

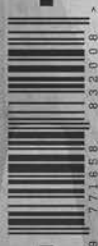
MONTHLY REPORT



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March 2021

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EXECUTIVE SUMMARY

There were many changes in the Iranian file during the month of March. Signs of resolving the nuclear program crisis have begun to emerge amid the revelation of European mediation attempts and the secret understandings which took place last February between Iran and the United States, which were not announced amid the current Vienna talks. The latter was held via European-Russian mediation to outline a synchronous action plan between the Iranians and the Americans. The plan would define the steps that need to be taken for both parties to fully comply with the nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA).

Perhaps the mentioned developments at the end of March, the signs of which appeared last February, made the Iranians feel some kind of cautious optimism as they began to assess why the US administration finally decided to negotiate with them.

Iran's calculations resulted in a huge acceleration in the development of its nuclear program, especially after what had happened at the Natanz plant. Since last December, Iran had initiated significant developments there, with it installing equipment underground, establishing a number of sophisticated IR-6 centrifuges and setting up seven new nuclear sites disclosed by the CIA recently. In addition to this, Iran announced the strategic cooperation agreement with China – a reason which has pushed the United States to abandon its maximum pressure campaign against Iran as it seeks to counter the danger posed by Chinese expansionism in the Middle East.

Accordingly, Iran began to increase its demands from the United States. After making signals that it agrees to reversing its nuclear violations in return

for the United States allowing it to recover its frozen assets in several countries such as in North Korea and Iraq, estimated at \$15 billion, Tehran returned to its position that the lifting of sanctions is a condition to starting talks with the United States.

This state of cautious optimism which has been the hallmark of US-Iran relations impacted other Iranian files. As for the Ideological File, in which Iran's interactions during the Pope's visit to Iraq constituted its main axis, it was clear that Tehran dealt cautiously with the visit amid the approaching deadline of the Iraqi election and its awareness that the visit reflected some kind of external support for the Iraqi government in its pursuit to strengthen the pillars of the Iraqi nation state, curb sectarian dimensions and support for armed militias.

At the same time, Iran does not want the Najaf religious seminary to be the leading representative of the Shiite community globally when dealing with the religious leaders of the Christian world, especially when it comes to upholding the security and interests of Christians in Iraq, a role which Iran had long been playing in the country, especially during the Safavid era in the 16th century when the dynasty ruled Iraq before it entered the Ottoman sphere.

With the conservative movement having extensive control over Iranian institutions, especially the Parliament, the conservatives' opposition to the signing of the Financial Action Task Force (FATF) bills came to the fore. It seems as if the conservatives are preparing for extensive confrontation with the international community in relation to money laundering and supporting terrorist groups.

This opposition coincided with the mounting dispute between President Hassan Rouhani on the one hand and the radical conservative movement on the other. Rouhani believes that refusing to sign the FATF bills gives a justification for the European countries not to implement the INSTEX financial mechanism, especially after Iran was placed on the FATF's blacklist.

The file sheds light on Rouhani's insistence on passing the FATF bills despite the opposition from the Guardian Council, the Expediency Discernment Council and conservative lawmakers. This dispute comes as the end of Rouhani's presidential term approaches and reflects his need to ease tensions with the conservatives to ensure he remains active in political life following the end of his tenure.

Continuing to explore the Iranian file at all levels, the Economic File casts light on the dimensions of the Iran-China cooperation agreement and its ramifications at home, regionally and internationally.

Iran sees that this agreement ensures economic growth and averts collapse due to US sanctions. It also changes the strategic and geopolitical power equation across the region, potentially allowing Iran to have a distinguished place in a post-US dominated world order.

Meanwhile, China considers the agreement as a means to guarantee its energy security, and a path to continue with its global economic and commercial projects, and a lever it can use in the power equation with the United States.

There is no doubt that this agreement, if implemented, will impact regional countries and the movement of trade therein.

The Economic File calls into question the possibility of implementing this agreement or at least all its provisions. It discusses the dimensions, outcomes, and consequences of the agreement domestically, regionally, and internationally for Iran.

As for the Military File, Iran has used its military activities as a pressure tool to prompt the United States to return to the nuclear deal and to deter any attack which could possibly be carried out against it; the cost would be high if an attack was launched. Throughout this month, Iran announced an underground missile city in the region adjacent to the Arabian Gulf to threaten the US presence in the Arabian Gulf and to provide a wider range for its missiles by deploying them in the outermost parts of the country's borders in the southern and southwestern parts. This is in addition to Iran announcing several armament projects to address the military needs of its naval forces. Furthermore, throughout this month, Iran ushered in intensive measures towards increasing the amounts of enriched uranium and raising the percentage of enrichment to a level which enables it to possess more than 2,000 kilograms of uranium. This is a sufficient amount to produce two nuclear bombs and Iran is working on developing the Natanz nuclear facility through increasing the number of centrifuges and using sophisticated categories.

These moves intend to make the United States and the European countries feel that Iran is taking advantage of the suspension of inspections over its nuclear program to move quickly towards possessing nuclear weapons, hence the United States would be forced to lift the sanctions imposed on the country in return for full compliance with the nuclear deal.

This file attempts to assess Iran's military actions as well as its nuclear activities in regard to Tehran edging closer to possessing nuclear weapons and the extent to which Iran is able to pressure the United States and Europe through its claims that it is "close to possessing nuclear weapons."

As for Arab affairs, Iran-Gulf interactions were impacted by the position of the new US administration which appears somewhat negative towards the Gulf states. This forced the Gulf states to consider reframing their relationships and reevaluating their interests to mitigate the repercussions of any unexpected shift in the US position, whether by turning to China, which has massive interests in the Gulf region, or deepening relations with Russia.

The Gulf states moved to curb Iran's expansionist tendencies. Last March witnessed movements by Saudi Arabia and other Gulf states in multiple directions to cope with the international moves towards the region's countries and to obstruct any projects that do not serve Gulf interests. This came through rapprochement with Iraq, seeking to resolve the Lebanese crisis and bringing forth the Saudi initiative to resolve the Yemeni crisis.

The Yemeni file was significantly impacted by Iran's pressure to escalate the situation further and its rejection of the peaceful resolution proposal brought forth by the Saudi government. The Saudi initiative was a genuine test for Iran-Houthi intentions towards peace. The Saudi initiative received extensive international support, given that its provisions will mitigate the suffering of the Yemeni people and chart a clear path for a permanent resolution to the crisis.

However, the Houthis rejected the initiative and this was in line with the remarks of Hassan Erlo, Iran's representative in Sana'a. He believes that the initiative makes it clear to the world that the Houthis are controlled by Iran and that the Yemeni crisis has become a pressure tool which Tehran uses against the United States in light of the nuclear program crisis and the sanctions.

Given its position as a direct point of contact between Iran and US forces, Iraq represented the most active scene for the expression of Iran's cautious optimism this month. Iran has continued its policy of denial when it comes to attacks targeting US forces in Iraq while attempting to link the Iraqi economy with the Iranian economy on a bigger scale. The visit of the Iranian minister of roads and urban development was one of Iran's steps down this path through supporting the transportation roads between Iran's Shalamcheh and Iraq's Basra. Iran also concluded maritime transportation agreements focusing on the Shatt al-Arab to take advantage of the new legal status which Iran has recently obtained in respect of the waterway.

This comes amid ongoing Iranian pressure on the Iraqi government to release frozen Iranian assets in Iraq, which were frozen due to US sanctions. However, Iran has faced competition from Turkey in Iraq, as well as efforts by the Gulf States to strengthen their ties with Iraq and support it economically in a way that assists al-Kazemi's government to break free from Iranian pressures.

Regarding the Iranian presence in Syria, Russian movements aimed to create a new trajectory for the Syrian crisis through the visit of Russian Foreign Minister Sergei Lavrov to Saudi Arabia, the UAE and Qatar. This posed the biggest challenge to Iran's presence in Syria this month.

Russia seems willing to halt the crisis in a way that leads Syria to return to its regional sphere while charting Syria's future political map in regard to the country's new constitution, the system of government and the course of its foreign policy.

Undoubtedly, these movements are not in the interest of Iran as it wants to keep employing Syria as a conduit for it to reach out to Lebanon and the Mediterranean coast and exploit the country economically through its reconstruction projects. This is in addition to keeping Syria a pawn within its Axis of Resistance.

The second challenge which Iran faced in Syria this month was the outbreak of oil tanker wars between Iran and Israel. Iran pointed the finger of blame at Israel for the fire that broke out on an oil tanker that was heading to Syria on March 11.

Iran responded by firing a missile at an Israeli commercial ship while it was sailing through the Arabian Sea.

This is in addition to other attacks which happened earlier, which means that an oil tanker war has already begun between the two countries. From this war, Israel seeks to curb Iran's presence in Syria or at least raise the cost of its presence.

In relation to international affairs, Iranian-US interactions saw clear developments. The two countries moved towards a path of indirect negotiations via European mediation. In the beginning, the negotiations sought to unfreeze

\$15 billion of Iran's assets held in South Korea, Japan, and Iraq. In return, Tehran was supposed to agree to suspend uranium enrichment at 20 percent for one or two months.

But Iran's Supreme Leader Ali Khamenei, after he initially approved the proposal, dismissed it, conditioning that the United States must lift its sanctions before Iran returns to comply with its nuclear commitments.

Russia also offered a proposal limited to discussions about the nuclear deal, with separate talks to discuss Iran's missile program, and its activities undermining regional security and stability. The United States desires for regional countries to partake in these negotiations planned to be held separately from those related to the nuclear deal.

There is no doubt that these new US moves display some kind of retreat in the face of Iran's projects and Washington's tense relations with regional countries. This came after it became clear that the new US administration is proceeding down the same path as in the Obama-era which involved dealing with Iran's threats while paying no heed to the security of US allies in the region.

In regard to Iranian-European relations, the European troika are intensifying their efforts to render successful Iranian-US negotiations, turning a deaf ear to Iran's nuclear violations, despite these violations bringing Iran closer to possessing nuclear weapons. These efforts come in the hope of forcing the United States to return to the nuclear deal, which reflects a shortcoming in the European vision when it comes to curbing the consequences resulting from the continuation of Iran's nuclear program and not placing restrictions on its missile program.

There is no doubt that the corridors of the European Union play a major role in shaping the foreign policy of the European countries. The UK is to conduct a thorough review of its security, defense and foreign policies. Iran has a significant position in British calculations.

Undoubtedly, the rest of the European countries need to conduct such reviews independently of the European Union, which has become a fertile hotbed for Iran.

Internal Affairs

The Internal Affairs file sheds light on four files. The first file focuses on the ideological dimension through analyzing the impact of the visit of the Pope to Iraq on the relations between the religious seminaries in Qom and Najaf. This is in addition to Iran's reaction to the visit at the political and sectarian levels. The Political File casts light on the conservative movement's efforts to obstruct the approval of the FATF bills, the position of the radicals in the Iranian Parliament regarding these bills and the reasons that pushed Iranian President Hassan Rouhani to insist on ratifying the bills. The Economic File touches on the motives and implications of signing the partnership agreement between Iran and China, the most significant provisions of the agreement and its general features. As for the Military File, it discusses enhancing the military capabilities of Iran's naval forces and the developments of Iran's nuclear project from the technical angle.



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 across the region.

The Ideological File of the past month touched on the preparations for the visit of the Pope to Iraq and Najaf and the position of Velayat-e Faqih loyalists in Iraq on this matter. This month, the file touches on the outcomes of the Pope's visit and his meeting with the Supreme Marja Ali al-Sistani, casting light on the reactions of Iran's religious and political elites. It also seeks to answer several questions concerning the impact of the visit on the centrality of Najaf and to what extent it will benefit when it comes to the Qom-Najaf spat.

The reactions varied and the remarks at home and overseas were not the same on Pope Francis's visit to Iraq. After his meeting with Sistani, a statement was released by the marjaya in Najaf as well as the Vatican. This was also accompanied by reactions from some Iranian politicians and figures within the seminary which varied between "concerns and reservations." We shall explain this in detail in the following points:

I. The Visit of the Pope and the Hoped-for Results

Following the meeting between the Pope and Ayatollah Ali al-Sistani, each party issued a statement in which they expressed their points of view on the issues raised at the meeting.

Through these statements, we can highlight the key milestones which each side sought to achieve or enhance via this visit.

1. The Statement of the Najaf Marjaya

The statement of the Najaf Marjaya focused on several axes with messages directed to the home front and the outside world. First, it touched on the human commonalities, particularly morals and values.

It mentioned: "During the meeting, talks were held about the major challenges that humanity is facing and the commitment to sublime moral values in overcoming them."⁽¹⁾

The statement also shed light on the suffering of many people in different countries because of injustice, repression, poverty, religious/intellectual persecution, suppression of basic freedoms and the absence of social justice. Wars, acts of violence, economic blockades, displacement and other factors have contributed to human suffering, such as what is experienced by the Palestinian people in the occupied territories.⁽²⁾

Here we notice that the Najaf Marjaya was keen on highlighting the Palestinian question to block the rumors promoted by the pro-Velayat-e Faqih media outlets alleging that the visit of the Pope aimed to pave the way for normalization with Israel, which put Najaf in an extremely awkward situation at the time.

Another message was to assure the Vatican about the Christian minority in Iraq. The Najaf statement reiterated protecting minority rights and mutual respect between different faiths and intellectual schools.⁽³⁾

Ayatollah Sistani was keen to express that Christian citizens live on an equal footing with Iraqi citizens in safety and peace, enjoying all their constitutional rights.

