in the fields of technology and communication, as well as 5G technology, and advance information and communication infrastructure in Iran. The agreement also provides for joint military and intelligence cooperation and carrying out joint naval drills.

2. The Strategic Implications of the Partnership

The details of this agreement were leaked in July 2020, the same month in which US-Chinese tensions escalated and the consulates of both countries were shut down, leading to further trade tensions between the two countries. Iran experienced a series of very unfavorable events this year, including the escalation of political tensions with the United States following the killing of the Iranian Quds Force Commander Qassem Soleimani, and a deterioration in socio-economic conditions because of sanctions and the coronavirus pandemic.

Therefore, there were multiple realities that limited Tehran’s tilt towards China, with Beijing representing for Iran a counterbalance to US influence and a good alternative to its traditional trade and investment partner: Europe. Thus, the
agreement’s aims can be summarized as follows:

From China’s point of view, this agreement is of strategic and political importance, especially since Beijing aims to dominate the international system to realize its global vision “China Towards a Global Power 2049.” China’s competition with the United States forces it to sign such trade, security and military agreements with a number of countries of economic and strategic importance to help achieve its global vision. (91)

The bilateral agreement gives China an excellent opportunity to participate in the development of several strategic ports in Iran, most importantly the Chabahar port on the Indian Ocean and Jask near the strategically located Strait of Hormuz. The participation in the development of international ports through bilateral partnership agreements has been an important Chinese strategy over the years. It aims to extend its influence across the largest possible number of sea ports. This can be achieved by gaining military concessions, thus allowing China to establish military bases at the most important international ports, or through obtaining economic/trade concessions, helping it to lower transport and shipping costs. In addition, strategic concessions would help in protecting the flow of Iranian oil. (92) The general data indicates that more than half of China’s imports of crude oil come from the Middle East, passing through the Strait of Hormuz, the Indian Ocean and the Strait of Malacca before they reach China. (93)
It seems that this deal will provide Beijing with an opportunity to advance the circulation of the Chinese yuan, especially in light of the US sanctions imposed on Iran, and following the US withdrawal from the Joint Comprehensive Plan of Action JCPOA, which greatly impeded the circulation of the dollar and financial dealings with Iran. The two countries seek to replace the US dollar with the Chinese yuan in commercial transactions by using the Cross-Border Interbank Payment System (CIPS), which was developed by China in 2015 as an alternative to the international payment system (SWIFT); the commonly used international payment system. However, it is unlikely that this alternative payment system will be able to manage the volume of transactions or have the mechanisms needed to implement this partnership.

As for Iran, its shift to the East is driven by its lack of options. Despite the good relations between Tehran and Moscow, due to several considerations, Iran was unable to “head towards the North.” The Russian economy is based on exporting energy, raw materials and weapons, making it an economic competitor to Iran. Russia in comparison to China is not an industrial country that can provide Iran with useful consumer items. Therefore, the scope of cooperation is limited. In addition, the Chinese economy is ranked second in the world and is therefore a good economic model and can influence the Iranian economy. Furthermore, the West is not considered a good option because of the ongoing decline in political and economic relations due to US pressure. Therefore, Iran considers China as the only option considering its difficult economic situation.

By providing Beijing with the opportunity to develop the strategic ports of Jask and Chabahar, Iran is trying to shift its geostrategic focus from the Arabian Gulf to the Gulf of Oman. This will allow Tehran to avoid tensions in the Arab Gulf region and shorten the routes of tankers transporting Iranian oil. It will also allow Tehran to close the Strait of Hormuz if needed.

This agreement also represents an opportunity for Iran to develop its infrastructure, communication networks and technology, especially since it witnessed a series of bombings and mysterious fires this year at some of its vital facilities.

By leaking this agreement, Tehran wanted to highlight that the Iranian-Chinese rapprochement is a direct result of the Trump administration’s maximum pressure campaign on Iran. Some international newspapers agreed with Tehran’s viewpoint, sending a message that the only way to stop this rapprochement and limit Chinese influence in the region is by the United States returning to the nuclear deal. In other words, Iran wants to use this agreement as a useful bargaining chip in future negotiations with the United States or the Europeans to ease sanctions, especially since the United States has expressed some openness in returning to negotiations with Iran.
Overall, several considerations will have a major impact on moving this agreement forward and activating it in reality. Through previous analysis of the expected benefits and aims of this agreement, as well as the timing of the announcement of this agreement which preceded US efforts to extend the arms embargo on Iran, it becomes clear that Iran and China are seeking to add psychological pressure on the United States to modify its policy towards them and to highlight that the agreement is not based on abstract but tangible economic benefits. Moreover, the agreement received Iranian Supreme Leader Ali Khamenei’s and Ali Larijani’s support indicating the importance of the agreement to Iran’s strategy.  

II. Chinese Efforts Against US Pressure on Iran

In light of the common vision of both countries to resist US “hegemony” and create a multipolar world, many important Iranian files appeared on the international scene during 2020, which led to further convergence between the two countries to achieve the abovementioned vision. This convergence can be noticed in two main files.

1. The Chinese Position on Extending the Arms Embargo on Iran

The arms embargo on Iran expired in mid-October. Both China and Russia are viewed as the main candidates to supply Iran with a series of weapons. Iran is expected to show an interest in the following Chinese fighter jets: the Chinese Chengdu J-10 fighters and the JF-17 Block 2 fighters. They can replace the current low-cost Iranian fighter jets such as the J-7, the F-5 and the F-4 that have been modified by Iran. Given Iran’s lack of advanced fighter jets, the JF-17 is a good choice and will be a valuable addition to Iran’s air force. It is also expected that Iran will seek to purchase technology and military systems from North Korea and China, including Hwasong-12 mobile ballistic missiles, and rocket engines which are liquid-fuel and suitable for ICBMs. Iran wanting to purchase weapons, particularly the ones mentioned, were stated in the leaked agreement between Iran and China.

There were clear aims and reasoning behind Iranian-Chinese attempts to lift the arms embargo on Iran. Iran sought to pressure the United States, especially for its withdrawal from the Joint Comprehensive Plan of Action in 2018 after it failed to impose specific sanctions on ballistic missiles. From this perspective, Iran can use this agreement as a bargaining chip if the next US administration wants to return to the nuclear deal. On the other hand, China sought to advance its image as an influential international actor and a good partner for Iran. China’s domestic support played an important role in the steps carried out by the Chinese government. Many Chinese believed that this step was to stand against US moves in the South China Sea and US arms sales to Taiwan, which are considered as an interference in its internal affairs and a threat to its national security.
Despite the Iranian–Chinese optimism that accompanied the lifting of the US arms embargo on Iran, there are many constraints on the ground that prevent both countries from moving forward in this field. The first constraint is Iran’s internal economic difficulties. Over the past two decades, Iran abandoned or postponed many arms procurement plans because of its inability to make payments. Today, the economic situation is even more difficult than before.

The significant political and economic pressure exerted by the United States on state-owned Russian and Chinese arms companies is likely to curb their appetite and ability to sign arms deals with Iran. China will not be willing to sell weapons to Iran unless it is sure Tehran will make the necessary payments. US sanctions have placed significant impediments in front of Iran, particularly as oil prices have plummeted. As of October, the entire Iranian banking system was subject to further US sanctions, but the agreement with China as well as the limited funds accumulated through the smuggling of Iranian oil, will enable Iran to return to the arms market once again.\(^{(102)}\)

Chinese interests could play the most prominent role in future arms sales to Iran. Beijing will try to find a relative balance in its relationship with Iran on the one hand and with the Gulf states on the other by avoiding direct sales of weapons to Iran since it may escalate tensions in the Gulf and further fuel instability in the region. China in particular does not need further disruptions to its access to oil from the Middle East.\(^{(103)}\) According to the US Energy Information Administration (EIA), China’s net imports of petroleum and other liquids in 2019 increased to an average of 10.1 million barrels per day, which is an increase of 0.9 million barrels per day compared to 2018. Three Gulf countries and Iran ranked the top four on the
list of the most important oil-exporting countries to China. This dependence explains why China has steadily increased its presence in the Indian Ocean and the Arabian Gulf to help secure maritime trade routes and the flow of oil from the Gulf. China used its role in anti-piracy operations off the Horn of Africa to deal with piracy in Somalia to project its maritime power in this part of the Indian Ocean. It also established a naval base and a new port in Djibouti near the Red Sea. China also carried out several maritime training exercises in the Arab and Omani Gulf last year to protect its economic interests.

2. Reactivating UN Sanctions and the Chinese Position

China has always led the challenge against Washington’s position on Tehran. It has continuously opposed the idea of imposing economic sanctions on countries in compliance with the principle of non-interference in the internal affairs of states. The Chinese position was clearly highlighted during this year while Iran experienced a continuous series of sanctions imposed on a number of important sectors, from the steel and construction sectors to the activation of the snapback mechanism, which drew a lot of controversy in relation to its legality in light of the US withdrawal from the nuclear deal with Iran. In response to the activation of this mechanism, China’s permanent representative to the United Nations, Zhang Jun, pointed to China’s opposition to the unilateral reimposition of sanctions on Tehran as it lacked legality. The Chinese Foreign Ministry accused the White House of violating international law on several occasions and urged the United States to cease its policy of sanctions towards Iran.

China challenged US attempts to reactivate the snapback mechanism, including “secondary sanctions,” because of the potential impact on its financial institutions, banks and major companies that have interests with Iran. US attempts to reactivate the snapback mechanism can be viewed as a potential constraint to Iranian-Chinese future plans after the lifting of the arms embargo on Iran, because of further possible sanctions on the arms industries in both countries. American statements indicated that the companies that establish partnerships with Iran would be banned from dealing with the United States. Indeed, the United States has imposed a package of sanctions on a number of Chinese companies either for supporting the Iranian nuclear program, or for facilitating Iranian petrochemical exports to circumvent US sanctions.

Although US sanctions decreased the volume of trade exchange between the two countries during the first half of 2020 according to data issued by the Chinese Customs Administration (which noted a decrease in Chinese imports of Iranian oil to about $115 million, down 89 percent compared to last March), the declared imports of non-oil goods to China in March stabilized at $384 million. Other reports indicated that China stopped importing Iranian oil in June this year. In contrast, over the second half of this year, the volume of oil exchange between the two countries increased as indicated by many reports. Specifically, from June to
mid-July, China imported at least 8.1 million barrels of crude oil (158,823 barrels per day) from Iran via a few direct routes using Iranian oil tankers which offloaded the oil directly at Chinese ports. China imported about 6.8 million barrels during the same period (133,333 barrels per day) indirectly via tankers passing through Malaysia or Indonesia. The tankers’ registration documents relating to origin and ownership as well as payload documents would be changed before continuing on their journey to China.\(^{(111)}\)

### III. The Iran–China Axis and Its Regional Implications

To understand the implications of this rapprochement for the countries of the region, we should first point out that Chinese policy in the region, which many policymakers and thinkers believe is motivated by mutual economic interests with a focus on oil and gas, does not seek to engage Beijing in political and military conflicts. China prefers not to be forced to take the side of one party or another, thus creating possible enemies and hindering its ambition to develop economically. However, this is no longer in line with the reality of Chinese moves and its ambition to be an influential actor in modern geopolitics. This is highlighted significantly by its bilateral agreement with Iran, which aims to strengthen Iranian influence and its military systems.\(^{(112)}\) In addition, the two countries continued to carry out a series of military maneuvers, which the two sides initiated in 2014. This year, the Caucasus 2020 military exercise was held. Therefore, we can summarize a few implications resulting from the rapprochement between the two countries during 2020, including the following:
First: the bilateral cooperation between the two countries in developing several important ports will certainly strengthen the position of each country and grant China the ability to control the most important seaports in the world. This will disrupt the balance of power in the region and increase Iran’s threat to regional security. The development of the Jask port is of twofold importance for both Iran and China. The latter will develop the port of Jask thus providing it with a strategic advantage in a region that is dominated by the United States. As a result of this cooperation, the area surrounding this port will be a theater of Chinese-Iranian competition with the United States. It will certainly have a negative impact on the security of the Arab Gulf. Tehran will not only benefit from the Chinese state, but will also aim to benefit from the Chinese expansion in the port of Djibouti to strengthen its support for the Houthis in Yemen. Therefore, the Gulf states will find themselves in the middle of unexpected conflicts.

Second: the location of Jask port and its geographical characteristics will allow Iranian oil shipments to avoid passing through the Strait of Hormuz. Thus, it will enhance Iranian control over this strategic crossing and change the nature of Iran’s ability to maneuver in the Strait of Hormuz from various strategic and military aspects. Iran also seeks to exploit the Indian Ocean card, because it realizes its importance not only for maritime navigation but also as a growing region of competition between China and the United States. Once Iranian ports are financed and built, the Indian Ocean and the Gulf of Oman will be under Chinese and Iranian joint control.
Third: Chinese assistance in maintaining the Iranian government and its military capacity is an opportunity for China to inflict damage on the US Navy in a number of neighboring countries. However, this represents a double threat to the countries of the region. First, it will strengthen Iran’s threatening behavior in the Arabian Gulf and escalate its interference with Chinese protection which will definitely impact the Gulf states. Modern targeting and guidance systems used by missiles and drones can help Iran inflict more severe damage than aircraft and tanks. Secondly, Chinese assistance in Iranian procurement, even if it is limited to developing modern techniques, will help in the manufacture of many Iranian homemade missiles.

Fourth: the principle of securing energy security for China may push it to strengthen its relationship with Iran, which it has perceived as a guaranteed provider of oil in the event of growing Chinese–American disputes in the future. This does not apply to the rest of the countries in the region since they are strong US allies, the biggest rival of China from its point of view. Many Chinese writers have also addressed the importance of forming closer relations with Iran and a number of non-Arab countries in the Middle East which have more influence in the region. This is an implicit indication intended to pressure the Gulf states to reduce tensions in the region, especially with Iran, in order to avoid the possibility of China reducing its investments in these countries and focusing on its relations with non-Arab countries, including Iran. Others explicitly argue that the significance of Middle Eastern states to China has decreased; adding that to regain their significance from the Chinese perspective, they need some degree of stability. These signals are in line with the Chinese proposal to hold talks to calm the region, and the Russian proposal that preceded it that called for the signing of a non-aggression pact with Iran to reduce the risk of conflicts spiraling out of control in the future. In fact, these signals aim to give China a greater role as a mediator in regional security management and geopolitical balances primarily to serve its economic interests.

IV. Iranian–Chinese Relations and Their Impact on the Future of the Nuclear Deal

Friendly Iranian–Chinese relations over the past years have played an important role in converging the foreign policies of both countries. The Iranian nuclear program is one of the most important issues that received Chinese support and allowed the Iranian government to develop its nuclear activities. China actively helped Iran in developing its Arak heavy water reactor during the past year. Chinese support for Iran did not stop here as Beijing also played a major role during the nuclear negotiations under the Obama administration in 2015, leading to the Iranian nuclear deal. In light of the recent international changes, including Joe Biden’s presidential victory, and the openness he has shown to returning to the Iranian nuclear deal, the international arena will witness Iranian–Chinese moves
to reach a bilateral agreement with the United States in the coming period. On the other hand, these moves will face a number of impediments that could impact negotiations in relation to the nuclear file, such as the following:

A) The United States returning to the nuclear agreement and lifting completely the sanctions on Iran is a complicated process for both countries, because the sanctions imposed on Iran are not only related to its nuclear program but also to Iran’s destabilizing activities in the region and human rights violations. By the United States activating the snapback mechanism and expanding the scope of sanctions imposed on Iranian banks, as well as the Europeans upholding an arms embargo on Iran, Tehran will be forced to strengthen its relationship with China.

B) Iran’s upcoming presidential elections, the likelihood of a conservative victory, with conservatives viewing any future arrangements with the United States with distrust and hesitancy, as well as the Iranian leadership’s ambition for regional hegemony and its quest to safeguard the political system established 41 years ago, indicate Tehran’s difficulty in accepting agreements that bind it to postpone its nuclear program and curb its interventions that threaten regional security and stability. Rather, the conservative current may force the next president of Iran to strengthen bilateral relations with China to achieve their common vision of establishing a new world order.

C) President Trump continued to impose sanctions on Iran and China during the last months of his presidency. The US sanctions targeting a group of Communist party officials have complicated the situation for his successor to return to the nuclear agreement signed with Iran and has impeded the establishment of commercial and political relations with China. The recent US sanctions on Iran have pushed it to reject a return to negotiations over the nuclear agreement. On the other hand, China also shows no inclination towards negotiations with the United States after it imposed a series of sanctions in response to Beijing’s position on regional tensions surrounding the South China Sea. Biden’s selection of Antony Blinken and Jake Sullivan as part of his transitional team indicates that there will not be a great deal of leniency towards Iran and China, with sanctions likely to be applied through a multilateral framework.

V. The Future Face of Iranian–Chinese Relations

By reviewing the developments in Iranian–Chinese relations and the interactions between the two countries during 2020, and considering the data, it can be said that rapprochement will continue to govern Iran’s foreign policy in its dealings with China. From a political and security angle, Iran and China are determined to continue with their shared vision to address US unilateralism and hegemony. China’s favorable position towards Iran in the UN Security Council indicates a balanced growth of long-term ties between the two countries.

