

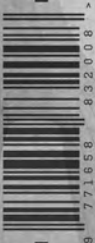
MONTHLY REPORT



IRAN CASE FILE

Your window on Iran from inside and abroad

January 2021



RASANA
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International Institute for Iranian Studies

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EXECUTIVE SUMMARY

In January 2021, some characteristics of the future course of the Iranian file under the new US administration became clearer. To some extent, the breakthrough that Iran expected to happen when Trump departed the White House will not happen in line with Tehran's vision even though there have been some revisions regarding US foreign policy in many aspects. But the US sanctions on Iran will not be lifted without concessions. On the other hand, the interactions of the Iranian file during the first month of the tenure of new US President Joe Biden reflect a state of acceptance of new realities, and in principal, they do not significantly differ from the maximum pressure campaign. The European-US rapprochement which has strengthened the international position in the face of Iran's belligerent behavior which has endangered global peace and security is added to these new realities. Hence, Iran's policies did not undergo a significant shift during the first month of the new US administration compared to what was witnessed under the Trump administration.

At the ideological level, the religious seminary continues to legitimize its intervention in Iraq's internal affairs, exploiting all conditions and circumstances to eliminate the sovereignty of the Iraqi state and to strengthen cross-border sectarian affiliations.

Throughout this month, Iran's religious elite sought to take advantage of the ISIS suicide bombing in Baghdad by blaming the global forces of arrogance; Iranian rhetoric which encompasses a number of regional countries. In January the pro-Velayat-e Faqih armed militias exploited the terrorist attack to expand the blame to include the Iraqi government for not controlling the

security situation at a time when they themselves are compromising internal security and violating state sovereignty.

At the political level, the limited conflicts among the different political currents within the Iranian Parliament have continued, amid the conservatives attempting to outline Iran's political action map during the new presidential term which will begin in mid-2021. The conservatives hope to oust the Rouhani government, which is more inclined to dealing with the West or at least to reduce the public support the reformists receive. Hence, the conservatives launched an aggressive attack against Iran's Foreign Minister Mohammad Javad Zarif during January.

Through interactions with Western officials, Zarif understands Iran's human rights record is a stain on the Iranian government's reputation. This file will receive much attention from the new US administration. When Zarif reluctantly addressed this matter, he was harshly criticized by the conservatives. He also faced backlash when he acknowledged that Iran's economic diplomacy had failed to overcome the country's trade balance deficit, arguing that the Ministry of Foreign Affairs does not possess tools/resources to succeed in this matter. Moreover, the entire issue is beyond the scope of the ministry, and it can only facilitate the work of relevant officials and their movements in targeted countries. The matter turned out to be one of pointing fingers and point scoring among the government's apparatuses and ministries, with each one seeking to blame the other for failing to tackle the issue or certain other issues.

As for the economic file, the report touches on the future of Iran's economic crises considering forecasts that the US economic sanctions will not be lifted soon. Light is shed on internal debates and alternatives are analyzed, with a host of options presented, particularly, reducing the value of the national currency, hence increasing government revenues in the form of foreign currencies, and reducing imports, limiting them to essential items, lowering the import bill to \$40 billion per year, a figure which is close to the country's value of non-oil exports. This is in addition to Iran's attempts to unblock its oil revenues held by South Korea and other countries, as well as efforts to increase tax collections and increase dependence on funds from the National Development Fund. Iran has hoarded its oil revenues in this fund over the years.

Amid the multiple options to counter the economic crises, not a single option nor all of them collectively seem to be sufficient to solve the crises without the Iranian people paying the price for the government's incompetency. Amid the people's suffering throughout the tenure of the Iranian republic, it seems that exercising the right of freedom of expression is fraught with risk as in response they face repression, which has worsened the government's human rights record and widened the gap between the system and the people.

As for the military level, which always seems to be the source of Iran's accomplishments amid a series of setbacks in other spheres, Iran announced that it had carried out two naval drills. The first was the maritime mobilization maneuver carried out by the IRGC's naval forces in the regions overlooking

the Arabian Gulf and the second was the military might maneuver carried out by the army's naval forces, which involved a wide array of sea-to-sea crude missiles, torpedo launches from submarines, the training of special operations forces, and conducting drones and electronic warfare operations. Iran also announced the resumption of its naval presence in Red Sea waters as well as the deployment of maritime patrols there.

As for Arab affairs, when it comes to Gulf-Iran interactions, the outset of 2021 witnessed the Gulf Cooperation Council's (GCC) 41st summit convened in Saudi Arabia's city of al-Ula. A statement was issued following the summit, which significantly advanced cohesion among the GCC states amid the threats and challenges that they face. It announced the Gulf reconciliation process and the resumption of ties between the Arab Quartet and Qatar, and reiterated the GCC rejection of Iran's interference in Gulf and regional affairs. In addition, it condemned Iran's terrorist acts and emphasized the need for Iran to halt the support, financing and supply of weapons to sectarian and terrorist outfits, including the supply of ballistic missiles and drones to target civilians, all of which threatens international navigation routes and the global economy.

The statement made clear that any negotiations with Iran must tackle Iran's destabilizing behavior in the region, its missile/drone/nuclear programs and the GCC states must be involved in the discussions regarding these issues. There is optimism that GCC reconciliation will result in a positive shift in GCC-Iran relations based on implementing the GCC reconciliation and negotiation initiatives.

Regarding Iran-Yemen interactions, the Yemeni landscape saw unprecedented changes, which will likely impact the Yemeni crisis, such as the legitimate government returning to Aden under the Riyadh Agreement and the varying US steps to resolve the Yemeni crisis which ranged between designating the Houthi militia as a terrorist organization by the former US administration and then this move being reversed by the new US administration.

As for the battles, the Houthis' intent to launch an offensive targeting the Marib Governorate reflects Iran's declining financial support and the Houthis' endeavors to compensate for this decline by seizing the petroleum resources in Marib even though they lost a significant number of fighters. Maybe the lack of financial support by Iran is a deliberate ploy to push them to engage in more battles instead of limiting themselves to Sana'a and depending on Tehran's support only.

As for Iran-Iraq interactions, January 2021 witnessed Iran urging Iraqi loyal armed militias to launch attacks against US forces deployed there. This coincided with Iran modifying its strategy in Iraq via carrying out structural changes. Iran dissolved its smaller militias and integrated them into larger ones while pushing some of them to enter the Iraqi political landscape in the form of political currents, while others remained a source of political pressure. This is in addition to Iran parting with the militias aligned with Ayatollah Ali al-Sistani, which indicates the divergence between the militias

aligned with Iran and those loyal to Sistani. This means Iran has adopted policies divergent from Sistani's line, however, this will not mark the start of confrontation between the two sides at the time being. But it lays the foundation for a subsequent political dispute which may break out when the two sides differ about Iraq's political future under Kazemi's leadership if the parliamentary elections lead to an outcome not favored by Iran.

As for Iran's existence in Syria, Iran attempted to strengthen its military presence in Syria despite facing relentless Israeli air attacks. Iran's efforts to strengthen its military presence in Syria included redeploying its allied militias in Deir Ezzor, transferring heavy weapons and ammunitions to Al-Bukamal and Al-Mayadeen, and continuing to provide its loyal militias with ground-to-ground medium and short-range missiles. Iran also created a new militia which is working in Syria, naming it Hashemyoun. It is made up of residents and foreigners. Although Iran pulled out of some regions which came under intensive Israeli air attacks, but it insisted on remaining in the areas through which the overland route coming from Iran via Iraq passes. Iran also worked to strengthen what it calls the axis of resistance through bringing the government of Bashar al-Assad and Palestine's Hamas movement closer. It seems that Iran is still working in Syria based on the possibility of a military confrontation breaking out between its militias operating in Syria/Lebanon and Israel, regardless of the price that the Lebanese government and people will have to pay. Iran uses the possibility of a confrontation erupting with Israel as a bargaining chip with the West.

As for international affairs, Iranian interactions focused on the future of the nuclear file and the US sanctions imposed on Iran. A new US administration led by Joe Biden was elected. It seems to be intent on reassessing Washington's relationship with Iran and building an integrated and reliable strategy to deal with Iran.

This comes against the backdrop of the new administration's inclinations toward diplomacy and coordination with the parties concerned with the Iranian file.

However, the United States started to set its conditions to rejoin the nuclear deal and emphasized Iran's need to honor its nuclear obligations before Washington rejoined the deal. It also announced it will hold extensive deliberations with its European and regional allies as well as the Congress to come up with an integrated approach prior to resuming negotiations with Iran.

On the Iranian side, there is a lack of confidence in the position of the Biden administration. There are also concerns about a shift in the European position after Trump's departure and the likelihood of greater coordination with the United States to put more pressure on Iran.

Even though Biden expressed his interest to rejoin the nuclear deal, it is clear that his administration is crafting an integrated vision to deal with Iran which is not in line with Obama's nor Trump's policy. Global opinion as well as the opinion of regional powers and the political opposition within the United States will no doubt have a role in outlining Biden's new vision to ensure Iran's host of threats are tackled.

When it comes to the course of Iran-Europe interactions which are impacted by the course of Iran-US interactions, the most significant developments in 2021 between the Iranian and European sides revolved around Tehran's decision to enrich uranium and the implications of this to uphold the nuclear deal. This is in addition to the possibility of holding diplomatic deliberations to revive the nuclear deal.

There has also been political wrangling between the two sides over why INSTEX failed and on the anniversary of the shooting down of the Ukrainian plane.



Internal Affairs

The Internal Affairs file is broken down into four files. The first focuses on the ideological interactions related to the ensuing debate between the religious seminaries of Qom and Najaf regarding the situation in Iraq and the jurisprudential interpretations concerning the Iraqi political landscape. The second file discusses the political file, particularly the parliamentary disputes among Iran's political currents and conservative efforts to undermine Rouhani and his loyalists who might intend to contest the presidential elections to be held in June.

The third file touches on economic affairs and the options to ease the economic crisis considering the fact that US sanctions are likely to remain in place in the short run. As for the military file, it discusses Iran's naval drills and plans to prepare Iran's naval forces for combat as well as Iran's plans to deploy maritime patrols in the Red Sea.



The Ideological File

The *Ideological File* sheds light on the developments related to the Shiite religious elites in general and the Iranian ones in particular, and the impact of these developments on the religious and political landscape in Iran and its repercussions on the Shiite community and the region.

The previous month's Ideological File touched on the issue of religious reform and the position of Iran's religious elites regarding this matter, particular their angry remarks in response to Marja Kamal al-Haydari's comments, which led to Iran's authorities putting him under house arrest.

The Ideological File this month discusses the Baghdad bombing carried out by ISIS, the reactions of religious elites and the attempts of some parties to exploit the situation for political gains without social and security considerations.

This file seeks to investigate the main question related to Iran's link to the Baghdad bombing and how it used this event to serve its political interests in Iraq and to strengthen its ties with the Shiite community as well as to increase the opportunities of those supportive of Velayat al-Faqih.

I. Baghdad Bombings: The Position of the Najaf Marjaia on the Blasts and the Iranian Exploitation of Them

Najaf's highest marjaya denounced the Baghdad bombings, stopping short of pointing fingers at certain parties. Sistani's office issued a statement saying, "Again, the savage terrorists targeted a gathering involving innocent civilians by a twin blast at al-Tayaran Square in the dear city of Baghdad, resulting in dozens of martyrs and much more injured in a gruesome scene which hurts whoever has a living conscience."⁽¹⁾

The statement called on Iraq's security apparatuses to intensify their efforts to uphold security and abort enemy schemes that intend to hurt the powerless Iraqi people who are suffering at multiple levels."⁽²⁾

We notice that the statement blamed terrorism for the bombing and did not politically take advantage of the incident, nor did it blame certain parties for it except the perpetrators before any official investigation.

Similar to Sistani's statement, Ayatollah Bashir Najafi issued a statement, in which he said: "We must wake up those seeking to do good among the powerless Iraqi people, especially those who are sincere among the security services and call on them to diligently seek to disclose the inciters and perpetrators behind this crime so that such incidents can be prevented from taking place again."⁽³⁾

Furthermore, we notice that Najafi's statement called for the inciters and perpetrators of the crime to be exposed by the security services.

By taking such a non-political position, Najaf wanted to avoid score-settling and embroiling Iraq in regional and international disputes. This is Najaf's well-established approach as it seeks to keep Iraq away from the US-Iran conflict and not to embroil Iraq in political disputes.

II. The Position of Pro-Velayat-e Faqih Marjayas and Factions

The position of Iraq's marjayas and factions loyal to Velayat al-Faqih was not harmonious with Najaf's position. The marjayas and factions loyal to Velayat-e Faqih rushed to exploit the incident politically to secure their popular bases.

Sayyed Mujtaba al-Husayni, Supreme Leader Ali Khamenei's representative in Iraq, issued a statement in which he condemned the Baghdad bombings. But he hastened to heap blame on what he called "mercenaries working for the arrogant occupiers."

His statement said, "Again, betrayal reared its ugly head, committing a savage and horrendous crime against the innocent civilians, leaving dozens dead and wounded. We consider this an act of some mercenaries working for the arrogant occupiers."⁽⁴⁾

Kazem al-Haeri, who is close to al-Husayni, issued a statement in which he blamed the so-called global forces of arrogance and its stooges.

"It's clear that the hand stained with the blood of this grieved people on this day is the same one that fought them yesterday and is still fighting them to this moment. ISIS has been created by the global forces of arrogance: the US and its stooges."⁽⁵⁾

The supporters of Velayat-e Faqih blamed the global forces of arrogance, a phrase which has a negative connotation in the Shiite collective mind. The phrase has been used extensively, with the proponents of Velayat-e Faqih using it to label all Iran's foes at home and abroad.

The incident also led to blaming the Iraqi government which is led by Mustafa al-Kazemi and settling political scores with it. Qais al-Khazali, leader of Asaib Ahl al-Haq, accused the government of negligence, attributing the bombings to the lax security measures and the government's interest in politics.⁽⁶⁾ But the Hezbollah Brigades hastened to accuse the United States, Israel, and some Gulf states as well as Sunni leaders in Iraq for their involvement in the bombings.⁽⁷⁾

These accusations were leveled even before official investigations by the Iraqi government had ended. They even called for revenge and responding beyond the framework of the government, indicating their ongoing behavior which deprives the government of authority.

When carefully analyzing the statements made by the supporters of Velayat-e Faqih, we find that their intent is to address the home front more than the outside world. They attempted to blame political foes which they believe are aligned with the United States to strip them of legitimacy and to pit the people against them as well as blaming regional and Gulf states hostile to Iran.