He also pointed to the role played by the marjaya in protecting the Christians as well as mentioning all those who suffered injustice and harm in the incidents that took place over the past years.⁽⁴⁾

In the same context, the seminary energized the Iraqi people, appealing to their national sentiments. The statement pointed to the standing of Iraq, its glorious history, and the good characteristics of its honorable people. The statement wanted to express the point that the country would overcome its current ordeal in the near future."⁽⁵⁾

In this last message, Najaf was attempting to bring all Iraqis together around a consensual issue; Iraqi identity and the Iraqi homeland. Then it hopes that Iraq will be able to overcome what it calls an ordeal. Undoubtedly, it is also a message to the loyalists of Velayat-e Faqih and the armed militias which do not respect Iraqi sovereignty and cause consecutive crises in the country.

Najaf attempted to solidify the home front by refuting questions raised about the visit by its foes and sent a message to its foes by mentioning the Palestinian issue in the statement in a bid to attract or neutralize its foes. It was also a message to the Vatican regarding the position of Iraq's Christian minority and Najaf supporting their cause.

2. The Statement of the Vatican

The Vatican released a statement following the meeting, in which it touched on the position of the Christian minority within Iraqi society, which was the basic aim behind the visit. The statement said: "His Holiness the Pope reiterated the importance of cooperation and friendship among religious faiths, through boosting mutual respect and dialogue, to contribute to the good of Iraq and the region, for the sake of the entire humanity."⁽⁶⁾

In a moral message to Najaf, and in support of it in the face of its foes, the Vatican statement thanked the Najaf seminary for its efforts in protecting minorities and standing up to violence.

"The meeting gave an opportunity to the Pope to thank Grand Ayatollah Sistani because he has spoken up, in unison with the Shiite sect, against violence and the massive difficulties faced in recent years, in defense of those most vulnerable and most persecuted, reiterating the sacredness of the lives of humans and the importance of the unity of the Iraqi people."⁽⁷⁾

II. The Iranian Reaction: Between Politics and Sectarianism

The Iranian reactions varied between political and religious aspects. The political aspects were expressed by the Iranian ambassador to Lebanon Ahmad Dastmalchian who said: “The meeting between Pope Francis, leader of the Catholics worldwide, with Ayatollah Ali al-Sistani, was among the most delightful news in the past Shamsi year.” He added: “This meeting, in fact, clarified the messages of peace, affinity and love in a transparent and avowed manner.”⁽⁸⁾

Others attempted to use this visit to remind the Iraqis of Iran’s support in the war against ISIS. Hossein Amir Abdullahian, the deputy Parliament speaker for international affairs, said in a post on Twitter: “As arriving in Baghdad, Pope Francis was unable to do so w/safety & convenience, w/o sacrifice of al-Muhandis, M.J. Soleimani & counter-terror, -Daesh martyrs in #Iraq & across region.”⁽⁹⁾

In the same context, a report by Mehr news agency, close to the Iranian government, construed the outcomes of the visit in a way that serves Iran’s interests. The report alleged that the statement of Sistani’s office could be summed up in “the seven Nos: No to siege and sanctions, no to violence, no to injustice, no to poverty, no to the repression of religious freedoms, no to the lack of social justice and no to collusion.”⁽¹⁰⁾

At the same time, the report indicated that the visit of the Pope followed similar visits to several Arab countries. The visits, according to the report, were propaganda tools for the “religious legitimatization of the normalization of relations with Israel.”⁽¹¹⁾

The report also misconstrued Sistani’s statement by arguing that it addressed Iran’s enemies and foes. This was done to overlook the significance of Iraqi Shiites rallying around this visit and to rectify the course of Velayat-e Faqih loyalists in Iraq after they attacked the meeting before it was held. At the same time, the report did not forget to insinuate that the visit of the Pope followed similar papal visits to the region’s countries.

As for the religious and seminary-centered aspects, we notice that it was devoid of diplomatic rhetoric, and it was much closer to the rhetoric of Iraq’s Hezbollah Brigades and Velayat-e Faqih loyalists regarding the visit.

Hojatoleslam Ahmad Alamolhoda, Mashhad Friday prayer leader, said that the visit of the Pope to Najaf comes in the context of the attempts of the forces of global arrogance to polarize and divide Shiites into: secular Shiites who have nothing to do with social issues and do not engage in politics and administration and politicized revolutionary Shiites.⁽¹²⁾ Then Alamolhoda accused the Pope of being on an American mission.

“The Pope was on an American mission here because he knew that the spearhead of confrontation with America is the Shiite marjaya. Therefore, he wanted to force Ayatollah Sistani, under the guise of sending a message of peace and security, that the people, young men and the Popular Mobilization Forces and the revolutionary currents in Iraq shouldn’t engage in the war and confrontation with America.”⁽¹³⁾

He attributed the United States resorting to the Pope to Washington's failure in dealing with Iran.

"The Americans had resorted to the Pope when they failed to deal with us. On the day, our young men took American hostages, the Pope sent an envoy to Khomeini. Khomeini said: "Ask the Pope, if Christ was here today, would he be on our side or America's?"⁽¹⁴⁾

The language used by Alamolhoda defames the position and centrality of Najaf and expresses the core of the conflict between the two sides.

In a clear censure to the Najaf Marjaya, Alamolhoda said: "It was more appropriate to ask the Pope who claims to be supportive of peace and security and opposed to war: which current started the war against Iraq, and who butchered the Iraqi Christians in Nineveh and destroyed their churches other than the mercenaries who initiated this proxy war on behalf of America?"⁽¹⁵⁾

At the same time, he attempted to woo Najaf by describing it as a revolutionary seminary. He went even further, claiming that the Najaf jurists are "advocates of the absolute guardianship of the jurist," which goes against the reality.

He said: "It should be said that the Najaf seminary is as old as a millennium and it engaged in struggles against several crises and fronts against the forces of arrogance and movements hostile to Islam. Over these years, most of the jurists who emerged in the religious seminary presented the absolute guardianship of the jurist as a jurisprudential theory, and the religious seminary of Najaf was a pioneer among the historical revolutionary movements."⁽¹⁶⁾

In this atmosphere filled with concerns about the papal visit to Najaf, the comments of the supreme leader defended what he termed as political Islam.

He said: "Political Islam is what was achieved in the Iranian political system and the foundations of which were laid by Khomeini. Political Islam is targeted by the attacks of enemies."⁽¹⁷⁾

He believes that Khomeini managed to revive the path of the Prophet, which was embedded over time and proved that Islam is a global religion.⁽¹⁸⁾

Conclusion

The Ideological File touches on the outcomes of the meeting between the Supreme Marja Ayatollah Ali al-Sistani and the Pope of the Vatican and the Iranian reactions at the religious and political levels.

The file clarifies the varying dimensions of Iranian rhetoric when addressing the outcomes of the visit. The politicians used diplomatic rhetoric unlike the clerics whose rhetoric was harsher and "showed more concern" for fear that the clout and centrality of Najaf would grow, especially after the international community's dealing with Najaf as a main representative of the Shiite community.

Najaf was keen on reassuring the Iraqi home front that it will not abandon the well-established sect-related or political principles, reminding them of its efforts in the war against ISIS to protect the different factions of the Iraqi state.

The Political File

After Supreme Leader Ali Khamenei's approval of the request of President Hassan Rouhani to extend the grace period for discussing the Financial Action Task Force bills, Rouhani pinned high hopes on the possibility that his approval would lead to the ratification of these bills.

Although four months have passed since the beginning of debating these bills, the Expediency Discernment Council has yet to investigate the issue. This angered President Rouhani who leveled stinging criticism at the Expediency Discernment Council.

According to the Executive Summary, four main axes will be discussed in this file: the efforts of the conservatives to obstruct the approval of the FATF bills, the criticism leveled at the Expediency Discernment Council for delaying its opinion over the matter, the position of Iran's Parliament towards the bills and finally the reasons behind President Rouhani's insistence on ratifying the FATF bills.

I. The Efforts of the Conservatives to Impede the Approval of the FATF Bills

Iran's approval of the FATF bills and the lifting of restrictions banning Iranian banks from being connected to the international banking system was part of the understandings agreed upon between the FATF and Iranian officials ahead of signing the nuclear deal.

After signing the nuclear deal between Iran and the P5+1 in July 2015, and the subsequent lifting of sanctions imposed on Iran, the FATF removed Iran from its blacklist and gave the Rouhani government a grace period for joining the FATF and implementing 41 recommendations to ensure transparency within its financial exchange and banking system.

But the government faced vehement opposition from the radicals. After debates and talks which dragged on for a while, the Iranian government introduced in 2018 four bills to the Iranian Parliament, two of which included amendments to two local laws, whereas the other two related to the Palermo Convention (The International Convention against Transnational Organized Crime) and compliance with the CFT agreement which pertains to countering terrorist financing.

After bitter debate at home regarding the benefits stemming from approving the FATF bills, Iran's Parliament in October 2018 voted in favor of passing the four bills. But the Guardian Council which oversees the decisions of the Parliament turned down the two bills related to combating terrorist financing and money laundering, arguing they breach the laws and the Iranian Constitution.

At this point, the Expediency Discernment Council intervened, one of its

functions is to resolve disputes between the Parliament and the Guardian Council. But its opinion was close to the position of the Guardian Council that the FATF bills are not in agreement with the general orientations of the Iranian government.

These disagreements ended the efforts of the Iranian government to partly ease the international pressure and financial embargo imposed on Iran, with the grace period granted to Iran expiring and the country returning to the FATF blacklist in February 2020.

The main reason behind the opposition of the radicals, who control the decision-making institutions, was that they feared that the bills posed a danger to Iran's ties with its regional proxies. The bills prevent Iran from providing them with funds, especially the militias designated by the US as terrorist organizations such as Lebanon's Hezbollah and the Popular Mobilization Forces in Iraq.

They also argued that approving the bills means that Iran will have to provide information about its activities to international institutions which will exploit this information in exercising more pressure on Iran. In addition, the radicals argued that approving the bills at the time being will not lead to an improvement in Iran's economic situation, especially in light of US sanctions.

Those supporting the ratification of the FATF bills accused the opponents of attempting to impede their signing as they will lead to economic transparency and prevent corruption, which poses a danger to their interests.

II. The Expediency Discernment Council Faces Criticism for Delaying Its Decision on the Matter

Due to the deteriorating economic situation and the developments which could occur to the nuclear deal following Joe Biden's electoral victory, as well as the multiple financial hardships which Iran has been facing in recent times due to Iran's refusal to sign the FATF bills, Iranian President Hassan Rouhani sent a letter to the supreme leader in which he asked him to extend the period for debating the bills, hence allowing the Expediency Discernment Council more time to reconsider them after striking them down in 2018. The supreme leader agreed to the request. On the decree of Supreme Leader Ali Khamenei, the Expediency Discernment Council in December 2020 ushered in a period of debate. Although four months have passed since the supreme leader's decree, the Expediency Discernment Council has not yet decided on these bills. This prompted President Hassan Rouhani, who is tirelessly seeking to approve the bills before his presidential term ends, to level criticism at the Expediency Discernment Council for delaying the approval.

He said that the FATF has nothing to do with the nuclear deal and the sanctions imposed on Iran. He also warned that the Expediency Discernment Council delaying approval will lead to severing Iran's banking ties with all countries, including with Iran's allies and will move the country backwards.

He posed a question to those opposing the FATF. He said: "the Financial Action Task Force is a special group which takes financial measures worldwide, and most of the countries in the East and West joined it. If the allegations of

the opponents are true, how on earth can all these countries join it? How have Europe, Russia, China, Turkey and even our neighbors joined it?"⁽¹⁹⁾

Secretary of the Expediency Discernment Council Mohsen Rezaee had announced that the FATF bills will be looked into before the end of the Iranian year⁽²⁰⁾ which ended on March 20, 2021. But the matter was postponed to the next session of the council which will be held in April 2021. Rezaee attributed the postponement to the government's delayed response to some questions posed by the members of the council. They are as follows: what are the guarantees that the government will provide in case of approving these bills? Will Iran be a member of the FATF?⁽²¹⁾

Though Rezaee set April 2021 as a deadline for approving the bills, supporters of approving the bills do not rule out that the delay is related to the presidential election scheduled to be held this June. This means the radicals plan to postpone reaching a final decision on the matter until a new government is elected. In this respect, accusations were leveled at Mohsen Rezaee, as he is one of the hopeful candidates, that he does not want to approve the bills during this period because removing the economic restrictions on the government will lead to society being revitalized. This in turn will lead to the Iranian people widely participating in the presidential election. Therefore, this will weaken the chances of Rezaee and the rest of the conservative candidates in the upcoming elections.⁽²²⁾

This viewpoint springs from the reformists' deep-rooted belief that the bigger the turnout is, the greater their chances to win the election become, which the conservatives are working to obstruct.

III. The Position of the Radicals in the Iranian Parliament on the Bills

The makeup of the previous Parliament (the 10th Parliament), which included a reformist majority, significantly contributed to the approval of the bills which were struck down by the Guardian Council.

But the current Parliament is controlled by the conservatives and it expressed opposition to revisiting this issue. They considered the approval of the FATF bills as a betrayal of the country and wronging (encroaching on the rights) the people.⁽²³⁾

Moreover, some lawmakers called for sending the bills back to Parliament.⁽²⁴⁾

Despite the illegality of the procedure, the tough position reflects the desire of the conservatives to send the bills back to Parliament for voting on the issue and rejecting the bills, hence killing any possibility of ratifying them or delaying a verdict until the presidential term of Rouhani ends.