Iran–China relations are likely to remain on the same trajectory in the coming years considering the context of the bilateral relations between the two countries,
which have developed in a stable manner in recent years. China is trying to take advantage of Iran’s position to extend its international influence, while Iran is keen to use Beijing to advance its regional influence and uphold its internal cohesion in the face of economic difficulties. Although lifting the sanctions on Iran’s nuclear program will possibly advance Iran’s economic status and stimulate international trade, this will not distance Tehran from China, nor from accepting Chinese economic support, particularly as it may take several years to realize significant economic gains. To this end, Tehran will need billions of dollars for new investments.

At the same time, the energy dimension is set to be significant in the future relationship between Iran and China. This is because China seeks to advance its energy security and diversify its suppliers to avoid an escalation with the United States and its inevitable impact on the most important corridors through which China’s oil imports pass. Iran, with its substantial gas and oil reserves, is a good strategic option that China can rely on in the future. On the other hand, Iran also needs China to be a major player in the energy market, after the United States imposed secondary sanctions on Iranian energy companies and those foreign companies dealing with Iranian oil.
Iran and Turkey

In 2019, Iran and Turkey focused on maintaining their mutual strategic relationship to mitigate their disagreements and expand their scope of collaboration. The regional alliances that oppose them also strengthened their strategic relationships. Furthermore, the ramifications of the disputed matters with the United States and the international community further strengthened the Iran–Turkey rapprochement across diverse spheres: economic, political and military, despite the intermittent tensions between the two countries in Syria because of divergent views and interests in the Syrian crisis.

In 2020, Ankara and Tehran attempted to strongly defend their national and regional interests, exploiting their political and diplomatic gains to address internal and external pressures. Their mutual economic relations stagnated because of the COVID-19 pandemic and Turkey’s closure of its border with Iran on more than one occasion. The ongoing divergent positions, such as in the Syrian crisis, widened further following their conflicting views on the Nagorno-Karabakh conflict between Armenia and Azerbaijan.

When reviewing their mutual relations and growing tensions, several questions arise about whether the relationship between Iran and Turkey is one of strategic convergence, conflict/hostility, or whether it is based on a combination of intertwined foreign policies.

This file of The 2020 Annual Strategic Report breaks down the complicated questions in relation to the relationship between Iran and Turkey, particularly in conflict zones such as in Syria and the disputed region of Nagorno-Karabakh, and the impact of these conflicts on the future path of their relationship. It also reviews and analyzes the motives pushing the two countries towards political and military convergence in order to address the looming regional threats that
challenge their interests. Finally, it sheds light on their economic cooperation in general, and the level of trade exchange between them and provides insights into the details of their energy trade relationship in particular.

I. Conflict Zones and Their Future

The dimensions of the rivalry between Iran and Turkey are visible in the Syrian and Azerbaijan-Armenia crisis. Considering these conflicts, we review the most significant developments impacting their relationship, as well as analyzing and identifying the points of their political and military convergence.

1. The Syrian Crisis

In light of their obvious divergences in Syria, Tehran and Ankara have always attempted to put aside or resolve their disagreements in Syria independent of their bilateral relations. In The 2019 Annual Strategic Report, we discussed Iran’s escalation and growing backlash against Turkey’s Operation Peace Spring in 2019, which was limited because of a Russian-Turkish agreement. At that time, Iran was merely observing the geopolitical changes in northern Syria, without taking an active role in that arena. In 2020, Iran’s position changed; its militias, operating under the Syrian Army, engaged in the battles raging in Idlib.

In the first quarter of 2020, Idlib, the last stronghold of Syria’s opposition forces, witnessed fierce battles, following the Syrian forces backed by Russia repetitively launching attacks to break the backbone of the opposition forces. Diplomatically, Iran sought to resolve the crisis, fearing a direct confrontation
with Turkey. Iran’s Foreign Minister Javad Zarif said that his country was prepared to mediate between the Turkish and Syrian governments. However, the significant casualties — 60 Turkish soldiers killed — prompted Ankara to support the Syrian opposition forces to launch drone strikes, killing at least 20 fighters belonging to the Lebanese Hezbollah, and inflicting significant losses on the Iranian-backed Syrian forces.

Amid rising tensions, Iran’s Military Advisory Centre (MAC) issued a statement condemning the Turkish artillery attack on its bases, adding that Iran could have taken revenge, but it refrained, calling on Turkey to adopt a rational approach towards Syria. Undoubtedly, the rift between Iran and Turkey in relation to Syria is quite deep but a relative calm descended on the region after Turkey and Russia agreed to the Idlib ceasefire deal, called “Sochi 2.0” on March 5, 2020.

Turkey and Iran are taking great care to avoid direct confrontation with each other because of their shared interests in regional and economic affairs. The Idlib ceasefire, without a shadow of a doubt, was welcomed by both parties. They held consecutive meetings to maintain the status quo in Syria and avoid any further tensions that would endanger their relations. The Turkish and Iranian foreign ministers held a virtual meeting with their Russian counterpart on April 22 to discuss Syria and the de-escalation deal. Before holding the third meeting of the Syrian Constitutional Committee’s Drafting Commission on August 25 in Geneva between the guarantors of the Astana peace process, the presidents of the three countries (Turkey, Iran, and Russia) held a virtual meeting to ensure de-escalation in Idlib.

Considering the status quo in Syria and the Turkish and Iranian economic and military gains, we can identify the successes for each side. After intensifying its military presence in response to the attack it faced in late February and after the Sochi 2.0 understandings, Ankara directly managed three separate regions in northern Syria — the Tel Abyad-Ras al-Ain area, Afrin, and the Euphrates Shield Zone (ESZ) — and is the dominant force in northern Idlib. These separate enclaves host an estimated 4 million people under Turkish guardianship.

The Turkish grip and direct guardianship over such extensive territories hosting a significant number of people — estimated at 8 million people, including Syrian refugees inside Turkey — is quite challenging for the Turks. The most serious challenges are balancing power with Russia; the high cost of direct administration; containing radical Islamic groups; and the lack of a temporary compromise with the Kurds.

The Sochi 2.0 agreement provides considerable privileges to Turkey over Iran. First, a security corridor is established 6 kilometers deep to the north and 6 kilometers deep to the south in Syria from the M4 highway. Joint Russian-Turkish forces patrol the region. Map 1 illustrates the Idlib province and the M4 highway.
Despite the impediments Iran faces, including Russian negligence, and the direct confrontation with Turkish forces in northwestern Syria, Tehran’s security and military deployments cover an extensive area as illustrated in Map 2, which shows Iranian influence in Syria in 2020. Iran secured its goal via deploying various divisions of its forces such as the IRGC, foreign militias (Iraqi, Pakistani, Afghani, and Lebanese Hezbollah fighters), and local militias. Iran deployed forces in close proximity to the Turkish-controlled areas. For example, Iran established three bases in southern Aleppo under the Local Defense Forces (LDF).

Moreover, it is worth mentioning that Israeli strikes targeting Iranian military sites limited Iranian expansion towards southwestern Syria and towards the Golan Heights. Israeli strikes hit Iranian sites in Syria in November, after bombs were found in the Golan Heights, near Israel’s border. (132)
Iran’s influence is not limited to the military and security spheres but can be seen within the economic and social spheres as well. Iran aims to penetrate Syria’s economic and social systems to safeguard its influence in case international agreements are concluded to curb its military presence. In the economic sphere, for example, Iran reactivated the Syrian–Iranian Business Forum in 2018, which facilitated the establishment of Iranian projects in various areas in Syria, mostly focusing on power generation. In the social sphere, one of the most significant Iranian–backed organizations is Jihad Al-Bina Organization, which focuses mostly on the issue of reconstructing schools and health centers. The organization is currently active in the provinces of Deir Ezzor and Aleppo. The following figures highlight Iran’s growing influence and the extent of its military, security, social, and economic control across Syria:\(^{(133)}\)
All in all, the Iranians and the Turks are keen to address their disagreements in Syria independently from their bilateral understandings in relation to other regional issues. It is clear that the Turks have significantly advanced further into Syria than the Iranians, because of the latest Turkish understandings with the Russians, and the rising expectations that Russia is likely to turn its back on its ally, Iran. Turkey’s growing influence resulted in Zarif making a sudden visit to Syria amid the COVID-19 outbreak on April 20, 2020. Thus, it is quite likely that Russia will abandon Iran soon.
2. The Azerbaijan–Armenia Conflict

With the eruption of the conflict in Nagorno–Karabakh at the end of September, Iranian President Hassan Rouhani appealed to the parties concerned to de-escalate and agree to a peace deal. He laid great emphasis on ensuring stability in the region. Turkey publicly expressed its full support to Azerbaijan due to the commonality of language, ethnicity, and religion between the two countries, claiming that Azerbaijan has the right in the disputed region of Nagorno–Karabakh.

The intertwining and conflicting geopolitical interests forced Iran to adopt an official position seeking a degree of balance in relation to the conflict. However, Iran’s discontent and implicit criticism of Azerbaijan’s approach can be noted due to the latter’s military cooperation with Israel and the United States, and its current blatant reliance on Turkish support, with their presence on the border regions of Iran posing a significant danger to Iranian politics and interests. Armenia received Iran’s serious attention because it is its northern gateway to deal with Russia and is a consumer marker for its products, particularly oil; and represents a means to curb Turkish influence in the Caucasus.

Iran’s major concern in the context of the Nagorno–Karabakh conflict is a possible threat to its border areas, prompting the IRGC on October 25 to deploy its forces and establish camps along the border strip adjacent to the conflict area. The second Iranian concern is the ethnic divisions that can erupt inside Iran because of the conflict. The Turkish–Azeri ethnic group, constituting a large percentage of the total Iranian population, estimated at about 25 percent, is a pressure point on the Iranian government. On the international level, the Turkish intervention in support of Azerbaijan; the Russian military bias towards Armenia; turning Nagorno–Karabakh into an undeclared Turkish–Russian conflict arena; and the suitable atmosphere for the deployment and engagement of armed groups in the conflict, are all flagrant threats to Iranian interests.

On the other hand, Turkey seeks to create a new reality in the Caucasus region so that it can easily secure its strategic gains via Azerbaijan. This country has a prominent regional standing because of its growing oil exports, as a result of which Azerbaijan has built up advanced infrastructure and has reaped significant investment returns. Moreover, Turkey aims to secure several benefits that fall within the framework of its national interests, such as strengthening its energy security and reducing its dependence on Russian or Gulf oil/gas via an alternative outlet, namely Azerbaijan. Therefore, Iran was determined to change its cautious approach by the end of October to launch its initiative called “Permanent Peace” in the region via its Deputy Foreign Minister Abbas Araghchi. He undertook a regional tour to meet with the parties to the conflict to negotiate Iran’s proposed initiative, which aims to promote “lasting peace” in the disputed region.

Araghchi visited Baku, the capital of Azerbaijan, on October 27, before he
traveled to Armenia, Russia and Turkey, where he explained the essential elements of Iran’s initiative as follows:

▪ the end of the occupation of Azeri territories;
▪ the protection of minority and humanitarian rights;
▪ the initiation of a dialogue with the help of influential countries in the region;
▪ and halting the intervention of non-regional countries in the conflict.

The Iranian initiative comes within the context of its criticism of the outcome of the Minsk Group meetings chaired by the United States, France, and Russia. From this angle, Iran wanted to enter the scene as a mediator and a regional actor, but it did not have the capacity to replace Russia’s pivotal role in finding a settlement to the conflict. The Iranian initiative was merely a platform to engage in peace talks and bilateral discussions with the concerned parties.

Turkey has not hidden its ambition to play a significant role in attempts to de-escalate tensions and mediate between the conflicting parties to improve its fortunes, such as becoming an influential regional country, and strengthening its position internationally as well as deciding the fate of the conflict in line with the objectives it seeks. However, Russia denied reports that it agreed with Turkey to forge a joint settlement to the conflict, following the remarks of Turkish President Recep Tayyip Erdoğan in which he said that he had reached an agreement with Russian President Putin to find a satisfactory settlement for the parties involved in the conflict. After that, the Russian presidential spokesperson denied the content of the Turkish president’s statement and commented that Putin did not discuss with Erdoğan the matter of Turkey’s possible participation in settling the Nagorno-Karabakh conflict.

The Russian brokered truce concluded on November 10 ended the conflict. It authorized Azerbaijan to regain its strategic areas such as the Kalbajar, Agdam and Lachin districts that were under the control of Armenian separatists, Shusha city and three other cities liberated by Azerbaijani troops by force. The truce also committed Armenia to open transport linkages between Western Azerbaijan and Nakhichevan; an exclave and autonomous republic of Azerbaijan, ending the region’s isolation that it had been under since the collapse of the Soviet Union. In comparing the roles of the Turkish and Iranian parties, Turkey has a significant role in the mechanisms to establish peace, as Turkish military officers will be sent to the peacekeeping command center in Azerbaijan to monitor the truce’s implementation in accordance with Azerbaijan’s demands.

The most prominent Iranian reaction in the media was an article published by the IRGC-run news portal Fars News Agency, which described Azerbaijan’s control of the Karabakh border strip as “a sinister transformation and a catastrophe for peace.” This contradicted Supreme Leader Ali Khamenei’s claim of “liberating the occupied Azerbaijani lands.” This article reviews several realities in relation to the conflict as follows: Ankara dispensing with the transit corridor via Iranian
territories to Azerbaijan, Iran’s lack of smooth access to Armenia, and the highly possible exclusion of Iran from the energy equation in the Russian–Turkish–Azerbaijani understandings, as well as the Turkish and Israeli presence on Azerbaijan’s territories.

In a remarkable development, the relationship between Iran and Turkey intensified and tensions escalated due to Turkish President Erdoğan’s recitation of verses from the poem “Araz” during his participation in the military parade in Baku celebrating Azerbaijan’s victory in the conflict. Iran viewed these verses as provoking separatist tendencies. Iran condemned Erdoğan’s recitation of this poem. The first voice raised against the poem was that of Iranian Foreign Minister Javad Zarif, who tweeted “Erdoğan was not informed that what he ill-recited in Baku refers to the forcible separation of areas north of Aras from Iranian motherland! Did he not realize that he was undermining the sovereignty of the Republic of Azerbaijan? No one can talk about our beloved Azerbaijan.”(144)

The media attacks on the Turkish president by Iranian government officials, lawmakers, and representatives of the supreme leader continued, after which the Turkish ambassador was summoned to the Iranian Ministry of Foreign Affairs in a diplomatic escalation, provoked by Iran’s internal condemnation. The Iranians perceived the recitation of the poem as an attack on Iran’s national unity.(145)

The Turkish Foreign Ministry in turn summoned Iran’s ambassador, Mohammad Farazmand, in response to Iran’s position on the verses recited by Erdoğan.(146) The escalation was exacerbated after the Turkish authorities
represented by the country’s intelligence services arrested a network of 11 people linked to the Iranian intelligence services. The network was spearheaded by a drug trafficker, who was planning to kidnap or kill an Iranian dissident. (147)

Things settled back down after the escalation was contained by President Rouhani, who described the poem as “multifaceted.” Rouhani justified the position of his Turkish counterpart by saying, “Erdoğan did not intend to offend Iran’s sovereignty or territorial integrity, and Ankara’s explanations were sufficient and the matter is over,” describing Turkish–Iranian relations as “very important.” (148)

In general, the conflict coming to an end will lead to regional stability which Iran wants. However, Iranian fears regarding its neighbor, Azerbaijan, are still present. These fears increased further due to the agreement’s terms which allow for the presence of Turkish forces in Azerbaijan upon the request of the Azerbaijani government, in addition to Russian forces to ensure the proper implementation of the brokered ceasefire. Azerbaijani–Israeli rapprochement has also increased. To keep the Iranian–Turkish relationship detached from future developments in this conflict, it is vital for the officials of both countries to make continuous efforts to avoid misunderstandings in relation to their clashing interests in the conflict zone and focus on common objectives and areas of cooperation in other files.

II. Intersection of Interests

In this part, we review the intersection of interests between Iran and Turkey in 2020, following the regional and international changes, analyzing their military cooperation against Kurdish ambitions; and the formation of consensus in foreign policy issues as well as their economic relations.

1. Political and Military Consensus

Areas of consensus between Iran and Turkey are discussed in relation to the following:

   A. Military Cooperation Against Kurdish Ambitions

Undoubtedly, Iranian and Turkish interests converged in their hostile opposition towards Kurdish groups that exist in the mountain ranges of Iraqi Kurdistan. The two parties particularly attach great importance to deepening their cooperation in the areas of border security and mutual geopolitical interests. On June 27, Turkey’s ground–air campaign, named “Operation Eagle Claw,” against the Kurdish Workers’ Party (PKK) and its deployment of special forces in northern Iraq, (149) coincided with military attacks by the IRGC on the strongholds of the Kurdistan Free Life Party (PJAK) — an anti–Iran force involved in Kurdish resistance and linked to the PKK. (150) (151)

As we discussed in The 2019 Annual Strategic Report, the Iranian and Turkish parties signed a memorandum of understanding to strengthen security cooperation on the border strip. This coordination was followed by joint operations in March 2019 carried out against Kurdish resistance forces in the Qandil Mountains in Iraq.
Many analysts believe that the Iranian-Turkish cooperation will not last, given the conflict between the two parties in Syria, especially after the clashes which broke out in Idlib at the beginning of 2020. However, the events in June unearthed a different outcome.

Despite their disagreements in the region, Iran and Turkey are strongly in agreement about their conflict against the Kurds. We cannot overlook the importance of the cooperation between the two countries in neutralizing the risks arising from Kurdish resistance movements since it is a key lever for military and security cooperation. This issue is employed by both parties to strengthen political commonalities to avert clashes arising from other issues.