III. Iran and the Effectiveness of Timing

The Islamic State of Iraq and Syria (ISIS, also known as ISL and Daesh) does not hide its harsh discourse towards the Shiites in general. In addition, it diverges



from the position of its parent organization al-Qaeda, which renders unlawful the targeting of civilians or using them as human shields. In many speeches delivered by Abu Bakr al-Baghdadi, the leader of ISIS, he rendered lawful the attacks targeting Shiites, using harsh sectarian rhetoric towards them. ⁽⁸⁾

But it seems that this time, Iran is the main actor that is exploiting this bombing for several reasons:

1. There has been a palpable rapprochement between Iraq and the Gulf states in recent times, especially between Saudi Arabia and Iraq at the political, economic and cultural levels. This rapprochement – under the Kazemi government – deeply angered Iran. Thus, Tehran worked to curb this rapprochement with the intention to take over the Iraqi state and prevent independent Iraqi decision-making as well as to prevent Iraq from forging various regional and international alliances.

2. The popularity of the pro-Velayat-e Faqih factions and parties close to Tehran have declined due to a number of setback and mistakes — as the parliamentary elections quickly approaching. These mistakes include the factions' position on the Iraqi uprising in October 2019; their involvement in assassinating activists and targeting US forces, and other issues which led to political and economic crises that agitated the Iraqi people. Iran has exploited the blast to re-unify the pro-Velayat-e Faqih factions with a deliberate attempt to sectarianize the political climate. Iran has presented its armed militias as the only savior for the Iraqi Shiite voters.

3. Via its proxies, Iran sought to convince the Iraqi people that Iraq-Iran relations are critical to safeguarding Iraq from attacks, which are instigated by Iran's enemies, who are hence Iraq's, according to Tehran's narrative.

Fourth: Reviving Violence and Legitimizing the Acts of Loyalist Factions

The armed factions supportive of Velayat-e Faqih rushed to exploit this ISIS bombing, deeming it an attack on the entire Shiite community. This is the narrative which Velayat-e Faqih supporters seek to instill in the minds of the

Iraqi public. On Saturday, January 23, responsibility for the attack on the city of Riyadh in the Kingdom of Saudi Arabia was claimed by “The Righteous Promise Brigades.”⁽⁹⁾

It is notable that the statement of this group included the same narrative used by the supporters of Velayat-e Faqih in the aftermath of the Baghdad bombing which ISIS officially claimed responsibility for. This ISIS official statement claiming responsibility for the Baghdad blasts should have undermined the claims of Velayat-e Faqih supporters that regional and international powers were involved in the blasts.

There is no official information on the “Righteous Promise Brigades” as it was established recently. It was first known when it issued its statement on January 23, in which it threatened the Gulf states with more attacks, without pointing to its nature as an armed group.

The group has received support from the pro-Velayat-e Faqih militias in Iraq, especially the Hezbollah Brigades. Thus, Iran probably created this group as a diversion tactic to safeguard its real proxies on the ground from political and media attacks. Last year, several groups in Iraq, including the League of the Revolutionaries (Usbat al-Thairen), Ashab al-Kahf, the Ahed’Allah movement and other groups announced that they were affiliated to the Hezbollah Brigades in Iraq and inspired by it.⁽¹⁰⁾

Conclusion

The Ideological File touched on the position of the Shiite religious elite and the factions loyal to Velayat-e Faqih on the Baghdad bombings. The fact is that the Iranian handling of this incident points to the outcomes of the relationship between various dimensions, particularly religious and political ones. ISIS did not limit its attacks to the Shiites exclusively but extended to target Sunni and Kurdish provinces, causing killings and displacements, and it even claimed responsibility for attacks beyond the Iraqi borders such as in Libya, Syria, Tunisia and the Sinai. But Iran claimed that the attack targeted the Shiites exclusively, clearly intending to stir sectarian tensions and strengthen its Shiite enclaves, not the Iraqi nation state.

In this context, we can conclude with two important points:

First, the Iranian government is keen to stir up tensions across the religious and sectarian boundaries to cement its clout and the role of the pro-Velayat-e Faqih factions aligned with it. This strategy has been in place since the US invasion of Iraq. It is at the same time part of the process of neutralizing (or even curbing or dwarfing) the role of Najaf and obstructing its religious and political vision when it comes to running the affairs of Iraq and the Shiite community.

Second, there are no signs or a genuine will by Iran to curb the clout or the acts of the armed groups aligned with it. It seeks to bolster their legitimacy even at the expense of Iraq’s security as well as its social and sectarian stability.

The Political File

Iranian Foreign Minister Mohammad Javad Zarif came under stinging criticism because of his positions and remarks that were deemed bold and controversial by the conservatives. In the last Parliament, he was questioned on multiple occasions by lawmakers. However, since the conservatives took over the new Parliament in February 2021, the number of occasions on which he was summoned and questioned surged noticeably. He engaged in tense arguments, with conservatives accusing him of lying. In the *Political File* for January 2021, we will discuss the latest criticisms and pressures targeting Zarif by Iran's lawmakers in addition to his latest controversial remarks.

The *Political File* discusses three main topics as follows: lawmakers questioning Iran's Foreign Minister Mohammad Javad Zarif, warning Zarif by giving him two yellow cards in a single day and finally Zarif's new remarks which are expected to result in him being questioned once again by Parliament.

I. The Parliament Summons Mohammad Javad Zarif for Questioning

In January 2021, the Iranian Parliament continued to subject Foreign Minister Mohammad Javad Zarif to parliamentary interrogation. Two lawmakers put two different questions to Mohammad Javad Zarif:

The first question was asked by the conservative lawmaker Javad Karimi-Ghodoosi, Mashhad's representative, regarding the reason as to why Zarif mentioned in an interview with Germany's *Der Spiegel* magazine in January 2020 that Iran was ready for negotiations with the United States.

Javad Karimi Ghodoosi's question involved two objections. The first is rejecting Zarif's idea of negotiating with the United States at least during the tenure of the incumbent President Hassan Rouhani. The second — which is more important — is Ghodoosi's denouncement, along with the rest of the hardliners, of the timing that Zarif chose to speak of negotiations with the United States. Ghodoosi's remarks came only three weeks following the assassination of the former Quds Force Commander Qassem Soleimani in an air raid in Baghdad. They also came at a time when Iran reiterated its desire to avenge Soleimani's killing by targeting the United States.

In response to this question, Zarif stressed that his remarks were consistent with the approach of the Supreme Leader Ali Khamenei. He mentioned that Iran is not in a rush to enter negotiations. But if the United States meets its obligations and lifts the sanctions, then it can return to the nuclear deal as part of the P5+1 group.

Zarif also reiterated that the objective of his ministry is to impede hostile US

policies towards Iran and that negotiations and forging alliances are important foreign policy tools, and he has no other tools available.⁽¹¹⁾

The second question was raised by Ferhad Bashiri, representative of the city of Pakdasht, on the importance of economic diplomacy in Iranian foreign policy and the reasons why it has not been taken seriously by the Ministry of Foreign Affairs. Zarif acknowledged that his ministry was not successful in this sphere and its efforts were not sufficient to meet the intended objectives. However, he denied that they had failed completely. On the call of the Parliament speaker Mohammad Bagher Ghalibaf to transform the foreign ministry into the Ministry of Foreign Affairs and International Trade, Zarif said that he rejected the idea of the Foreign Ministry spearheading economic relations, since it does not possess the capacity to do so and its role is limited to facilitating and removing hurdles that obstruct economic relations.⁽¹²⁾



The economic diplomacy which Iran's lawmakers referred to depends on diplomatic relations and effective economic interactions with countries around the world to advance Iran's economic and technological standing to allow it to overcome the delicate economic situation which the country is experiencing at the moment. However, Iran exercising economic diplomacy faces a number of challenges, including US sanctions, Iran's tense economic relations with a number of countries around the world, especially in the region, the harsh circumstances facing the local economy and Tehran's poor standing at the international level. This is in addition to Iran's industrial sector adding little to the GDP, mismanagement, and multiple institutions overlapping with one another in the economic sphere such as the IRGC. The latter has played a significant role in curbing the role of Iran's Ministry of Foreign Affairs, particularly in developing economic interactions with various countries worldwide.

II. Two Yellow Cards Given to Zarif in One Day

Zarif's answers about the government being ready to start negotiations with Washington were deemed unconvincing by Javad Karimi-Ghodoosi.

The lawmakers voted on the questions to interrogate Zarif, and 173 out of 259 parliamentarians who attended the session disapproved of the questions. The Parliament showed its first yellow card to Zarif after his answers pertaining to economic diplomacy and the Ministry of Foreign Affairs not having the capacity to coordinate economic relations were not convincing particularly to the parliamentarian Bashiri. 138 lawmakers voted against Zarif, and Parliament finally gave him his second yellow card in a single day.⁽¹³⁾

The yellow card indicates the Parliament's dissatisfaction with the answers provided by Zarif. This use of yellow cards, common in sports, is unknown in politics and not mentioned in the Constitution. But yellow cards have been used in the political sense in Parliament since 2000. Thereafter, the lawmakers decided to set up a mechanism to strengthen the Parliament's regulations by showing a yellow card to the questioned minister when he fails to provide convincing answers and proofs for his argument.⁽¹⁴⁾

According to Article 221 of the Iranian Parliament's internal regulations, in case the majority of the lawmakers reject the answers of the minister in question on three consecutive occasions, the Parliament can set an official motion to question the minister. He shall be questioned by Iran's lawmakers according to Article 89 of the Iranian Constitution.⁽¹⁵⁾



The rationale of showing the yellow card aims to send a warning message to the minister that his policies could lead to questioning him and dismissing him from his position, not only interrogating him. However, recently some lawmakers called for denying the ministers who are interrogated from assuming any political positions in the future. These lawmakers argued that many ministers who received yellow cards and were questioned assumed senior positions after their ministerial tenures ended.⁽¹⁶⁾

The calls of these lawmakers are against local and international labor laws and probably would be rejected by the Guardian Council. Yet, the hardline lawmakers, apparently, attempt to place further pressure on the government to eliminate political rivals such as Mohammad Javad Zarif, as a large percentage of the reformists hope that he will run for the next presidential elections. They aim to affect his popularity and convince the Guardian Council that he is not qualified enough to be president

III. New Remarks by Zarif Which Could Lead Him to Being Questioned Again Before Parliament

In an interview conducted with Zarif in January 2021, he raised two new issues which could be exploited by the conservatives in the coming days to attack him and drag him to Parliament to continue the pressure and criticism targeting the Rouhani government.

The first issue is raised by his saying: "I addressed some measures [made by Iranian officials]. I believed that these measures were not useful for Iran's national interest. In my capacity as the foreign minister of Iran, it is my task to oversee any measure taken by any Iranian official, whether it was approved by me or not."⁽¹⁷⁾

These remarks indicate that some foreign policies and decisions of Iranian officials were against Zarif's view. This is strange because foreign policies are crafted and addressed by a foreign minister. However, his remarks disclose that there is some sort of interference by the other government bodies in crafting foreign policy. This interference, which Zarif is not pleased with, negatively affected the performance of Iran's Foreign Ministry.

The other issue raised by Zarif is his tacit condemnation of the Iranian government's disregard for human rights. This came across in his comments, "I believe that paying attention to human rights is a necessity for national security. Therefore, I surely criticize several human rights policies."⁽¹⁸⁾

Perhaps this is the first time in which Zarif has clearly pointed to this issue after he was accused in the past of overlooking human rights violations in Iran, especially regarding civilian and political freedoms, and the execution of prisoners whether by claiming that he had no knowledge of the cases related to human rights violations in his country or by saying that the judiciary is independent and the government has no right to interfere in its work. This pushed several observers to believe that Zarif in fact does not care for the political and civilian rights of the Iranian people and he is only interested in defending himself and his ministry.⁽¹⁹⁾

Conclusion

After the intervention of the supreme leader to impede all the attempts to question President Rouhani and remove him from office, the conservatives have no other option but to continue with the pressure and criticism targeting the performance of his government. Maybe Iran's lawmakers revisiting remarks made by Zarif more than one year ago in which he spoke about Tehran's readiness to negotiate with the United States reveals the intent of the conservatives to take full advantage of all the possible and available levers against the government until its last day in office.

The Economic File

Iran is going through extremely delicate economic circumstances in relation to the government's financial status and the living conditions of the Iranian people. This is against the backdrop of ongoing US sanctions and their tightening before Trump left office. This is in addition to the Iranian government's economic mismanagement as we had mentioned in past reports.

This file attempts to explore the alternative options available to the Iranian government to address the harsh conditions it is experiencing, which may have peaked, to allow it to survive until time is suitable to enter negotiations with the United States.

The Economic File is divided into two main axes. The first one swiftly breaks down the nature of the current economic and living circumstances facing the Iranian people, while the second reveals the proposals and alternative options available to the Iranian government.

I. Delicate Economic and Financial Circumstances

In brief, the economic crises which Iran and the Iranian people are suffering from can be divided into two aspects. The first aspect relates to the economy and the performance of the government at the general level, while the second aspect relates to the popular level and the day-to-day livelihoods of the Iranian people. The latter is not independent from the former and is impacted by it.

At the general level, we can possibly say that paralysis has overtaken the Iranian economy. The economic growth centers such as oil exports and foreign currencies obtained from exports have declined. Oil exports have nearly collapsed, and the country fails to generate much revenue from its non-oil exports. The two economic growth centers are the principal locomotives of the economy, and the most important sources of revenue for government spending or the general budget. Foreign currencies are critical for Iran to import commodities.

Through oil exports, the country's foreign exchange rate stabilizes and the government can spend and subsidize basic commodities and medicine, hence controlling inflation on many items that are needed by the Iranian people. Subsidies are about to vanish as the government decided in next year's budget to double the exchange rate several times from 4,200 tomans to 17,500 tomans per dollar, hence the government will practically give up on handing out subsidies. However, the Parliament rejected this decision on the grounds of possible uncontrolled inflation and security ramifications.

There is a lot which can be said about Iran's general economic performance in recent years, especially during 2020 through a host of indicators. For this,

Rasanah's 2020 *Annual Strategic Report* can be a source of reference. Here we shall only point to the fact that 2020 was filled with economic crises and challenges, especially considering the outbreak of the coronavirus pandemic, which gravely impacted the government's financial situation leading to a worsening deficit; foreign exchange reserves declining to critical levels; and the trade balance posting negative rates. The year also witnessed the largest decline in the value of the local currency on record.