Second Vice Speaker of the Iranian Parliament Ali Nikzad reiterated that the Parliament opposes the approval of the bills. In this respect, he said that he believes that "the strategic procedures law to lift sanctions imposed on Iran which was approved by lawmakers in December 2020 proved that those lawmakers will not concede the rights of the Iranian people. Therefore, lawmakers should follow suit in debating the FATF bills." He also believes that approving the bills will indicate the failure of Iran's strategy to circumvent the sanctions.⁽²⁵⁾

IV. The Motivations Regarding Rouhani's Insistence on Signing the FATF Bills

The insistence of President Rouhani on passing the bills is driven by several considerations. The main one being the chronic economic crisis that Iran has faced over the past eight years. This has posed a big challenge to Iran, especially after the Trump administration withdrew from the nuclear deal and imposed sanctions. After Iran was blacklisted by the FATF, all the financial arteries of the government were cut off. As a result of this situation, the Rouhani government faced harsh criticism and was described as the worst Iranian government ever. However, Biden coming to power and expressing his desire to negotiate with Iran resulted in Rouhani having hope that he could convince the conservatives to display some flexibility when it comes to the FATF bills, so that Iran is removed from its blacklist, importantly, preparing the ground for reaching a bigger settlement with the United States in relation to the nuclear file.

Moreover, not complying with the FATF bills led to complicated working relations with a large number of countries including China and Russia who urged Iran to sign the bills to ensure the continuation of commercial and banking cooperation.

However, the European countries ceased continuing their economic cooperation and honoring their financial obligations towards Iran during this period, including the postponement of implementing the INSTEX financial mechanism. The international financial institutions which are attempting to help Iran circumvent US sanctions and the FATF restrictions may find themselves prompted to cease cooperation with Iran for fear that they could be hit by US sanctions.

There is another factor, which is to update Iran's banking system and ensure its compliance with the most up-to-date banking criteria, with the aim of impeding money laundering and the financing of terrorist groups. This is because there are multiple proofs indicating the involvement of Iran's banking system in the mentioned activities. Officials within Iranian banks have spoken repeatedly about these activities, including millions of suspicious accounts which do not include basic information.⁽²⁶⁾

In addition to the aforesaid reasons, approving the FATF bills may be considered as one of Rouhani's accomplishments that will be added to his successes during his presidential term.

Furthermore, approving the bills would ensure for Rouhani and his reformist backers that they will win their prolonged battle with the radicals who have used all possible levers to obstruct the passage of these bills.

Conclusion

Even though Supreme Leader Ali Khamenei agreed to extend the period allocated to discussing the bills related to the FATF, he did not order their passage. In fact, Khamenei's move is a green light for the Expediency Discernment Council to approve the bills, whether during the remaining months of President Rouhani's term in office or after the presidential election.

The Economic File

The Economic File touches on the Iran-China 25-year Comprehensive Strategic Partnership after it was signed by the two countries' foreign ministers in Tehran on March 27. The pact covers various economic, political, security and even cultural aspects, and it comes at a time when Iran and China are seeking to achieve certain objectives.

Hence, the file aims to answer basic questions about the motives and signals regarding the timing of the signing of the pact, its most significant economic and political provisions and hence its potential consequences for China, Iran, the United States and the entire region, concluding with the scenario to gain leverage against the United States.

I. Motives and Signals of the Timing of the Signing of the Pact

The pact was floated five years ago during the visit of the Chinese president to Iran in 2016. But it was not announced by Iran until the summer of 2020. At the time, it caused a huge controversy among the political currents in Iran, especially the conservatives who are currently controlling the Parliament. They used the pact to mount attacks against President Rouhani given that this pact comes at the expense of Iran's sovereignty and interests. But the recent visit of the Chinese foreign minister to Tehran and the signing of the pact with China, described by the Iranian foreign minister as "a friend in hard times,"⁽²⁷⁾ must have motives and signals that cannot be separated from the developments and interactions during the current phase.

China is taking precautions against the Biden administration's policies. The US administration is planning to redirect its resources and capabilities to Southeast Asia for the sake of the so-called China containment policy, given that China is a rival world power seeking to lead the global order. The United States seeks to stir up problems in China's neighboring spheres, as is the case with its military and economic support for Taiwan.

On the other side, China has sent a strong message by signing the pact with Iran. The message is powerful as it conveys that China will not remain static amid the challenges the United States is attempting to impose on it and that it is capable of standing up against the United States in its traditional areas of influence. China is also attempting to concentrate its disputes with the United States within the Middle East region instead of the Southeast Asia region.

As for Iran, despite the controversy stirred up about the pact and the delay in its official signing, it seems that a firm decision by the supreme leader led to the signing of the pact. Maybe this is attributed to the government's realization of the dire economic situation in the country. It is also in line with the directives of the supreme leader to turn to the East away from Europe; or the fading hopes

that accompanied Joe Biden's election as his administration has started to set conditions in order to return to the nuclear deal and has taken advantage of Iran's deteriorating circumstances to attempt to amend the nuclear deal and open discussions about contentious issues such as Tehran's ballistic missile program and regional behavior.

There is no doubt that Iran needs a powerful ally like China to counter the pressures put on it by the Biden administration, especially when it comes to reviving the nuclear deal. It also needs more economic openness towards China, its most important trade partner, to counter US sanctions and help it ease its deepening economic crisis.

II. The Most Important Provisions of the Pact and Its General Features

Iran did not announce the details of the pact neither before nor after signing it, nor did the Chinese government, for its part, provide details. Tasnim news agency, aligned with the IRGC and the clerics, explained this by arguing that "it's not necessary to publish the details of nonbinding agreements, and due to the US sanctions, not publishing it was better."

The agency added: "The Parliament won't need to approve the agreement as it's a framework roadmap, not a binding agreement."

Even the pact's \$400 billion value did not appear in the official remarks of either of the two countries. But an 18-page draft containing the pact's provisions was leaked to Iranian and US newspapers. Even when pressure was put on the spokesman for the Chinese Foreign Ministry Zhao Lijian regarding the total sum of Chinese investments, he declined to answer, according to *The Diplomat* magazine.⁽²⁸⁾

"The plan focuses on tapping the potentials in economic and cultural cooperation and charting a course for long-term cooperation," Zhao said. "It neither includes any quantitative, specific contracts and goals nor targets any third party, and will provide a general framework for China-Iran cooperation going forward."⁽²⁹⁾

Here we will briefly shed light on the most important points regarding the leaked pact's provisions:⁽³⁰⁾

1. Providing China with constant oil supplies for 25 years at reduced prices in return for investing \$400 billion in Iran across diverse fields covering infrastructure, especially railroads and ports such as Chabahar and others.
2. Creating a special mechanism for direct banking exchange between the two countries in Chinese yuan and facilitating the work of traders between the two countries.
3. The possibility of building oil depots on Chinese territories to stockpile or even re-export oil without the need to pay taxes.
4. Intelligence cooperation, developing information infrastructure, and establishing fifth-generation networks.
5. Working to make Iran the essential hub for the Silk Road's commercial route in the Middle East, instead of passing through the Arabian Peninsula.
6. Cooperation with Russia to connect the Sea of Oman and the Arabian Gulf with northern Europe via Azerbaijan and Russia, and the coast of southern Iran with the Baltic Sea.
7. Establishing gas and oil pipelines from southern Iran to the Mediterranean

via Iraq, Syria, and Lebanon, connected to the Syrian port of Baniyas and the Lebanese port of Tripoli.

8. Development of military, defense, and security cooperation in the fields of training, research, defense, and interaction on strategic issues.

III. The Pact's Outcomes and Consequences

The pact will lead to several outcomes and consequences, and their impact goes beyond the scope of the two countries signing the pact, reaching out to the United States and several other regional countries. They can be summed up as follows:

1. For China

The pact undoubtedly enables China to make several gains in case its implementation is confirmed, primarily acquiring more geopolitical clout in West and Central Asia, playing a bigger political role in the Middle East, countering US policies aiming to contain China and seeking to curb its growing global role in the long-term. Some likened the recent Chinese moves to a new Cold War.⁽³¹⁾ The economic tools are the most effective means used by China to ensure that it will make dual geopolitical and economic gains.

This is added to opening new markets, whether in Iran or its neighboring countries. Over the decades, China has become Iran's number one trade partner. In 2020, China alone purchased nearly 25 percent of Iran's total exports. In the case of creating financial exchange mechanisms, Iran's dependence on China will further increase.

China also reduces the impact of geopolitical risks on its economy by diversifying oil sources from the Middle East, which meets about 60 percent of its oil needs. This is in addition to ensuring steady supplies of oil and petrochemicals at reduced prices and even reducing shipping costs if Iran stores them on Chinese soil. Maybe the most important advantage of the pact in the short run for Iran is having an influential international ally, and hence achieving equilibrium in the face of US efforts to isolate it.

This is added to gaining China's support as one of the parties to the nuclear deal and prompting the United States to accelerate the pace of negotiations related to the nuclear deal to lift the sanctions imposed on the country's shattered economy.

2. For Iran

As for the expected consequences for Iran in the aftermath of signing the pact, they are multiple, and most of them are positive. But the pact also involves dangerous ramifications. There is a lack of information regarding how far each side will commit to fulfilling the pact according to defined timeframes, let alone the real extent of the pact, and whether there are specific provisions and measurable objectives. This makes us face the possibility that the actual benefits of this pact are likely to be far less than expected. This is because a lot of the leaked provisions indicate China's general orientations towards the entire region, not towards Iran specifically and that China is attempting to include or attach Iran to these orientations.

For instance, we find that China's investments in Iran from 2010 to 2020 had



reached \$18.2 billion. During the same period, China invested \$30.6 billion in Saudi Arabia and \$29.5 billion in the UAE.⁽³²⁾

This means that Chinese investment preferences in the region already exist. But Iran is still lagging, and China is attempting to include it within its general orientations in the Middle East.

But on the other side, if China is serious about its commitments with Iran, the latter will reap important economic, political and military benefits in the short and long term, such as:

A. Continuing and strengthening bilateral trade, which went down from \$52 billion in 2014 to about \$20 billion during the Iranian fiscal year 2020/2021. Amid this decline – mainly due to sanctions and the drop in oil prices – China remains the most important and the largest partner for Iran. It received 26 percent of Iran’s total exports to the world over the same aforesaid period. Oil and petrochemicals came on top of the list of exports, which ensures for Iran a sustainable market for selling these products.

B. The long-term development of infrastructure will ensure that Iran plays a significant role in regional trade for a period of time, after developing Chabahar port, connecting it to the railroads reaching out to neighboring countries such as Afghanistan and other Central Asian countries. This is added to encouraging the flow of international investments, as soon as the US sanctions on Iran are lifted.

C. Expanding Iran's role in international "transit" trade, after joining the Silk Road, and implementing plans to establish international corridors for the passage of goods from India, China, and Asian countries to Europe, through its ports on the Arabian Gulf, passing via Iran, Azerbaijan, and Russia, and ending in Eastern Europe via high-speed trains. Therefore, Iran's ambassador to Moscow quickly rushed to exploit the crisis of the stranded ship in the Suez Canal to promote investment in the so-called "North-South" corridor as a shorter and less expensive alternative. Nevertheless, the feasibility of this corridor has not yet been confirmed, compared to Egypt's Suez Canal.

D. Enhancing Tehran's qualitative military capabilities through its security, intelligence, and defense cooperation with a major superpower like China, thus acquiring Chinese weapons that can be used to support its proxies in the region, whether in Yemen, Syria, Lebanon, or Iraq. This means boosting Iran's strength at the expense of the rest of the region's countries.

3. For the United States

The recent alliance between Beijing and Tehran poses a challenge to the Biden administration at a time when it is seeking to rally allies against China which was described by US Secretary of State Antony Blinken as the "greatest geostrategic test in the world." It also undermines US influence and clout globally in general and in relation to Iran in particular ahead of the expected negotiations with it.

Hence, the signing of the pact could expedite the settlement of differences with Iran over the nuclear deal although the Biden administration is busy addressing issues at home and facing the consequences of the coronavirus.

Maybe there is a possibility on the other side that the pact will encourage the Biden administration to look for new methods to enhance its global clout which is declining globally and reinforce its control over the global economy before losing it to China.

4. For the Region's Countries

The China-Iran pact will impact the Middle East, especially the Gulf states and some Arab countries at multiple levels.

On the one hand, some of the pact's provisions may impact the commercial roles of the region's countries such as the clause related to making Iran the main hub for passage through the Silk Road instead of the Arabian Peninsula, which was one of the central hubs on this road in the past. In addition, the commercial routes and corridors promoted by Iran at the time being will compete head-to-head with Arab routes and ports on the Arabian Gulf or the Red Sea if they prove to be economically feasible.

On the other hand, the military cooperation between China and Iran poses a direct threat to the security and stability of the Gulf states and Arab countries such as Iraq, Syria, Lebanon, and Yemen. Moreover, it threatens the entire region, especially if Chinese weapons are smuggled to Iranian militias overseas. Furthermore, the pact will pose a threat to global peace and security if Chinese-Iranian cooperation extends to the field of nuclear research, as some of the pact's leaked provisions suggest.

Conclusion

In all cases, there is great ambiguity surrounding the pact and uncertainty about whether China will honor its obligations. There is no doubt that the pact is considered an important step among China's well-considered steps in seeking to play a bigger political and economic role in the Middle East and the world. Hence, it is important to take early precautions against the economic, political and security challenges which could arise because of Iranian-Chinese qualitative rapprochement due to the dangers posed by the external ambitions of the Iranian government – enshrined in the Constitution – to the security and safety of the region and even the world.