**B. Foreign Policy Consensus**

Both countries cooperate at several external levels, hoping to reach a balance of power to address international changes, forces, or pressure, whether at the political or economic levels. The Turkish side opposes the economic sanctions imposed on Iran by the global powers. During official meetings with the Iranian government, Turkish officials always used the opportunity to denounce the US sanctions imposed on Iran and called them “unilateral,” highlighting their support to Iran — despite the fact that Turkey appeared to be more committed to the sanctions US President Trump imposed on Iran compared to the UN sanctions prior to the 2015 agreement.

It should be noted that Turkey, after the killing of the Quds Force Commander Qassem Soleimani, announced it was willing to cool tensions between Iran and the United States by exerting political and diplomatic efforts in coordination with countries such as Russia, France and Iraq. Although the Turkish president expressed his condolences and denounced the “acts that undermine regional security and stability,” his government dealt with this event very cautiously and chose in its statements broad diplomatic terms to distance itself from aligning with one side or the other.

On the other hand, Iran announced its support for Turkey’s intervention in Libya. Iran’s Foreign Minister Javad Zarif, stressed that his country’s support for Turkey is based on their identical visions in relation to Libya’s internal crisis. Zarif made his remarks when meeting with his Turkish counterparts, following the military attacks from both sides against Kurdish groups in northern Iraq. This indicates both countries’ overwhelming desire to achieve consensus in various regional files and neutralize disagreements.

**2. Economic Relations**

At the level of the economic relations between the two parties, the variables of economic cooperation can be reviewed as follows in relation to three factors:

**A. Border Closures**

Iran and Turkey have suffered economically because of the COVID-19 pandemic.
Iran particularly is the one of countries that has suffered the most with the onset of the health crisis, although there is a wide debate over the extent of infection and death rates inside Iran because of disparities between official statements and leaked news. As a result, many countries were quick to close land, sea, and air lines with Iran. Turkey was not in a better situation than its neighbor because of the virus spreading. However, it was quick to close land borders and railway routes with Iran as well as to stop flights between the countries at the end of February due to growing concerns after the rapid spread of the virus in Iran and the increasing need to adopt preventive policies.\(^{(156)}\)

The reopening of borders had been the subject of discussion and diplomatic negotiation between the two parties to ensure economic recovery following the economic deterioration caused by the pandemic. However, on June 11, Turkey, decided to end the preventive measures taken to curb the spread of the virus.\(^{(157)}\) It confirmed the opening of all land borders, except with Iran. Turkey restarted international airline operations on June 11, however, it suspended flights with Iran on July 9 once again.\(^{(158)}\)

Through monitoring the border closures between the two countries, despite Turkey removing aviation restrictions, the negative impact of the coronavirus pandemic on their economic relations becomes clearly evident. This negative impact was in spite of continuous attempts to avoid a decline in bilateral trade.
B. Energy Policy Variables

At the end of March, the natural gas pipeline between Iran and Turkey was bombed, therefore halting supplies. The explosion took place in Agri province in Turkey bordering Iran and Azerbaijan.\(^{159}\) It was not the first time that Turkey had witnessed a subversive act targeting its energy supplies. After such attacks, it would repair the damage quickly within one week. After this recent bombing, it postponed repairs for three months. The Turkish Energy Market Regulatory Authority indicated that in the second half of 2020, Turkey did not receive any cubic meters of Iranian natural gas. The authority’s data also revealed that the quantities of natural gas imported from Iran were estimated at less than 2 billion cubic meters in the first half of the year. However, the gas contract signed between the two countries provides for the supply of 10 billion cubic meters of gas each year.\(^{160}\)

Turkey is one of the most important consumer markets for Iranian energy products. Therefore, the 25-year agreement between the two countries, which is set to expire in 2026, receives a great deal of interest from Iran. In fact, Iran may be tempted to make several concessions to maintain its stake in the Turkish market and persuade the Turkish government to renew the contract by reducing prices or accepting a short-term contract.

During the current year and the last two years, changes in Turkey’s energy policy became apparent. This year unveiled Turkey’s intention to use its geographical position to serve as a link between the East and the West to facilitate natural gas supplies via establishing new pipelines such as the gas pipeline TurkStream. This important development revealed the full operation of the gas pipeline (TANAP) through Anatolia which supplies gas from Azerbaijan to Europe.\(^{161}\)

The variables of geopolitical energy will undermine Iran’s opportunities in the Turkish market soon. Particularly, Turkey’s dependence on Azerbaijani natural gas has grown significantly. Over the long term, Turkish President Erdoğan’s recent announcement regarding the discovery of a gas field that contains at least 320 billion cubic meters in the Black Sea means that Turkey’s energy production will reach the level of self-sufficiency.\(^{162}\) This means that the likelihood of renewing the gas contract with Iran has diminished.

C. Terms of Trade

The sixth high level meeting of the Cooperation Council between Turkey and Iran was held virtually on September 8. The two parties, under the auspices of Presidents Rouhani and Erdoğan, finally declared their determination to raise the level of trade to approximately $30 billion and to find effective ways to achieve this goal.\(^{163}\)

The volume of commercial exchange between the two countries is far from what the two sides want. This is due to Turkey’s compliance with the US sanctions imposed on Iran since 2018 to reduce tensions with the United States. However,
Turkey had helped Iran evade sanctions from 2012–2013 by providing Tehran billions of dollars’ worth of gold in exchange for Iranian natural gas and oil and in 2018 a jury in New York convicted the Turkish state-run bank Halkbank for committing fraud because of its violation of US sanction on Iran.\(^{164}\) In addition to Turkish compliance with US sanctions, there are others factors that have impacted trade levels, particularly Turkish energy policy variables, not to mention the fallout from the COVID-19 pandemic.

According to the latest data issued by the Turkish Statistical Institute, the volume of trade exchange between the two parties in the first three quarters of 2020 was estimated at $2.28 billion, registering a decrease of 59.76 percent compared to the same period last year. The following table highlights Iranian and Turkish exports and the annual rate of decline.\(^{165}\)

<table>
<thead>
<tr>
<th>In the first three quarters of 2020</th>
<th>Trade volume (USD)</th>
<th>Decline rate/compared to the same period last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>The volume of trade between the two countries</td>
<td>$2.28 billion</td>
<td>59.76%</td>
</tr>
<tr>
<td>Iranian exports to Turkey</td>
<td>$782.3 million</td>
<td>78.3%</td>
</tr>
<tr>
<td>Turkish exports to Iran</td>
<td>$1.5 billion</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

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**III. III The Future of the Iran-Turkey Relationship**

Following Rasanah’s reading of the events of the past year and its prediction regarding the future of the relationship between the two parties in *The 2019 Annual Strategic Report*, the relationship had gone through, as the report predicted, continuous coordination and cooperation without being impacted by the conflict in the Syrian file. This year witnessed several variables that were not limited only to the Syrian conflict but extended to the Azerbaijani–Armenian conflict. It included other economic and commercial variables that were mainly the result of the health pandemic.

Based on the aforementioned analysis, we conclude that the direction of the relationship between the two parties in 2021 depends on four variables. These variables determine whether the relationship will improve, experience further complications, or remain constant. The disagreements over the Syrian crisis, the
Nagorno-Karabakh conflict, energy policies, and how best to interact with the new US government led by President-elect Joe Biden will determine the course of Turkey–Iran relations.

Based on sources and analyses used in our review of Iran–Turkey relations in 2020 and in particular the previously mentioned four variables, we expect three scenarios in relation to their bilateral relationship:

1. More Complex Relationship

Although the two countries have been keen to address the ramifications of their conflict and strengthen cooperation, it is still likely that their relationship will deteriorate to a more complex level. The battles re-ignited once again in southern Syria, with Turkish-backed opposition forces fighting against Assad’s forces and Iranian-backed militias. Assad is striving to regain authority over Syrian territories and is attempting to drive a wedge between Russia and Turkey to enable him to violate the agreement concluded between the two sides and then eventually seize the last areas the opposition forces control in Idlib. Similar developments will increase the risk of a direct military confrontation between Turkey and Iran.

The outcomes of the Azerbaijani–Armenian conflict show that Iran’s concerns were not completely dispelled, but they may have been increased further given the Turkish military presence in Azerbaijan along the border areas near the territories controlled by Armenian separatist groups in Nagorno–Karabakh. The region has become like a ticking timebomb, and the conflict may erupt again in which the equations would once again change. The Armenians at home suffer deep agony over what they consider a great loss of their historical right following the truce concluded in November. The Armenian government is facing fierce criticism for failing its people. It may eventually have to resign and hand over power to those who are determined to take revenge and restore their land, even if they have to engage the country in a permanent war.

The resurgence of the conflict, just like the Turkish presence in Azerbaijan, and the Israeli and American support which Azerbaijan receives, threatens the Iranian strategic perspectives. It also thwarts its goal of taking the battle against regional and international powers far away from its borders. Thus, the reigniting of the conflict in Nagorno–Karabakh, if coupled with an increase/equivalence in Armenian power in comparison to Azerbaijani–Turkish power, would prompt Iran to adopt a stronger position that could serve its interests rather than the neutral position it has taken. Therefore, this would result in Iran opposing or confronting the Turkish presence.

On the other hand, the exacerbation of differences on several levels, as in the previous cases, will take the troubled relationship to a level not experienced for a long time and will test its durability. For example, tensions may arise over whether Turkey will renew the gas contract with Iran which is set to expire in 2026. Undoubtedly, it is too early to talk about whether the contract will be renewed or not. However, the military confrontations in Syria or Nagorno–Karabakh are likely
to increase differences over energy policies and may lead Turkey to violate the terms of the gas contract. In fact, Turkey has become more dependent on Azerbaijani gas over the years.

Finally, the US foreign policy variable is considered by many analysts as a positive factor for Iran. However, it is certainly not that good for Turkey. The complexity of the relationship between Turkey and Iran can get even more complicated — indirectly — if US President-elect Joe Biden commits to the pledges he made during his election campaign such as: stifling Turkish President Erdoğan and stopping US support to Turkish foreign policies. American pressure on Turkey and its opposition, especially in Syria, means the entry of new players into the Russian–Turkish relationship and perhaps the violation of the concluded ceasefire agreements. The United States threatens to recommit to its alliance with the Kurdish side. If fighting in Idlib and Nagorno-Karabakh erupts again, it will benefit the Assad regime and its ally Iran much more than Turkey.

2. Expanding Cooperation

The two countries wish to improve their relationship and expand reconciliation. They will not find anything that will impede their efforts if security and stability are maintained in the conflict areas: Syria and Nagorno-Karabakh. Direct military confrontations limit the opportunities for cooperation. In contrast, the continuation of the ceasefire agreements in the two regions will enable them to direct their military focus to eliminate the Kurdish groups that oppose them and to preserve their border security. The Syrian crisis might be even more complicated than the Azerbaijani–Armenian conflict zone. The outbreak of fighting between the conflicting parties in northern Syria may occur at any time, as it has not completely subsided but is limited and intermittent.

What could improve the relationship is the continuous flow of Iranian natural gas. Turkey’s withdrawal from the gas agreement with Iran will jeopardize Turkey’s international image. Turkey’s compliance with the terms of the agreement will not be questionable unless the two countries entered a direct war, which is unlikely to happen. It can even be avoided even if conditions worsened in the conflict areas in Syria and Nagorno-Karabakh.

As the American variable has emerged in the aftermath of the change in the US administration, leading to a possible opening of negotiating channels with Iran once again and the potential lifting of sanctions, this may have a positive impact on the trade relationship between Iran and Turkey, especially the export of Iranian oil. However, this depends on Iran’s behavior and commitment to re-complying with its nuclear commitments, and the level of its acceptability to the additional provisions to be added to the nuclear deal under the Biden administration. In particular, hardline voices in Iran are calling on the government not to be deceived once again by US promises as they always change and have warned against drifting once again into the trench of negotiation and its false hopes and promises. However, the IRGC-affiliated
hardliners, who are just around the corner to enter the Iranian presidency next year, will not accept imposing restrictions on the activities of the Quds Force in the region, neither will they abandon their ambitions to strengthen Iran’s ballistic missile arsenal.

Expanding Iran–Turkey cooperation is not merely limited to ensuring relative-permanent stability in their relationship — but also extends to boosting their bilateral political, legislative, and security relations. In more details, their collaboration will also involve the transfer of advanced technologies and joint drills, and economic cooperation including private sector investment, the exchange of goods of all kinds, and stimulating technological and renewable markets.

3. Maintaining the Relationship at the Boundaries of Reconciliation: Between Clash and Cooperation

Based on their interactions and tensions over the past decade, this scenario is seen as the most suitable in light of the recent outcomes. The two countries have been compelled into an unwilling relationship; thus, they have to carefully harmonize between their conflicts and cooperation. Syria is one of the most important variables even if there is a renewal in clashes between the two parties due to the Assad regime’s determination to regain control over Syrian territories, which is likely to happen during the next year. However, the Iranian and Turkish parties demonstrated more than once their ability to look beyond their clashes in Syria.
and tended towards the policy of dissociation because they needed one another in other regional issues.

On the other hand, whereas war could break out at any moment in the region because of the conflict in Nagorno-Karabakh, the Russian pressure on Armenia, and the latter’s lack of military capabilities to confront Azerbaijan, which is armed with Turkish and Israeli weapons, will curb the revolutionary parties inside Armenia and force them to accept the terms of the truce. However, over time, the Armenian parties will realize that the truce was concluded in a timely manner before they lost more territories other than the Muslim regions of Azerbaijan. Therefore, it is expected that the relative calm and stability will continue in relation to what they agreed upon only. Particularly, Azerbaijan is still basking in the glory of its victory and military superiority over its traditional opponent since it experienced a series of losses in the nineties. This calm, in turn, will be reflected in the Turkish–Iranian relationship. If a conflict arises, it is estimated that an understanding between the two parties will be possible, especially since the Turkish military presence within Azerbaijan will not be a direct threat to the Iranian border in the short term.

By reading the energy variable, although the signs show that Turkey may dispense with Iranian natural gas in the future, owing to the discovery of natural gas fields in Turkish territorial waters in the Black Sea and its increasing dependency on energy resources from Azerbaijan, next year will not result in influential developments in light of the continuation of the gas contract concluded between the two parties until 2026. The newly discovered Turkish fields also need a long period of time to reach the operational phase for commercial use which
may extend to nearly a decade, according to experts. These experts contradicted President Erdoğan’s statement in which he said that he hopes to start operations for gas extraction in 2023.

With regard to the US administration variable, it is essential to take into account the obstacles that the Biden administration will face in renegotiating with Iran, such as the hardliners’ control of Iran and their opposition to dialogue with the West, and that the US foreign policy approach will not rush to lift sanctions but rather will exploit them to force Tehran to accept new additions to the nuclear deal such as taking into consideration the concerns of regional countries and Iran’s missile program which threatens stability. Therefore, even active diplomacy, if it returns with Iran as it was during the Obama administration, will remain very slow and it may take a longer period for results to show than next year. Biden particularly faces difficult internal files that are of high priority for the American people, such as social justice, and revitalizing the economy, as well as international files such as the Paris Agreement, NATO, and international efforts to combat COVID-19.

Therefore, the possible diplomatic complexity between Iran and the United States is coupled with the Biden administration’s intention to stifle Turkish President Erdoğan and his government, which could result in Iran and Turkey standing together, and give their efforts to minimize their areas of conflict further impetus as well as further motivation to develop mutually beneficial policies. The American position on the Kurds is an important factor in determining the level of reconciliation between Turkey and Iran despite their differences in Syria. The pressure the United States may resort to in order to change the internal policies of the two countries particularly in relation to improving human rights and the scope of freedom could push the two countries together, as this reality can only be confronted by forming a union and building harmonious bridges.

**Conclusion**

Based on the data of the bilateral relationship between Turkey and Iran during the year 2020, we conclude that the two parties were driven by the same motives of last year to preserve the bonds of cooperation and neutralize differences over outstanding issues. However, the events on the ground uncovered deeper divergences of interest than the previous year, leading to military confrontations in Syria that almost cast a shadow of doubt over their relationship. The Azerbaijani–Armenian conflict erupted, ending with the presence of Turkish forces within Azerbaijan near the border with Iran.

Given their political and military understandings, it was noticeable that the two countries focused on strengthening their relationship through military partnerships to counter the Kurdish groups that threaten them and live in the mountains in Iraqi Kurdistan in northern Iraq. Foreign policy consensus has developed as the two parties have found multiple grounds for cooperation and harmony. For example, Turkey opposes US sanctions on Iran, and the Iranian
side affirms its support for the Turkish campaign in Libya, in addition to their cooperation to combat the COVID-19 pandemic.

At the economic level, the COVID-19 pandemic impeded the efforts undertaken by the two countries to keep their transport and air lines open. The conditions imposed by the pandemic were coupled with the explosion of the Iranian gas pipeline to Turkey. Erdoğan’s government has been slow in repairing it. Therefore, the flow of gas in accordance with the quantities stipulated in the gas contract concluded between the two parties has been disrupted for months. Furthermore, Turkey has discovered a natural gas field in the Black Sea and cheaper import options that may contribute to reducing its dependence on Iranian gas in the long term.