On the other hand, popular pressure was not independent of worsening general economic indicators. The decline in the value of Iran's foreign currency impacted purchasing power amid ongoing inflationary pressures, especially in relation to the prices of food, medicine and housing. With poverty levels rising, the poor were the hardest hit with spending channeled most to purchase food items. To paint a general picture of the pressures facing the Iranian people, we can point to the decline in the GDP per capita to the levels posted 10 years ago, and the decline in income levels by one third compared to the levels before Rouhani took office in mid-2013.⁽²⁰⁾

This is in addition to a decrease in meat consumption by 38.5 percent during the period from 2011 to 2019.⁽²¹⁾

Moreover, millions have lost their earning opportunities because of the sanctions and the outbreak of the coronavirus pandemic last March.

II. The Iranian Government's Options to Handle the Economic Crises

Let us begin first with the outlook provided by international institutions that are concerned with forecasting economic prospects. We will conclude by presenting our own options that Iran could adopt to address its tight economic situation.

The International Monetary Fund expects a moderate recovery in Iran's economic growth in 2021/2022, with a growth of 3 percent posted after three years of negative growth, with the budget deficit and inflation rate expected to dip slightly.⁽²²⁾ But on the contrary, the World Bank's forecast is much more pessimistic. In its latest report issued by the end of 2021,⁽²³⁾ the World Bank affirmed that it is uncertain about Iran's economic prospects considering the ongoing coronavirus pandemic and US sanctions. Therefore, it estimated that Iran's negative growth will continue at 3.7 percent by the end of the Iranian fiscal year, i.e., on March 20, 2021, and recovery in 2021-2022 will remain weak.

Both institutions based their forecasts on a number of variables, such as Iran reaching an agreement with the United States, Iran restoring its ability to export oil and a global economic recovery resulting in surging demand for oil. Iran's decision-makers are depending on reaching an agreement with the United States to overcome the country's current impasse. This is why there have been many calls in Iran recently, particularly after Biden came to power, urging the United States to lift the Trump-era sanctions, which are responsible for many of Iran's current economic and social problems. The lifting of US sanctions would slowly ease pressure on Iran and allow foreign currencies to flow back into the treasury once again.

But what will happen if reaching an Iran-US agreement is prolonged? And



how will Iran face its current financial challenges? Each side has put forward preconditions to start negotiations such as the United States lifting the sanctions on Iran or Tehran return to honoring its nuclear obligations.

It is important to bear in mind that the Biden administration is likely to be consumed with fighting the second wave of the coronavirus pandemic and its economic ramifications as well as addressing the internal divisions in the aftermath of the last presidential election. These factors are likely to delay things in the Iran-US equation.

There are a host of alternative options which Iran could implement to manage its economic crises in the future. Some of them are far-fetched but they could definitely help ease the current economic pressures until an understanding is reached with the United States.

1. Voices are increasing in Iran for the United States to compensate Iran for the losses it has incurred over the past three years, which are estimated at \$150 billion, before starting any negotiations. There is no doubt that if Iran obtains even one third of this figure, the economy will bounce back, and part of the government's financial deficit will be reduced. But the Biden administration paying compensation is far-fetched, and perhaps Iran will be lucky if its frozen assets in the United States are released.

2. There are other alternative options which seem much more logical, such as reducing the exchange rate of the local currency, hence doubling its revenues in toman. If the official exchange rate of the dollar is 4,200 toman as is the case now and is increased to 17,500 toman per dollar as the government suggested in the new fiscal year's budget bill, its revenues will increase by more than fourfold. However, there is likely to be an inflationary impact on the Iranian people. Despite the Parliament dismissing this alternative option, it does not prevent revisiting this option, possibly lowering the exchange rate of the local currency, even by a lower rate. Maybe the government will resort to this option, after obtaining the approval of the supreme leader, to withdraw money from the National Development Fund. This fund stores part of Iran's oil revenues.

3. There is an option which the Iranians have resorted to during times of economic blockade since the British blockade imposed on Mosaddegh's government in 1951: controlling imports by dividing them into necessary items related to food and medicine, and unnecessary items which include more than 4,000 consumer items, which Iran designates as luxury goods. The result was that Iran's annual imports declined by nearly half during the years of blockade,

reaching \$40 billion per year, reaching close to non-oil export levels to ease the pressure on the price of the local currency and prevent major hikes in the prices of foreign currencies. Iran's customs revealed that imports decreased by nearly \$3.5 billion during the period from March to November 2020 or by 24 percent year-on-year. However, the local currency lost nearly half of its value during 2020. In addition to controlling imports, Iran can attempt to open up new markets for its imports subject to sanctions through smuggling and increasing its non-oil exports not subject to sanctions by focusing on certain markets such as its ally China, Iraq or the free trade zone in Jebel Ali, the UAE.

4. The call to bring back “forgotten due money” is another alternative option which has been floated recently. Iran has asked South Korea to unblock its assets worth billions of dollars as Seoul has refused to do so out of fear of US sanctions. Hence, Iran seized a South Korean tanker in the Arabian Gulf. Iran's assets frozen in South Korea are estimated to be worth \$7 billion, which is nearly equivalent to Iran's remaining foreign exchange reserves. Iran is also hunting down billions of tomans siphoned off through tax evasion, as well as the tax exemptions offered to IRGC-controlled companies and the religious establishment. It may also resort to reducing the subsidies offered on imported basic commodities or medicine subsidies which alone amounted to \$8 billion last year.

5. This includes resorting to domestic or foreign borrowing via the stock markets or friendly countries such as Russia and China or requesting loans from international institutions such as the International Monetary Fund, the first request since 1961. The latter is considering Iran's request for a \$5 billion loan to combat the coronavirus pandemic,⁽²⁴⁾ after the Iranian request was initially turned down a year ago when the coronavirus outbreak peaked in the country. Iran has applied for the loan since last March despite the country's high sensitivity towards requesting international loans throughout its history. The loan requested by Mosaddegh's government (1961-1963) from the World Bank was linked to political conditions, and was refused because of US pressure. This is in addition to the pressures of creditors such as Russia and other countries on Iran when foreign debts incurred by it accumulated in the 1990s. However, the option of borrowing from outsiders is not ruled out, especially given that such debts are still under control and most of them are long-term debts. The country could rely on oil exports to pay them off in the future.

Conclusion

The deterioration is accelerating and is the hallmark of Iran's current economic and living reality. Amid the ongoing US sanctions on Iran, and with each side setting preconditions before negotiations start, the forecasts regarding Iran's economic prospects vary significantly. Hence, the Iranian government is seeking any possible alternative option to ensure its survival in the first place. Some of these alternatives are illogical while others are nothing but temporary solutions until an understanding is reached with the United States to lift or ease the sanctions. The latter would help in improving the country's dire economic situation.

The Military File

The file sheds light on Iran's military and security activities during January 2021, amid ongoing mutual heightened escalation between the United States and Iran, which we have alluded to in past reports. A key activity among these activities was Iran's military forces carrying out a number of military maneuvers in the Arabian Gulf; countering the noticeable activity of US forces in the Gulf to display deterrence capabilities against any Iranian threats; the manifestations of Iran's nuclear and missile capabilities; and Iran's position towards negotiations with the United States.

This file will also discuss the consequences of Iran's statement regarding the deployment of maritime patrols in the Red Sea and the impact of the move on the military balance in the region.

This file is divided into the following axes: Iran's military maneuvers in January and its signals, developments in Iran's nuclear and missile capabilities and Iran's intent to deploy patrols in the Red Sea and its strategic indications.

I. Iran's Military Drills in January and Its Signals

The anniversary of the killing of the Quds Force Commander General Qassem Soleimani brought to the limelight Iran's military landscape, as well as the heightened rhetoric of threats and revenge while carrying out military drills and Iran's deterrence capabilities to strengthen Iran's negotiation and deterrent capabilities:

1. Maritime Activities and Stepping up Preparedness and Readiness

Iran's recent military moves indicated the concerns of the country's military establishment regarding the possibility of facing military threats particularly from the United States and its allies in the region. Iran's perception of threats has changed and it has worked to strengthen maritime deterrence capabilities, establish strategic headquarters, and launch more massive military vessels and various missiles.

The IRGC's naval forces carried out "Maritime Mobilization" maneuvers in several areas overlooking the Arabian Gulf, involving several light boats.

In addition, the Iranian army's naval forces conducted "Maritime Strength" maneuvers, with their timing remaining unannounced until the time of execution. The maneuvers involved launching different categories of sea-to-sea cruise missiles, launching torpedoes from submarines, carrying out special operation team drills and conducting drones and electronic warfare operations.⁽²⁵⁾

The IRGC naval forces also revealed one of its strategic missile bases and underground strategic equipment on the coast of the Arabian Gulf. Commander

in Chief of the IRGC Major General Hossein Salami visited the location and stated during the visit that the base is equipped with hundreds of missiles and it is one of the sites where IRGC strategic missiles are stockpiled.⁽²⁶⁾



Figure 1: A sample of the Naval Missiles at the IRGC Strategic Base

Source: ISNA.

2. The Iranian Drones' Maneuver

The beginning of the year, in conjunction with the anniversary of the killing of the Quds Force chief General Qassem Soleimani, witnessed the Iranian army launching its first military drone drill. Its focus was on attacking long-range targets through equipping drones with Azarakhsh air-to-air missiles which were tested during the drills. This is in addition to equipping them with smart bombs against fixed and mobile targets as well as launching the suicide drone Arash.⁽²⁷⁾



Figure 2: Launching the Suicide Drone Arash during the Maneuvers

Source: Tasnim News Agency

II. Developments in Iran's Nuclear and Missile Capabilities

Iran's Parliament has set a February 21 deadline for the United States to lift sanctions and rejoin the Joint Comprehensive Plan of Action (JCPOA) or Tehran will expel nuclear inspectors of the International Atomic Energy Agency (IAEA).⁽²⁸⁾ The January 9 legislation that came 11 days ahead of President-elect Joseph R. Biden's inauguration was in sync with the Parliament's ruling linking the UN inspectors with the Trump-era sanctions. In terms of implications, Iran linking the lifting of the sanctions to expelling IAEA inspectors will lead Iran to return to the pre-JCPOA era.

1. Iran's Bet on Technology

Iran resumed enriching uranium to 20 percent amid heightening US-Iran escalation.⁽²⁹⁾ The strong-arm tactics continued as the US and Iranian sides started to engage in backdoor diplomacy to resolve the JCPOA imbroglio. In addition to displaying its conventional arms and carrying out military drills, Tehran focused on technological displays. As with most of Iran's military hardware, its diverse missile arsenal is not exactly of domestic origin but laden with various add-ons and changes in appearance to enhance fuel capacity and/or payload. Most of its rebranded missile systems have origins in China and Russia, some of which were acquired from North Korea or the Eastern European states. According to the Missile Technology Control Regime's (MTCR) 1986 threshold, at least eight of Iran's ballistic missiles qualify to be nuclear capable. The MTCR bans the sale of any missiles with a 300-kilometer range and a payload of 500-kilograms due to their likely use for delivering a nuclear bomb.⁽³⁰⁾ The 2015 nuclear UNSC resolution clearly forbids Iran from conducting missile development "designed to deliver nuclear weapons."⁽³¹⁾ The obvious ones

capable of carrying a nuclear payload include Ghadr, the Shabhab series, Emad, and Khorramshahr.

Time and again, Iran has used its space program to signal its technological advancement while its capabilities and intentions are being debated amongst the world powers. The three-stage satellite launch vehicle (SLV) – Zuljanah (see Figure 1) – with two solid fuel stages, is a definite advancement compared to the one used in April to send Noor 1 into space.⁽³²⁾ Though Iran's space launches enhance and exhibit its technological capability, an SLV cannot be used to deliver a nuclear or conventional payload due to an assortment of issues confronted upon re-entry into the Earth's atmosphere. Zuljanah SLV's engine thrust is claimed to be 75 kilotons, which is impressively close to the 90 kilotons of the US LGM-30G Minuteman III's intercontinental ballistic missile.⁽³³⁾ Technologically, solid-fuel rockets are preferred for their long-range payload delivery due to the minimal preparation time.

2. Iran's Intentions

Given Iran's solid-fuel production capability along with its expensive and diverse assortment of ballistic missiles, and reluctance to satisfy the IAEA about its suspected undeclared nuclear site, increasing its uranium enrichment levels offer substantiative grounds to raise doubts about Iran's intentions.

The Biden administration might be preparing the ground to return to the JCPOA before February 21, yet it cannot overlook the IAEA verdict on the suspected sites about which it had declared Iran's response as being "not technically credible" while seeking its full and prompt cooperation.⁽³⁴⁾

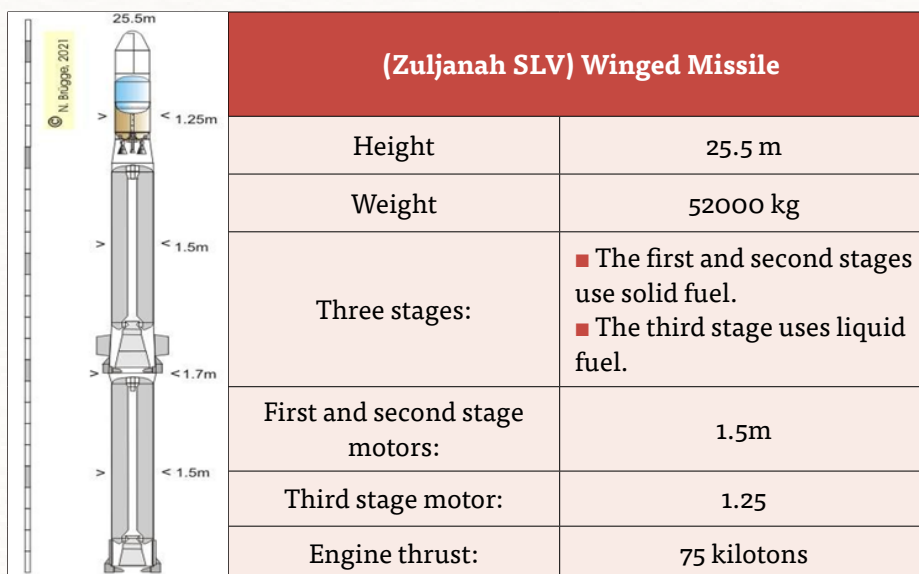


Figure 3: Dimensions of Winged Missile (Zuljanah SLV)

Source: "Iran IRIB4 Zuljanah, Soroush-1-2 SLV & Future Launches," Youtube video, 31:53, from Zنده Rood Show, IRIB, posted by Ali Javid on February 2, 2021, <https://bit.ly/2N8RVet>.