The Military File

The Military File casts light on the most salient Iranian military movements and activities during the month of March. They are a continuation of the activities of the previous month. Iran's forces stepped up their activities to boost the navy's armament strength through announcing a new underground missile city dedicated to ballistic missiles, cruise missiles and electronic warfare equipment. This is added to unveiling several light submarines dedicated to the IRGC.

After the negotiations between Iran and the P5+1 group stumbled, Iran intensified its nuclear activities, breaching the boundaries set by the nuclear deal.

The file discusses these matters through the following: Iran's naval forces and enhancing their armament strategies and developments in Iran's nuclear activities.

I. Iran's Naval Forces and Enhancing Their Armament Strategies

Considering Iran's military policy seeks to plug the gaps between the IRGC's naval force and the army's naval force, particularly to overcome issues related to a lack of operational effectiveness and armament, a host of steps have been taken, including the launch of future industrial projects, the manufacturing of several naval weapons and equipment, as well as diversifying the methods of confrontation. This has become clear in recent years and reached its peak at the beginning of the current year. Until March of this year, six naval projects have been launched, the last of which was the establishment of a missile city and announcing the manufacture of light and semi-heavy submarines.

1. The IRGC's Missile City

On March 15, in the presence of the IRGC's Commander-in-Chief Hossein Salami, the commander of the IRGC's naval forces Ali Tangsiri and several senior military commanders from different sectors, the naval forces of the IRGC announced the establishment of a new underground missile city dedicated to ballistic missiles, cruise missiles and electronic warfare equipment.⁽³³⁾

A report by Fars news agency, close to the IRGC, which was quoted by several other Iranian news websites, reported that this missile city houses defense systems capable of changing the target after firing in addition to the possibility of firing missiles at 360 degrees.⁽³⁴⁾

Although Iranian sources did not touch on the location of this city, it is expected that it will be situated in the mountainous areas overlooking the Arabian Gulf and the Sea of Oman.

The forecasts come in light of Iran's reliance on what it calls the military

value of missiles, including increasing their range as much as possible through changing the geographical sites of launching pads towards the direction of potential targets.



Picture No.1: Scenes from the underground missile city

Source: Deutsche Welle: <https://2u.pw/gmXud>

2. Announcing the Manufacture of Light and Semi-Heavy Submarines

At a time when Iran's military is suffering from a lack of spare parts, Iran's submarines are also suffering from the same problem despite the concerted attempts by the country's local industries to mend them and the continued repair of their parts. In addition, the mounting technical problems complicate the abovementioned concern and make it much harder to address.

The Iranian Maritime Industries Organization announced via a remark by its chairman, Rear Admiral Amir Rastegari, that the country is intent on manufacturing several light and semi-heavy submarines and delivering them to the naval forces of the IRGC over the coming years.⁽³⁵⁾

Iran's keenness to repair its submarines is in line with its interest to plug the gap and address the imbalance in the country's naval hardware, with developments expected to cover other weapons such as speedboats and naval missiles.

Iran's submarines suffer from a lack of operational effectiveness. Radio Farda's website mentioned that the most important Iranian submarines are not operational. A report published by one of America's research institutions mentioned that three Iranian Kilo-class submarines were pulled out of service in late 2020.⁽³⁶⁾

The aforesaid submarines are the Russian-made Yunus, Tarek and Noah and they are powered by diesel-electric locomotives.

The retirement of these three submarines indicate the problems Iran is facing when it comes to repairing and maintaining submarines, let alone their absence from Iranian naval drills. This reflects the growing operational problems related to Iranian submarines in recent times, and most of these submarines date back to even before the 1970s.

II. Developments of Iran's Nuclear Program

Last month, Iran unveiled its third subterranean missile city, housing a variety of launch-ready ballistic and cruise projectiles.⁽³⁷⁾ The country's missile arsenal has been expanding at a rate more exponential than its nuclear-armed neighbors, Pakistan and India. Alongside, it continued to enrich uranium at 20 percent against the permitted limit of 3.67 percent, hence amassing half a kilogram each day, totaling up to 43 kilograms since January 4.⁽³⁸⁾ If the addition of 1,000 advance and JCPOA-prohibited centrifuges are included, the highly-enriched uranium quantity could be approximately 120 kilograms. Though for now, Iran is increasing the JCPOA signatories' stakes by ramping up high enrichment to the pre-2015 level, the metal produced now can be a serious threat if the Biden administration fails to reach a re-entry compromise.

Iran's cover-up argument, *prima facie*, remains that the use of uranium metal as an intermediate product to produce uranium silicide fuel for peaceful uses is safer and better than the currently-used uranium oxide-based fuel.⁽³⁹⁾

Tehran will need three to six months to enrich the existing cache to 90 percent weapons-grade level with 8 percent additional effort.⁽⁴⁰⁾ Iran not only passed legislation requiring the relevant institutions to ramp up the enrichment percentage but also notified the International Atomic Energy Agency (IAEA).⁽⁴¹⁾ Already, Tehran was exceeding the mandated limit of 3.67 percent by enriching uranium at 4.1 percent.

By violating its JCPOA commitments, Iran is raising the stakes for the United States and the world. As long as the Trump-era 1,500 or so designated sanctions⁽⁴²⁾ are not lifted and the United States does not return to the nuclear deal, Iran will continue to stockpile highly enriched uranium for likely further processing to weapons-grade and eventually fabricate a missile payload.

To quit the Nuclear Non-Proliferation Treaty (NPT) after the collapse of the nuclear deal, Iran will have to notify the UN about quitting the multilateral accord with a three-month notice period.⁽⁴³⁾ With tons of uranium stockpiles reaching weapons-grade level enrichment in this period, Tehran can conveniently "dash" to the nuclear bomb.

With its reduced "break-out time" and increasing likelihood of Iran's nuclearization, the threat of an Israeli or rival attack on its nuclear facilities can bring the world to the brink of a full-scale war.

Iran's nuclear blackmail is seemingly working with the Biden administration. In an apparent tactical win for Iran, the United States is attending international talks on the Iranian nuclear agreement in Vienna. The parleys are a maiden attempt to break the tactical stalemate over Washington returning to the nuclear deal, which is pre-conditioned on Iran returning to full compliance.

During Biden's presidential campaign, he pledged to return to the JCPOA.

Since January 20, the president has not shifted from his pledge but also has not reversed any of the Trump-era sanctions. The enthusiasm in Iran has fast transformed into muscle-flexing at home and within its areas of influence in the Middle East, ranging from Yemen to Iraq, Syria and Lebanon. Washington has set aside its precondition that Iran must return to JCPOA limits in order to first hammer out the mechanics of compliance.

For Iran, China brought the much needed olive branch in the form of a cooperation pact. Beijing, Iran's largest trading partner, via the pact has offered Tehran an incentive to remain part of regional and global instruments of stability instead of abandoning them. Though America and China appear confrontational on a large number of issues, the stability and security of the oil rich Gulf region is their shared interest.

If we suppose that the talks to keep the nuclear deal alive continue with some degree of success, differences regarding the scope of issues discussed is likely to lead to a deadlock. The United States and the E3 will raise concerns over Iran's missile program as well as its proxy militias. China may also agree as insecurity in the Middle East is detrimental to its One Belt One Road initiative. Russia is likely to side with Iran while seeking straitjacket compliance without linking or conditioning it to other issues beyond the purview of the JCPOA.

The United States may have issues with verification and compliance mechanisms after fresh breaches of the nuclear deal, whereas Iran is likely to press for a sudden removal of all Trump-era sanctions. With electioneering taking place in Iran for the June presidential election, the Rouhani government that pledged to remove the sanctions will become more desperate for an outcome. On the other hand, the United States and the E3 may prefer to further prolong the talks until after the Iranian presidential election. The situation is similar to US President Bill Clinton's talks with North Korea nearing a breakthrough that was interrupted by George W. Bush's win, who opted for a policy review. Meanwhile, other global issues and conflicts replaced Pyongyang on the priority list while the catastrophic events of 9/11 entirely altered the strategic landscape. The United States lost time and a breakthrough could not be achieved with North Korea. With the likelihood of an IRGC-backed candidate winning the presidential election, Washington, and other stakeholders in the nuclear deal may face a more challenging, assertive, and defiant Tehran.

Except for the Missile Technology Control Regime, there is no other regime to limit the export of unmanned aerial vehicles (such as drones and missiles) of beyond a certain range and payload. The only other peaceful means for arms control is through constructive multilateral diplomacy. If the hardliners win the June presidential election, limiting Tehran's military capabilities and illicit outreach through diplomacy appears far-fetched.

The quagmire is manifold for Iran's Gulf neighbors. They want stability and security but without the looming threat of a nuclear Iran. To them, a deal with Tehran will not be robust enough if it falls short of limiting Tehran's missile program and its destabilizing behavior in the region.

For Iran as well as the United States, time is of the essence. If Washington provides significant sanctions relief to appease Tehran, the hardliners can cash

in and win the presidential election. If Washington offers too little, the Rouhani camp will not have much to show before a society that has been crushed by sanctions as well as heavily hit by the economic fallout stemming from the coronavirus pandemic. Iran has been desperate for its assets held in South Korea to be released but to no avail so far.⁽⁴⁴⁾

Conclusion

Iran is seeking to back up its military forces and increase domestic armament production, whether for the army or the IRGC forces. Iran's tremendous keenness to provide the IRGC with sophisticated naval weapons indicates a new model of military mission which focuses on a maritime role suitable for the IRGC.

When it comes to Iran's nuclear project, uranium enrichment operations were stepped up. This step aims to boost Tehran's ability to negotiate and force the United States to return to the nuclear deal on Iran's conditions, without any changes to include other outstanding issues.

Resolving the Iranian problem in the region will remain beyond the realm of possibility without broader political approximations. Iran's continued high enrichment of uranium will potentially pose a threat to regional and global security. Meanwhile, delaying talks to revive the nuclear deal will lead to more dangerous scenarios for the region. The prospect of resuming negotiations provides an opportunity to counter the challenges that were ignored by the former Obama administration in the past. Iran's neighbors believe that Iran's nuclear program is closely intertwined with its missile program.

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Arab Affairs

Arab Affairs includes four files. The first file looks at Iran-Gulf relations in light of the attempts to balance relations with China, and Russia's approach towards the Gulf and Iran, as well as Gulf efforts to counter Iran's influence in the region. The second file addresses Iran's involvement in the Yemeni crisis in light of the peace initiative of the Kingdom of Saudi Arabia to resolve the crisis. The third file deals with the mutual interactions between Iran and Iraq regarding the development of political and economic relations between the two countries, as well as the rivalries between Iran and regional powers in Iraq, and the confrontation between Iran and the international powers in Iraq. The fourth file discusses Iran's presence in Syria, Russia's proposals to find a new political path regarding the Syrian issue, and the oil tanker war between Iran and Israel.



Iran and the Gulf States

February was marked by a wait and a see approach by the Gulf states and Iran regarding what would be the Biden administration's policy towards Tehran. However, March, witnessed the Gulf states' orientations towards Iran and their endeavor to build relationships to oppose the Biden administration's policies towards Iran and the Gulf. The Iranian government attempted to strengthen military relations with both Russia and China. There were also Chinese and Russian moves, statements, and visits to the Gulf states. Thus, it is likely that Iran-Gulf relations will get further complicated as each party wants to benefit at the expense of the other. The confrontation raged between Iran and the Gulf states in the aftermath of the Arab League issuing a final statement after a meeting of Arab foreign ministers. This issue will be highlighted through the following axes: The Gulf states and Iran in the Chinese balance, Russia's approach towards the Gulf States and Iran, and Gulf efforts to counter Iran's influence in the region.

I. The Gulf and Iran in the Chinese Balance

The negative attitude of the new US administration towards the Gulf states means that it is necessary for these states to restructure their relations and reweigh their interests in a way that alleviates the ramifications of the unexpected change in the US position. China is a key state with which the Gulf states aim to strengthen their relations with due to the great interests that connect China with the Gulf. Furthermore, China is trying to be an alternative power in the regional alliances by strengthening collaboration with the Gulf states because the latter are of significant weight in the global energy equation, and important markets for Chinese products.

The United States is no longer an important market for Gulf oil, it has been replaced by China. Saudi Arabia is the largest oil exporter to China, and its share in the Chinese market is expected to increase as China's oil imports are expected to rise to more than 16 million barrels before the end of the decade. ⁽¹⁾

China is paying more attention to the Gulf region due to its great concern about energy insecurity. China is also aware that the Middle East is a major geostrategic region in the world⁽²⁾ and that both the Gulf and Iran are important parts of the Belt and Road Initiative that will connect many countries to develop its trade and uphold the superiority of its trade balance. China has taken into account its competition with the United States in key regions, the most important of which is the Gulf region.

Within the framework of growing Sino-Saudi relations, Chinese Foreign Minister Wang Yi visited Saudi Arabia on March 24, 2021, and met with His Highness Crown Prince Mohammed bin Salman to review Saudi-Chinese relations, areas of bilateral cooperation, and they explored promising opportunities to develop relations. In addition, regional developments were

discussed as well as the exertions to advance regional stability and security.⁽³⁾

Saudi Arabia is the largest supplier of oil to China, which is the second largest economy in the world. Saudi oil shipments to China increased to 8.48 million tons, or 2.06 million barrels per day,⁽⁴⁾ which indicates the importance of economic relations between Saudi Arabia and China.