In conclusion, it is likely that the Iran-Turkey relationship in 2021 will remain on the edge of the clash-cooperation paradigm, given current realities. Their mutual dependence is still taken into consideration in several regional and international issues. They are also still able to overcome their differences on specific issues to avoid direct military engagement in conflict areas.
Iran, India and Pakistan

Iran has been keen to maintain balance in its relations with the two neighboring rivals: Pakistan and India, given the fact that every country has its own interest and political and economic projects. This critical balance Iran aims to protect is part of a larger power balance, which controls international relations in South Asia. New international coalitions — multilayered and quite complex — have emerged in South Asia. China, which enjoys very distinguished relations with Iran, has been working to attract Pakistan into its polarized politics. It established a land corridor to boost its trade with Pakistan and make Pakistan its strong ally, outperforming its rival, India. Iran still maintains good relations with the three countries (China, India, and Pakistan), yet India attempts to strengthen its cooperation with Iran to compensate for the imbalance of power resulting from China’s support to Pakistan. In West Asia, the Gulf states have sought to achieve a different balance of power than that of Iran. They have been working to attract Pakistan and show India and China that the Gulf states enjoy more promising investments than Iran.

Rasanah’s 2019 Annual Strategic Report forecasted that Iran’s economic relations would increase with both Pakistan and India to compensate for its loss in oil revenues, resulting from the US oil embargo, which was part of the US maximum pressure campaign. The global lockdown due to the COVID-19 outbreak hindered the trade flow between Iran and Pakistan in the first half of 2020. It was reported that the initial COVID-19 cases in Pakistan were primarily because of infected Pakistani Shia pilgrims returning from Iran. After they opened the borders, Iran continued strengthening its economic cooperation with its neighbor, Pakistan.

India, one of Iran’s main oil customers, had cut down its imports of Iranian oil
over the last year because of US pressure. The unilateral US sanctions imposed on Iran negatively impacted bilateral relations between Tehran and New Delhi. To some extent, Iran’s interactions with India and Pakistan depended on US policies towards Tehran. Bilateral trade suffered because of US pressure and sanctions on Iran by the Trump administration. Even though Joe Biden during his presidential campaign called for restarting negotiations with Tehran over a new nuclear deal, New Delhi and Islamabad remained hesitant about widening bilateral interactions with Iran in 2020.

This part of our 2020 Annual Strategic Report largely focuses on Iran’s interactions with India and Pakistan last year by analyzing the developments in the political and economic spheres. The impact of COVID-19 and Iran’s responses to evolving South Asian regional dynamics will also be analyzed. The analysis is based on reviewing the following topics: Iran–Pakistan political relations, the Iran–Pakistan border skirmishes, the ramifications of the COVID–19 outbreak on Iran–Pakistan relations, Iran–Pakistan economic interactions, Iran–India political relations, Iran–India economic relations, the future of Iran’s relations with Pakistan and India.

I. Iran–Pakistan Political Relations

Iran–Pakistan bilateral relations progressed in 2020 in accordance with regional changes towards further rapprochement. The US–Taliban deal was a key factor behind Pakistan’s approach towards Iran last year. Pakistan’s interactions with Iran historically have been inconsistent and involved significant challenges such as: the US–Pakistan rapprochement amid rising Iran–US tensions, border security issues, the economic cooperation between Iran and India amid Pakistan’s accusations that Chabahar Port has become an intelligence base for India. However, in 2020 Pakistan’s strong ties with the Taliban indicated a possibility of convergence in light of Tehran’s interactions with the Taliban in recent years. In addition, Iran and Pakistan interacted against the backdrop of evolving developments in Afghanistan, a country where both countries have direct strategic interests. Despite differences in relation to the future role of the Taliban in Afghanistan, both Pakistan and Iran extended their support to the intra–Afghan dialogue, although Iran dismissed the Doha Agreement, saying the “agreement has no legal standing.”

1. Pakistan’s Influence in Afghanistan

Pakistan’s role in facilitating the US–Taliban talks in Doha and its support for the intra–Afghan dialogue indicate the extent of Islamabad’s influence in Afghanistan. Throughout the year several key–representatives and high–level Afghan government officials made important visits to Pakistan. The Chairman of the High Council for National Reconciliation in Afghanistan, Abdullah Abdullah visited Islamabad and met with Prime Minister Imran Khan and Pakistan’s Army
Chief General Qamar Bajwa in September last year. His visit indicated a shift in his attitude towards Islamabad as he had previously declined several invitations to visit Pakistan. He said the interactions between the Afghan government and the Taliban resulted in him changing his attitude towards Islamabad. Abdullah is also backed by Iran and enjoys the support of the large Persian speaking Tajik population in Afghanistan.

In 2020, Islamabad and Tehran focused their efforts on renewing trust and strengthening bilateral interactions. Pakistan has attempted to balance its ties with Saudi Arabia and Iran. Several high-level bilateral meetings happened between Iran and Pakistan last year. However, the longstanding divergences between Iran and Pakistan have largely not been dealt with, especially after the United States reimposed sanctions on Iran.

2. Bilateral Visits Between Iran and Pakistan in 2020

Iranian and Pakistani officials undertook many bilateral visits last year for strategic, political, and economic objectives. Table 1 below outlines the major visits between Iran and Pakistan in 2020 and their respective aims. In light of the COVID-19 pandemic, some joint meetings and discussions between Iran and Pakistan were held online in 2020.

Table 1: Major Visits Between Iran and Pakistan in 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Officials/Representatives</th>
<th>Aim/Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 3, 2020</td>
<td>Balochistan Chief Secretary Fazeel Asghar and Deputy Governor of Iran’s Sistan-Balochistan province Mohammad Hadi Marshi signed an MoU during the meeting of the Pak-Iran Joint Border Commission</td>
<td>To promote trade and economic activities between Iran and Pakistan</td>
</tr>
<tr>
<td>January 12, 2020</td>
<td>Pakistan Foreign Minister Shah Mahmood Qureshi met his Iranian counterpart Javad Zarif in Tehran</td>
<td>To exchange views on the evolving security environment and political developments in the Middle East</td>
</tr>
<tr>
<td>Date</td>
<td>Officials/Representatives</td>
<td>Aim/Agenda</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>February 4, 2020</td>
<td>Adviser to the Pakistan Prime Minister on Finance and Revenue Abdul Hafeez Shaikh met with Iranian Ambassador to Pakistan Mohammad Ali Hosseini in Islamabad</td>
<td>To expand bilateral trade and discuss issues connected to regional developments and advance multilateral economic cooperation</td>
</tr>
<tr>
<td>February 10, 2020</td>
<td>Acting Chairperson, Pakistan’s Federal Board of Revenue, Nausheen Javaid Amjad met Iran’s Director General of Information Technology Department, Haideh Bagheripour</td>
<td>To sign an MoU for electronic data exchange between the customs authorities of the two countries on a real-time basis</td>
</tr>
<tr>
<td>February 25, 2020</td>
<td>A delegation led by the head of Tehran Chamber of Commerce, Industries, Mines and Agriculture (TCCIMA), Masoud Khansari met the President of the Federation of Pakistan Chambers of Commerce &amp; Industry (FPCCI), Mian Anjum Nisar. The Iranian delegation also met with the Chief Executive of the Trade Development Authority of Pakistan (TDAP) Arif Ahmed Khan in Karachi</td>
<td>To discuss a preferential and free trade agreement and to expand bilateral trade by removing trade barriers</td>
</tr>
<tr>
<td>May 10, 2020</td>
<td>Iranian President Hassan Rouhani spoke with Pakistan Prime Minister Imran Khan via telephone</td>
<td>To discuss the opening of border markets</td>
</tr>
</tbody>
</table>

*Table continued on next page*
<table>
<thead>
<tr>
<th>Date</th>
<th>Officials/Representatives</th>
<th>Aim/Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 24, 2020</td>
<td>Iranian President Hassan Rouhani met Pakistan’s ambassador to Iran, Rahim Hayat Qureshi</td>
<td>To discuss the reopening of borders and bilateral agreements</td>
</tr>
<tr>
<td>October 21, 2020</td>
<td>An Iranian delegation led by the Deputy Governor of Sistan-Balochistan for Economic Affairs Coordination Mandana Zanganeh met with the Pakistani delegation led by Balochistan Customs Collector Abdul Waheed Marwat during the 8th Pak-Iran Joint Border Trade Committee in Quetta</td>
<td>To discuss mechanisms to advance bilateral trade and economic cooperation between the two countries</td>
</tr>
<tr>
<td>November 10, 2020</td>
<td>An Iranian delegation led by Foreign Minister Javad Zarif met Pakistan Prime Minister Imran Khan, Foreign Minister Shah Mahmood Qureshi, and Pakistan Army Chief General Qamar Bajwa during his two-day visit to Pakistan.</td>
<td>To increase bilateral cooperation to advance trade and economic relations</td>
</tr>
</tbody>
</table>

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II. Iran–Pakistan Border Skirmishes

The instability along the bordering Balochistan region has been a lingering issue between Iran and Pakistan. In 2020, many attacks injuring and killing Pakistani paramilitary troops were reported.

Rising Insurgency and Border Tensions

In 2020, the Iran–Pakistan border regions remained volatile with attacks on both Iranian border guards and Pakistani soldiers. On February 17, 2020, a suicide bombing attack claimed the lives of eight and injured 16 at an Islamist rally in Quetta, Pakistan. The rally was organized by the Ahle Sunnat Wal Jamaat party which is a political branch of the banned extremist organization Lashkar-e...
Jhangvi which is alleged to have carried out numerous attacks targeting the Shia community in Pakistan. On February 18, five soldiers from Pakistan’s Frontier Corps were killed in an attack by militants operating along the border regions.\(^{(170)}\) News reports indicated that the attack targeted security posts in the city of Turbat in the Kech district of Balochistan province a day after the suicide bombing in Quetta. These regions have a history of Baloch separatists attacking Pakistani security forces and checkpoints. On November 17 last year, Pakistani police allegedly killed Iran’s most wanted terrorist Mulla Omar in Turbat, Balochistan.\(^{(171)}\) Several news reports indicated that Pakistan Army officials had held closed meetings with Iranian counterparts preceding the killing of Mulla Omar.

On May 8, 2020, six Pakistani paramilitary troops were killed in an IED attack in the Makran region in Balochistan.\(^{(172)}\) Some reports indicated that the paramilitary troops were returning to their base after carrying out their patrolling duties. On May 19, eight Pakistani troops were killed by militants using a remote-controlled IED in the Machh area of Balochistan.\(^{(173)}\) In addition, several kidnappings and missing persons cases were reported last year. Insurgency in Balochistan has increased over the years and 2020 witnessed an increase in the frequency of attacks. A few important projects linked to the ambitious China–Pakistan Economic Corridor faced rising security risks because of the increased level of attacks launched by various insurgency and terrorist organizations. Most attacks primarily targeted Pakistani security forces. On September 29, 2020, three IRGC members were killed in the Sistan–Balochistan province in Iran.\(^{(174)}\) On December 26, 2020, seven Pakistani soldiers were killed in the Harnai district in Balochistan in an attack launched by unknown terrorists. Similar attacks continued in 2020 and many of them were linked to Jaish al-Adl which Iran says operates from Pakistani soil.\(^{(175)}\)

Tehran continued its broad militarization to counter insurgency in Sistan–Balochistan province. Iran has largely failed in holding successful negotiations with its Baloch ethnic minority and building confidence with Baloch leaders. This failure is a key reason behind rising Baloch insurgency over the years. Cross-border terrorism has been a major hurdle in Iran–Pakistan relations which has impeded diplomatic efforts to minimize tensions and mistrust between both neighbours. Over the years Iran and Pakistan have accused each other of lukewarm responses in dealing with terrorist groups hiding across the border regions.

### III. Implications of the COVID–19 Outbreak

#### 1. Initial Surge

The long porous borders made it difficult to restrict the movement of people between the two countries. Pakistan’s Foreign Minister Shah Mahmood
Qureshi pointed out that Iran was experiencing severe economic limitations because of the US sanctions. Speaking at a parliamentary session, Qureshi said, “I spoke with the Iranian foreign minister and requested time to make arrangements (for the pilgrims) but they couldn’t do it due to economic sanctions.” The surge of coronavirus cases in Iran posed a direct threat to Pakistan. Despite the exemption of US sanctions on medical equipment and medicines, the direct and indirect impact of the sanctions have led to serious healthcare challenges for Iran. Researchers have pointed out that Iran’s healthcare system faces severe limitations such as medicine shortages, inadequate equipment, a lack of health specialists, and nurses amid the pandemic. Such health conditions have worsened in Iran and led to a surge in COVID-19 cases. The COVID-19 cases in Pakistan doubled in April after hundreds of Pakistani pilgrims returning from Iran tested positive. Pakistan blamed Iran for sending the Pakistani pilgrims without carrying out COVID-19 tests. As per Dr. Zafar Mirza, Imran Khan’s special assistant on health, nearly 80 percent of Pakistan’s confirmed COVID-19 cases initially originated from Iran.

2. Cross Border Transmissions

Nearly 7,500 Pakistani pilgrims were in Iran during the initial outbreak of COVID-19 and a large majority of them were in Qom or Mashhad. These pilgrims were asked to return immediately to Pakistan once the virus broke out in Iran. The Pakistan government’s temporary closure of the border crossing point in Balochistan put pressure on the pilgrims to return immediately. As per a report issued by the Islamabad Policy Institute, Iran did not have adequate medical equipment and health personnel to effectively screen and quarantine at the border in Sistan-Balochistan. This led to cross-border transmissions. The report also did not absolve the Pakistani government of blame as it highlighted that there was a lack of preparation and equipment to test the returning pilgrims at the border crossing point.

3. Poor Health Protocols at the Iranian border

Several reports highlighted that the COVID-19 cases in Pakistan doubled after many Pakistani Shia pilgrims returned from Iran. Iran initially remained hesitant to halt pilgrimage to its religious shrines and close its border with Pakistan. This is because religious tourism is a key source of revenue for Iran as it faces harsh US sanctions. In February last year, Pakistan closed its border with Iran seeking to delay Pakistani pilgrims returning from Qom and Mashhad. Many pilgrims were held at Pakistan’s Taftan border crossing point with Iran to control the spread of the virus to Pakistani cities and towns. However, due to Pakistan’s healthcare limitations and negligence, the number of COVID-19 infection cases spiked in the country as can be seen in Chart 1.
As per a survey carried out by the International Federation of Red Cross and Red Crescent Societies, most people in Pakistan blamed inadequate health protocols at the Iranian border for the surge in COVID-19 cases in the country.\(^{183}\)

**IV. Iran–Pakistan Bilateral Economic Interactions**

In 2020, many attempts were made to increase the volume of bilateral trade between Iran and Pakistan. Iran looked to widen its trade levels with its neighbours to aid its ailing economy. However, following the outbreak of the COVID–19 health pandemic and the resulting challenges, Iran’s economic interactions with Pakistan remained rather limited.

1. **Renewed Attempts to Increase Bilateral Trade**

In 2020, Iran pushed to remove the impediments hindering bilateral trade and increase its level of economic interactions with Pakistan. Iran’s economy faced unprecedented challenges because of US sanctions and the outbreak of the COVID–19 health pandemic. Despite both countries signing the Preferential Trade Agreement a few years ago, little progress was made in bilateral trade. As Pakistan closed its border, a number of businesses operating across the border region between the two countries came to a halt. However, in May 2020, after the border reopened, businesses slowly started to operate once again.

Some reports indicated a 26 percent rise in Iranian exports to Pakistan during the second quarter of 2020 compared to the previous year.\(^{184}\) As per the information put out by the head of the Industry, Mining, and Trade Department of Sistan–Balochistan Province, the value of quarterly exports exceeded $130 million. In 2020, several joint committee meetings and business webinars were organized to boost bilateral trade between the two countries. Both countries primarily stressed the need to form joint ventures to establish industrial zones in the border region and more common border markets to advance bilateral trade in the future.
2. The Impact of US Sanctions on Iran–Pakistan Trade Relations

Iran’s economic ties with Pakistan historically have been less prosperous in comparison to its economic ties with India. US sanctions on Iran is one of the most important reasons for inconsistent Pak–Iran trade relations. The much-awaited Iran–Pakistan pipeline also did not witness any progress last year amid regional conflicts and tense US–Iran relations. In 2019, Pakistan had backed out from the joint gas pipeline deal in compliance with US sanctions — though it had completed its part of the pipeline project. According to the deal, Pakistan was supposed to receive 21.5 million cubic meters of gas from Iran per day.\(^{(185)}\) Iran–Pakistan bilateral interactions remained low in 2020. As per reports, bilateral trade stood at nearly $359 million last year.\(^{(186)}\) The Pakistan government’s lockdown strategy to contain COVID–19 infection cases strained cross-border trade exchange between the two countries. Moreover, mounting US sanctions on Iran further limited the prospects for economic interactions between both countries. Iranian Ambassador to Pakistan, Seyyed Mohammed Ali Hosseini said that Tehran wanted to widen its economic interactions via bilateral and multilateral forums and projects, however the “US sanctions remained the main factor preventing the progress on the economic front.”\(^{(187)}\)

V. India–Iran Political Relations

1. Responses to Internal and Regional Political Developments

In 2020, Ayatollah Ali Khamenei opened a Twitter account in Hindi to communicate directly to India’s large Shia community. With historic cultural and religious ties between Iran and India, such a move was viewed as Iran’s attempt to develop its soft power and public diplomatic capabilities to target Indian Shias.

Iran repeatedly criticized New Delhi after it revoked Article 370 of the Indian Constitution that provided a special provincial status to Jammu and Kashmir. In addition, Tehran criticized the controversial Citizenship Amendment Act. The strain in Iran–India relations can be understood by analyzing how both countries responded to some critical developments last year.