III. The Intent on Deploying Maritime Patrols in the Red Sea, and Its Strategic Indications

During the ceremonies to commission Iran's homegrown armored missile ships and copter carrier Makran, Iran's Chief of Staff Major General Mohammad Bagheri announced Iran's intent to deploy maritime patrols in the Red Sea again. This deployment is quite significant, given the timing and the targeted zone.

1. Iran's Objectives in the Red Sea

Major General Bagheri pointed to Iran's objectives by saying, "We must defend the security of our maritime boundaries, which contains rich sources of fossil energy and the routes of our maritime trade," adding, "The geo-strategic advantage of the coasts and seas could provide us with the maritime defense strength."⁽³⁵⁾

These remarks clarify that one of Iran's objectives is to enhance its trade and expand the scope of its security.

He added, referring to Iran's ambitious expansionist outlook, "Over the past decade, the naval forces were entrusted with missions in the high seas to stand up to maritime piracy and the enemy's terrorist measures. After docking at the Omani coasts, the naval forces managed to establish our navy there permanently in the Indian Ocean, the Red Sea and distant seas."⁽³⁶⁾

In this respect, Iran seeks to achieve this objective via modernizing its naval fleet and conducting maneuvers with coastal countries such as Russia and China.

The dangerous point in Major General Bagheri's remarks was that he indicated that Iran's naval forces would seek to deprive enemies of the areas under their control, which means that the Red Sea will become among the areas Iran controls.

He said, "The armed forces today are one hand. The army and IRGC are two powerful arms for the government, and the defense industries are the powerful backers of them. They perform their defense duties in outright cooperation where the enemy does not dare to display its strength in the waters and areas controlled by Iran."

He reiterated, "Iran will continue to defend its interests as it has always done and we will reinstate our maritime patrols in the Red Sea again."⁽³⁷⁾

2. Assessing Iran's Naval Ability to Deploy Patrols in the Red Sea

Iran has inaugurated 'Makran,' a logistics vessel with a helicopter pad and the missile-launching warship Zereh to the Iranian army's naval forces. Makran was described as the biggest vessel in the history of the country. Through this announcement, Iran marks the beginning of its ambition to sail across long distances, including the Red Sea as declared. Iran's capabilities in the past were concentrated in the Gulf waters, relying on intensive deployment of limited-range speedboats. Iran's capabilities in the high seas and abilities to conduct strategic missions are still rather modest.

But Iran is making concerted efforts to provide logistics to ships through maintaining a presence at several friendly ports such as the Fatima and Nahaleg

islands leased by Iran on Eritrea's Assab Bay.⁽³⁸⁾

It has recently sought to make a qualitative transformation in its naval military capabilities through producing various homegrown naval military vessels with multiple purposes and tasks.⁽³⁹⁾ This is in addition to partaking in naval drills with countries like Russia and China to enhance naval relations and hone its experience when it comes to “blue sea” missions.

It was previously noticed that Iran's naval forces engaged in activities on two Eritrean islands in the Red Sea. The vessel Safiz has also been stationed off the Yemeni coast and Bab al-Mandab since 2018 and it is suspected of performing military roles under the guise of trade operations to provide military assistance to the Houthi militia in Yemen.⁽⁴⁰⁾

On the other side, Iran possesses three diesel-powered submarines with limited capabilities and several small submarines. Perhaps this constitutes the base on which Iran's future capabilities will be built to support its strategic objectives to reach the high seas.⁽⁴¹⁾

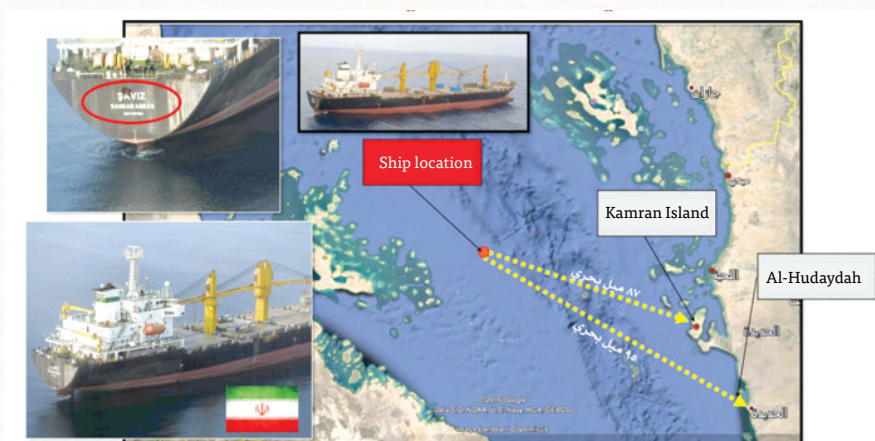


Figure 4: Iran's Safiz Warship Poses a Danger to the International Navigation in the Strait of Bab al-Mandab.

Source: Awad bin Manaal al-Qahtani, "Iran's Safiz Threatens International Navigation," *al-jazirah*, November 22, 2018, accessed February 27, 2021, <https://bit.ly/2LAW8ay>

3. The Strategic Consequences of Iran Turning to the Red Sea

Given the timing considerations, it seems that there are a host of objectives which Iran seeks to achieve through its presence in the Red Sea. In response to the US pressure it has faced in the Gulf and the critical situation of the Houthis at this moment in time, Iran seeks to ease the pressure put on it and enhance its ability to mount “well-considered escalation” attacks against US forces and its allies, to the extent of annoying Israel and targeting its interests. This will ease the pressure Iran's forces face in Syria from Israel and increase its ability to support its militias and groups that undermine regional security and stability under the pretext of maintaining a presence in international waters to protect its ships and secure its trade. This is added to providing it with the ability to harass the forces of the maritime coalition tasked with enforcing Resolution 2216 on

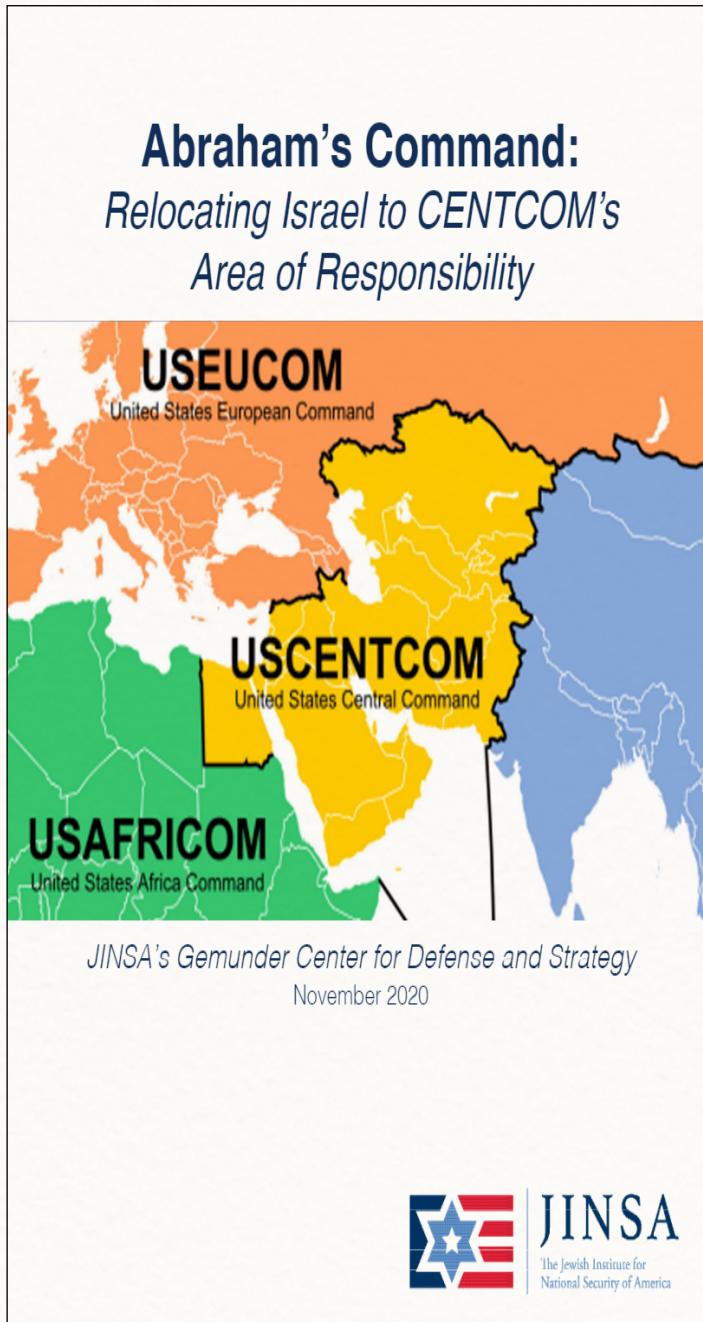


Figure 5: The US Central Command's Area of Responsibility After Including Israel Within Its Responsibility.

Source: "Abraham's Command: Relocating Israel to CENTCOM's Area of Responsibility," JINSA, November 25, 2020, accessed February 28, 2021, <https://bit.ly/2NUEeAl>

Yemen. Furthermore, Iran will be able to gather intelligence and information to benefit its militias and have the capability to obstruct/disrupt oil supplies to disturb the international landscape in case it comes under a direct attack and revive its ambition to have a footprint in the Horn of Africa.

On the other side, the US symbolic step of displaying its strength by dispatching its strategic bombers Stratofortress B-52 and flying them over the Red Sea and the Arabian Gulf sends a message to Iran that it must be aware of the redlines. The chief of the US Central Command said that this deployment means that the United States and its allies are committed to providing regional security and stability and points to the scope of US forces to deploy additional combat forces swiftly to counter any aggression and address any emergencies.⁽⁴²⁾

For Israel's part, it preceded the Iranian step by raising the alarm bell in the Red Sea due to its tensions with Iran by sending submarines and Fleet 13 to the Red Sea. According to Israeli officials, it was a message that Israel is prepared for all scenarios. Israel's Minister of Intelligence Ely Cohen announced that the strategic importance of the Red Sea is increasing amid international and regional disputes. It is a political-strategic opportunity for Israel to establish and improve ties with neighboring countries based on common security interests related to protecting the freedom of navigation and creating a system to counter Iran and its Houthi militia in this arena.

At the same time, the principal challenge facing Israel in the region is how to maneuver between overlapping regional and international interests.⁽⁴³⁾ The Israeli step to establish ties with Sudan could be construed in this context.

It is worth mentioning that the responsibility of the US Central Command (CENTCOM) was expanded to include Israel. Therefore, the US Central Command will include Israel, the Gulf states and Egypt in operational coordination and when intelligence is exchanged, Israel was part of EUCOM missions, which means the geographical region which Iran is dealing with has expanded, hence requiring it to increase the scope of its deterrence capabilities.⁽⁴⁴⁾

Conclusion

January 2021 can be called the month of "awaiting and displaying the ability to deter" by both the United States and Iran. This was accompanied by military activities and moves to display strength, such as Iran conducting military drills in the Arabian Gulf region. The aim was to send a cautionary message to US forces so that they do not carry out any attacks on Iranian soil. For its part, the United States intensified its presence and movements to warn Iran against taking any ill-considered step against its forces as the current tensions coincided with the anniversary of the killing of the Iranian General Qassem Soleimani.

Regarding the nuclear file, although the IAEA should – in technical terms – issue a decision on Iran's nuclear activities, the foggy situation and the uncertainty surrounding Iran's nuclear and missiles programs will make February a hard month for diplomacy as well as for regional and international cooperation.

Iran's announcement that it will have a presence in the Red Sea is a strategic indication of its intent to expand the scope of its influence and deterrence in an arena where international interests overlap.

It is expected that the pace of tensions in the Red Sea will rise due to Iran's maritime movements. The countries actively present in the Red Sea should precede the Iranian step by addressing all the weaknesses which Iran could use to achieve its objective to undermine security in the strategically important Red Sea region.

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Arab Affairs

Arab affairs addresses five files. The first file deals with Iran's interactions with the Gulf states, the impact of the outcomes of the Gulf summit on Iran, and the call for dialogue with Iran. The second file discusses Iranian reactions to the outcomes of the Gulf summit and the position of regional influential countries regarding the summit's statement. The third file deals with Iranian interference in Yemen, including Iran's and the Houthi's concerns about the formation of the new Yemeni government, the divergent US position on the Yemeni crisis, and the intensification of Houthi attacks on the Kingdom which is connected to developments in Iran's crisis with the West. With regard to the Iranian presence in Iraq, the fourth file deals with Iran's strategic vision in Iraq, the emergence of an Iraqi political party that rejects Iran's presence in Iraq, and the developments regarding the projects that will link Iran to Iraq and Syria. The fifth file, discusses the strengthening of Iran's military presence in Syria, and its efforts to strengthen what it calls the "axis of resistance" by improving the Assad regime's relationship with the Palestinian movement Hamas.



Iran and the Gulf States

This file monitors the most prominent interactions and reactions regarding Gulf-Iran relations in January 2021, and the latest developments in the Gulf's position in anticipation of renewed tensions with Iran. We have referred to this in our past reports. This file discusses the outcomes of the Gulf summit particularly efforts to counter Iranian influence and Iran's reactions in response. This file also discusses Gulf-Iran relations in the context of the policies of the countries that have influence on the regional scene through reviewing the following topics: the outcomes of the Gulf summit leading to unified Gulf positions; the developments of Iran's discourse towards the Gulf states; and the positions of influential countries in relation to the regional landscape.

I. The Outcomes of the Gulf Summit, Towards a Unified Gulf

At the beginning of this year, the statement of the 41st Gulf Summit, held on January 5, 2021 in Al-Ula, indicated the increasing level of unity between the Gulf states amid the challenges and threats facing them. This will positively impact the ability of the Gulf states to deal with regional challenges, present a unified political position, and form strategic partnerships with states and regional and international organizations, to serve their mutual interests.