On the other hand, the signing of the Sino-Iranian pact is a serious challenge and indicates China's approach to maintain balanced relations with the countries with which it has vital interests. China can play a balancing role whenever it wants to and can help in reducing the intensity of the conflict between Iran and the Gulf states. It seems that China wants to reach this end soon, in light of international changes and Iran's expansionist policy.

II. The Russian Approach Towards the Gulf and Iran

Relations between the Gulf states and Iran intersect with Russian interests in many international spheres and positions, and Russia plays an important role in the ongoing conflicts in the Middle East. It is co-running the Syrian file with Syria and supports the Iranian position in the negotiations regarding the nuclear deal to weaken the US position.

The visit of Russian Foreign Minister Sergey Lavrov to Saudi Arabia, the UAE and Qatar was directed at advancing close interactions between Russia and the three Gulf states to strengthen trade and economic relations between them and joint investments through the Russian Fund for Direct Investments. Moscow pays great attention to coordinate energy policies with the Gulf states via OPEC and the Exporting Countries Forum. Politically, Russia is attempting to settle the existing conflicts in the Middle East, coordinate the situation in Syria and Yemen, and discuss the proposals it has offered to find a sustainable settlement in the Gulf. These Russian proposals are based on a set of proposals that Moscow had previously put forward which reflected its understanding of Gulf security.⁽⁵⁾

Russia is attempting to play a pivotal role in the region's thorny files, most notably the Iran-Gulf - and Arab - conflict. The Russian foreign minister's upcoming visit to Tehran on April 13 will support Russia's attempt to maximize its international role and influence within the context of its rivalry with the United States.⁽⁶⁾

III. Gulf Efforts to Counteract Iran's Influence in the Region

The Gulf states are making serious efforts to curb Iran's expansionism at the expense of regional countries. In March, Saudi Arabia and the Gulf states made several moves—in the international and regional spheres—to curb any project that goes against Gulf interests.

1. Iraq's Rapprochement Visit

The visit of Iraqi Prime Minister, Mustafa al-Kazemi to Saudi Arabia on March 31, 2021, was of great importance. The situation in Iraq means that it must return to the Arab fold as it is suffering from extensive polarization and chaos, which have been caused by armed factions that serve foreign interests and agendas. Iraq has been under the influence of its Iranian neighbor for a long time, hence contributing to the weakness of the Iraqi state's decision-making, and the deterioration of internal security and living conditions. This visit was

an attempt to keep Iraq away from the polarization and external influences that do not serve the country's normal relations with the Arab world, and to balance Iraq's relations to serve the interests of the Iraqi people and stability.

The Iraqi prime minister tweeted before his visit to Saudi Arabia, "Today we are travelling to the sisterly Kingdom of Saudi Arabia, for an official visit aimed at consolidating the distinguished relations between our two brotherly countries and establishing prospects for fraternal cooperation between the countries of the region in a way that serves our peoples, achieves stability and dedicates the values of building and integration, based on the common things that unite us." In response, Saudi Arabia stressed the significance of the Riyadh-Baghdad relationship, affirming that it shares interests and challenges with Iraq, and that the two countries are determined to strengthen bilateral relations, according to the remarks made by the Saudi Crown Prince, Prince Mohammed bin Salman. ⁽⁷⁾

It was expected that Iran would not be happy with the visit, as it aimed to end Iraq's role as a battlefield where Iran settles its scores with the United States as well as Iraq's heavy dependence on Iranian services and goods. By signing economic agreements and arrangements between Saudi Arabia and Iraq, it is hoped that the Iraqi people will pay attention to building the Iraqi state and stop interventions that target stability and security.

2. Lebanon

Due to the deterioration of the situation in Lebanon since there is no consensus over the formation of the Lebanese government, and the Lebanese president's awareness of Saudi Arabia's important role in supporting Lebanon's stability, the President of the Lebanese Republic, Michel Aoun met with the Saudi Ambassador to Lebanon Walid Bukhari on March 23, 2021. The two sides discussed the general situation and the latest developments regarding the government's formation. This meeting was important in attempting to support ways to develop a consensus to save Lebanon from the political, economic and security collapse. The Saudi ambassador affirmed that "Saudi Arabia has always expressed its stand and solidarity with the brotherly Lebanese people, steadfast in the face of crises." He also stated that "the Saudi vision for Lebanon is based on the fundamental principles of the Kingdom's foreign policy: respecting the sovereignty of states, not interfering in their affairs, and that the Kingdom is committed to Lebanon's sovereignty, independence and territorial integrity." He also called for the formation of the government to be speeded up so that it can meet the aspirations of the Lebanese people and put national interests first and to undertake fundamental reforms to restore the confidence of the international community in the country. ⁽⁸⁾

3. The Saudi Initiative to Resolve the Yemeni Crisis

On March 22, 2021, the Kingdom of Saudi Arabia announced an initiative to end the Yemeni crisis, including a comprehensive ceasefire under the supervision of the United Nations, depositing taxes and customs revenues for ships carrying oil derivatives from the port of Hodeidah in the joint account of the Central Bank of Yemen in Hodeidah in accordance with the Stockholm Agreement regarding Hodeidah, the reopening of Sanaa International Airport to a number of direct

regional and international destinations, and the start of consultations between the Yemeni parties to reach a political solution to the Yemeni crisis under the auspices of the United Nations based on UN Security Council Resolution 2216, the Gulf Initiative, its implementation mechanism, and the outcomes of the comprehensive Yemeni national dialogue.⁽⁹⁾ This Saudi initiative comes from the Kingdom's awareness of the need to stabilize the situation in Yemen and impede Iran's path, which has turned Yemen into a bargaining tool in its regional expansionist equation. On the other hand, neither the Houthi militia nor Tehran have indicated a willingness to find a solution to the Yemeni crisis and to engage with the Saudi initiative. This indicates Tehran's desire to keep its pressure cards and spheres of influence to support its strategic plans at the expense of Yemen's security and stability.

4. Rejection of Iran's Interventions

During the Arab Ministerial Quartet Committee meeting held on March 3, 2021, the committee expressed its rejection of Iran's interference in the affairs of Arab countries, its support for terrorist militias, and its ongoing occupation of the UAE islands. During the Saudi foreign minister's speech to the committee, he emphasized the seriousness of the threats facing the Arab region, the Iranian government's violations of international laws, charters, and norms, by threatening the security and stability of Arab countries, as well as Tehran's interference in Arab internal affairs and its support for armed militias that sow chaos, division, and devastation in many Arab countries.⁽¹⁰⁾

On the other hand, Iran maintained its intransigent and dismissive approach rather than dealing with the facts. It was mentioned by Saeed Khatibzadeh the Iranian Ministry of Foreign Affairs spokesman, that Iran rejected the Arab League's statement, adding "It is unfortunate that some Arab countries are diverting the public opinion by creating a notional opponent." He also stated that "The repetition of the fruitless claims about the three Iranian islands will not change the historical and geographical facts, and that these islands are an inseparable part of Iran's land." He also indicated that Iran's principal policy concerning its neighbors is based on good neighborliness, mutual respect, and non-interference in their internal affairs.⁽¹¹⁾

Conclusion

The states of the region are disappointed with the negative US position towards the region's issues, and the attempt to restore its relationship with Iran while ignoring their concerns regarding Iran's ongoing chaos across the region. However, this can be an opportunity for the Gulf states to play various roles, and to take a new path and balance relations with other global powers to advance their capabilities. This is what we witnessed in the Gulf during the month of March. It is expected that the US administration will review many of its positions towards the Gulf states, especially after Iran did not respond to its efforts, and in light of Chinese and Russian officials visiting the region to fill any vacuum that Washington may leave intentionally or not.

Iran and Yemen

In March, the Yemeni arena witnessed political and military changes following the initiative of the Kingdom of Saudi Arabia to bring peace to Yemen. The events in the Yemeni arena were related to the Iranian government's use of the Houthis as a pressure card to serve its various political and regional interests and orientations, and the impact of Iran's position towards the Saudi peace initiative on the Houthis' position. While the international community and many international parties welcomed the initiative, since it is primarily a humanitarian initiative intending to alleviate the suffering of the Yemeni people, the Houthi leaders did not accept the initiative nor did they take into consideration the suffering of the Yemeni people. This means that the militia is controlled by the IRGC, and Hassan Erlo, who described the Saudi peace initiative in Yemen as a continued attempt to promote war. These positions gave the impression that the Iranian leadership wants to prolong the war and the suffering of the Yemeni people. We will review the implications of the Iran-Houthi position regarding the Saudi peace initiative in Yemen and its implications for the Yemeni arena by highlighting the dimensions of the Saudi peace initiative.

I. The Saudi Peace Initiative: Welcomed Internationally and the Houthi-Iran Escalation

The Kingdom of Saudi Arabia announced a new initiative to achieve peace in Yemen, which includes a comprehensive ceasefire in Yemen to end the suffering of the brotherly Yemeni people. It is a continuation of the efforts of the Kingdom of Saudi Arabia to support all efforts to bring peace and end the conflict in Yemen, including the Gulf initiative and the Geneva and Stockholm consultations. The Saudi initiative was announced on Monday evening, March 23, 2021, at a conference that brought together the Saudi Minister of Foreign Affairs His Highness Prince Faisal bin Farhan, the official spokesman for the coalition forces Colonel Turki al-Maliki, and the Ambassador of the Kingdom of Saudi Arabia to Yemen Muhammad al-Jaber. The Kingdom of Saudi Arabia presented the most prominent items of the initiative, with the United Nations overseeing its implementation. The key items of the initiative include the following:

- A comprehensive ceasefire on all fronts across the country under the supervision of United Nations forces.
- Partially reopening Sana'a airport and allowing the import of fuel and food items through the port of Hodeidah.
- Establishing a mechanism to share airport and port customs revenues between the legitimate government and the Houthis.

- Opening a joint bank account to pay the salaries of government employees in all Yemeni regions.
- The resumption of political negotiations between the two parties.

The Yemeni legitimate government, the United Nations, the European Union, the US State Department, and many international parties welcomed the Saudi initiative.⁽¹²⁾

This international support is a clear message from the international community to the Arab coalition that it supports its ongoing efforts to confront Iran's interference and curb the Iranian government's efforts to disrupt the political process in Yemen through the Houthis, as happened previously in all Yemeni initiatives and peace agreements. The Saudi initiative is a true opportunity for the Houthis to prove to the international community that they are interested in peace in Yemen rather than being an Iranian arm to secure Tehran's interests and targeting the interests of the Yemeni people and threatening the security of the region, global energy supplies and international shipping.⁽¹³⁾

However, the Houthi position was foggy towards the initiative with an initial rejection in light of the international efforts to continue dialogue between the parties to the conflict. The Houthis' rejection of the Saudi initiative is apparent from their escalation of conflict inside and outside Yemen after the announcement of the initiative and via statements issued by the militia's leaders. The Houthis launching attacks against the Kingdom of Saudi Arabia indicated their rejection of the Saudi initiative, which was later announced by Houthi leader Abdul-Malik al-Houthi during his speech broadcasted by some media outlets. Some observers believe that the reason behind the Houthis' position is their dependence on Iran's directives. The Saudi initiative is incompatible with their positions, especially in regard to reaching a political settlement and ending the escalation. Iran's interests rest on the continuation of the Yemeni crisis, while the Yemeni people continue to suffer.

In this context, Brig. Gen. Turki al-Maliki, spokesman for the Arab Coalition to Support Legitimacy in Yemen, stressed that the Houthis launching attacks confirm their rejection of political efforts to end the Yemeni crisis, especially after the Kingdom of Saudi Arabia announced the initiative to reach a comprehensive solution in Yemen. At the same time, he also confirmed that the Saudi Ministry of Defense will take all necessary and deterrent actions to protect national capabilities and acquisitions, and stop terrorist attacks to protect civilians and civilian facilities/infrastructure in order to preserve global energy security. He also added, "These attacks do not only target Saudi Arabia and its facilities, but also the backbone of the global economy, the security of oil exports, and the freedom of navigation and international trade."⁽¹⁴⁾

II. The Implications of the Houthi-Iranian Position Regarding the Saudi Initiative

A day after the Kingdom of Saudi Arabia announced the initiative, the Iranian Ministry of Foreign Affairs issued a statement about the initiative, which indicated Iran's support for the initiative in Yemen and stressed its support for

any peace plan in Yemen. The statement indicated that the ceasefire and the reopening of Yemeni border crossings, including Sana'a airport, will provide the appropriate ground for a Yemeni-Yemeni dialogue to end the Yemeni crisis and help form a Yemeni government without any external interference.⁽¹⁵⁾

Observers believe that the official Iranian position on the Saudi initiative reflects the international position that supports and welcomes the Saudi initiative, especially the positions of the United Nations and the international community, which put the Iranian government in a difficult diplomatic position. In fact, the Saudi peace initiative for Yemen narrowed the maneuvering of Iran's friends in the United States as the US media covered the course of the initiative widely. As a result, the US media coverage proved that the Kingdom of Saudi Arabia is seeking peace in Yemen and is not the cause of the conflict as presented by the Iranian lobby, which has been working for years to convince US administrations and public opinion that Saudi Arabia is to blame for the crisis and not the Iranian government.⁽¹⁶⁾

It should be noted that the official Iranian position does not explicitly express the true Iranian will towards the Yemeni file since the Iranian government has been working to fuel the conflict in Yemen since the beginning of the Yemeni crisis. In addition, it is noteworthy that the likeness between official discourse and real actions on the ground are nothing but an Iranian interim tactic to achieve other political dimensions that serve its political interests to portray the Iranian political leadership as wanting to seek peace in Yemen.