A. The Killing of Qassem Soleimani

In 2020, Tehran and New Delhi responded to some important domestic and regional political developments. Some of the responses reflected the tensions in diplomatic relations between Iran and India and highlighted their geopolitical considerations in the region. The killing of Qassem Soleimani by the United States triggered huge protests and marches in India, particularly in Shia dominated areas like Kargil and Lucknow. The protests in Kargil organized by Jamiat-e-Ulema expressed Shia anger over the US killing of Soleimani. Anti–US protests also flared up in several locations in the Kashmir valley. Hundreds of protesters took to the streets in the Budgam district and in the Hassanabad area in Srinagar.\(^{(188)}\) In Uttar
Pradesh’s capital city of Lucknow, a huge gathering of Shia Muslims convened at Chhota Imambara to protest against the US assassination. The crowd was led by Maulana Kalbe Jawad who declared Soleimani a martyr. The official response from the Indian Ministry of External Affairs remained carefully worded and called for restraint and de-escalation.

India’s relationship with the United States remains vital and the Trump administration did not categorically criticize India’s controversial Citizenship Amendment Act or New Delhi’s decision to change the constitutional status of Jammu and Kashmir. The strategic considerations for India especially in the Indo-Pacific region prompted New Delhi to move closer to Washington and Iran’s responses to the internal developments in India were not welcomed by New Delhi.

B. CAA–NRC Protests and Revocation of Article 370

Communal riots breaking out in New Delhi in the last week of February 2020 triggered strong responses from political leaders across the globe. The protests flared up in response to the controversial Citizenship Amendment Act, which was passed by India’s Parliament on December 11, 2019. Iran’s Foreign Minister Javad
Zarif criticized the BJP led government’s decision. Zarif tweeted, “Iran condemns the wave of organized violence against Indian Muslims. For centuries, Iran has been a friend of India. We urge Indian authorities to ensure the wellbeing of ALL Indians & not let senseless thuggery prevail. Path forward lies in peaceful dialogue and rule of law.” The decision to revoke Article 370 of the Indian Constitution also triggered responses from Iran. Iran’s Supreme Leader Ali Khamenei had earlier taken to Twitter to urge Indian Prime Minister Narendra Modi to reverse his government’s decision in relation to Kashmir.

2. Major Visits Between Iran and India

High-level bilateral visits were limited between India and Iran in 2020. Indian and Iranian officials carried out virtual bilateral and trilateral meetings to discuss crucial economic and political issues. Table 2 illustrates the major visits carried out between India and Iran last year.

<table>
<thead>
<tr>
<th>Date</th>
<th>Officials/Representatives</th>
<th>Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 16, 2020</td>
<td>Indian External Affairs Minister Dr. S. Jaishankar met the Foreign Minister of the Islamic Republic of Iran Dr. Mohammad Javad Zarif</td>
<td>The meeting was conducted on the sidelines of the Raisina Dialogue in New Delhi where both leaders affirmed positive outcomes to strengthen bilateral trade and promote connectivity through Chabahar port</td>
</tr>
<tr>
<td>September 5, 2020</td>
<td>Indian Defense Minister Rajnath Singh met with his Iranian counterpart Brigadier General Amir Hatami in Tehran</td>
<td>To advance bilateral cooperation and regional security issues, including Afghanistan</td>
</tr>
<tr>
<td>December 14, 2020</td>
<td>The first trilateral working group meeting between India, Iran, and Uzbekistan conducted virtually</td>
<td>To discuss the joint use of Chabahar Port</td>
</tr>
</tbody>
</table>
VI. India–Iran Economic Relations

India–Iran bilateral trade relations evolved amid several challenges in 2020. Overall bilateral trade plummeted in 2020. However, it started to pick up slowly towards the end of the year with an increase in non-oil Indian imports from Iran. India traditionally has actively interacted with Iran on multiple fronts such as energy and maritime security. However, in the aftermath of the United States reinstating sanctions on Iran, India significantly cut down Iranian oil imports. Furthermore, several attempts to formulate mechanisms to bypass US sanctions did not take off like the plan that was floated in 2019 to export goods in return for goods imported from Iran, bypassing payment systems in hard currency. The plan to revive the 2012 rupee–rial payment system also has not seen any tangible progress apart from the talks to open a branch of the Iranian bank Pasargad in Mumbai, which also has not happened yet. US sanctions halted transactions between India and Iran as New Delhi was unable to facilitate US dollar transactions.

1. Implications of US Sanctions

US sanctions prevented India from deepening trade relations with Iran. Several projects were halted or impeded because transactions in US dollars were a major challenge for both countries. In July last year, India’s Ministry of External Affairs disclosed that the Oil and Natural Gas Corporation Videsh Limited (OVL) was removed from the Farzad-B gas field project primarily because of US sanctions. Iran’s changes to the contract’s terms and conditions as well as New Delhi’s delayed responses also added to the growing tensions between the two countries.

Last year, Iran dropped India from the Chabahar–Zahedan railway project moving ahead to build the railway line on its own. In 2016, India, Afghanistan, and Iran agreed to establish an international transport corridor which included the Chabahar–Zahedan railway line to be built by the Indian Railways Construction Ltd. (IRCON) for $1.6 billion. Reports indicated that one of the most important points of contention was the involvement of Khatam al-Anbiya, an IRGC controlled engineering firm in the Chabahar–Zahedan railway project. The US sanctions on IRGC–linked entities impeded India’s involvement in the railway project. Indian officials later clarified that IRCON was not involved in the project, however, at a later stage, IRCON might participate in the project after Biden’s inauguration.

India, Iran, and Uzbekistan organized the first virtual trilateral meeting on December 14, 2020 focusing on the joint use of the Chabahar port. All partners agreed to open up economic opportunities for the region’s traders and business community, according to a press release issued by the Indian Ministry of External Affairs.

US sanctions remained the primary reason for the negative growth in India–Iran bilateral trade. As per the Indian government’s data, the total trade volume plummeted to -72 percent between 2019–2020 (Chart 2).
Chart 2: India-Iran Trade

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Data Source: Department of Commerce, Government of India, https://commerce.gov.in/

2. Overall Bilateral Trade

India–Iran trade relations remained strained in 2020. According to the data released by the Indian Ministry of Finance, India’s imports from Iran showed a 23-fold drop in the first seven months of last year. In the first seven months of 2019, India imported $3.2 billion worth of goods from Iran, and in the first seven months in 2020, the figure plummeted to $140 million. Indian imports from Iran slowly picked up towards the end of 2020, however, India’s exports to Iran fell drastically in 2020 by 45 percent. Since mid-2019, India had cut down on Iranian oil imports and the trend accelerated last year because of further US sanctions targeting Iran’s oil sector. In 2020, India’s total exports to Iran decreased by nearly 4 percent compared to the previous year. In the last financial year, India’s total exports to Iran amounted to $3.3 billion. India’s total imports from Iran in the same financial year experienced a decline of approximately 89 percent (Chart 3).

In 2020, many countries suspended trade with Iran out of fear of US penalties. While Indian rice exports to Iran were disrupted, Tehran purchased basmati rice from Pakistan. The All-India Rice Exporters’ Association (AIREA) said that India might not export rice for a while until a payment mechanism is in place and debts are cleared.

Basmati exports from India to Iran fell drastically in 2020 because of the disruption in payments caused by US sanctions. To overcome the challenges posed by US sanctions, New Delhi and Tehran have been discussing a barter system. However, both countries were unable to finalize an agreement concerning
this matter last year. The Indian government remained hesitant about the barter system as India stopped importing crude oil from Iran. Despite the delay in payments, the overall volume of basmati exports to Iran was recorded to have increased last year.\(^{(193)}\)

In December 2020, several sources indicated that the Indian government did not have any immediate plans to resume oil imports from Iran as New Delhi foresees a number of impediments hindering the Biden administration from rejoining the Iranian nuclear deal. The time needed for Western companies to insure oil shipments and the ability of global shipping companies to supply vessels for transportation amid US sanctions remain strong concerns for India as per some analysts.\(^{(194)}\) The unresolved payment mechanism between India and Iran also remains a major impediment to resume oil imports from Iran.

![Chart 3: Bilateral Trade Between India and Iran](https://commerce.gov.in/)

©2020 Rasanah IIIS.

**Data Source:** Department of Commerce, Government of India, [https://commerce.gov.in/](https://commerce.gov.in/)

### VII. The Future of Iran Relations with Pakistan and India in 2021

#### 1. US Sanctions to Continue

US sanctions remained the major hurdle preventing Iran from widening its interactions with its neighbours in South Asia. In 2020, Iran had called for the establishment of joint mechanisms to bypass US sanctions to increase bilateral trade with India and Pakistan. With a change in the White House, New Delhi is keen on strengthening its bilateral ties with Iran in the coming years. However,
India’s strategic ambitions hinge on US policies towards Iran and the outcome of the Biden administration’s negotiations with the Iranian government. The Indian Ministry of External Affairs in December categorically mentioned that India does not intend to resume oil imports immediately, indicating the limitations New Delhi faces in its energy relations with Iran. Iran’s responses to the internal political developments in India were not welcomed by New Delhi, calling Tehran’s responses criticizing the BJP-led Indian government “irresponsible.”

2. Emerging New Variables Impacting Iran’s Relations with Pakistan and India

It is likely that the second half of 2021 will witness influential changes on Iran’s relations with Pakistan and India, related to several variables.

- **First**, the regional powers will attempt to adapt to the new US foreign policy of president Joe Biden. The general framework of Biden’s foreign policy first came apparent in the remarks he had made in the election campaign.
  - A. If Washington lifts its sanctions imposed on Iran—even if it is partial lifting—and the gas pipeline is completed, Iran will be able to achieve a very complex balance in its relations with both Pakistan and India, given the fact that the gas pipeline supplies the two countries with their demands from Iranian gas.
  - B. The Washington trade war against China will de-escalate, i.e., Washington will not depend on India as a balancer against China in South Asia.
  - C. The United States possibly will revive its relationship with old allies, including Pakistan—which was badly affected during the Trump term.

- **Second**, Taliban movement would be—at least expectations—a partner in the ruling system in Afghanistan, probably Taliban will exclusively conquer the ruling system in the country. These two significant potential changes in 2021 will affect the Iranian interactions with both countries; Pakistan and India as follows:
  - A. Generally, Iran would opt to naturalize its relations further with Pakistan, forging more bilateral understandings on the future of Afghanistan.
  - B. If Taliban takes power, Afghanistan’s trade projects with India will probably be hindered due to the pressure the potential Afghanistan government would place on Pakistan. In the other side, India will offer more inducements to Iran to continue their cooperation—especially if Iran’s trade with India returns stable as it had been before the imposition of US sanctions. Though Iran has boosted its relations with Taliban, it cannot be compared to Taliban’s economic relations with Pakistan.

- **Third**, India’s neutrality amid rising tensions between Iran and Saudi Arabia and its allies remains a concern. While India interacts with Iran, New Delhi has increased its cooperation with Saudi Arabia and the UAE in recent years. India’s growing relations with Israel also reflect New Delhi’s intent to stay neutral in geopolitical rivalries. India has moved closer to Washington in recent years to balance against China’s growing geopolitical influence in the Indo-Pacific region. Hence, India–Iran relations are overshadowed by Iran’s and India’s respective relations with global powers like China and the United States. The latter and India
share converging apprehensions about Chinese actions in the region.

Pakistan remains a significant player in South Asian geopolitics and Islamabad will inevitably have a major role in Afghanistan’s future political landscape. Iran and Pakistan historically have had diverging views on Afghanistan. However, in recent years Iran has also engaged with the Taliban and understands that the movement is the main pro-Pakistan actor in Afghanistan. Pakistan depends on the Taliban to secure Islamabad’s security and political interests in Afghanistan. Pakistan is also cautious about the Taliban’s actions in Afghanistan as Islamabad does not want the movement to unleash further conflicts and crises in the region. In this context, Iran’s and Pakistan’s interactions with the Taliban depend primarily on the movement’s commitment to peace and stability in the region.

Iran and Pakistan made some progress in bilateral trade. However, the lockdown strategy in Pakistan and the controversies surrounding the mistreatment of Pakistani pilgrims by Iranian border guards have added to the tensions between the two countries. The cross-border transmission of COVID-19 led to the initial surge of infection cases in Pakistan and a number of senior Pakistani government officials strongly criticized the negligence of the Iranian government during the initial phase of the virus spreading across Iranian cities and towns.

Iran is likely to pursue multiple fronts to advance its relations with India and Pakistan in the coming years, particularly via the economic front. However multiple factors like the regional security situation in South Asia, Iran’s aggression in the Arabian Gulf and the Eastern Mediterranean region, and US policies towards Iran are likely to determine the future of Iran’s interactions with India and Pakistan.

Generally speaking, based on the aforementioned potential changes, the significance of Pakistan and India will definitely increase in Iran’s 2021 foreign policy— compared to 2020. Iran will take larger political moves to influence Afghanistan’s policies after the withdrawal of US troops and the Taliban’s having come to power. Thus, Iran will become more in need to strengthen its relation with Pakistan. The potential lifting of oil embargo on Iran —which will be partial and gradual— and the International North–South Transport Corridor (INSTC) will increase Iran’s trade volume with India.
Iran and Afghanistan

Iran–Afghanistan relations in 2020 reflected several changes against the backdrop of major regional and global geopolitical shifts. The Trump administration’s decision to rapidly reduce US military forces and accelerate withdrawal from Afghanistan led to calculated responses from Iran. Tehran maintains strong links in Afghanistan and vies for greater influence in the country. Iran’s economic limitations and Afghanistan’s internal developments posed multiple challenges for Tehran as it seeks to widen its political influence in the country. Iran’s approach towards Afghanistan primarily depended on realistic considerations.

In 2020, Iran kept up the momentum in its bilateral relations with Afghanistan by interacting with Kabul and strengthening ties with major Tajik and Hazara dominated political parties— in addition to Hazara political parties which have been seeking to attain a majority in the Afghan Parliament. The intra-Afghan peace talks and the US–Taliban peace deal remained the crux of the developments in Afghanistan and Tehran’s interactions with Kabul were mostly based on these developments. The involvement of extra-regional powers in Afghanistan, influenced Iran’s approach towards the country. The United States, China, and Russia continued to be key stakeholders in Afghanistan and they directly impacted the strategic calculus of the region.

The COVID-19 health pandemic also posed multiple challenges for Iran and Afghanistan, especially after it was reported that Afghan refugees were mistreated by Iranian border guards. The reports indicated that they were physically beaten and deprived of receiving adequate medical attention. The long-standing border
issues also resurfaced causing strains in Iran–Afghanistan relations in 2020.

This part of our Annual Strategic Report will address Iran–Afghanistan relations by analyzing the developments in the political and strategic spheres. The impact of COVID–19 and border tensions that resurfaced in 2020 will be critically analyzed. The role of extra-regional powers in relation to Iran–Afghanistan relations will also be under the spotlight.

I. Iran–Afghanistan Political Relations

1. Afghanistan’s Internal Political Dynamics

Throughout 2020, Iran’s positions in relation to Afghanistan’s internal developments reflected its ambitions to preserve its interests and influence in the country’s evolving political landscape. Afghanistan’s internal politics continued to be deeply steeped in ethnic polarization and escalating violence continued to impede peace and stability in the country.

Pashtuns are the largest ethnic group in Afghanistan, followed by Tajiks, Uzbeks, and Hazaras. Pashtuns and Tajiks have traditionally competed with one another for greater influence in Afghan politics and were bitter opponents in the civil wars that erupted in the 1990s. Tajik political leaders have for a long time opposed Ashraf Ghani (the current Afghan president) and criticized him for favoring the Pashtuns. In 2020, the split along different ethnic lines in Afghanistan widened and became much more apparent. After the controversial presidential elections in Afghanistan in 2019, Abdullah Abdullah – despite losing the elections – was appointed as the Chairman of the High Council for National Reconciliation. His support base largely includes the Afghan Tajiks. On the other hand, Abdullah’s political rival Ashraf Ghani who won the 2019 elections, primarily represents the Pashtuns from Afghanistan’s southern provinces. The promotion of Abdul Rashid Dostum – who is accused of war crimes and human rights abuses – to the rank of marshal in the Afghan Army further exacerbated ethnic divisions in Afghan politics as Dostum is largely supported by Uzbeks in Afghanistan’s northern provinces.

2. Iran’s Interests in Afghanistan

As a result of several internal and external developments in Afghanistan, Iran remained cautious about interacting with the Afghan government. Iran took advantage of the instability that lingered in the country against the backdrop of peace negotiations. Iran continued to support the minority Hazara Shia community in Afghanistan with investments in Hazara dominated areas. Furthermore, Iran deployed the Afghan Shiite militia known as the Fatemiyoun Division in Syria and some reports indicated that Tehran recruited Afghan children to join the division. In December 2020, Iranian Foreign Minister Javad Zarif’s remarks stirred controversy in Afghanistan. During an interview with an Afghan news outlet, Zarif
acknowledged that nearly 2,000 Afghans fought in Syria alongside pro-Assad forces under the Fatemiyoun Division. In the same interview, Zarif also went on to say that “the Taliban has committed many terrorist acts,” and Iran has not removed the Taliban from its list of terrorist organizations. Afghanistan’s Foreign Ministry reacted to Zarif’s remarks; Graan Hewad, the spokesman for the Afghan Foreign Ministry, clarified that “The Constitution, national interests, and foreign policy of Afghanistan do not permit that Afghan citizens, expect from being under the national flag, to enter regional wars and conflicts in different countries.”