1. Unifying the Gulf's Vision Towards Addressing Challenges

Among the most important points mentioned in the Al-Ula summit statement was the GCC's rejection of Iran's meddling in Gulf internal affairs and its condemnation of all Iranian terrorist acts and Tehran's support of sectarian conflicts. The GCC stressed the need for Iran to stop supporting groups that instigate sectarian conflicts, as well as to stop supporting, financing and arming sectarian militias and terrorist outfits, including supplying them with ballistic missiles and drones to target civilians, and no longer to threaten international shipping lines and the global economy. The statement stressed the need for any talks with Iran to address Iran's destabilizing behavior in the region, and its missile/drone/nuclear programs, as well as involving the Gulf states. It also included a call to advance military integration between the GCC states under the supervision of the Joint Defense Council, the Supreme Military Committee, and the unified military leadership of the GCC states, to meet the emerging challenges, based on the joint defense agreement and the principle of collective security for the GCC states. ⁽¹⁾

2. The Call for Dialogue With Iran

One of the most tangible outcomes of the Gulf summit was the reconciliation between the GCC states, which ended the differences that had disrupted Gulf

responses for four years. During this time the Gulf states suffered from poor coordination in dealing with the repercussions and interactions of regional and international powers in the region. The Gulf reconciliation has activated diplomacy. In this context, Qatar, through its Minister of Foreign Affairs, Sheikh Mohammed bin Abdul Rahman al-Thani, called for the Gulf states to hold talks with Iran, and stressed Qatar's readiness to facilitate negotiations. He said, "If asked by stakeholders, his country will support whoever is chosen to do so."⁽²⁾ This reflects the importance of unifying and integrating the roles of the Gulf states in a way that serves their comprehensive strategic interests. On the other hand, Iran's media speculated about the impact of Gulf reconciliation on Iran. Iran's media believes that Gulf reconciliation is positive and may lead to a Gulf-Iran rapprochement. However, the Iranian narrative still holds the Gulf states responsible for tensions in relations with Iran, although Iran and its militias have not limited their military and media escalation towards the Gulf states.

II. The Changes in Iran's Rhetoric Towards the Gulf States

Several Iranian media outlets dealt with the outcomes of the Gulf summit, and transmitted messages encouraging Iran to follow the principles of peaceful coexistence and good neighborliness with the Gulf states and to end its destabilizing activities in the region. However, these media outlets at the same time also analyzed and criticized the Gulf reconciliation process. ⁽³⁾

1. Optimism That Gulf Reconciliation May Lead to Success With Iran

ISNA news agency indicated that the continuation of reconciliation and the settlement of differences in the region may contribute to stability and security in the entire region, and the UAE and the Kingdom of Saudi Arabia must realize that confrontation is pointless, whereas Gulf reconciliation will lead to security and prosperity, and a similar position towards Iran will strengthen this course in the Arabian Gulf. However, it criticized the positions of Saudi Arabia, the UAE and Bahrain in particular. ⁽⁴⁾

Media outlets also covered extensively the call of the Qatari Foreign Minister for the Gulf states and Iran to reconcile. Particularly, Iran's Foreign Minister Javad Zarif wrote on his Twitter account, welcoming such regional understandings which he considers to be in the interest of all parties, "As we have consistently emphasized, the solution to our challenges lies in collaboration to jointly form a strong region: peaceful, stable, prosperous, and free of global or regional hegemony."⁽⁵⁾ The Iranian government's spokesman Ali Rabiei said that the Iranian republic has always supported the reduction of regional tensions, and has attempted to ensure regional security through the Arab Gulf states. In this context, Iran has proposed many useful initiatives, including the creation of a forum for regional talks, a non-aggression treaty, the Hormuz Peace Initiative, and the four-point plan proposed by Iran's foreign minister's to resolve the Yemeni crisis. It also played an effective role in the Yemeni peace negotiations. ⁽⁶⁾ For his part, the Iranian Foreign Ministry's spokesman criticized the final statement of the GCC, "The Saudi regime is working to spread hatred and violence in the region by hijacking the Gulf Cooperation Council and its meetings and



imposing its destructive views.” However, he also called for dialogue and regional cooperation.⁽⁷⁾

On the other hand, some Iranian analysts believe that the road for building relations between Iran and the GCC states must begin with discussing political and security issues and promoting a comprehensive regional agreement on the outstanding issues before considering economic issues. They also believe that Iran-GCC relations must result in the resolution of the Saudi-Iranian dispute, thus comprehensive cooperation with all the Gulf instead of Iran resorting to establishing bilateral relations with individual Gulf states.⁽⁸⁾

The Iranian narrative, which neglects the causes of the tension, still poses a dilemma for Iranian policies. The Iranian remarks regarding the Iran-GCC tensions are still in denial and are contradictory. Iran’s narrative is heavily based on finding justifications for its policies and to highlight that Tehran is on the truth and has ready-made solutions for all dilemmas.

2. Iranian Media Attack Targets Saudi-Emirati Relations

The Iranian media is reflective of Tehran’s efforts to create differences between Saudi and the UAE. This in fact highlights the important role of the two countries regarding regional and international affairs and they disrupt Iran’s plans. One of the most prominent events that targeted the two countries’ relations was the attack against the Yemeni government delegation at Aden airport. The incident was reported as having been orchestrated by parties backed by the UAE to disrupt Saudi efforts to implement the outcomes of the Riyadh Agreement among the parties of the Yemeni government leading to the

formation of a government in the interim capital, Aden.⁽⁹⁾ From its part, the UAE believed at the time that “the attempts to target the Riyadh Agreement by targeting the new Yemeni government are nothing but a sinister project that seeks to undermine the chances of security and stability in Yemen and the region.”⁽¹⁰⁾

III. The Positions of Influential Countries in Relation to the Regional Scene

1. The American Position

In a statement to Congress, US Secretary of State Anthony Blinken indicated US President Joe Biden’s vision towards Iran. He said, “If Iran comes back into full compliance with the nuclear agreement, the United states will do the same thing and then we would use that as a platform with our allies and partners who will stand next to us again in order to reach a longer and stronger agreement, especially those related to missiles and Iran’s destabilizing activities. This will be the goal.” He added that the US administration is still far from achieving this. It will have to await the actual actions that Iran will take and assess whether the Iranians will comply with their obligations. He stressed that it is particularly important to cooperate with US allies and partners in the region, including Israel and the Gulf states.⁽¹¹⁾ In an interview with NBC News, he warned that Tehran is close to being able to produce enough fissile material for a nuclear weapon. It is a matter of ““weeks” if Iran continues to breach its commitments under the nuclear deal. He stressed that the United States is ready to go back and comply with the nuclear agreement if Iran does so, and then work with US allies and partners to reach a “longer and stronger” agreement that includes other issues.⁽¹²⁾



Figure 1: Joint Drills Between the Gulf and US Forces to Increase Operational Preparedness

Sources: CNN Arabic <https://cnn.it/3at1VHE>, UAE71 <https://bit.ly/2MO2Hqx>, Alkhaleej Online <https://bit.ly/3cEPiMl>, Khobar Masr <https://bit.ly/39OEK5f>, CNN <https://cnn.it/3avtfFf>.



2. The French Position

French President Emmanuel Macron called for the inclusion of new partners in the region in the nuclear deal with Iran, including Saudi Arabia. He also said, "A contract of trust must be reached regionally with Saudi Arabia, and it must be included in any agreement with Iran." He added, "You should not make a similar mistake as in 2015 when the nuclear deal excluded regional powers." For its part, Iran still refuses to make any amendments to the nuclear agreement or increase the number of its members.⁽¹³⁾

3. The Russian Position

Russian Foreign Minister Sergey Lavrov said that Moscow had suggested to hold a conference to study the Arab Gulf collective security initiative which it had proposed, and to review the security concerns of the Gulf states and Iran. He criticized the United States for undermining the establishment of an Arab-Iranian dialogue in the Gulf region. He added that Russia is interested in Iran and the Gulf states starting negotiations and reaching an agreement to enhance confidence and transparency in military affairs and expand cooperation in general.⁽¹⁴⁾

Conclusion

The outcomes of the Al-Ula summit and Gulf reconciliation led to the Gulf states unifying their positions. This prompted Iran to resort to contradictory messages. It condemned the summit's outcomes, while at the same time welcoming the Qatari initiative for Gulf states to restore relations with Iran.

US commitment to the region was indicated via the deployment of B52 bombers to operational theaters in the Arab Gulf and the Red Sea. The US conducted various exercises with the Gulf forces. This was a message to Iran that if it resorts to unpredictable practices, the response against it will be strong and firm.

The French and Russian positions regarding the Gulf indicate the success of the Gulf states in aligning the international community with their viewpoints, especially since they are impacted the most by Iran's maneuvers in the region.

Zarif's and the assistant Parliament speaker's remarks about the need for dialogue within a regional framework are indicative of Tehran sensing the momentum of Saudi efforts to mobilise the international community against Iran's policies. These remarks also reflect Iran's concerns about the growing negative positions towards it, especially in light of the US statement that highlights the need to take into consideration the concerns of regional countries. However, Iran's ambition that strong US positions against the Kingdom and

the Gulf states would emerge under the new US administration has not been fulfilled. It is not expected that there will be a breakthrough in Gulf-Iran relations, given that Iran and the United States of America are involved in finding a solution to the nuclear issue, which is expected to take some time, particularly to find an understanding which is agreeable to all parties to the agreement.

Iran and Yemen

Differences emerged in the circumstances and variables on the Yemeni scene at the beginning of January 2021. The Yemeni arena witnessed unprecedented changes that are likely to have important repercussions on the Yemeni crisis. One of these prominent changes is the return of the legitimate government to Aden under the Riyadh Agreement, and the divergent US steps regarding the settlement of the Yemeni crisis such as the previous US administration designating the Houthi militia as a terrorist organization and the new administration's adopting "principled diplomacy" towards Iranian government and its arms in the region, including the Houthi militia. These variables are likely to impact the Yemeni crisis, the course of the political solution and the role of the Houthi militia in relation to the political situation and military escalation inside and outside Yemen. We will review the impact of these changes on the Iranian-Houthi role in Yemen during January by discussing the following:

I. The Implications of the Discrepancies in the US Position Towards a Political Solution in Yemen

On January 19, 2021, the previous US administration officially designated the Houthi militia a "foreign terrorist organization" and it also added three Houthi militia leaders on the list of international terrorists: Abdul Malik al-Houthi, Abd al-Khaliq Badr al-Din al-Houthi, and Abdullah Yahya al Hakim. This decision was made, as an observer described, within the framework of US understandings with its allies in the Middle East to end all issues in the region and the maximum pressure campaign against the Iranian government and its arms in the region, including the Houthi militia. Many parties, including the legitimate government, considered this decision as a prelude to resolving the Yemeni crisis and a way to pressure the militia to seriously participate in the peace process in Yemen.⁽¹⁵⁾

On the other hand, the new US administration has enhanced its principled diplomacy towards the Iranian government and its Houthi arm to end the Yemeni crisis. The US State Department spokesperson stated that the US State Department informed Congress on February 5, 2021 of its intention to remove the Houthi militia from the list of terrorist organizations. US Secretary of State Anthony Blinken formally began to activate the removal of the Houthi militia from the terrorist list. The US administration said it made this decision to ensure the delivery of aid to the Yemeni people, as relief work organizations must deal with the Houthis to deliver aid and they have no other options.⁽¹⁶⁾

In this context, the US State Department spokesman described this decision, saying, "This decision has nothing to do with our view of the Houthis and their

reprehensible conduct, including the attacks on civilians and the kidnapping of American citizens.” He reaffirmed the US’ commitment to cooperate with Saudi Arabia in defending its territories against new attacks. “Our action is due entirely to the humanitarian consequences of this last-minute classification by the prior administration,” he added. Further, he underlined that the United Nations and humanitarian organizations have since made clear that adding the Houthis to the list of terrorist organizations will accelerate the world’s worst humanitarian crisis.⁽¹⁷⁾

Jake Sullivan, the US president’s national security adviser, believes that this decision was made to settle the Yemeni crisis and end the war depending on principled diplomacy. He said, “Houthi commanders need to be held accountable, but designating the whole organization will only inflict more suffering on Yemeni people and impede diplomacy critical to end the war.”⁽¹⁸⁾

The legitimate Yemeni government believes that this US decision is like a “gift” to the Iranian government and its militias. Yemeni Minister of Information Muammar al-Iryani warned of the consequences of removing the designation of the Houthi militia as a terrorist organization, considering that this removal is a gift to the Iranian government. He also believes that this decision will prompt the Houthi militia and its allies, the Iranian government, to carry out further escalation at all levels. At the same time, he expressed his regret about the decision taken at this time by saying, “This decision was made by the American side, while scenes of Iranian Houthi missiles, targeting Aden airport, are still fresh in the minds of the Yemeni people and they are still falling on the heads of civilians in Marib and Taiz. Its missiles and drones attack neighboring countries.”⁽¹⁹⁾

In this context, the Iranian government welcomed this decision because it is consistent with its subversive project in Yemen and the region and enables it to smuggle more weapons to the Houthi militia to impose further military escalation and deepen the complexities of the Yemeni crisis. The spokesperson for Iran’s Ministry of Foreign Affairs stated that this decision is a step towards correcting past mistakes.⁽²⁰⁾

II. Houthi Terrorism: Escalation Inside and Outside Yemen, at the Behest of Iran

The Yemeni government recently revealed that the attack on Aden airport, shortly after government ministers had arrived on December 30, 2020, was carried out with Iranian-made missiles. This was revealed through the Yemeni Information Minister Muammar al-Iryani. He said, “A month has passed since the major terrorist crime carried out by the Iranian-backed Houthi militia by targeting the prime minister and members of the cabinet upon their arrival at Aden International Airport, with a number of Iranian-made missiles—indifferent to targeting the airport and the fate of hundreds of citizens that were present at the moment of the attack.” He described the attack as the biggest crime committed by the Houthi militia since its coup against the state, adding that the Houthi militia is just as much a terrorist organization as other recognized terrorist organizations.⁽²¹⁾

1. The Concerns of the Houthis and the Iranian Government About Forming a Government at Home

The Houthis opposition to the formation of the Yemeni government goes back to before the government was announced. They used their agents to inflame differences between the Yemeni components to prevent an agreement being reached via all means and methods. They considered that the formation of the legitimate Yemeni government undermines their influence and expansion and obstructs the continuation of their subversive acts in Yemen. However, announcing a government within the framework of the Riyadh Agreement and cabinet members returning to Aden is a blow to the Houthi militia. The Houthis concern about the formation of the government and its return to Yemen is due to several reasons, most importantly:

- A. Removing the Houthis' political cover since the internationally recognized legitimate Yemeni government is present in Yemen.
- B. The unity of Yemeni components and forces.
- C. Exposing Houthi practices against the Yemeni people and increasing conflicts within the Houthi wings
- D. Losing control of some ports and maritime routes under their control.⁽²²⁾

The anti-Iranian position towards the Riyadh Agreement was contrary to the position of the international community, which welcomed the agreement. The Iranian Foreign Ministry announced earlier that this agreement will not help in resolving the Yemeni crisis. Some observers believe that the Iranian position aims to deepen the disputes between the Yemeni parties that are against the Houthi coup and oppose Iranian influence in Yemen. The aforementioned confirm Iran's involvement in Yemen. This agreement undermines Iranian efforts to use Yemen as a platform to threaten neighboring countries and international shipping.⁽²³⁾

2. The Houthis Continue to Reject Intentional Calls

The Houthi militia has increased its escalation inside and outside Yemen. It has increased hostilities in Hodeidah governorate, which is covered by a UN truce, by carrying out ground attacks and invading the cities of Hays and al-Durayhimi. The Houthi militia refuses to respond to the calls of the United Nations mission to support the Hodeidah Agreement and dismissed the call made by Doctors Without Borders to reduce tensions and allow UN teams to reach the contact lines to protect civilians, especially in the populated areas.