The Iranian position on the initiative brings back to mind the Iranian diplomatic stance towards the stalled Stockholm Agreement. The Iranian foreign minister had instantly welcomed the agreement at the time, and the Iranian Foreign Ministry spokesman Bahram Qasimi held a press conference during which he said, "Iran believes that the final solution to the Yemen crisis is to end the war, bloodshed, and to continue the Yemeni-Yemeni dialogue." Qasimi also stated at the time that "the port of Hodeidah and all other Yemeni ports and airports, including Sana'a airport, will be rehabilitated to receive humanitarian aid and civilian activities quickly in order to reduce the pain and suffering of the Yemeni people."

However, the Iranian government worked to disrupt the agreement later by instructing the Houthis to engage in further military escalation and continued to smuggle weapons to the Houthis. This indicated the Iranian government's real intent towards Yemen, through the strategy of playing dual roles: pursuing diplomacy and at the same time backing IRGC orientations in a way that serves Iran's political interests.⁽¹⁷⁾

This strategy is apparent via the discrepancy in Iranian statements towards the Saudi initiative. Discrepancies are evident between the IRGC member named as "the Iranian ambassador to Yemen" Hassan Erlo, and the Iranian Ministry of Foreign Affairs. Hassan Erlo does not have any diplomatic record but rather belongs to the Iranian military establishment as an officer in the terrorist IRGC. He criticized "the Saudi peace initiative," describing it as a project to prolong the war, and called for the removal of foreign forces from Yemen.⁽¹⁸⁾

While Erlo criticizes the Saudi peace initiative and calls for the expulsion of

foreign forces from Yemen, the legitimate Yemeni government considers him “a delegate of the IRGC to run terrorist acts inside and outside Yemen.” He exists alongside many leaders of the terrorist IRGC in Sana’a, notably Rida Shahlaei, one of the most wanted terrorists. The International Affairs section of this file mentions that there are around 400 IRGC officers performing military roles for the Houthis in Yemen.⁽¹⁹⁾

Some sources indicate that Iran has transformed small bargains via discussions with international actors into bigger bargains to resolve the Yemeni crisis because it seeks to link the solution in Yemen with other files that serve its political interests, notably the Iranian nuclear file. The escalation of attacks by the Houthis proves the extent of their subordination to the IRGC. The latter wants to thwart international efforts to resolve the Yemeni conflict, so that the Iranian government can link the Yemeni file with other political dimensions, including negotiations regarding the nuclear file.⁽²⁰⁾

Conclusion

The Iranian government’s position regarding the Saudi peace initiative reflects its military policy, which emphasizes that there is no stability in the region without the Iranian government. The discrepancy in the position between the Iranian military establishment and the diplomatic messaging reveals the extent of the Iranian government’s desire to use the Houthis as a pressure card to uphold its presence in any security arrangements which are consistent with its interests. The Iranian government uses the Houthis to impose further pressure on the US administration to achieve political gains related to the nuclear file and to lift US sanctions at the expense of Yemeni and regional security and stability. The international welcoming of the Saudi peace initiative contradicted Iran’s reaction to the initiative at the diplomatic level. The Saudi initiative has put full responsibility on the international community and the United Nations to resolve the Yemeni crisis and directly exposes to the world which party is responsible for prolonging the Yemeni crisis in all aspects, especially in regard to the humanitarian aspect.

Iran and Iraq

Iran is still giving special consideration to strengthening its influence in Iraq, one of the most important arenas of its regional influence. Iraq is an important gateway through which Iran is able to resist isolation and sanctions and one of its most important trading partners. In return, the Iraqi government seeks to counter Iran's influence that has weakened the government's ability to control the internal situation and has weakened its writ, in light of the strong competition between Iran and regional and international powers in the country. The most prominent representation of this competition is the tensions between Iran and Turkey in northern Iraq, and Tehran's confrontation with the United States. Although the Iraqi government realizes the importance of its relationship with Iran, it is in the process of putting an end to its interventions and influence. This file will attempt to monitor the most important developments between the two countries during March 2021 by addressing a number of axes: the mutual interactions between Iran and Iraq, Iranian competition with regional powers in Iraq, the confrontation between Iran and the international forces in Iraq.

I. The Mutual Interactions Between Iran and Iraq

On the political side, Iran denied its connection with the attacks targeting US forces in Iraq and accused Israel of playing a suspicious role in Iraq to destabilize the Iraqi government. In this context, President Hassan Rouhani on April 6 called the Iraqi Prime Minister Mustafa al-Kazemi to emphasize political cooperation and Iran's denial of interfering in Iraqi affairs. He also stressed the need for US forces to withdraw from Iraq and the implementation of the Iraqi Parliament's decision on this matter. This has been among Iran's political priorities in Iraq since the assassination of Qassem Soleimani at the beginning of 2020.

The Iraqi government seems somewhat cautious in dealing with Iran's influence. Therefore, it combines pressure and dialogue in its dealings with pro-Iran militias. The Iraqi government is in the process of imposing state control over border crossings and dismissing several leaders from security positions. At the same time, it calls for a national dialogue that includes some militia leaders, and attempts to create a balance in the relationship with Iran and regional and international powers. This is likely to make Iran concerned about the policies pursued by al-Kazemi. Within the context of this conflict, some militias are trying to show their strength, such as the armed militia known as Rubu Allah group, which is believed to be a pro-Hezbollah militia and affiliated to Iran, by organizing a parade in Baghdad. This group demanded political and economic reforms. This parade is thought to have been a form of pressure from Iran on al-Kazemi's government to modify its policies towards Tehran and its affiliated militias.

Economically, Iran's exports to Iraq decreased by around 15 percent during the year that ended in March 2021.⁽²¹⁾ Iran looks forward to restoring its exports to Iraq during the next year. It has already reached an agreement with the Iraqis to

raise the level of commercial transactions between the two countries to \$20 billion over several years.⁽²²⁾ In this context, the two countries have agreed to facilitate the issuance of trade visas for businessmen and investment companies, and to rapidly implement agreements related to the Shalamcheh-Basra railway project, energy cooperation, cross-border exchange and transit. The Iraqi prime minister announced the formation of a special committee to facilitate the transit of goods between the two countries.⁽²³⁾

The Iranian minister of roads and urban development visited Iraq on March 6.⁽²⁴⁾ This visit was undertaken to develop joint cooperation between the two countries in transport, housing, and road construction. The joint collaboration for connecting railways and improving the quality of land, sea, and air transport, as well as railways was discussed. The Iraqi and Iranian parties reviewed the possibility of connecting the railways from Shalamcheh to Basra Governorate, and to launch a transit system with Iran in accordance with an administrative transit protocol with neighboring countries: Turkey, Syria and Jordan. They agreed to resolve outstanding issues and conclude a bilateral agreement and to cooperate on facilitating navigation in the Shatt al-Arab.⁽²⁵⁾ It should be noted that there are growing disagreements regarding the demarcation and the flow of water from some rivers in Iran, especially since negotiations regarding this matter between the Iraqi government and the Islamic Republic have stalled.

Rouhani also discussed with al-Kazemi the release of Iranian assets withheld in Iraq due to US sanctions. This issue is of major importance to Iran. Iraq has the largest trade volume in the region with Iran and it is one of its largest trading partners. On March 8, Iraj Masjedi and Iraqi Finance Minister Ali Abdul-Amir Allawi discussed the way Iran could receive its assets from Iraq⁽²⁶⁾ since the former refuses to swap its withheld assets in Iraq for goods.

In relation to security cooperation, the relevant authorities of both Iraq and Iran agreed to sign a security cooperation memorandum to confront terrorism, especially after the threat of ISIS has increased once again. There are also other memorandums regarding security, cross-border/drug trafficking, Arbaeen al-Husseini, combating coronavirus, terrorism, drugs/organized crime, solving the problem of residency and the movement of people between both countries, and the nationality of Iranian and Iraqi women who marry from either country.⁽²⁷⁾

In the same context, during his visit to Iraq, the head of Iran's judiciary Ibrahim Raisi discussed amnesty for some Iranian citizens imprisoned in Iraq, the transfer of convicts to Iran, and the nomination of an envoy to follow up on the judicial affairs of Iranians.⁽²⁸⁾ He also asked senior officials of the Kurdistan region of Iraq to hand over the Iranians who went to the region.

The demonstrations in some Shiite majority Iraqi cities, such as Nasiriyah, still have a great impact on Iran's allies in Iraq, as Iraqi public opinion holds Iran responsible for the difficult living and security conditions in Iraq. These demonstrations give impetus to Kazemi's policies, who seeks to limit the influence of Iran's militias on the Iraqi scene. He took advantage of these demonstrations to change some leaders, including the intelligence chief.

Finally, Iran negatively viewed the visit of Pope Francis to Iraq and his meeting with Ayatollah Ali al-Sistani. Ayatollah Alamolhoda perceived the visit as a US

desire to create polarization between the two marjas of Najaf and Qom, and to divide the Shiites into secular Shiites that have nothing to do with social issues and do not think about politics and administration represented by the Najaf Marjaya and political and revolutionary Shiites, represented by the Qom Marjaya.⁽²⁹⁾

II. Iran's Competition with Regional Powers in Iraq

Tensions have escalated between Iran and some regional powers in Iraq, namely Turkey, against the background of Turkish military operations against Kurdish militants in northern Iraq. Turkey believes that the pro-Iran Popular Mobilization Units are cooperating with the resistance units in Sinjar, which are considered by Turkey as a direct extension of the PKK. This tension was reflected in the statements issued by both sides. Iran's ambassador to Iraq Iraj Masjedi said that Iran absolutely does not accept military intervention in Iraq or any military advancement or presence in Iraq, be it Turkey or any other country. The Turkish envoy to Iraq Fatih Yildiz responded on Twitter by saying: "Masjedi would be the last person to lecture Turkey about respecting the borders of Iraq." The Iraqi Ministry of Foreign Affairs considered the remarks of Iran's and Turkey's ambassadors in Baghdad a violation of international norms and totally unacceptable.⁽³⁰⁾

Despite this rivalry, the two parties are united by a common understanding regarding the establishment of any independent Kurdish entity. This was demonstrated by the two parties' opposition to the publication of a commemorative stamp in the Kurdistan region of Iraq on the occasion of Pope Francis's visit to the region that included a false map that incorporated large amounts of Iranian-Turkish territory. Iran lodged a protest with the Iraqi government and called on it to withdraw the stamp and immediately reverse this unfriendly action.⁽³¹⁾

While Turkey and Iran are striving for influence in Iraq, the Iraqi government has activated a regional alliance called "The New Orient" that includes Iraq, Egypt and Jordan. This alliance will be the starting point of strategic, military, commercial, security, economic, and oil cooperation between the three Arab countries initially and it will later include all Arab countries, and Lebanon as well. It is aimed at achieving common interests. Al-Kazemi stated that it is a third path between the paths of normalization and opposition in the region. This project comes within the framework of Iraq's efforts to balance Iranian and Turkish influence, and to restore Iraq's relations with its Arab surroundings to support the policies of al-Kazemi that aim to restore the government's hegemony and its monopoly over the tools of oppression.

III. The Confrontation Between Iran and the International Powers in Iraq

Iraq is still one of the most important arenas of confrontation between the United States and Iran. The latter is still exerting pressure on the Iraqi government to activate the Iraqi Parliament law that calls for the expulsion of US forces from Iraq. This issue was one of the points of discussion during the phone call that Rouhani made with al-Kazemi in early March 2021. In parallel to the political pressures, Iran is pressing militarily to achieve its goal by directing its militia to target US troops and diplomatic centers. A missile attack was carried out against the Ain al-Asad air base, which hosts US forces, on March 3, 2021, killing a civilian contractor. Seven

missiles also targeted Balad airbase north of Baghdad on March 15, 2021, but the attack did not result in casualties.

Washington accused pro-Iranian militias of carrying out these attacks. In a letter sent to the Secretary General of the United Nations Antonio Guterres, Permanent Representative of Iran to the United Nations Majid Takht Ravanchi denied the US accusations.⁽³²⁾

At the same time, Iran expressed its concern over the al-Kazemi government's lack of intention to expel US forces from Iraq, and the decision issued by the NATO ministerial meeting on February 18 regarding the incremental expansion of NATO's non-combat advisory and training mission in Iraq, with the full consent of Iraq's government, thus continuing the coalition's efforts and endeavor to increase the number of its forces in Iraq by eight times. Iran views this decision as a US plan to maintain its presence, and a maneuver to circumvent the decision of the Iraqi Parliament. In addition, Iran believes NATO's role has been expanded due to US intentions to redeploy its forces and reposition them in the South China Sea.⁽³³⁾

To face these challenges, including the wide influence of Iran and its pressure on the Iraqi government, Iraq has formally requested the Biden administration to resume the strategic dialogue that began last June with the Trump administration. It is expected that the dialogue's sessions will be completed by April 2021. This dialogue prioritizes the strengthening of the authority of the Iraqi government and the reduction of the role of militias. This is why Iran believes that this dialogue is aimed at limiting its influence and role in Iraq.