This controversy reflected the tensions between Iran and the Taliban as both compete to safeguard their own interests and influence in Afghanistan, as well as tensions with the Afghan government.

Among Persian speaking Tajiks in Afghanistan, Iran has maintained a strong link and influence. With increased violence in the country, each ethnic group looks for strong external support. Abdullah Abdullah has widened his influence by extending support to prominent Hazara warlords like Mohammed Mohaqeq and Mohammed Karim Khalili. Abdullah has received support from major Afghan political parties such as from the Tajik dominated Jamiat-e Islami, and the Hazara dominated Hezb-e Wahdat, as well as from the Junbish-e Milli movement led by Abdul Rashid Dostum. Tehran’s support to Abdullah will remain critical for him to entrench his influence in the coming years and Afghanistan’s ongoing conflicts and crises will provide Iran with an opportunity to achieve its regional strategic ambitions.

3. Iran’s Balancing Act in Afghanistan

Iran has had a complicated and turbulent relationship with Afghanistan, and Tehran over time has focused on preserving its interests in the conflict-ridden country. To cope with Afghanistan’s uncertainties, Iran pursued hedging strategies in the country. For example, despite a long history of ideological and political contentions, Iran interacted with the Taliban because of their strategic convergence in relation to the United States. Simultaneously, Iran interacted with the US-backed Afghan government to hedge the risks it faces in the country. During an interview last year, Iran’s Foreign Minister Javad Zarif said that “it is impossible to have a future in Afghanistan without any role for the Taliban and the Taliban should not have a dominant role.” Iran’s interaction with the Taliban primarily affirms Tehran’s support for groups capable of disrupting American interests. Several reports highlighted that Iran covertly supported the Taliban with training, financing, and weapons. Throughout 2020, Iran supported the Afghan government, encouraged intra-Afghan negotiations, and interacted with the Taliban. Iran maintained its relationship with President Ashraf Ghani while reciprocating and interacting with Ghani’s political rival Abdullah to entrench its influence in Kabul post-US withdrawal.
4. Major Visits

In 2020, several diplomatic visits took place between Iranian and Afghan officials and both countries made significant progress in relation to some bilateral issues. Table 1 below highlights the significant official visits between the two countries in 2020.

Table 1: Major Visits Between Iran and Afghanistan in 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Officials/Representatives</th>
<th>Aim/Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 19, 2020</td>
<td>Special Envoy of Iran’s Foreign Minister for Afghanistan Mohammad Ibrahim Tahiryan met Afghan President Ashraf Ghani and Chairman of Afghanistan’s High Council for National Reconciliation Abdullah Abdullah separately along with several other high-level officials</td>
<td>To discuss the completion of the Iran–Herat railway project, the return of Afghan migrants, and important regional political developments</td>
</tr>
<tr>
<td>June 21, 2020</td>
<td>Afghanistan’s acting Foreign Minister Mohammad Hanif Atmar met Iran’s Foreign Minister Mohammad Javad Zarif</td>
<td>To discuss the deaths of Afghan migrants who were beaten and pushed into a river by Iranian border guards</td>
</tr>
<tr>
<td>June 29, 2020</td>
<td>Special Envoy of Iran’s Foreign Minister for Afghanistan, Mohammad Ibrahim Tahiryan met the Taliban’s political bureau chief in Doha</td>
<td>To discuss the issue of Afghan refugees in Iran and the new developments in the intra-Afghan talks</td>
</tr>
<tr>
<td>October 18, 2020</td>
<td>Chairman of Afghanistan’s High Council for National Reconciliation, Abdullah Abdullah visited Tehran on a three-day visit and met with Iran’s Foreign Minister Javad Zarif, Parliament Speaker Mohammed Baqer Qalibaf, Minister of Energy, Reza Ardakanian, and Secretary of the Supreme National Security Council, Ali Shamkhani</td>
<td>To discuss the negotiation process between the Afghan government and the Taliban as well as to discuss bilateral relations between Iran and Afghanistan against the backdrop of regional developments</td>
</tr>
<tr>
<td>November 16, 2020</td>
<td>Iran’s Minister of Energy Reza Ardakanian met Afghan President Ashraf Ghani along with other cabinet ministers</td>
<td>To discuss the implementation of electricity and energy projects, as well as other issues significant to Iran–Afghanistan bilateral relations</td>
</tr>
</tbody>
</table>
II. Influence of Regional Powers in Iran-Afghanistan Relations

The United States accelerated its withdrawal from Afghanistan while Russia and China responded carefully to the unprecedented developments in the country to safeguard their strategic and economic interests.

The different motives of the abovementioned countries impacted Iran-Afghanistan relations in 2020 and each country responded in a calculated manner to keep the regional balance of power in their favor. As Afghanistan’s security situation remained volatile, several infrastructure projects by the abovementioned stakeholders in the country came to a halt or progressed rather slowly. In this context, we will attempt to analyze their respective roles (the United States, Russia and China) and how their responses impacted Iran-Afghanistan bilateral relations.

1. The United States

The Trump administration’s key priority in Afghanistan last year was to withdraw
US military forces deployed in the country. Trump’s Afghan policy was tailored towards his traditional support base and his call to “end endless wars” and “bring back overseas military troops” gained a lot of momentum in the United States during the US presidential election campaign. The Trump administration remained keen on facilitating and supporting the intra-Afghan peace talks through the Doha Agreement. As a part of the Doha Agreement, the United States agreed to initially reduce the number of American military personnel and eventually to withdraw them all within 14 months if the Taliban upheld its commitments and promises. However, Taliban attacks increased against the backdrop of the Doha Agreement further indicating the movement’s dubious role in the region. The violence unleashed by the Taliban spread to approximately 24 provinces last year. In addition, US–Iran relations further declined in 2020, and Tehran continued to contest US interests in the region via proxy groups.

The deep ethnic polarization in the country prompting each ethnic group to seek external help also strengthened Tehran’s influence in the country. The US military withdrawal from Afghanistan remains an important aspect that has shaped Tehran’s attitude towards Kabul. Iran’s foreign policy aim is to contest US interests in the region and its efforts have been aided by the US withdrawal from Afghanistan.

2. Russia

Russia meticulously monitored Afghan developments in 2020 and remained cautious about the country’s internal conflicts spilling over into its peripheries. The US military withdrawal further prompted Russia to interact more closely with both the Afghan government and the Taliban to gain more leverage with prominent Afghan stakeholders post-US withdrawal. Last year, several news outlets reported that Russia had offered the Taliban money to attack US troops, however, the White House took no action despite being provided with intelligence on this matter. The New York Times reported that the Taliban received money from Russia. If these reports are true, such a policy indicates Moscow’s ambition to weaken US influence in the region. In 2020, Russia also used multilateral platforms like the Shanghai Cooperation Organization to affirm its support for the Afghan peace process. This maintains Russia’s long-term strategy of making sure it remains a key part of any negotiation process concerning Afghanistan’s future. Even though Russia and Iran have established links with the Taliban and agree on minimizing US influence in Afghanistan, both countries diverge on several issues. As per many experts, the divergences between Iran and Russia on deciding their respective spheres of influence will be much more apparent post-US withdrawal.

3. China

In 2020, several developments in Afghanistan indicated China’s increasing penetration into the country. China’s flagship Belt and Road Initiative (BRI)
and the China–Pakistan Economic Corridor can potentially be connected to Afghanistan for Beijing to penetrate Central Asia much more deeply.\(^{(206)}\) With a possible change in the security situation in the country, China can potentially gain much more influence in the region via its economic investments. China has made huge investments in the country pre-emptively.\(^{(207)}\) For example, the Chinese Metallurgical Group Corporation (MCC) and the Jiangxi Copper Company Limited (JLC) consortium acquired a 30-year lease in 2008 to extract resources like copper from one of the largest copper deposits in the world located in Afghanistan’s Mes Aynak copper mine for $3.4 billion. In 2011, China National Petroleum Corporation (CNPC) finalized a deal to drill three oil fields in Afghanistan for 25 years which is estimated to have nearly 87 million barrels of oil.\(^{(208)}\) However, the security situation and the limitations in the supply chain have stalled these projects for nearly a decade now.\(^{(209)}\) Beijing interacts with both the Taliban and the Afghan government directly to ensure that they can safeguard its investments in the country. Chinese investments in infrastructure projects cannot be sustained without interacting with major stakeholders in Afghanistan. Iran’s inclusion in the BRI last year and growing Iran–China interactions are important developments.\(^{(210)}\) Iran’s access to Afghanistan can potentially help China to increase its interactions with the Afghanistan government post–US withdrawal. This is likely to threaten India’s interests in the region as New Delhi has over time increased its political and economic influence in Afghanistan with Washington’s support.

### III. The Implications of the COVID-19 Health Pandemic on Iran–Afghanistan Relations

The COVID-19 health pandemic has posed a significant challenge for Iran and Afghanistan. Both countries have struggled to keep their economies afloat in the aftermath of the virus breaking out. The Afghan economy for a long time has survived on international help. Global economic disasters, such as the 2008...
financial crisis, did not really hurt the Afghan economy as external aid continued to flow into the country. In response to the COVID-19 health pandemic, neighboring countries shut their borders which shook Afghanistan’s supply chains and negatively impacted its small private sector as well as trade exchange. However, despite this development, Iran-Afghanistan trade in comparison to other bilateral trade equations remained rather steady.

1. The Impact of COVID-19 on Afghan Migrants and Refugees

In 2020, Afghanistan experienced its initial COVID-19 infection cases after its outbreak in Iran. Many Afghan migrants and refugees returned to Afghanistan because of the virus spreading rapidly in Iran. The returning Afghans increased the risk of the virus spreading in Afghanistan, with thousands returning each day. A number of reports indicated that the virus spread rapidly in Afghanistan’s border cities of Herat and Farah primarily because of returning Afghans. At the border crossings, no quarantine facilities were provided which led to a spike in infection rates in the initial phase in Afghanistan, consequentially putting people living in the border provinces like Herat at great risk. As per Nicholas Bishop, the International Organization for Migration’s emergency response officer, the situation in Afghanistan’s hospitals was daunting last year, with increasing Afghan arrivals from Iran adding further stress on the country’s frail health system. Below, Chart 1 highlights the growing infection rates in Herat province.

The first COVID-19 case in Iran was reported on February 19, 2020 in Qom. This city is a major religious center with several religious shrines, thus it attracts people from across the globe. As a custom, it is common for visitors to kiss the
shrines which led to the virus spreading in the country. Many Shia Afghan migrants and refugees in Iran visited these shrines, and some major shrines are located in Iranian cities that have a sizeable Afghan population which further increased the likelihood of them being infected.

As per the International Organization for Migration, more than 115,000 Afghans returned from Iran to Afghanistan in March 2020. This marked the highest rate of Afghans returning to their country from Iran in the last decade. The province of Herat was designated as a medical emergency area in February 2020 after the first COVID-19 positive case was reported. Almost 1,000 people crossed the border—from Iran to Afghanistan—during this time and between March and April 2020, the number of COVID-19 infection cases increased in Herat province to over 200 cases daily. The crossing points connecting Herat province in Afghanistan and Mashhad in Iran is one of the busiest crossing points. To date, Herat remains the hotspot for COVID-19 spreading in Afghanistan. Doctors in Herat province have expressed their concerns over inadequate medical equipment and protective kits as well as the lack of medical professionals to treat people traveling across the Afghan–Iran border. During an interview, the Afghan Ministry of Health’s spokesperson said that the increasing level of COVID-19 cases in Iran raised Afghanistan’s vulnerability to the virus.

Below, Chart 2 highlights the increasing level of COVID-19 cases in Afghanistan.

![Chart 2: COVID-19 Cases in Afghanistan](source: Worldometer-Afghanistan)

Over the last four decades, thousands of Afghans have fled to Iran. The COVID-19 outbreak in Iran resulted in many Afghans returning home from Iran. As per a report by the International Organization for Migration, more than 700,000 undocumented Afghan migrants returned to Afghanistan from Iran in
2020 and some reports indicated that 2020 remained on track to see the largest annual return of Afghan migrants from Iran. These large numbers of returning Afghans is likely to spike the COVID-19 infection cases further in Afghanistan, leading to further tensions between the two neighboring countries, with Kabul likely to continue with its claims that Tehran failed to fulfil its duties in checking Afghan returnees before their return to Afghanistan.

### 2. Bilateral Trade Relations

The outbreak of COVID-19 led to certain unprecedented and unilateral decisions from Afghanistan’s neighbours to contain the spread of the virus. Some of Afghanistan’s major transit routes are along the Durand Line. Being a landlocked country, Afghanistan heavily relies on such transit routes for trade. Several reports indicate that Afghanistan’s trade with Iran is primarily done via the Herat and Nimroz provinces and Afghanistan’s trade with Pakistan is primarily done via the Torkham and Wesh-Chaman border crossings.

As per the reports from the Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA), between March and May Iran exported commodities worth more than $300 million to Afghanistan. The major commodities exported included food items, industrial goods, and construction materials. Several attempts were made by Afghanistan and Iran last year to increase bilateral trade via holding joint trade exhibitions and bilateral visits. Chabahar port’s development also increases Afghanistan’s trade potential, provided the regional security situation remains favorable for trade.

### IV. Iran–Afghanistan Border Issues

Border issues were a significant point of contention between Iran and Afghanistan in 2020. The sharing of renewable resources was discussed during several high-level visits from both sides last year. The lingering water sharing issues continued to create an atmosphere of mistrust between Kabul and Tehran, especially as many contentious water dam projects reached their final stages in 2020.

#### 1. Water Sharing

Resource sharing has been a point of contention between Iran and Afghanistan, and water is a critical resource for both countries. Iranian and Afghan farmers have been historically dependent on the flow of water from Helmand. Nearly 97 percent of the water drawn from this river is used for agriculture in Afghanistan, while in Iran, almost 80 percent of the downstream flow is allocated for irrigation purposes. Afghanistan and Iran have blamed each other for holding back the flow of Helmand’s water. Iranian authorities on several occasions last year contested Afghanistan’s claims and criticized the hydroelectric dams built across Helmand.

In 2020, Iran and Afghanistan continued to dig wells and build dams, diverting the flow of water. Most of the dam construction projects are located near the
borders of Iran and Tehran views such projects with much scepticism. These development projects include Salma dam, Kamal Khan dam, and Bakhshabad dam. In December 2020, as Kamal Khan dam’s construction neared completion, Iran’s former Ambassador to Afghanistan Abolfazl Zohrevand, warned that the dam would impact the flow of water to Iranian wetlands.\(^\text{(218)}\) Such warnings have been issued before by Iranian authorities as well, and some of the dam projects were attacked by the Taliban in 2020. In October last year, the Taliban killed six security personnel guarding the Kamal Khan hydroelectric and irrigation dam located in the Chahar Burjak district of Nimroz province.\(^\text{(219)}\) Sayed Wali Sultan, the governor of Nimroz province said that Iran maintains a lot of intelligence in the region, and the protracted war in Afghanistan has enabled Iran to abuse the water agreement between the two countries.\(^\text{(220)}\) Investigative reports uncovered clandestine deals between Iran and the Taliban to impede the dam projects, and in some cases, to blow some of them up.\(^\text{(221)}\)

2. Illegal Drug Trafficking

In 2020, several news outlets reported on Iran’s harsh crackdown against illicit drug networks. Afghanistan produces nearly 90 percent of the world’s available opium and half of that amount enters Iran and transits to other markets in the Middle East and Europe through Iran.\(^\text{(222)}\) Iran in recent years has worked closely with the United Nations Office on Drugs and Crime to develop strategies to mitigate drug trafficking.

Iran has increasingly interacted with Pakistan and Afghanistan in recent years in relation to counter-narcotics operations, however, illegal drug trafficking remains a significant threat to regional security. On January 18, 2020, Iranian police arrested a drug smuggler in Yazd province with nearly 250 kilograms of narcotics originating from Afghanistan.\(^\text{(223)}\) On March 10, 2020, Iranian border guards ambushed a convoy and seized nearly 1.5 tons of drugs in Saravan province.\(^\text{(224)}\) In November 2020, several Iranian media outlets reported that Iran’s anti-narcotics police seized nearly 950 kilograms of drugs in Kerman province. The ongoing smuggling of drugs from Afghanistan to Iran despite strong actions taken by the Iranian government exposes the existence of a large active drug smuggling network between the two countries. The United Nations Office on Drugs and Crime has repeatedly called on both countries to strengthen their cooperation to counter illegal drug-trafficking.

V. The Future of Iran–Afghanistan Relations in 2021

Despite several contradictions like Iran’s ideological incompatibility with the Afghan government, Tehran is likely to uphold its political influence in Afghanistan. Iran’s influence among major Afghan Tajik and Hazara political parties helped Tehran to widen and entrench its influence while allowing it to respond to the domestic political and security changes in Afghanistan. Iran’s aggression in the
region and US policies towards Iran will determine the future dynamics of Iran-Afghanistan relations. In the coming years, Iran will likely interact more closely with India, which seeks to attract more allies against Pakistan (Islamabad has become a strong support to Afghanistan). Thus, Iran-Afghanistan relations will grow further while important regional and extra-regional powers like the United States, Russia, China, India, and Pakistan will also try to preserve their strategic interests in the country.