The UN reports indicate that the Houthi militia, since the Stockholm Agreement entered into force on December 18, 2018, has displaced more than 700,000 Yemeni citizens and has turned the vital port of Hodeidah into a major threat to maritime navigation. According to experts, the Houthi militia is carrying out daily violations by escalating militarily to maintain control over Red Sea ports that serve as an outlet to smuggle Iranian weapons.⁽²⁴⁾

Regarding Mar'ib, the Houthi militia systematically escalated attacks against the governorate during January. The Iranian government used these attacks as a card to blackmail the United Nations. In addition, the Houthi militia opened new fronts and launched a bloody attack Mar'ib which hosts about 2 million dis-

placed people in the east of the country. It is worth noting that Marib remained, for over a year, a fiery axis due to the ongoing Houthi escalation against the city. However, the level of Houthi escalation decreased after the Houthi militia was classified as a terrorist organization by the United States, but the new US administration reversing this decision, which it linked to the ongoing peace efforts, prompted the Houthi militia to re-escalate militarily against the governorate.⁽²⁵⁾

3. The Intensification of Attacks Targeting the Kingdom

Externally, during the month of January, the Houthi militia intensified its attacks against the Kingdom of Saudi by using drones. An expert committee had said earlier that Houthi drones were assembled from external components and shipped to Yemen and also said that these drones dimensions and design characteristics were similar to those produced in Iran. During January, the Arab Coalition to Support Legitimacy in Yemen announced that it had dealt with four Houthi attacks, in varying ways, that targeted public infrastructure and civilians.⁽²⁶⁾

Some observers believe that the Houthis' escalation was a logical result of the US revoking their designation as a terrorist organization. Therefore, it is likely that the Houthi militia will impose further escalation on all fronts to secure gains on the ground and to exploit the political settlement process. The Yemeni Minister of Information Muammar al-Iryani said that the Houthi escalation reflects the position of the Houthi militia and its supporter, the Iranian government, on the peace process in Yemen, stressing that the militia continues to act as a tool to implement Iran's agenda.⁽²⁷⁾

Conclusion

The divergent positions of the United States were reflected in the behavior of the Iranian government and the Houthi militia in Yemen. Both US decisions: placing the Houthi militia on the list of terrorist organizations and reversing this decision, prompted the Houthi militia escalate militarily. The decision to classify the Houthi militia as a terrorist organization by the United States prompted the militias to escalate militarily inside and outside Yemen at the behest of Iran. Removing the militia from the terrorist list motivated the Houthi militia to seek more gains and to use them as negotiating pressure cards in the future, at the expense of the security and stability of Yemen and the region. The Houthi militia believes that the US decision is a green light allowing it to impose further control in the Yemeni arena. According to the statements of US officials, the decision was made to prepare the ground for activating principled diplomacy towards the Houthi militia and the Iranian government and it was made in light of Yemen's peace efforts and humanitarian considerations. On the other hand, the Yemeni government views the US decision with astonishment. It believes that this move disrupts the political settlement process and motivates and grants the Houthis a legal cover which they do not deserve at the expense of the legitimate government, and the international coalition that is supported by UN Resolution 2216.

Iran and Iraq

During December 2020, Iran kept a steady level of influence in Iraq, however several variables impacted its influence in the Iraqi arena during 2020, including the absence of Qassem Soleimani from the Iraqi scene, the US military escalation against Iran, the struggle between militias, and the new Iraqi government vowing to transfer Iraq to the stage of statehood. This file discusses Iran's vision, and even its commitment to maximize the scope of its influence in Iraq after the killing of Qassem Soleimani. In addition, this file will discuss how Iran will attempt to address the growing challenges facing its role in Iraq such as the birth of new Iraqi political and popular currents which are against its influence in Iraq. The following axes will be discussed:

I. Iran Discloses a Change in Its Strategic Vision in the Iraqi Arena

According to Iraqi political and military sources, the British Middle East Eye website revealed on January 2, 2021, that Iran put forward a new vision that was not exclusively military orientated as was the case when the Quds Force Commander General Qassem Soleimani was alive, to preserve its gains and allow it to move forward to implement the rest of its expansion plans.

According to the website, the proposed new Iranian vision is based on keeping in place the larger militias while dismantling the smaller ones, or what they call "removing the outcrops" such as the Khorasani Brigades, as well as finding alternative sources to finance its militias. In addition, the Iranian vision includes the conversion of militias into political formations to protect them and supporting an acceptable Iraqi government that agrees to a two-headed militia force, provided that the Popular Mobilization Forces is one of them and the other one is an armed resistance force consisting of two or three major factions.⁽²⁸⁾

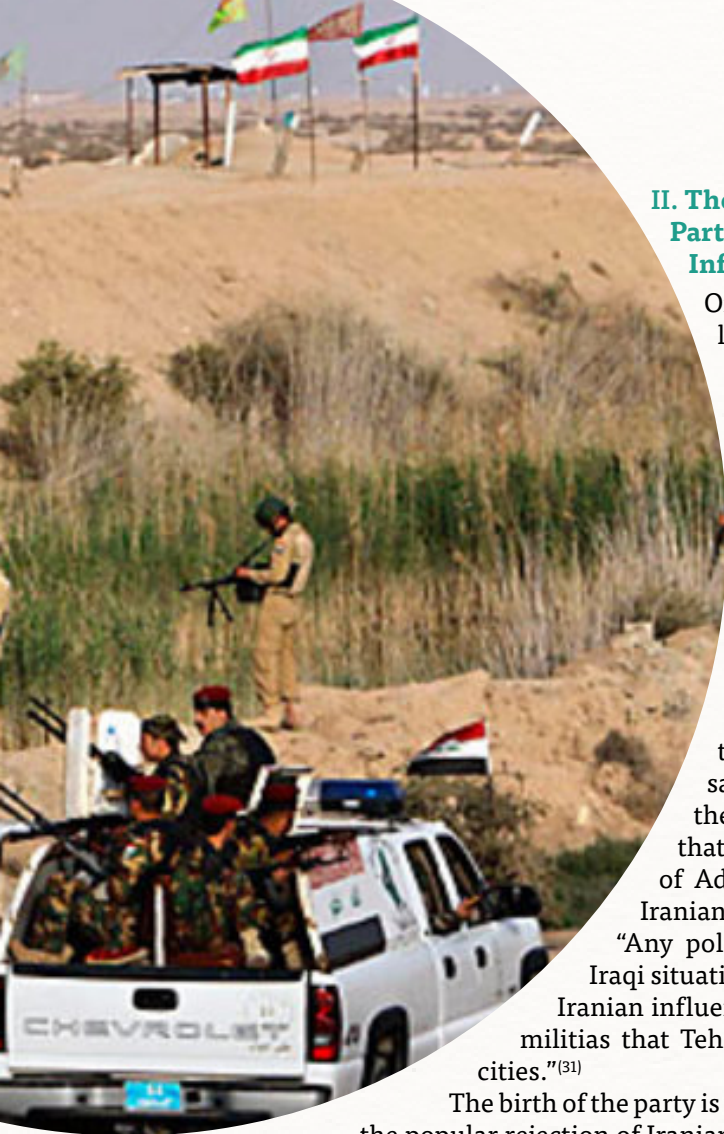
The Iranian vision is based on shifting from a military to a political approach in the next stage. This will be done once Iran has evaluated three variables. The first variable is the position of new US President Joe Biden's administration on Iran and its regional behavior, especially in Iraq; the second is the separation of armed factions loyal to Grand Ayatollah al-Sistani from the pro-Iranian Popular Mobilization Forces; the third is the nature of the political coalitions which will form prior to the snap parliamentary elections in Iraq, which are scheduled to be held in June 2021.

It seems that there are several reasons, according to sources, for the new Iranian vision in Iraq. Firstly, there is a big difference between Qassem Soleimani and the current commander of the Quds Force, Ismail Qaani. The latter lacks the great experience that the former used to have in managing battles and achieving harmony between the militias. Qaani not have broad relations with the leaders of most of the pro-Iranian parties in Iraq that Soleimani used



to have. He does not have the charisma which was one of the main characteristic of Soleimani. One source said that Qaani resembled an “official who is only concerned with delivering messages and instructions.” He has made no effort to break the ice with the militia leaders. His trips to Iraq are quick and business-like. Therefore, many militias do not follow his instructions, such as Asa’ib Ahl al-Haq.⁽²⁹⁾ Secondly, the outbreak of conflict between militias over spoils and money, such as the disputes that almost led to the outbreak of fighting during December 2020 between Asa’ib Ahl al-Haq and the Khorasani Brigades over the spoils in many Iraqi provinces, when Asa’ib fighters tried to set up security checkpoints in the province and impose additional fees on trucks coming from Syria. There was another conflict between Asa’ib and al-Nujaba over the leadership of the “resistance force” if the Iranian vision succeeds. The Shiite leaders say Khazali should be the one who leads the “armed resistance” because he is more efficient and fierce than Kaabi. However, the Iranians are less likely to hand over leadership of the “resistance force” to Khazali, because they are convinced that he is more of a political leader than a fighter.⁽³⁰⁾ Thirdly, the Shiite popular base has declined significantly after Iraqi protesters took to the streets against Iranian influence in the Shiite supportive provinces in Iraq.

The security apparatus of the Popular Mobilization Forces arrested about 30 members of the Khorasani Brigades, including its leaders, raided its headquarters and confiscated some of its property before the end of December 2020. This approach apparently indicates the beginning of the implementation of Iran’s vision in Iraq, and reflects Iran’s awareness of the stage that its influence is going through in Iraq after Soleimani’s death and Qaani’s inability to play the role that Soleimani played to ensure harmony between the militias and their leaders.



II. The Birth of an Iraqi Political Party Against Iranian Influence

On January 21, 2021, a new political party was announced in Iraq headed by Talal al-Hariri. It includes the young people that participated in the October 2019 movement under the name of the October 25 Movement. According to Talal, the party's goals revolve around rejecting Iranian influence in Iraq, standing firmly against Iran's destabilizing policy and putting the interests of Iraq first. He said, "The party is inspired by the October 2019 movement that overthrew the government of Adel Abdul Mahdi and shook Iranian influence in Iraq." He added, "Any political approach towards the Iraqi situation must start by confronting Iranian influence and expelling the armed militias that Tehran planted in various Iraqi cities."⁽³¹⁾

The birth of the party is very important as it indicates the popular rejection of Iranian influence turning into a organized political trend to limit Iran's influence in Iraq in general and this may impact the electoral chances of pro-Iranian candidates in the early parliamentary elections to be held in June 2021 in particular. This trend has emerged in response to the negative impact of Iran's influence on Iraq's economic situation and the living conditions of the Iraqi people. Iran inflames sectarianism, supports the Shiites against the Sunnis, and directs loyal armed militias to target not only US troops and the international coalition fight ISIS, but also Iraqi security forces and Iraqi protestors who reject Iranian influence. . The militias have also targeted dozens of activists, most notably Hisham al-Hashemi and Reham Yaqoub.

Therefore, there has been a growing broad popular current that realizes Iran's desire to keep Iraq in poverty, rendering it dependent on Iran. Iraq is an oil producing country, but it suffers from poverty and energy crises, and imports part of its energy from Iran. Iran often uses this as a pressure card against Iraq if it adopts an independent vision from Iran. This could explain Iran's reduction of the amount of gas it exported to Iraq in December 2020, under the pretext that

Iraq did not pay its debts. This was done to blackmail the Iraqi government so that it implements Iran's agenda, such as reversing the decision to limit weapons to the state and ejecting US troops from Iraqi soil. It is expected that the popular current will gain momentum following two suicide attacks in Baghdad in January 2021, which resulted in 32 deaths and 110 injured.

III. Iraq as One of the Components of Iran's Golden Belt Proposal

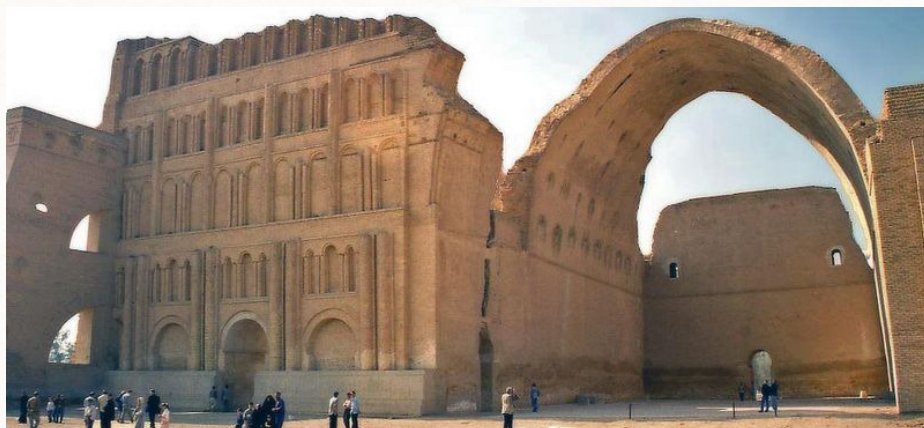
In one of his statements, former commander of the IRGC, potential presidential candidate, and current Secretary of the Expediency Council Mohsen Rezaei announced that his electoral program includes a proposal to build a new Iranian project, the "Iranian Golden Belt" in the Middle East region as he calls it. He said, "In our strategic vision that we have developed in our electoral program, the Iranian Golden Belt project in the Middle East region extends from Afghanistan to Iran, through Iraq and Syria, to the waters of the Mediterranean in Lebanon."