During the meeting of the foreign ministers of the Global Coalition Against ISIS on March 30, 2021, they reiterated their support to the Iraqi authorities following the increase of ISIS activities in recent months, and called for the work to continue and to be coordinated. This includes allocating military and civilian resources to support the coalition and its legitimate partners in the liberated areas and safeguard Iraq's and Syria's stability. The ministers affirmed their unwavering commitment to continue close cooperation with and to support the Iraqi government. They indicated that the attacks against the coalition forces and Iraqi partners, such as those that occurred in Erbil, Baghdad and at the Ain al-Asad base are unacceptable and threaten the collective efforts at the expense of the Iraqi people, meaning that Iran's plan to expel US and Western forces is unrealistic.

Conclusion

The economic cooperation between the two countries is of particular importance. The governments of the two countries are keen to support cooperation to serve their interests. The differences are increasing over time regarding political and security relations, and the relationship with regional and international powers. Iran is still seeking to dominate Iraqi political decision-making through the influence of pro-Iran militias and groups in Iraq. The Iraqi government wishes to end this chaos and restore the prestige of the Iraqi state. Iran is making Iraq an arena for indirect confrontation with its regional and international opponents, and the Iraqi government considers this as a violation of Iraq's sovereignty and negatively impacts the country's stability. Therefore, it seeks to secure important regional and international alliances to exit from the dark tunnel which Iran has led Iraq into.

Iran and Syria

The Syrian file witnessed many political and military disputes during March around the Iranian role in Syria. Russia, for its part, seeks to enhance its military presence through a political role by adopting multiple approaches with the many parties involved in the Syrian issue, and Iran is present but not involved in this Russian movement. This month's file also witnessed an escalation in the mutual tensions between Tehran and Tel Aviv. The level of tensions led to the mutual targeting of naval vessels. The file sheds light on these developments by examining Russia's approach to finding a new political path for the Syrian conflict, and the impact of the oil tanker wars between Iran and Israel on Syria.

I. Russia's Approach Towards Finding a New Political Path for the Syrian Conflict

The Syrian file witnessed major Russian diplomatic movements during March and was a significant subject in discussions and negotiations. This indicates in one way or another that Moscow is striving to find a new political path for Syria, given the difficulty in resolving the current political deadlock on the one hand. The Syrian regime hampers any attempt to push forward a political solution, especially regarding the Constitutional Committee's work. On the other hand, a Western, US-European campaign not to recognize the Syrian elections, suspend the Syria Reconstruction Project and impede the return of Syrian refugees has become clear. The Russian approach indicates two main goals: to provide a greater role for Arab countries in Syria's faltering future through funding reconstruction projects, and Russia's attempts to establish a balance with Iranian influence inside Syria, and to legitimize any solution that does not result in Assad's end, thus ensuring Russian or probably Iranian gains in return for their human and financial sacrifices.

The first step highlighting Russia's approach in this file started with the visit of Russian Foreign Minister Sergey Lavrov to a number of Gulf countries between March 8 and March 12, and included the UAE, Saudi Arabia and Qatar, to discuss the basic issues in the region, and the Syrian file as well, in an attempt to find some kind of consensus with the three countries on advancing a political solution in Syria, and pressing for the return of the Syrian regime to the Arab League which would be a major step towards its acceptance once again.⁽³⁴⁾

The Russian foreign minister's tour in the region ended with a tripartite meeting that brought Russia together with Turkey and Qatar in Doha, in which a new process was announced parallel to the Astana process, and the beginning of a new consultative process between the three parties aimed at

finding a political solution satisfactory to all parties in Syria, provided that this tripartite process leads to the completion of the Astana process during the coming period. Launching this new consultative process on Syria raised several questions about the reasons for Iran's absence, the main player along with Russia in this file. If the Russian move actually paves the way for expelling Iran from the Syrian scene, excluding the latter from the Syrian file is an unlikely scenario in the next phase. Firstly, in reality, Tehran has the ability to disrupt any international process that would exclude it, due to its multipolar penetration politically, militarily and economically within the Syrian regime. Secondly, Russian-Iranian relations with the Assad regime are still solid, and they would not be affected by Iran's absence from meetings organized by the Syrian regime. Therefore, the Doha consultative meeting does not seek to exclude Iran from the Syrian issue. Tehran's presence in Syria's future exists independently, and also through the Astana process and others that brings Iran together with Russia and Turkey.⁽³⁵⁾ The Russian exclusion of Iran from this approach is probably part of Russia's maneuvers and the exchange of roles with Iran to circumvent the agreements concluded by Moscow with international powers and UN Resolution 2254.

The second Russian approach was its invitation to the Lebanese Hezbollah militia to visit Moscow,⁽³⁶⁾ which was not the first of its kind and will probably not be the last. This invitation takes on an additional dimension in terms of its timing, which coincided with the visit of Israel's Minister of Foreign Affairs Gabi Ashkenazi. There were also high-level meetings between Russian and Israeli officials at the diplomatic and intelligence levels prior to the Hezbollah visit. In terms of its content, the Russian meeting with the two delegations aims to keep the fronts calm and prevent dramatic developments that may hinder Russian efforts seeking political and military stability in Syria, especially after Hezbollah threatened to retaliate against the killing of one of its leaders on the one hand. Israel demands that the new arrangements take into consideration its interests and includes a discussion of ways to curb Iran's positioning in Syria, on the other hand.

II. Syria and the Oil Tanker Wars Between Iran and Israel

Tensions and mutual threats between Iran and Israel escalated again during March, following what was described as a "shadow war" between the two countries in the Mediterranean and Red Sea, as each country targeted the vessels and boats of the other by sabotaging and detonating vital points for ship operations through an explosion or rocket attack. This is an extension of the secret war between them, in which Syria has become its most prominent battlefield.

On March 11, 2021, Tehran announced that there had been an explosion or fire on an Iranian container ship bound for Syria.⁽³⁷⁾ Although no official statements were issued concerning the actor behind the accident, Iranian officials assumed that Israel was behind this incident. On March 25, an Israeli merchant ship was hit by a missile attributed to Iran while sailing in the Arabian Sea, causing minor damage to the ship.⁽³⁸⁾

Both incidents coincided with another attack that took place during February, targeting an Israeli cargo ship in the Gulf of Oman. Israel accused Iran of being behind this attack. There are several international and regional reports indicating that Israel and Iran have waged a less discreet naval battle since 2019 targeting ships as the former targeted an Iranian ship bound for Syria. A report issued by The Wall Street Journal revealed that Israel has attacked at least a dozen vessels mostly carrying Iranian oil bound for Syria. Iran used a very long sea route extending from the Arabian Gulf through the Strait of Gibraltar, the whole Mediterranean Sea to the port of Baniyas in northern Syria, instead of the short and open road extending from the Red Sea through the Suez Canal and then the eastern Mediterranean directly to Baniyas in order to avoid US sanctions to deliver smuggled Iranian oil. Some of these vessels carried smuggled goods and others weapons to Syria which ended up in the hands of the Lebanese Hezbollah.⁽³⁹⁾

These types of attacks, attributed to Israel, are consistent with its pattern of actions aimed at containing Iranian influence in Syria. Israel has continued to launch regular military strikes for years, as part of the so-called “battle between wars” which started in 2014 to attack Iran and its proxy groups in a way that prevents a large-scale war. It continues, however, to impose a cost on Iran for its regional activities and to defeat the Iranians tactically, by launching regular air strikes on targets and sites of Iran and its militias in a number of Syrian areas, such as against the vicinity of Damascus airport where planes loaded with military equipment from Tehran land. These attacks are now more dangerous and difficult for Tehran. Therefore, it resorted to diverting some arms transfers from land to sea.

New tensions occur simultaneously with an escalation between both countries in various arenas. Each country is trying to provoke the other, with Israel wanting to influence the opinion of the new US administration about the nuclear deal with Iran. These attacks also indicate that the strategy which the Israeli army has been pursuing for years on the borders of Syria has expanded, and the battlefield has shifted from land to sea, which will open a new field for the Iranian-Israeli conflict in the region, especially since the recent Iranian response by targeting a second Israeli ship in less than a month indicates that Tehran has broken its silence on the continuous Israeli attacks on its ships and sea carriers by adopting reciprocal behavior.

Conclusion

Russia has played an active role and carried out significant activity. It is clear that Russia is trying to bring the Syrian file back to the diplomatic track again by adopting several strategies that brought together several regional parties. However, the success of the Russian approach will depend on its ability to deal with many factors, including the Iranian presence and its negative role in Syria and the rest of the region. The dangerous game between Tehran and Tel Aviv on Syrian land, and the transfer of the battle from land to sea, indicates that the two countries are heading towards future escalation in which Syria will be a significant conflict arena.

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International Affairs

The International Affairs file discusses the Iran-US positions on returning to the nuclear deal in light of opening indirect negotiation channels, US bargaining chips, and Iran's available opportunities. In the second part, the file reviews Iran-Europe relations, shedding light on European mediation efforts. It also reviews rising tensions between Iran and the UK in light of the UK government's revision of its foreign and defense policies following Brexit. The UK is no longer committed to European policies when it comes to dealing with Iranian threats.



Iran and the United States

Iran-US relations during March 21, 2021 witnessed significant developments, most significantly the interactions regarding a return to the nuclear deal, the disagreements regarding this return — despite European mediation efforts. Further, there are rising concerns about emerging internal divisions which will impact the attempts to revive the nuclear deal. Thus, this part of the Iranian Case File discusses several major issues including: first, Iran and US positions on returning to the nuclear deal; second the internal divisions and their impact on the diplomatic path; third the US bargaining chips and Iran's available opportunities; fourth, the parties' reshuffling of their cards prompting interactions at the regional level; fifth, boosting alliances at the international level, and finally consequences and conclusions.

I. The US and Iran Positions on Returning to the Nuclear Deal

The United States has adopted a diplomatic approach to return to the nuclear deal. According to reports, the Europeans upon a request from Washington, managed in the middle of February 2021 to reach an agreement between Iran and the Biden administration to resume talks between Tehran and Washington on a new nuclear deal and in return South Korea, Japan and Iraq would unblock \$15 billion worth of Iranian assets and Iran would cease uranium enrichment at 20 percent for one or two months. However, Supreme Leader Ali Khamenei after accepting the European initiative, rejected it and laid down a new condition; the United States must lift all sanctions before Tehran returns to its commitments under the nuclear deal.⁽¹⁾

Unexpectedly, Washington addressed this political deadlock by submitting a new proposal, which is not clearly defined yet. According to some leaked reports quoting an official from Biden's administration, Washington informed Iran that it is ready to take the initial steps on a reciprocal basis and both parties must return to full compliance with the provisions of the nuclear deal. In response, Tehran confirmed that it will not stop uranium enrichment at 20 percent until all US sanctions are lifted.⁽²⁾

II. Internal Divisions and Their Impact on the Diplomatic Path

Despite the readiness of both governments to return to the nuclear deal after finding an agreed upon formula, they are still facing internal opposition. In Washington, the Biden administration is receiving criticism from both the Democrats and the Republicans. 70 Democrats and 70 Republicans signed a letter calling on the US administration to tackle the Iranian nuclear program, and Tehran's ballistic missile program, its funding of terrorism, human rights violations, and to keep in place the sanctions.⁽³⁾ Further, influential US figures

oppose Biden's policy and they have been used by lobbyist groups to strengthen public opinion against the use of diplomacy with Iran. One of these figures is Henry Alfred Kissinger, the former US secretary of state, who reaffirmed the need to pursue a hardline policy like Trump against Iran and never to lift the sanctions imposed on Iran.⁽⁴⁾

On the other side, there is opposition to the Iranian government's willingness to return to the nuclear deal. The Iranian Parliament wants the government to have a larger role in the negotiations with the United States. Apparently, this opposition has emerged from the internal competition between political parties over the upcoming presidential elections. The government asked the political parties not to include the return to the nuclear deal in their election debates. Iran's political parties were not alone in opposing the return to the nuclear deal, but also state-run apparatuses opposed the return, having conflicting views and positions over the issue.⁽⁵⁾ For example, IRGC Commander-in-Chief Hossein Salami said that his country is not interested in lifting the sanctions and neither does it need the nuclear deal.⁽⁶⁾

III. US Cards (Bargaining Chips) and Iran's Available Opportunities

The Biden administration believes that sanctions are instrumental to place pressure on Tehran. Wally Adeyemo, President Joe Biden's deputy secretary at the Treasury, underpinned his country's commitment to rigorously implementing sanctions on Iran, confirming that any relaxation of the sanctions will be in line with Iran resuming its compliance with its obligations under the nuclear deal. He added that the Treasury will look carefully at "any Iranian efforts to evade sanctions and abuse the international banking system" to fund terrorist activities.⁽⁷⁾ His remarks are in line with the position of the Democrats and the Republicans who submitted a draft bill to condemn Iran's terrorist activities and human rights violations.⁽⁸⁾ This is in addition to Biden extending the country's state of emergency regarding Iran.

While Iran has not responded positively to the US moves to push it to comply with its nuclear commitments, the United States revoked its approval to allow South Korea and other countries to release Iran's frozen funds. "We said we would attend and Iran, so far, said no. I think the ball is in their court to see if they're serious about re-engaging or not," US Secretary of State Antony Blinken said during a hearing before the House Committee on Foreign Affairs.⁽⁹⁾

In general, the impact of US sanctions is declining to a certain extent. Iran's oil exports have escalated dramatically in recent months.⁽¹⁰⁾ Iran feels that it has succeeded in enduring the US maximum pressure campaign; it managed to find methods to overcome it. Thus, Iranian officials have become more confident and have started talking about continuing the country's resistance policies instead of pursuing diplomatic policies. They sent a message to the Biden administration that Iran can live for a long period under sanctions and time does not favor the United States because any delay in reconciling their issues will allow Iran to commit more nuclear breaches.⁽¹¹⁾

However, the US position against Iran has been crystal clear with steps taken following Tehran's moves in March. The following table highlights the US steps.