Iran, via its military support to the Taliban against the Afghan government and its diplomatic support through the Doha Agreement to facilitate negotiations with the United States, can contain the Taliban and exploit it to achieve its goals in Afghanistan, following the withdrawal of US troops. The US administration probably views the Taliban grip on Afghanistan as a new threat for Iran. But this is not true. Iran-Taliban relations in 2020 have completely changed compared to 2001.

Iran will use the Taliban to embed Afghanistan in the Iran-Russia orbit; which is not ideological, i.e., sectarian. Thus, it will not have any kind of sectarian conflict with the Salafism of the Taliban. The Iran-Russia orbit will focus on the economic dimension to pursue their interests in the region. Iran has started to decrease Afghanistan’s economic dependence on Pakistan via the development of Chabahar Port—which unlocks Afghanistan through connecting it via a rail route. Iran, through Chabahar Port, replaces Pakistan as Afghanistan’s access to the sea. Further, Iran seeks to thwart Afghanistan’s projects across the Helmand River and exploit Afghan water sources in the eastern provinces. Iran aspires to change the political scene in Afghanistan during the Taliban’s rule by the return of its fighters from the Afghan Shiite militia, the Fatemiyoun Division, from Syria to Afghanistan to handle the military and political roles in the country — similar to the role of Hezbollah in Lebanon. Iran has managed to increase Hazara representation in the Afghan Parliament and continue its support to create political entities with military branches — duplicating Hezbollah in Afghanistan.

Iran prefers to maintain all its cards in Afghanistan. Tehran still induces the Afghan government to support it in case fighting erupts again after the withdrawal of US troops and the potential incompliance of the Taliban with the peace agreement provision. Thus, it is quite possible that Iran, with Russian and Indian support, will strengthen its influence further in Afghanistan — turning the country into a new Iraq at its eastern border. Expectedly, Iran will be keen to maintain the indecisiveness — no peace no war— between the Taliban and the Afghan government.
Iran and the Central Asian States

During 2020, relative stability had been the main characteristic of Iran’s relationship with the five Central Asian countries in various spheres. A more cooperative pattern has emerged in Iran’s relations with these states compared to the past. Political and economic relations have generally strengthened, and several economic agreements and understandings have been signed, especially in light of the economic fallout resulting from the coronavirus pandemic.

The Central Asian states are of great importance to Iran’s strategic vision from many political and economic perspectives, particularly after the changes in the international arena in the post-Soviet era. The collapse of the Soviet Union resulted in many changes at the international level. Relations between Iran and the Central Asian countries were not isolated from these changes. The Central Asian countries have given Iran importance in many economic and political fields, and Tehran’s relations with these five countries have experienced periods of rapprochement and tension. Iran, however, has been keen to limit tensions with these countries, based on its understanding that these countries hold extreme importance to Tehran against the backdrop of the changes taking place in the Middle East and the rise of active actors, regionally and globally. Likewise, the Central Asian states have also moved away from creating tensions with Tehran for a number of economic and political calculations. They see no good in having tense relations as long as they are not provoked by Iran. Even though Iran views
these countries as an exit strategy from US sanctions, Tehran is actually facing a number of challenges such as the Turkish presence in this region, US and Israeli rapprochement towards some Central Asian states, and other profound changes and challenges that impact its ability to reap the benefits from its relations with these countries in light of its current circumstances. Therefore, the questions raised in this regard include the nature of Iran’s political and economic relations with the Central Asian countries, and what are the most prominent challenges facing Iran considering the growing Turkish and Israeli presence in the region? What opportunities await Iran in this region, and what are the most prominent scenarios and prospects for Iran’s relations with the Central Asian states?

I. An in Depth Look at Iran’s Relations With the Central Asian States

The nature of relations between Iran and the Central Asian states has been marked by political and economic stability in recent years. Nonetheless, the relationship witnessed tension on several issues and matters. Perhaps the most prominent among these was the energy issue and the Iranian–Turkmenistan dispute over it, and the latter’s suspension of gas supplies to Iran due to Tehran’s accumulated debt. However, Iran’s relationship with the Central Asian states has witnessed general stability after the United States withdrew from the nuclear agreement because Tehran started to re-evaluate its relations with these countries and overcome issues that might contradict Iran’s political vision to calm its internal economic situation. Iran resorted to healing tensions and bridging conflict gaps. Iran’s role in resetting its relations with the Central Asian states was helped by political changes in some Central Asian countries, including Tajikistan’s President Imam Ali Rehman winning another term in office, and the ensuing diplomatic visits between the two sides, as well as the signing of agreements and treaties at various political and economic levels. In addition, Iran was ready to provide these countries with much needed expertise and equipment to fight the global coronavirus pandemic and open its borders to help in the movement of food items and other critical good between Tehran and these countries.

1. Political and Economic Relations

   A. Uzbekistan

   Political developments between Iran and Uzbekistan, and the change in the Uzbek presidency, led to an improvement in relations between the two countries. This was evident after Iran welcomed the new Uzbek President, Shavkat Mirziyoyev, and indicated a new openness in relations between the two sides after experiencing past tensions.

   Iran-Uzbek rapprochement is a key priority for Iran, considering the current conditions as a result of the coronavirus pandemic. Relations between the two countries, especially during the period of the former late Uzbek President Islam Kasimov, witnessed tensions due to the nature of Tehran’s religious government...
which exports its ideology abroad through intervening in the affairs of other countries, specifically in the Central Asian region. However, things changed with the arrival of the current President Shavkat Mirziyoyev. The Uzbek president’s term in office has marked a positive change in the level of political and economic relations between the two sides. Tehran views Tashkent as a strong option in the region, therefore it pays a lot of attention to Uzbekistan since it is considered to be Tehran’s main point of interactions in the region. Uzbekistan is the only country in the region that shares its borders with the other four Central Asian republics and shares its border from the south with Afghanistan. In addition, Uzbekistan holds other unique advantages from Iran’s point of view. The most important of which is the presence of the main Persian-speaking cities and cultural and historical centers such as Samarkand, Bukhara and Khorazim. This common axis can play a special role in the interactions between the two sides.

Due to Iran’s geopolitical advantages, especially in transit, Tehran is trying to highlight this geopolitical advantage, especially since Uzbekistan can benefit from it. Iranian territory is considered to be the least expensive route for transporting goods from Central Asia due to Iran’s proximity to international waters. The Iran–Afghanistan–Uzbekistan transport corridor was put under trial operation in August 2020. The Director General of the Transport Department in Iranian Customs, Mostafa Ayati, announced the departure of two trucks loaded with export goods from the Shahid Rajai customs in Bandar Abbas (south of Iran) to the Dugharun customs located at the Iran–Afghan border and then to Uzbekistan. Ayati added that given the fact that the new Iran–Afghanistan–Uzbekistan transportation corridor is a short and low cost one, it could play an influential role in expanding trade and cooperation among regional states and pave the way for sustainable peace and security in Afghanistan.

The Uzbek State Statistics Committee cited trade relations between Iran and Uzbekistan in 2019 at $424,200,000, up from $232,000,000 in 2013. The volume of commercial relations between Iran and Uzbekistan increased in 2019 compared to the previous year by 38 percent, it was approximately $117,400,000.

**B. Turkmenistan**

In the case of Turkmenistan, Iran considers it to be its current major regional partner and it is likely to remain so, regardless of the current economic relations and the state of infrastructure. The two countries share common security concerns, and Turkmenistan has priorities that align with Iran’s foreign policy objectives. In addition, Turkmenistan is an important partner to Iran in countering threats from the Central Asian region due to long common borders. Turkmenistan has undertaken several measures and actions to strengthen the security of its border, which Iran considers to be in its interest.

Turkmenistan presents other important options for Tehran, not only regarding
the Central Asian region but also in relation to Afghanistan. Politically, Iran finds Turkmenistan to be valuable, specifically considering its tense relations with Afghanistan. Iran considers that relations between Ashgabat and Kabul – particularly the latter’s need to advance its energy security from the Turkmen side – is vital to calming the tensions between Iran and Afghanistan.

On the economic front, Tehran considered Turkmenistan’s recent moves to increase its gas exports in comparison to Iran’s as a hostile move – from a country bordering its north and north eastern regions. Thus, countries such as Uzbekistan can play key roles as tools of US pressure against Iran.

Statistics regarding the volume of Iranian exports and imports indicate that Iran’s exports to Turkmenistan declined over the past seven years. After an estimated $859 million\(^{(231)}\) in 2014, Iran’s exports to Turkmenistan dropped to about $400 million in 2018.\(^{(232)}\)

C. Kazakhstan

Kazakh–Iranian relations have not been so advantageous from Iran’s point of view, despite the two countries being riparian states to the Caspian. Over the past years, relations between the two countries were free of tensions and did not witness many developments. This is perhaps the most important indicator of the continuity of relations between them.

What does matter to Iran is Kazakhstan’s location by the Caspian Sea, and its proximity to China. According to Iran, Kazakhstan could serve as a link between Iran and China in reviving the Silk Road project. Another fact that makes Kazakhstan interesting to Iran is its possession of nuclear arsenal, which has put Iran’s relationship with the Republic of Kazakhstan under the US radar.\(^{(233)}\)

Although stable, relations between the two countries are witnessing relative progress in many areas and they are beginning to foster closer relations. The year 2020 witnessed several developments, including the holding of the ninth meeting of the Iranian–Kazakh Joint Consular Committee, headed by Mahmoud Adeeb, director general of the Consulates Department in the Iranian Ministry of Foreign Affairs, and his Kazakh counterpart, Aqțaev Pavergan. The outcomes of the meeting included granting visas to traders, tourists, and diplomats, providing
consular support to each other, countering drug smuggling and organized crime and exchanging mutual cooperation agreements in the judicial field.\textsuperscript{(234)}

Adeeb announced that the Kazakh government has officially included Iran on the list of countries that are granted electronic visas, and once the coronavirus restrictions are lifted, Iranian citizens will be able to travel to Kazakhstan using electronic visas.\textsuperscript{(235)}

On the other hand, Iran believes that Kazakhstan, with its industrial, agricultural, and scientific potential, is a source of significant products and goods for the Iranian economy, in addition to being a partner in joint oil and gas projects. It is also Tehran’s most important partner and mediator in Central Asian relations with Moscow. Developing relations along the Tehran–Ashgabat–Astana–Moscow axis will also be of great importance. In June 2020, Iranian and Kazakh officials held a videoconference which included discussions on trade cooperation between Iranian and Kazakh provinces. In addition, discussions regarding the transportation of goods across their mutually shared borders were held.\textsuperscript{(236)}

Statistics on the volume of trade exchange between Iran and Kazakhstan in 2019 showed that the volume of exchange reached approximately $380 million, of which $81 million was from Iran and $299.5 million was from Kazakhstan. The volume of trade exchange between the two countries dropped by $138.5 million compared to 2018. Iranian exports to Kazakhstan also dropped by $8.6 million compared to the previous year, while Iranian imports also witnessed a decline of $130 million.\textsuperscript{(237)}

**D. Tajikistan**

Relations between Iran and Tajikistan have long been volatile and generally unstable because of some political and security issues. However, the historical, religious, and cultural commonalities between the two countries offer room for rapprochement between Tehran and Dushanbe.

Common interests and logistical aspects led both parties to reduce the level of differences between them, especially since their relations have been improving in recent years, regardless of the occasional emergence of some urgent issues. A state of relative détente began in 2019 when Tehran appointed diplomats to head the diplomatic missions in Tehran and Dushanbe.\textsuperscript{(238)} Not long after, Tajik Foreign Minister Sirodjidin Aslov paid Tehran a visit in mid–2019 to meet with Iranian President Hassan Rouhani – after four years of cold relations. Rouhani expressed his country’s willingness to provide engineering services and invest in developmental projects to Tajikistan via Iranian companies.\textsuperscript{(239)}

2020 also marked the renewal of Tajik President Emomali Rahmon’s term in office, prompting Iranian President Hassan Rouhani to send a congratulatory message to his Tajik counterpart. The message called for continuing relations between the two sides and for promoting mutual interests.\textsuperscript{(240)}

As for the level of trade between Iran and Tajikistan, official Tajik statistics
indicate that the volume of Tajik-Iranian bilateral trade between 2012 and 2018 had decreased from about $311.1 million in 2012 to $97 million in 2018. The volume of trade between Iran and Tajikistan in 2019 for the period of 11 months had reached $58 million, a 35 percent drop compared to the same period last year.

E. Kyrgyzstan

Kyrgyz-Iran relations have not been characterized as advantageous, yet relations are generally stable and both countries are inclined towards advancing bilateral relations. This is evident in Iran’s efforts to advance the level of cooperation between Tehran and Bishkek. These efforts took place through a telephone call between Iranian President Hassan Rouhani and his Kyrgyz counterpart, Sooronbay Jeenbekov, during which Rouhani emphasized the need to develop economic and trade relations with Kyrgyzstan. He noted that the Eurasian Economic Union has created a particularly good basis for developing economic and trade cooperation between the two countries, which can be used to develop and deepen bilateral cooperation.

Tehran provided Kyrgyzstan with medical assistance to fight against the coronavirus pandemic, it sent several shipments of aid and medical supplies.

Economic relations between the two countries remained stable in 2020, especially regarding trade figures, after having witnessed a significant decline in 2015, the lowest in seven years. Economic stability between the two countries is perhaps due to the change in economic policies and a change in Iran’s attitudes due to US sanctions.

According to Kyrgyz diplomats, Iran is keen on keeping its presence in Kyrgyzstan because of the shared border between Kyrgyzstan and China. Iran and Kyrgyzstan have signed several agreements and understandings to strengthen transport, customs, and trade/economic relations. Iranian companies have also participated in the construction of a highway linking the capital city of Bishkek with Osh in the south of Kyrgyzstan.

II. The Challenges Facing Iran in the Central Asian Region

Iran faces several challenges in Central Asia that are impeding its plan to strengthen relations with the countries in this region and holding it back from playing an active role in the region.

Iran’s challenges are compounded by the fact that this region is of vital importance to great powers such as Russia, the United States and China. Difficulties in the region are growing as these countries juggle a range of political, strategic, and economic considerations. The rapprochement of these five countries with the global powers and the countries that Iran considers to be its enemies will greatly increase the level of Iran’s challenges and future fears over its relations with these countries. Economic challenges are a key challenge and concern for Tehran. Washington’s sanctions on Iran are likely to significantly impact its
relations with Central Asia in two key areas: energy – especially the oil sector – and the banking sector. Iran’s fear hangs on the fact that the US administration and its regional allies could offer attractive incentives such as financial assistance or cooperation to promote economic and cultural projects in the Central Asian states, particularly Kazakhstan, Turkmenistan, and Uzbekistan. These countries have important economic and trade relations with Iran. Consequently, this would lead to a significant decline or even halting of relations in the energy and banking sectors. Therefore, finding alternatives to these countries would not be easy. Especially when it comes to Moscow’s relative monopoly in the fields of energy and gas, which poses a major challenge to Iran in light of its relations with the Central Asian states. (245)

Regarding Russia, its strong and effective presence in Central Asia and its increasing investment in the energy market is one of the most significant obstacles to Iran’s growing influence in this region. It also hinders Iran from advancing its investments and economic activity in this regional market. Russia seeks to invest heavily in the energy field within the five Central Asian states. In fact, there are several Russian companies that are involved in energy production and transfer in the Central Asian region. This has driven Russia to conclude agreements with the Central Asian states. For instance, Uzbekistan, Kazakhstan, and Turkmenistan export gas through cooperation with Russia’s Gazprom. (246)

Regarding the Turkish presence in the Central Asian states, Tehran considers Turkish strategies in the region and its promotion of economic agreements with these countries as an impediment to its progress and influence in the region, especially since Ankara uses cultural and historical ties as well as language as a bridge to deepen its presence in Central Asia. Although Iran applies the same strategy in terms of taking advantage of common religious and linguistic aspects, especially with Tajikistan – the only Persian speaking country – it seems that Tehran’s approach is not as effective as Turkey’s. Turkey believes that it should be the lead country to create close bonds with the Central Asian states by virtue of their ongoing participation and cultural ties. Another challenge that poses a threat to Iran is Israel’s relations with the Central Asian states. In fact, Israeli investments in this region have increased, and its gigantic projects in various spheres such as the economic and military spheres pose current and future threats to Iran’s relations with the Central Asian states.

**III. Iran’s Economic and Political Opportunities in the Central Asian States**

Tehran relies heavily on the role that the Central Asian states play. The truth is that Iran’s cooperation with the world in general and with neighboring countries and the region in particular has become controversial, especially after the US withdrawal from the nuclear agreement. Central Asia is one of the regions that has important geopolitical economies, while Turkmenistan is the only country that shares its borders with Iran. The other Central Asian states can could still play a
key role in Iran’s future for at least two reasons:

The first is because of Central Asia’s special geographical location. Central Asia sits in the center of Eurasia’s geopolitical sphere and straddles three civilizations: the Chinese, Russian, and Indian. To overcome US sanctions, Iran will try to maximize the opportunities stemming from the unique geographical location of these Central Asian states. Iran has sought to strengthen its trade and economic relations with the Central Asian states, as well as with China and Russia through constructing railways, highways and, to some extent, entering agreements regarding China’s and Russia’s airspace. Iran uses these roads it has built because they are considered much more secure and cost-effective than sea routes, railways, and Afghan–Pak roads.

Secondly, the Central Asian states are at a critical juncture. The leaders of these countries, especially Kazakhstan and Uzbekistan, are trying to achieve relatively stable agreements with Tehran in the political, security and economic spheres. They also aim to reduce their differences with Iran considerably by relying on common cultural and ethnic grounds.