Related to the above, Rezaei added, "Iran must become the first economic, scientific and technological country in the Middle East region by 2025."⁽³²⁾ He also stated, "It is noticeable that most events during the past 20 years occurred in this belt. At the same time, I made it clear that if a regional power controls this belt, it will be able to manage the affairs of the entire region, and Iran could influence the positions of international powers by deploying in this belt."⁽³³⁾ It is clear that this proposal expresses Rezaei's desire, since he took office to secure Iran's goal "the 20-Year Vision Plan of Iran" (Perspective 2025),⁽³⁴⁾ which sets out details to turn Iran into an influential actor at the regional and international levels and secure its major strategic goals by 2025.

Iraq is one of the most important countries in Rezaei's proposal, which was preceded by many Iranian expansionist plans, such as the Shiite Crescent and the Shiite Badr. However, all of these are only doctrinal proposals that no longer deceive the Iranian people, because they violate the principles of international law which prohibit the occupation of states, interference in their internal affairs and the undermining of their sovereignty. This proposal aims to impose Iranian guardianship over the countries that are within the scope of the proposal to monopolize their resources on the one hand and turn them into countries dependent on Iran and unable to break away from it on the other hand. This project is dangerous by all standards. It must be exposed by the media and Iran is constantly proposing projects which clearly violate the principles of international law.

IV. Iranians Playing With Iraq Nationalism by Repairing Taq Kasra

On January 15, 2021, Iran's Minister of Cultural Heritage Ali Asghar Mounesan announced that his country will allocate a budget of about \$600,000 to repair Taq Kasra, one of the most important palaces of Khusra in Al-Madain, Wasit Governorate, south of Baghdad (Picture 1). He stated, "We have obtained the requisite approvals to allocate a budget to repair the Taq" adding, "We will send Iranian experts to inspect the site on the ground after coordination with the Iraqi Ministry of Culture and Antiquities, and we have also sent an official request to Iraq on this matter."⁽³⁵⁾



Picture 1: Taq Kasra – Ctesiphon. By Nick Maroulis, Flickr, August 31, 2016, accessed February 2, 2020, <http://bit.ly/3rfhg5X>.

This announcement was rejected by the Iraqi people on social media. They consider it unacceptable and means for Iran to interfere in Iraqi lands. The Iraqi activist Omar al-Janabi wrote on his Twitter account, “Iran is looking for its Persian roots in Iraq and considers this historical landmark its own.”

It seems that Iran, just as it is playing with Iraqi nationalism to extend its influence and hegemony, has not neglected to use Persian nationalism for the same end. At the same time, this demonstrates the Iranian government's indifference to the tragic conditions of the Iranian people due to the sanctions and the coronavirus pandemic by repairing historical landmarks while Iranians are in need of every economic resource to improve their poor living conditions.

V. The Development of the Iranian-Iraqi-Syrian Link Project

Against the backdrop of fourth session of the Iranian-Iraqi Joint Economic Committee in Tehran on January 12 and January 13, 2021, Minister of Roads and Urban Development Mohammad Eslami announced the imminent implementation of a railway project linking Khomeini port on the Arabian Gulf to Latakia port in Syria through Basra port in Iraq. He said, “It was decided to get into the details during the next two months. Reaching an agreement would allow a full commercial link between the two countries, Iraq and Iran, through railways.”⁽³⁶⁾

It is worth noting that this project was proposed years ago but was halted due to the Syrian crisis. Iran, Iraq, and Syria agreed to cooperate for transit cooperation as a starting point to launch this project. In October of the same year, the Syrian Ministry of Transport announced the consideration of a proposal to establish a line linking the Iranian, Iraqi and Syrian coasts with Iranian funding. This project strengthens Iranian hegemony over Iraq and Syria. It is considered one of the most important components of Iranian influence in Iraq, along with the military, cultural and political components, and one of the most important Iranian linking tools to form the so-called Shiite Crescent.

Conclusion

The Iranian project in Iraq is facing challenges such as the growing phenomenon of Iraqi popular rejection of Iranian influence, dangerous conflicts between armed militias and Soleimani's absence from the Iraqi scene. This has made it reconsider its approach, according to a British website, with it looking to shift from a military to a political approach to maximize the volume of its gains and reduce its losses. However, this does not mean that Iranian influence is expected to decline in Iraq due to the latter's importance to Iran's financial considerations, , the deployment of its armed militias and Iraq's centrality in its expansion strategy.

Iran and Syria

The interactions of the external forces participating in the Syrian conflict dominate this file, with more complexity during the first month of 2021. Iranian attempts to enhance its influence, which has been facing continuous challenges since the previous year, are still ongoing. The Israeli escalation which aims to thwart Iranian ambitions in Syria was the most notable feature in this file. This file witnessed important developments in January 2021 such as: the further strengthening of Iran's military presence in Syria, the continuation of the Israeli-Russian approach to neutralize Iran's influence, and Iran's efforts to support the "axis of resistance." "

I. The Further Strengthening of Iran's Military Presence

Continuing with its approach to strengthen its permanent military influence on the Syrian map, Tehran in 2021 initiated a number of military moves and redeployed its pro-Iranian militias in Deir Ezzor and various other Syrian regions. These moves included evacuating the severely damaged military headquarters and barracks due to the intense Israeli raids, and transferring heavy weapons and ammunition to new locations: tunnels and hideouts in Al-Bukamal, Al-Mayadin and in the vicinity of Deir Ezzor.⁽³⁷⁾ The redeployment included the establishment of military headquarters and barracks inside residential areas on the outskirts of the three major cities eastern Syria: Deir Ezzor, Al-Bukamal, and Al-Mayadin, and in the villages spread across its areas of influence up to the border region with Iraq for fear of new strikes that may target these headquarters in the future.⁽³⁸⁾ Iran has continued to supply weapons to its forces and pro-Iranian militias by delivering Iranian-made short and medium-range surface-to-surface missiles to the Iraqi Hezbollah stationed in western Deir Ezzor. These weapons entered through unofficial crossings between Syria and Iraq. According to some statistics, the total number of missiles transferred was 56.⁽³⁹⁾

Moreover, Tehran, through its management office of "Iranian militias" in Al-Bukamal, created a new militia called the "Hashemite Forces," consisting of local and foreign residents. These forces are added to the list of forces of Iran's Quds Force. According to what was reported by Rahim Safavi, the military advisor to Ayatollah Khamenei, in an interview with him about the details of the role of the former Quds Force Commander Qassem Soleimani, these forces consist of approximately 60 brigades and 60,000 fighters under the command of the IRGC.⁽⁴⁰⁾ Some other statistics estimate that the IRGC and the militias linked with Iran in Syria have approximately 131 military bases in 10 different regions in Syria.⁽⁴¹⁾

II. The Continuation of the Israeli-Russian Approach to Neutralize Iran's Influence

During January, Israel maintained its policies and movements to thwart Iran's explicit ambitions to expand its military presence in Syria and to use Syrian lands to transfer weapons to Hezbollah in Lebanon. These policies and movements are part of what Israel called the "the policy of preventing Iran's positioning." This month witnessed an intensification of Israeli air strikes in Lebanon with the targeting of military sites and Iranian militias.⁽⁴²⁾ The first Israeli attack was on January 6, through launching several missiles against Iranian targets in southern Damascus. These missiles targeted the strongholds of the IRGC and Hezbollah fighters, as well as the Radar Brigade in the west of Al-Dur town in the western countryside of As-Suwayda, and the "Najran" battalion in the northwest of As-Suwayda at the administrative borders with Daraa Governorate, and the "First Division" in Al-Kiswah, and other militia locations on the Damascus-Daraa road.⁽⁴³⁾ The second airstrike was on January 13, which was considered one of the largest Israeli air strikes during the past two years. It included 10 strikes in which Israel targeted Ayyash depots, Camp al-Sa'iqa and other sites at the outskirts of Deir Ezzor. There were six strikes against sites and ammunition depots in the Al-Bukamal desert and two strikes against concentrations, sites and depots in the Al-Mayadeen desert in Syria.⁽⁴⁴⁾ These Israeli attacks came days after the "Fatemiyoun" militia smuggled trucks loaded with Iranian weapons from Iraq to Syria.

The targeting of Iranian sites and its militias coincided with the statements of the Chief of General Staff of Israel's Defense Forces, in which he confirmed that he ordered the Israeli army to prepare an additional plan this year to curb Iran's threat and prevent its continued presence in Syria and Lebanon. Tehran considered these Israeli statements as psychological warfare, which was expressed by Mahmoud Vaezi, the head of the office of Iranian President Hassan Rouhani.⁽⁴⁵⁾ In a similar manner, Iran's First Vice President, Eshaq Jahangiri, stated that Iran's armed forces, including the army and the IRGC would be fully prepared for such Israeli threats.⁽⁴⁶⁾

On the other hand, the rivalry between Russia and Iran became clear in Syria. Russian forces worked to establish two military centers in central and eastern Syria, near IRGC sites. The other competition between the IRGC and Russian forces was over recruiting local residents, who were persuaded to enroll either because of money or the ongoing Israeli raids against Iranian sites, which were exploited by Russia to attract a larger number of dissidents (from Iranian militias) to its ranks.⁽⁴⁷⁾

III. The Implications of Iran's Efforts to Strengthen the "Axis of Resistance"

Iran endeavors to revitalize its regional alliances and repair the damaged relations between its regional allies. Iran acted as a mediator to restore relations between the Assad regime and the Palestinian Islamic Resistance Movement (Hamas) after a long severance. Iran's endeavors have included Iraq and Lebanon.⁽⁴⁸⁾ These Iranian moves to revive regional alliances intend to

safeguard Syria because it is an important land corridor for its resistance forces and to address the international isolation it faces in Syria represented by Israel's active campaign in coordination with Russia to disrupt its military presence, as well as to obstruct Russian efforts to reach a peace agreement between Syria and Israel which would result in limiting and weakening Tehran's influence in the country.

In a parallel context to these moves, a group of Iranian Parliament members proposed two new bills to eliminate Israel by 2041 and to establish an alliance to collectively respond to Israeli attacks and put an end to them. The first bill was presented on January 4, while the second bill was proposed on the 18th of the same month, entitled the "Defense and Security Treaty for the Axis of Resistance." Both bills were discussed at a time when Iran and the "axis of resistance," that it created, were facing international restrictions and isolation. Therefore, these moves can be viewed as a response to ongoing attempts to limit Iran's influence since 2020, whether through the continued Israeli attacks on Iranian forces in Syria, or an escalation of the struggle over influence between Iran and Russia in Syria, especially given the successive news reports and leaks about a secret meeting between Syrian officials and Israel under the auspices of Russia to expel Iran from Syria.⁽⁴⁹⁾ Certainly, Russia is aware of the importance of continuing to militarily coordinate to avert tensions between its allies: Israel and Iran and for Syria not to be used by regional parties as a conflict zone, as mentioned by its Foreign Minister Sergey Lavrov.⁽⁵⁰⁾

Conclusion

The Syrian file dealt with Iran's efforts to advance its military influence and its various tactics to achieve this objective, the developments in Israeli attacks targeting Iranian forces and pro-Iranian militias, and the Russian-Iranian rivalry over influence in Syria. It also addressed the indications and goals of the Iranian move to restore relations between the "axis of resistance" parties.

Accordingly, four important conclusions can be drawn up in this month's report. Firstly, statements regarding Iran's imminent expulsion from Syria contradict the reality on the ground due to Iran's prompt repositioning and redeployment of its military forces, and its ongoing supply of weapons to its militias in spite of attempts to weaken its influence. Secondly, in spite of the past news reports about Syrian-Israeli-Russian understandings regarding Iran's expulsion, it is not easy for the Syrian regime to break from Iran for several reasons. This places Iran in a position of strength and empowers it to use the Syrian card at the negotiating table when discussing the future of Iran's military presence in Syria. Thirdly, as drawn from the facts outlined above in this file, the Iranian moves were conducted on the Syrian border near Iraq. This is due to Iran's awareness of the impediments against working on the southern borders of Syria. Finally, Tehran will seek to strengthen its presence and spheres of influence in Syria. The Israeli air strikes will continue until the two sides –Iran and Israel– can determine the US position and its strategy to deal with this file.

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International Affairs

The International Affairs file for January 2021 reviews the developments in Iran-US relations, discusses Biden's policy towards Iran and the US potentially returning to the nuclear deal. It also analyzes the European position on Iran's move to increase uranium enrichment and Iran-Europe relations one year on after Iran shot down a Ukrainian civilian airliner.



Iran and the United States

In January 2021, there were developments in regard to Iran-US relations. The Trump administration moved out of the White House but it had adopted a maximum pressure campaign toward Iran and imposed sanctions on Iran until its very last day. Joe Biden heads the new US administration, which is reevaluating US relations with Iran, and is intending to craft a more integrated and reliable strategy to deal with Iran. It will be based on diplomacy and coordination with the parties concerned with the crisis.

Considering these developments, the report sheds light on the following elements: Trump's departure, the Biden administration's position on the Iranian file, Iran's position on the US returning to the nuclear agreement, and the implications regarding this potential development. Finally, a conclusion will be provided.

I. Trump's Departure and the Biden Administration's Position on the Iranian File

Although Joe Biden won the US elections and affirmed his diplomatic approach, President Donald Trump's administration continued to impose pressure on Iran. On the one hand, it significantly intensified sanctions to thwart Biden returning to the nuclear deal. On the other hand, it increased its military threats targeting Iran. President Trump discussed carrying out an air strike targeting Iran's nuclear facilities in Natanz. In this context, US battleships moved towards Gulf waters. US B-52 bombers displayed US power by flying over the Gulf region jointly with the air forces of the Gulf states. These air missions started in November 2020. As the anniversary of the killing of the Quds Force Commander Qassem Soleimani approached in January 2021, Iran threatened to retaliate, and Iran's proxies were accused of firing missiles at the US embassy in Baghdad. Trump notified Iran via Twitter before the site suspended his account, "... Some friendly health advice to Iran: If one American is killed, I will hold Iran responsible ... Think it over."

...Some friendly health advice to Iran: If one American is killed, I will hold Iran responsible. Think it over.

Donald J. Trump (@realDonaldTrump) December — 23, 2020

The new US administration, which was inaugurated on January 20, 2021, did not impose any sanctions on Iran. However, the position of the new US administration towards Iran started to emerge. 150 democrats in the House of Representatives supported Biden's return to the nuclear agreement, due to the fact that Trump's foreign policy was not able to serve US interests.⁽¹⁾ However, this does not mean the US returning to the nuclear deal is without preconditions. Biden and his secretary of state have prioritized diplomacy, and Biden appointed Robert Malley as the US special envoy to Iran, who was one of the nuclear deal's architects. He has had previous successes in restricting Iran's nuclear program via negotiations. After these developments, the United States began to set conditions before rejoining the nuclear deal. The United States emphasized that Iran must comply with its nuclear obligations before it rejoined the nuclear deal and announced it would carry out wide consultations with its European and regional allies as well as with the US Congress to formulate an integrated policy before entering into any negotiations with Iran.