Date	Measures
March 5, 2021	Extend the US state of emergency regarding Iran for one more year. ⁽¹²⁾
March 9, 2021	The designation of two IRGC officers for their involvement in gross violations of human rights; namely torture/cruel, inhuman, or degrading treatment of political prisoners. ⁽¹³⁾

IV. Parties and Regional Interactions

Iran believes that regional countries want to thwart its understandings with Washington and at the same time the Biden administration seeks to mitigate the concerns of these countries. Thus, it exerts further efforts to pave the way for its upcoming policies in the region. It encourages them to develop understandings to ease tensions and smooth the path for diplomacy. It welcomed Saudi Arabia's initiative to resolve the Yemeni crisis and helped facilitate the delivery of humanitarian aid to Yemen as part of its efforts to encourage the parties to the Yemeni crisis to commence negotiations.

The US envoy has made great efforts to settle the differences between conflicting parties, while senior US officials have held their first direct meeting with Houthi officials in the Sultanate of Oman. These efforts aim to counter Iran's regional influence, restore stability to Yemen, and put an end to the indirect regional war. It seems that the United States wants proof that its diplomacy with Tehran will offer the Gulf states an opportunity to settle their dispute with Iran, thus ending their objection of its policy towards Iran.

But unlike Yemen, Iraq is the arena with the greatest tension between Iran and the United States, as Iran is still pressuring the Iraqi government to remove US forces from Iraq. On March 3, 2021, in parallel with political pressures, the militias launched a missile attack on Ain al-Assad Air Base, which harbors US forces, where a civilian contractor was killed. On March 15, 2021, seven missiles targeted Balad Air Base in the north of Baghdad, but no casualties were recorded, while Washington accused Iran-affiliated militias of launching these attacks and US Defense Secretary Lloyd Austin said that the United States will do what it sees as necessary to defend its interests.⁽¹⁴⁾ Despite all this, Iran is trying to evade any responsibility for these attacks, especially after the US military strike targeting its militias on the Iraqi-Syrian borders in February 2021. Moreover, Iran fears that if it accepts responsibility, the diplomatic course as well as the chances of returning to the nuclear deal and lifting the sanctions would be harmed.

Despite the US tendency to withdraw and redeploy its forces to the region, it has not abandoned its deterrence strategy, and in this context, two B-52

bombers flew over the region's airspace to warn Iran, especially with the escalation of tension between the two countries. The B-52 planes flew from countries including Israel, Saudi Arabia, and Qatar. This move was the fourth of its kind this year in the region and the second under President Joe Biden. These moves come within a new US regional security strategy, which depends on a greater regional role with ongoing US support.

V. Iran and US Strengthening of International Alliances

The United States is intensifying its efforts to achieve a transatlantic consensus on Iran, and in return Iran has intensified its efforts to balance US pressure. In this context, Iran signed with China the 25-year strategic partnership agreement on March 27, 2021. Moreover, the Secretary of the Supreme National Security Council of Iran Ali Shamkhani considered this step of strategic cooperation between Iran and China as part of an effective resistance policy.⁽¹⁵⁾ Biden said that the agreement has worried him for years. This agreement preceded a move by countries including Iran, China and North Korea, to form an anti-sanctions coalition and to defend the UN charter, as well as to address aggressive US actions and its imposition of unilateral sanctions.⁽¹⁶⁾



VI. Consequences and Conclusions

The Biden administration's position reflects a retreat from the commitments it had made in regard to dealing with the Iranian file. At the same time, the US offering sequential proposals might be understood by Tehran as success in its attempts to manage the crisis, and this may tempt it to take a more hawkish position and obtain additional gains from the United States, most importantly the necessity to end all the sanctions before agreeing to commit to its nuclear pledges. US indolence opens the way for Tehran not to make any concessions regarding its ballistic missile program, regional behavior, or even to amend the sunset clauses in the 2015 nuclear deal.

In addition to the opposition in Iran and the United States and its impact on both countries returning to the nuclear deal and forming a bilateral relationship, time seems to be an important element. On the one hand, Iran pushes its nuclear threats forward, enhances its knowledge and technical capabilities, and reduces the time before reaching a nuclear breakout. This limits Washington's opportunities for maneuvering and the possibility of obtaining additional concessions from Iran. The country is on the verge of holding presidential elections within months, and the lack of a breakthrough during this period may impede the diplomatic path for a longer period, particularly if the IRGC wins the presidency and dominates all Iranian institutions with the hardline conservative current. On the other hand, Biden's confidence that the US Congress will support his administration during the current phase may diminish, especially in light of the Democratic party holding contradictory positions in relation to Iran.

At the regional level, there are increasing concerns about the Biden administration's direction regarding Iran. It is expected that some regional powers will resist the US return to the JCPOA without adequate guarantees to limit the threat of Iran, especially regarding its regional behavior, and its direct and indirect threats to the interests and security of regional powers. Moreover, regional alliances may emerge, and they are likely to increase tensions and conflict, especially as Iran wants to impose a *fait accompli* and continue to advance its influence.

At the international level, the region is facing an important geopolitical test, as the United States is moving to reduce its military presence at a time when China is pushing towards a comprehensive strategic partnership with Iran, and these moves give Iran an opportunity to maneuver, consolidate its gains, and end its isolation.

Conclusion

In the end, it can be said that the United States is in the process of providing more incentives to persuade Iran to back down from its nuclear policies. The European parties are playing a mediating role between the two parties, which in turn led to the 4+1 signatories and the Special Committee on the Nuclear Agreement to attempt to manage the crisis. This contributed to narrowing the gap and prevented the emergence of further crises, and may possibly pave the way towards direct talks leading to a settlement and a restoration of JCPOA

commitments on both sides. Iran seeks to stop the US attempts to put additional pressure upon it returning to the nuclear agreement, while the United States considers this return as the beginning of follow-up negotiations to arrive at a more comprehensive solution to settle other outstanding issues, which will lead to continuing tensions between the two parties even if the nuclear deal is revived.

Iran and Europe

European diplomatic efforts are still underway to build a bridge between the United States and Iran, even by non-official means. Last month's Europe-Iran debates resulted in Iran's rejection of Europe's proposal to hold an informal meeting with the United States. This decision was made by Iran so that it can gain bargaining chips to help it achieve its key objective: the lifting of US sanctions.

This month, the Europeans have been uncertain about their position on Iran, as a heated debate flared up at the International Atomic Energy Agency's (IAEA) Board of Governors meeting before the E3 – France, Germany and the UK – finally agreed to put aside their anti-Iran draft resolution. Iran, on the other hand, already has outstanding issues with Europe including developments in relation to the shooting down of the Ukrainian plane after it published the final report on the incident. Furthermore, tensions between Iran and the UK were raised after the latter issued its “Integrated Review of Security, Defense, Development and Foreign Policy” paper.

This file addresses Europe-Iran relations during March from three angles: developments regarding the revival of nuclear talks, Iran-UK tensions, and Iran's final report on the downing of the Ukrainian plane.

I. Developments Regarding the Revival of Nuclear Talks

The E3 are still committed to the nuclear deal and are trying to bring both Iran and the United States to the negotiating table to keep the deal alive and to discuss controversial issues such as Iran's missile program and nuclear violations. In a diplomatic hedging step, the E3 dropped their anti-Iran draft resolution at the IAEA Board of Governors meeting. The draft resolution reflected E3 concerns about Iran's lack of explanation following the discovery of uranium particles at three former undeclared sites, including two sites at which the IAEA found uranium particles last week.⁽¹⁷⁾ The E3 decision to step back from their position was welcomed by Kazem Gharibabadi, Iran's permanent representative to international organizations in Vienna. He has previously expressed his country's rejection of the anti-Iran draft resolution as it undermines both efforts to start nuclear talks with Western countries and understandings that the IAEA reached with Iran after the country suspended the implementation of the Additional Protocol (AP). The E3 move to abolish their draft resolution was valued by Gharibabadi who called on them and their NATO ally, the United States, to return to their obligations under the nuclear agreement.⁽¹⁸⁾ Europe-Iran attempts to find common ground to revive the nuclear deal continued during March. Albeit a difficult move, the E3 retreated from submitting the

anti-Iran draft resolution, as they believed that Iran had shown some positive and encouraging signs that would lead to the resumption of nuclear diplomacy and the start of informal talks.

At the end of March, however, newspaper reports pointed to the European Union's intention to impose sanctions in early April on eight Iranian military commanders of the Basij organization and three state entities over the systematic campaign of repression and killing targeting protesters in 2019.⁽¹⁹⁾ These reports showed that Europe has been using a carrot and stick policy when dealing with Iran since the US withdrawal from the nuclear agreement in mid-2018.

Europe and Iran aspire to reach an understanding on the nuclear talks to ultimately revive the nuclear deal. Although some reports indicated that the chances of a breakthrough on the issue of negotiations between the United States and Iran were improving, the realities and complexities of the discussions that led to the 2015 nuclear agreement, the challenges of the current phase, the divergence of interests of the parties, and the expiration of many provisions of the nuclear agreement especially the “sunset provisions” are all obstacles in the difficult road to achieving the aspirations of both sides.

II. Iran- UK Tensions

During March, Iran-UK relations were tense due to three issues. First, as the end of British-Iranian Nazanin Zaghari-Ratcliffe's sentence nears, the British government demanded her “immediate release” and return to the UK, warning Iran that it would reconsider their bilateral relations if Zaghari-Ratcliffe was convicted and returned to prison.⁽²⁰⁾ Second, Iranian Defense Minister Brigadier General Amir Hatami demanded that the British government must pay its standing debt to Iran resulting from the non-delivery of armored vehicles before 1979. Hatami said: “There was always a gap between the position of British officials and their will to act and Britain's position in repaying the debt should be pragmatic.”⁽²¹⁾ The case of Zaghari-Ratcliffe has always been linked to the non-payment of the debt owed to Iran. Reportedly, Iran is arbitrarily detaining and convicting British-Iranian dual nationals to pressure its British counterpart to speed up the payment of the debt owed to Iran. Third, Britain's “Integrated Review of Security, Defense, Development and Foreign Policy” paper identified countering the Iranian threat as a key priority, and it mentioned that the UK will work to prevent Iran from developing a nuclear weapon. British Foreign Secretary Dominic Raab commented on the newly published paper by specifically naming Iran as the looming threat that keeps him “awake at night.”⁽²²⁾ Iran's anger was reflected in various statements that ridiculed the UK's intention to increase its nuclear arsenal while expressing concern about Iran's development of nuclear weapons.

Iran's Foreign Minister, Mohammad Javad Zarif, for example, wrote in a post on Twitter attacking Boris Johnson over the UK's nuclear weapons plan saying, “In utter hypocrisy, @BorisJohnson is concerned about Iran developing a viable nuclear weapon. On the very same day he announces his country will increase its stockpile of nukes. Unlike the UK and allies, Iran believes nukes and all

WMDs are barbaric & must be eradicated.”⁽²³⁾

Iran-UK tensions are no doubt deep. Even if both sides try to keep the channels of dialogue open, the British government, compared to its French and German counterparts, is more undisguised in its opposition to Iran’s actions. This was evident in the last few years following Iran’s seizure of British oil tankers, the detention of British-Iranian dual citizens and the publication of Britain’s global strategy or “Integrated Review of Security, Defense, Development and Foreign Policy” which sees the threat posed by Iran as its primary concern.

III. Iran’s Final Report on the Downing of the Ukrainian Plane

Iran’s Civil Aviation Organization (CAO) published a 285-page report on the downing of the Ukrainian plane, blaming “human error.” The report said the plane was identified as a “hostile object” because of a mistake by the air defense operator and two missiles were fired at it.⁽²⁴⁾

An association representing the families of the victims, on the other hand, rejected the report, describing it as “another ridiculous display of deceit and obscurantism” to conceal the clear fact that the targeting of flight PS752 was deliberate.⁽²⁵⁾ For its part, Ukraine also rejected the CAO report and described it as a desperate attempt to hide the truth. Ukrainian Foreign Minister Dmytro Kuleba called the report “biased,” and the evidence presented was “selective,” and the conclusions “deceptive.”⁽²⁶⁾

Ukraine’s rejection comes amid growing doubts among Ukrainian officials that the Ukrainian plane was intentionally downed considering the lack of answers and concrete evidence given by Iran. The parties concerned about the incident do not trust Iran’s justifications due to the way the committed crime was hidden. Most officials of the concerned states, particularly Ukraine and Canada, have repeatedly expressed their overwhelming dissatisfaction with Iran’s management of the case, stressing that their own investigations will soon be announced, which certainly will not attribute the incident to human error.

Conclusion

The E3 are seeking to revive nuclear negotiations and to bring both Iran and the United States to the negotiating table. For this reason, the E3 dropped their anti-Iran draft resolution that condemned Iran for its recent nuclear violations.

On the other hand, there have been tensions between Iran and the UK which were clearly observed in the media. The two countries disagree mainly on three issues including the release of Nazanin Zaghari-Ratcliffe, the payment of the debt owed by the UK to Iran, as well as Tehran’s angry reaction to the inclusion of Iran as a nuclear threat in the UK government’s “Integrated Review of Security, Defense, Development and Foreign Policy” paper. Finally, the parties concerned about the downing of the Ukrainian plane rejected the final report issued by Iran’s CAO, describing it as a desperate attempt to hide the truth.

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