IV. Future Horizons

This analysis highlights the changing course of relations between Iran and the Central Asian states, with movements towards advanced political and economic partnerships. This has become a distinctive feature in Iran’s foreign policy. In fact, to continue in their disagreements has become an unlikely scenario. The Iranian economic situation – which was critical before the pandemic and has now worsened – will compel Tehran to refrain from its destabilizing activities in Central Asia, such as spreading Shi’ism, exporting its revolution, and supporting Islamist currents. These are activities that have impeded its relations with its northern neighbors. Tehran will also face several challenges and difficulties considering Turkey’s economic presence in these countries. The expansion of Turkish investments interferes with Iran’s objectives in the Central Asian region.

Tehran hopes by expanding its exports, the risks — generated from US sanctions on Iranian exports to its two major destinations: Iraq and Afghanistan — would lessen. Therefore, Iran’s strategy to increase economic cooperation and develop export markets in the Central Asian states, as well as increasing its political and security influence, are expected to improve Iran’s economic situation and contribute to its economic growth. Tehran is likely to pay special attention to this and to take full advantage of the economic potential that these countries possess.

However, the more Iran feels economically stronger – which is to some extent expected – the less interested it will become in improving its relations with the Central Asian states and will be more interested in reinvolving itself in the Middle East and in projecting its hostile policies. This will ultimately impact Iran’s policies in Central Asia; prompting it to return to supporting radical political currents. This has been most clear in Tajikistan in the past years – before the improvement
of relations – when Iran had made commitments not to interfere in Tajikistan’s internal affairs. Thus, it is safe to say that the deeper the Iranian economic crisis, the stronger its relations with the Central Asian states based on good neighborly principles. However, the more relieved Iran is economically, the worse its relations with the countries of that region will be, because of Iran spreading its influence and imposing its hegemony in the region.

In addition to economic development, Iran seeks to strengthen its position in the transit network to boost its exports. One of the most notable examples of this is Iran’s inauguration of the railway line between itself and Afghanistan to complete the rail link between China, Kyrgyzstan, Tajikistan, and Afghanistan, and strengthening its economic partnerships in light of the current sanctions. This reality has pushed Tehran to play an active role in transport or future railway projects with other countries. This is if Russia and China – the two major players in the region – do not play a role in curbing Iran’s hostile policies.
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Conclusions

Reviewing the main trends of Iranian interactions throughout 2020 indicated Iran’s adherence to the policy of strategic patience and betting on the element of time, in addition to renouncing escalation, which it pursued throughout 2019 against the United States. This came as the world powers expressed their readiness to militarily respond to Iran’s attacks to safeguard energy supplies and global security. Iran also resorted to working to mitigate the impact of the US maximum pressure campaign.

On the other side, Iran increased its violations of the nuclear deal via increasing the enrichment of uranium as well as by stockpiling and increasing the number of centrifuges and the heavy water stockpiled on its soil. These moves were part of Iran’s plan to reduce its nuclear obligations. Iran also depended more on its proxies across the region to wage proxy wars against the Kingdom of Saudi Arabia through launching dozens of missiles and drone attacks against the Kingdom’s cities by the Houthis. It also prompted the militias aligned with it in Iraq to target US forces deployed there and to violate Iraqi state sovereignty.

With Iran abandoning all the acts which could lead to direct condemnations against it, like the ones it undertook throughout 2019 such as the attacks on oil tankers or Saudi Arabia’s oilfields, it increased its reliance on militias to carry out attacks on its behalf. It also insisted on rejecting negotiations as it waited for the outcome of the US presidential elections at the end of the year.

The policy of “wait and see” impacted all spheres of Iranian policy due to this approach. At the ideological level, Iran opted to delay its clash with the Najaf seminary despite the Iraqi Shiite marjaya wanting to reduce Iran’s clout in Iraq and support the policies of the Iraqi government to limit weapons to the state and reduce the role of pro-Velayat-e Faqih militias in Iraq.

At the political level, the supreme leader opted for easing the internal political disputes by announcing his refusal to oust Rouhani and his government and expressed his satisfaction with the performance of Iran’s Foreign Minister Mohammad Javad Zarif.

But at the same time, he supported the conservative takeover of state apparatuses via engineering the outcome of the parliamentary election in a way that led to the conservatives winning a majority of seats, with the legislative body filled with IRGC commanders and the Meddahs who recite elegies. This was done to prepare the ground for a conservative candidate to win the presidency, who will take charge of the nuclear file and pursue a position that reflects the extremist vision of the supreme leader and pushes for the increased militarization of the Iranian state.
As for the economic dimension, Iran sought to address the deficit in its national budget by collecting revenues through selling capital assets. But the general economic indicators showed a decline in economic activity which the government failed to address. Iran posted the first deficit in its trade balance over the past 23 years due to its failure to avert the negative impact of the embargo on its oil exports even though it took a host of measures to fill revenue gaps and pressure several countries to release its frozen assets due to US sanctions.

Most of the economic indicators went down and the Iranian currency’s purchasing power declined as its value went down against the dollar. Iranian industries also incurred damage given their inability to import production supplies. Furthermore, the ability to dispose of products outside the country was curbed as Iran was deprived of conducting dealings in US dollars. The outbreak of the coronavirus pandemic added insult to injury in terms of the Iranian economy, as it led to a further slump in economic production.

This same applied to the social level. The social problems in Iran deepened due to the deterioration of the economic circumstances, in addition to the decline in the level of personal and political freedoms, and the spread of domestic violence against women. The rates of drug addiction increased in general throughout Iranian society and among women in particular. The political crackdown targeting women increased and they were further excluded from political participation.

In terms of the military dimension, Iran also suffered a host of military setbacks, starting with the killing of Qassem Soleimani, which caused problems in the management of Iran-aligned militias in Syria and Iraq. Moreover, the consecutive Israeli attacks on Iran’s forces deployed in Syria prompted Tehran to reposition its forces and implement a redeployment plan to reduce the losses resulting from the Israeli air raids.

Yet the opening of a new threat on Iran’s northwestern borders following Azerbaijan’s victory over Armenia, and the shared border space with Azerbaijan increasing, boosted Israel’s opportunities to carry out espionage activities against Iran, with Azerbaijan’s help. This is in addition to the growing threats posed by Syrian militants to Iran who were deployed to Azerbaijan by Turkey.

All these developments along Iran’s northwestern borders prompted Iran to transfer a huge number of troops to this area from the western and southern border areas where there are threats from Kurdish armed groups and US forces in the Arabian Gulf. This shift in military forces weakened Iran’s military capabilities in the face of multiple threats.

As for Arab affairs, the Gulf states intensified their diplomatic efforts to explain the threat posed by Iran’s behavior to global peace and security and the reiterated the need to take into consideration regional security concerns when negotiating Iran’s nuclear program and destabilizing activities.

However, the Gulf states vary in their disagreement with Iran depending on
the level of threats posed by Tehran to them. But there is an overall vision which
unites them to counter Iranian threats towards them and to reduce the risk of the
dangers posed by Iran to the Gulf.

As the Gulf states’ awareness grew concerning the scale of Iran’s danger, they
urged the international community via the GCC not to lift the arms embargo on
Iran and extend the provisions of UNSC Resolution 2231 regarding restricting the
transfer of conventional weapons to and from Iran.

This is due to Iran’s ongoing deployment of weapons in the region, providing
terrorist and sectarian movements with arms and participating in armed
interventions in neighboring countries, whether directly or indirectly via
movements which it arms and trains. This makes it inappropriate to lift the arms
embargo on Iran.

In Yemen, the Iranian support for the Houthis has become overt, with no
covertness after Iran announced it provided the Houthis with technologies to
manufacture ballistic missiles and drones. This is in addition to moving one of the
representatives of the IRGC to Yemen and appointing him as Iran’s ambassadors
to the Houthis.

Also, Iran used the intensification of missile attacks waged by the Houthis on
the Kingdom’s soil to respond to US pressures. On the other side, the diplomatic
efforts of the Arab Coalition for Supporting Legitimacy in Yemen managed to
unify Yemeni ranks by implementing the Riyadh Agreement. Iran, via the Houthis,
failed to play on the internal differences between the legitimate government and
the Southern Transitional Council.

The Arab coalition’s diplomacy also managed to convince the international
community that the coalition considers human rights in Yemen and makes efforts
to save the lives of civilians and provides a safe haven for the Yemeni children who
have been forced by the Houthis to partake in the fighting with support from Iran.

As for Iraq, we could say that after the new government led by Prime Minister
Mustafa al-Kazemi began to pay attention to strengthening the country’s
nationalist dimension and renounced Iran’s sectarian discourse, this began to
disturb the Iranian government. This prompted Iran to order the armed militias
aligned with it to target the US presence on Iraqi soil, announcing that they will
continue to violate Iraqi state sovereignty and take up arms outside state control
until US forces leave the country.

But the movements of the Iraqi government at the political and security levels
have significantly changed the situation on the ground. This comes following the
measures to tighten border security, signing the agreements related to the Sinjar
region with the Kurdish government and the diplomatic moves at the regional
and international levels by Kazemi who prevented Iraq in a short period of time
from sliding into the morass of sectarianism and political quotas as is the case in
Lebanon. This explains the escalation in attacks mounted by the armed militias on
the Green Zone, targeting the headquarters of diplomatic missions. These attacks intended to put the Iraqi government in an awkward situation and make it seem as not having the capacity to ensure security in the Green Zone. Despite these consecutive attacks, a new Iraqi state with new characteristics is emerging. The Gulf states, particularly Saudi Arabia, became aware of this fact and they began to extend their hands to the new Iraq to restore the sovereignty of the Iraqi state. This would allow the Iraqi state to gain strength to fight sectarianism and the militias.

In Syria, Iran seemed to have deeper roots and control compared to Iraq despite competition from Russia over the areas of influence, the Turkish presence backing the opposition forces in Idlib and the consecutive Israeli attacks on its forces there. But the strong alliance between it and the Bashar al-Assad government enabled it to move ahead with its policies to infiltrate into Syrian territories and this made Iran feel that it is reaping the benefits from its participation in the Syrian arena throughout 2020 perhaps more than its gains in Iraq. The latter was central to Iran’s infiltration across the region.

Iran managed to infiltrate the Syrian Parliament. Now there is a Syrian parliamentary bloc aligned with Iran. Tehran also supported its economic presence by establishing the Iranian center in the free zone in Damascus and obtained a concession to explore oil near Al Bukamal on the Syrian-Iraqi borders. This is in addition to signing a long-term military agreement with the Syrian government, which focuses on developing Syria’s air defense capabilities.

In Lebanon, Iran opted to calm the situation after the Beirut port explosion. The finger of blame was pointed at Hezbollah. However, as usual, it thwarted the formation of the Lebanese government by taking advantage of the objections raised by the Amal Movement. Iran began to rely on the latter more than Hezbollah, as was the case in the past.

Amid Lebanon’s economic circumstances deteriorating due to the imposition of international sanctions on Lebanese banks which were carrying out money laundering on the behalf of Hezbollah and financing the activities of militias aligned with Iran inside and outside Lebanon, Lebanese popular protests mounted against the Iranian role in distorting Lebanon’s political and economic life. This was against the backdrop of many countries halting the supply of financial aid to Lebanon because of corruption cutting across Lebanese banks and Hezbollah dominating the Lebanese government after it was designated as a terrorist group by a number of European and regional countries.

In the context of international affairs at the level of Iran-US relations, Iran faced a lot of pressure at the political, economic, financial and even the military levels throughout 2020. Nevertheless, Iran managed to display resilience and did not reach the point of internal collapse. It also undertook acts of limited escalation via its proxies in defiance of the policy of countering Iran’s regional clout pursued by the United States.
Iran also, with the help of the European countries, Russia, and China, managed to thwart the US efforts to come up with a resolution to extend the arms embargo imposed on Iran. They also blocked the UNSC ratification of the United States activating the snapback mechanism.

It was a stroke of luck for Iran that Donald Trump lost the US presidential election and the Democratic presidential nominee Joe Biden won although it seems that things will not proceed in the way Iran wishes when it comes to Biden’s handling of the Iranian file and the nuclear deal.

There are indicators strongly showing that Biden will build on Trump’s policies in terms of dealing with Iran and will not totally reverse them. He will take advantage of the maximum pressure campaign to amend the nuclear deal and change Iran’s behavior in general.

Russia, for its part, seemed to be more cautious in 2020 against involvement in the nuclear file and focused more on implementing more serious economic cooperation steps with Iran and integrating it into the Eurasian economic system. This is in addition to building military alliances which enable Moscow to take advantage of Iranian territories to reach out to the warm waters and create a cautious Russian presence in the Indian Ocean and the Arabian Gulf. Russia also announced that it will move ahead with a massive arms deal with Iran and that it will not pay heed to the US warnings in this respect.

Concerning Iran–Europe relations, we find that the European position did not see significant changes compared to 2019. Europe clung to the nuclear deal while calling on the United States to return to the deal and called on Iran to comply with the terms of the agreement and reverse its policy to reduce its nuclear obligations.

However, the European position when it comes to putting pressure on Iran is stronger compared to the past year given the extent of Iran’s violations of the nuclear deal. Hence, the European countries prompted the IAEA to issue a report condemning Iran’s breaches. They also activated the dispute resolution mechanism but did not throw their weight behind the US activation of the snapback mechanism and opposed the extension of the arms embargo imposed on Iran.

The European position regarding Iran’s violations of human rights was rather weak. Iran’s violations impacted a French national of Iranian origin and journalists and sportsmen who faced political charges while some were executed. The European position did not go beyond the decision of some European countries to not participate in a Tehran-based online economic forum.

The course of Iran-China relations was not much different although Iran seems to be more prepared to forge long-term economic partnerships with China in multiple fields. They signed the Iran-China 25-year Cooperation Program or Comprehensive Strategic Partnership which will enable China to have a strong presence in various Iranian economic sectors, including oil, ports, and communications along with establishing a Chinese military base in the Arabian
Gulf.

China also agreed with Russia not to extend the arms embargo on Iran and the US resolution to reinstate UN sanctions on Iran. China also provided options competitive to those of Russia regarding the modernization of Iran’s air force.

As for Iran–India relations, trade exchange was impacted by US sanctions to a big extent. The coronavirus pandemic also reduced non-oil trade exchange, something which also impacted Iran–Pakistan trade exchange. The relations between Iran and Pakistan were boosted due to the joint understandings between them on the future of Afghanistan after the signing of the peace agreement between the Afghan government and the Taliban. The agreement is expected to lead the Taliban to tighten its grip on power in Afghanistan. Hence, the two countries need to have firmer coordination in relation to security arrangements in the common border areas and in dealing with the Taliban once it participates in the Afghan government.

But Iran–India relations witnessed some limited tensions in the aftermath of Iranian remarks which criticized amendments made to the Indian Citizenship Act. These amendments will deprive a large number of Muslims residing in India from becoming Indian citizens. Iran also protested against India revoking several constitutional acts that led to Kashmir being put under Indian sovereignty.

As for Iran–Turkey relations, the renewed conflict between Azerbaijan and Armenia and the subsequent outcomes added new conflict arenas between Iran and Turkey, plus the Syrian arena. With Azerbaijan emerging victorious and recapturing most of its territories occupied by Armenia and Turkey emerging on the separating line between Azerbaijan and Armenia—as well as the presence of Syrian fighters in the ranks of the Azeri forces, a new line of contact was created between Iran and Turkey. It will enable Turkey to put direct pressure on the northwestern border of Iran if the need arises, especially if Iran threatens Turkish interests in Syria.

At the level of Iran’s relations with the Central Asian countries, Iran changing its polices and halting its support for Islamist groups in these countries following Russian pressure were the key factors in improving Iran’s relations with these countries after a period of tension, especially Iran’s relations with Tajikistan. When Iran’s membership in the Eurasian Economic Union took effect, Iran’s relations with most of the Central Asian countries improved.

At the conclusion of the 2020 Annual Strategic Report, after providing a full analysis of Iran in all its internal, regional, and international dimensions, we can provide a general conclusion: this year, the desire to calm the situation and play on the element of time were the hallmarks of Iran’s behavior this year.

Hence, we can forecast that the year 2021 for Iran will have several elements and trajectories. At the domestic level, the internal crises, especially at the social and economic level, will deepen. The government will opt for more extremism at
the social and economic levels, unleashing more crackdowns on social segments seeking more freedom.

At the external level, the tough approach toward the new US administration will escalate depending on the potential scenarios for handling the nuclear file. The gap between Iran and Europe will become wider, and the latter will adopt a position edging closer to consensus with the United States due to the length of time expected to resolve the differences in relation to the nuclear deal or including other files such as the ballistic missile program and Iran’s regional behavior in the talks. Iran will also lose a considerable deal of its clout in several regional countries, especially Iraq, which will proceed down the path of strengthening its sovereignty and reducing the role of armed militias. This also applies to Syria which was thrown into the vortex of “final battle disputes” and the sharing of clout among powers.

Regarding the Gulf states, we do not expect a significant thaw in the relations between these countries and Iran. It is likely that most of the mediation attempts between these countries and Iran will come to naught.

Looking into Iran’s trajectories, it becomes clear to us that they will impact in one way or another the Arab world in general and the Gulf states in particular. This requires the Gulf states to collectively address Iran’s dangers and to have the political will to outline political approximations and joint defense capabilities to curb Iran’s expected encroachments. This is added to the intensification of cooperation and coordination with their strategic allies worldwide.
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