In this context, the Biden administration is facing internal pressure not to rejoin the nuclear deal hastily and not to abandon the maximum pressure campaign adopted by the Trump administration. It is also facing pressure from some regional and international powers. This is why the Biden administration resorted to talking about a new agreement in which the nuclear deal would be amended and prolonged, as well as carrying out negotiations with Iran to address concerns about its missile program, its regional behavior, and its human rights file.⁽²⁾

II. The Iranian Position on Returning to the Nuclear Agreement

With the end of Trump's term, the Iranian government imposed sanctions on senior US government officials due to their involvement in the maximum pressure campaign against Tehran in line with the law "Combating Human Rights Violations and US Adventurous and Terrorist Actions."⁽³⁾ Moreover, on the first anniversary of Soleimani's assassination, Iran stepped up its threats to avenge his death. The webpage of the Iranian supreme leader re-published his statements mentioning that it was "inevitable" that Iran would retaliate against those who ordered and killed Qassem Soleimani.⁽⁴⁾

انتقام حتمی است ▼

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غلطی کردند، بایستی #انتقام پس بدهند؛ #هم_آمر_هم_قاتل بدانند که در
هر زمان ممکن باید انتقامشان را پس بدهند.
pic.twitter.com/i2DYpPSBhw ۱۳۹۹/۰۹/۲۶

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سایت 21, 2021

In spite of the mutual escalation and Iran's militias in Iraq launching attacks against US forces and bases, Iran returned to a policy of pacification and de-escalation to avoid provoking the Trump administration before its departure. Tehran feared Trump would execute his threat to strike Iran.

Instead, the Iranian government has been preoccupied with the post-Trump stage, and preparing for a new phase with the Biden administration which announced its intention to rejoin the nuclear deal. Iran announced its priorities: refusing renegotiations, lifting US sanctions, the United States rejoining the nuclear deal first, since it withdrew and breached the deal's provisions, and the United States compensating Iran for the losses incurred as a result of the sanctions.⁽⁵⁾

The supreme leader stated on January 8 that, "We are in no rush and we are not insisting on the United States returning to the nuclear deal. Our demand, which is logical, is the lifting of the sanctions."⁽⁶⁾ Khamenei also rejected the West's concern about Iran's regional influence, stressing that "Tehran is committed to supporting its allies in the Middle East." He also mentioned that Iran's presence must and will continue to exist. Khamenei refused to abandon his country's missile program, noting that this program "forced Iran's enemies to reconsider their actions."⁽⁷⁾

In order to maintain the pressure cards to force the United States to lift the sanctions, and to pressure the parties to the nuclear deal not to amend the agreement or expand its scope, Iran began implementing the Parliament's decision to start enriching uranium at 20 percent, after it had informed the International Atomic Energy Agency. However, the government announced that it could reverse its actions if the rest of the parties to the nuclear deal fulfilled their obligations.

As Rouhani's government is facing internal pressure and wants to revive the nuclear deal to achieve significant gains before the presidential elections in mid-2021, Rouhani and Zarif have presented ideas to push forward diplomacy; Iran will return to full compliance with the 2015 nuclear deal as soon as the other parties honor their commitments. This means both parties (Washington and Tehran) need to withdraw simultaneously the measures and actions which they have enacted to pave the way to revive the nuclear deal.⁽⁸⁾

Nevertheless, there is a lack of confidence in the position of the Biden administration. Iran's Permanent Representative to the United Nations, Majid Takht Ravanchi, stated that "the different governments in America, whether Democratic or Republican, do not differ much in their international policies."⁽⁹⁾ There are Iranian fears that the European position will change after Trump's departure and there will be greater coordination with the United States and more pressure on Iran.⁽¹⁰⁾

On the other hand, Iran has increased its confrontation policies and attempted to resist the sanctions by strengthening its policy of heading toward the East. In this context, Zarif visited the Caucasus countries, Russia, and Turkey. Iran attempted to de-escalate with the Gulf states to alleviate the pressure they were imposing on the United States to take action against Tehran, which would no doubt delay US plans to rejoin the nuclear deal and result in it imposing

preconditions before any nuclear talks with Iran. Therefore, Iran proposed regional- regional dialogue instead of the nuclear deal being amended and agreed to put regional concerns on the negotiating table.

III. Implications and Conclusions

Trump left an important legacy in relation to Washington's relationship with Iran. It is not easy for the Biden administration to overturn the sanctions imposed by Trump. Trump's legacy could be advantageous and help Biden in his negotiations with Iran. Although Biden has showed interest in returning to the nuclear agreement, it is clear that his administration is preparing an integrated vision to deal with Iran, so that a return to the agreement is different to Obama's and Trump's policies. In this context, the opinion of international and regional powers and the opposition within the United States will no doubt play an important role in the formulation of Biden's integrated policy to ensure Iran's threats are addressed.

To accelerate the course of the United States rejoining the nuclear deal without amendments, Iran is exerting pressure via the nuclear file card. It is increasing the pace of its nuclear program so that it does not go to the negotiating table without any bargaining chips, and to prepare for a transitional period which can be prolonged until a compromise equation to reach an understanding is finalized.

Conclusion

In the end, it can be said that diplomacy does not offer radical solutions nor does it lead to comprehensive gains for a party. On this basis, an indirect negotiation process or through European mediation, perhaps with Russia's help, may help in defining a framework of understanding, in which each party can place its demands on the negotiating table. Undoubtedly, there will be a margin to negotiate, and there are vital issues that may be difficult to compromise on. However, the reality is that the Biden administration has important papers and greater ability to pressure and coordinate with regional and international allies unlike Iran, which suffers from difficult economic conditions due to the sanctions.

Iran and Europe

Since the end of last year, Europe and Iran have been stressing the need to uphold the nuclear deal. Both sides seek to reap considerable gains from the potential negotiations after Joe Biden repeated US intentions to rejoin the Iran nuclear deal. In this part of the report, we touch upon the possible mechanisms which the nuclear deal participants will need to adopt to revive diplomacy, and the possible European and Iranian roles to revive the nuclear deal.

We review the most prominent interactions between the Iranians and Europeans in January 2021, analyzing three main events: first, Iran's decision to increase uranium enrichment and the impact of its decision on the current efforts to maintain the nuclear deal, second, the anniversary of the shooting down of the Ukrainian aircraft, and finally the heated exchanges regarding the failure of INSTEX.

I. Iran Increases Uranium Enrichment

After Iran announced increasing uranium enrichment to 20 percent on January 4, the E3 (France, Germany and the UK) issued a joint statement condemning the Iranian move and describing it as “a serious negative development.”⁽¹¹⁾ The joint statement continued, “It also risks compromising the important opportunity for a return to diplomacy with the incoming US administration.” The Biden administration has repeatedly confirmed its willingness to revive real diplomacy towards the nuclear deal if Iran returns to full compliance with its commitments under the 2015 nuclear deal.

To protect their interests, Iran and the United States have engaged in heated exchanges regarding which party should first return to observing its nuclear commitments. The latest Iranian move (increasing uranium enrichment) is probably a bargaining chip that Iran is attempting to use to make some gains in the potential nuclear talks. The German foreign minister had said in December 2020 that the nuclear deal signatories need to expand the scope of their negotiations, including Iran's ballistic missile program and regional interventions. Iranian Brigadier-General Amir Ali Hajizadeh, the head of Iran's Revolutionary Guard Corps Aerospace Force, echoed the remarks of Iran's Supreme Leader Ali Khamenei on Iran's ballistic missiles; Iran's ballistic program is a non-negotiable “redline.”⁽¹²⁾

By the end of January 2021, French President Emmanuel Macron underpinned the need to avoid repeating the same mistakes which occurred in the 2015 nuclear deal. He stressed the need to include other regional powers, including Saudi Arabia in any new nuclear talks. The spokesperson of Iran's Foreign Ministry Saeed Khatibzadeh rejected any new negotiations or the involvement



of new participants in any talks, and criticized France's ties with the Gulf states, specifically with Saudi Arabia. In addition, he criticized France exporting arms to the Saudi-led coalition (the Arab Coalition to Restore Legitimacy in Yemen) against the Houthis, considering French arms as "the main cause of regional instability."⁽¹³⁾

Regarding Iran's increasing uranium enrichment, the E3 issued another joint statement on January 16, expressing their deep concern over Iran exceeding uranium enrichment limits. "The production of uranium metal has potentially grave military implications," the E3 foreign ministers said in their joint statement. The statement called on Iran to halt its move and return to full compliance with its nuclear deal commitments.⁽¹⁴⁾ Iran's Foreign Minister Mohammad Javad Zarif launched a scathing attack on the E3 because they had not done much to keep in place the nuclear deal. "JCPOA [is] alive because of Iran, E3 did 'zilch' to maintain deal," Zarif said.⁽¹⁵⁾

Iran had previously reduced its nuclear commitments. Since 2019, Iran had breached its obligations under the nuclear deal five times. Yet, all of its previous breaches are not as worrying and dangerous as its attempt to enrich uranium at 20 percent. The anniversary of the killing of Qassem Soleimani and the public pressure in response to the assassination of Iran's top nuclear scientist Fakhrazadeh, led the Iranian government to take action to ease the agitation of Iranian people at home. However, it is important to note here, Iran had not escalated like this after the killing of Soleimani last year. The most significant aspect to be highlighted with regard to Iran's move is its timing; it was just a few weeks before the new US administration took power — which had on many occasions affirmed its intentions to return to real diplomacy and to negotiate with Iran. Since the withdrawal of the Trump administration from the nuclear

deal, Iran had not escalated excessively as it wanted to avoid a full-scale war with the United States. Though Biden's diplomatic approach is positive, Tehran is increasing uranium enrichment levels to have more bargaining chips in the coming nuclear talks.

II. The Anniversary of the Shooting Down of the Ukrainian Plane

Marking the first anniversary of the shooting down of the Ukrainian plane, Iran's Foreign Minister Mohammad Javad Zarif tweeted, expressing his sorrow and sympathy to the victims of the plane crash. ⁽¹⁶⁾ The Iranian government allocated “\$150,000 or the equivalent in euros to the families and survivors of each of the victims of the Ukrainian plane crash.” Iran's judicial spokesman Gholamhossein Esmaili mentioned that the case of the victims of the Ukrainian plane crash is finalized and will be settled by the end of the current Iranian calendar month (ending on January 19, 2021). ⁽¹⁷⁾

In response, Ukraine's foreign minister said that he had not received any official message from Iran on the amount of compensation, indicating that his country is not pleased with the compensation proposal –circulated by media outlets – because it was finalized beyond the framework of negotiations between the two sides. Further, he mentioned that Ukraine needs approximately two months before commenting on the technical draft report regarding the circumstances surrounding the plane crash which Iran had provided. ⁽¹⁸⁾

Apparently, the case has not been finalized yet, contradicting the remarks of Iran's judicial spokesman. The negotiations between Iran and Ukraine are still heated. Ukraine is hoping to assess the draft technical report Iran sent and later agree on investigation measures and judicial sentences against those involved in the plane crash. Ukraine aims to place further pressure on Iran to disclose every single detail about the crash so that justice is delivered to the families of the victims.

III. Heated Exchanges Following the Failure of INSTEX

According to Tasnim News Agency, the German Deputy Foreign Minister recently said that INSTEX failed because Iran did not agree to the terms of the deal. ⁽¹⁹⁾ In response, the CBI said that INSTEX was designed as an alternative transaction system to save the nuclear deal, but it did not work because the Europeans “weren't able to find a finance conduit and they didn't have enough courage to maintain their economic sovereignty.” ⁽²⁰⁾

In fact, large European companies did not want to risk their access to US markets by investing in Iranian markets. They attempted not to violate US sanctions imposed on Iran by the Trump administration. Many small and medium-sized European companies do not have shares in US markets; as a result they seized the opportunity to invest in Iranian markets. Furthermore, Iran's Parliament did not approve the FAFT regulations (to counter money laundering and the financing of terrorism), which the European governments had placed as a condition to launch INSTEX. Thus, Iran is responsible for the failure of INSTEX. Though INSTEX did not meet Iranian expectations, it could have eased the impact of US economic sanctions.

Conclusion

The Iranian move to increase uranium enrichment was the most significant interaction between Iran and the Europeans in January 2021. On the one hand, the E3 have not halted endeavors to save the nuclear deal and at the same time curb Iran's nuclear ambitions. On the other hand, Iran has been working to secure bargaining chips before any potential negotiations with the new US administration. Finally, Iran-Europe relations witnessed political tensions over the case of the Ukrainian plane crash and there were heated exchanges and finger-pointing over the failure of INSTEX.

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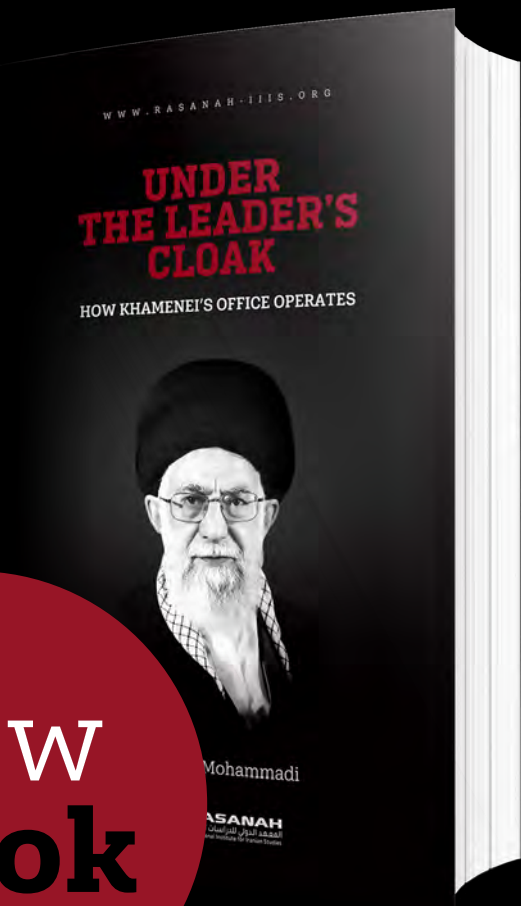
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