

MONTHLY REPORT



# IRAN CASE FILE

Your window on Iran from inside and abroad

June 2022



**RASANA**  
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June 2022

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# EXECUTIVE SUMMARY

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**T**he Iranian domestic arena has witnessed a series of ideological, political, economic and military developments. As for Iran's relations with its neighbors and the rest of the world, there have been a slew of events that are expected to have ramifications for the country's overall situation in the coming months.

Internally, at the ideological level, Iran's clerics are attempting to disseminate a rhetoric among the masses that absolves the clerical class of blame, instead putting it on executive officials who ignore their advice and fail to implement economic plans. The primary aim behind this approach is that the clerics are concerned that the popular protests and the anger of the masses will eventually target the hawza, hence losing its historical legacy and vital support. In a related context to clerics' authority, Iran's Committee for the Promotion of Virtue and the Prevention of Vice sought to increase its clout within society by forcing women to wear the hijab and threatened those who defied its orders with arbitrary dismissal. This policy aims to force the people to follow the government's interpretation of religion, and divert their attention away from genuine everyday problems and towards religious and ideological matters, hence insulating the government from the troubles that would be brought about by speaking out about the state of people's affairs.

Politically, the recent protests in Iran, as well as the huge criticisms leveled at the government for failing to address the economic crisis, prompted the Raisi government's first minister to resign. The labor minister was criticized because he failed to deliver on his promise to create jobs and implement effective policies to quell the nationwide protests that have erupted in the last



two months. This prompted lawmakers to question him and accuse him of inefficiency. Furthermore, the government introduced a bill to amend the law governing the use of firearms by security officers, which sparked widespread outrage on the Iranian street, with many believing that the bill was designed to legitimize the suppression of protests against the government's policies and deteriorating living conditions.

Negative economic figures were posted in June 2022, with direct consequences and ramifications on people's lives. Following the government's decision to eliminate its food subsidy to compensate for the currency shortage, the monthly inflation rate climbed to more than 52 percent. The exchange rate fell, with the toman plunging to unprecedented lows against the US dollar, exceeding 33,000 tomans despite strict government controls. In general, the Iranian domestic front is facing a highly tense situation and a financial squeeze despite the rise in oil prices. The sanctions and the Russian price discounts on its oil exports are depriving Iran of totally benefiting from the rise in prices to resolve its domestic crises. On the other hand, Iran signed a number of cooperation agreements with some countries such as Venezuela and the Central Asian countries. Iran is attempting to leverage its diplomatic relations to make short and long-term economic gains — some of which are meaningful while others are nothing but political and propaganda gains for the Raisi government.

With regard to the military file, it discusses the security breaches and cyberwarfare that broke out between Iran and Israel, with Tel Aviv claiming responsibility for a number of cyberattacks that Iran has suffered. The file also reviewed Iran's measures taken to address its security infiltrations, with Tehran making changes in the leadership of the intelligence and security units affiliated with the IRGC. It seems that the infiltrations that Iran has suffered will be a major concern for it during the coming period. This comes in light of the limited Iranian tools of response and the possibilities that could see Israel striking Iran's vital sectors, including its nuclear and military facilities as well as targeting government figures.

Iran-Arab relations were awash with events, especially Iran-Gulf relations. Years after the US retreat from its strategic alliance with the Gulf states, it seems that the Biden administration has finally realized the importance of the region's countries, especially Saudi Arabia given its central role in the Arab and Islamic world and its leadership position in global energy markets. President Joe Biden's visit to Saudi Arabia marks a watershed moment in the United States' foreign policy towards the region's countries. It could lead to significant breakthroughs on a wide range of issues affecting both Washington and the countries of the region. Iran, which places great hope in reviving the nuclear deal to alleviate its chronic crises, particularly the economic one, closely monitored the outcome of this visit. It is afraid of a consensus or alliance against it, which could change the strategic equation in the region, especially after Crown Prince Mohammed bin Salman's visits to Egypt, Jordan and Turkey. In addition, Iraqi Prime Minister Mostafa al-Kadhimi paid a visit to Saudi Arabia, where he met with Crown Prince Mohammed bin Salman and discussed bilateral relations and

economic cooperation. He headed to Tehran immediately after concluding his visit. His trip to Jeddah and Tehran appears to have been intended to complete deliberations and mediation on Saudi-Iran reconciliation and to discuss ways to ease tensions between Saudi Arabia and Iran.

The situation in Iraq has become more complicated since Muqtada al-Sadr announced his withdrawal from the political process. The move reshuffled the cards, throwing the entire Iraqi landscape into disarray and deeper political ambiguity — thus putting the Iraqi government in jeopardy. The Coordination Framework has amassed the greatest number of parliamentary seats, and the Iraqi street has grown increasingly angry at Iraq being a pawn in the hands of Iran and its armed militias — both have exhausted Iraq and thrown it into a vortex of economic, political and security crises. Protests are expected if the Coordination Framework forms the new Iraqi government. At this point, Sadr is expected to back these protests in order to change the entire political system, which could unleash total chaos in the country.

In Yemen, the regional tour of the head and members of the Yemeni Presidential Leadership Council aimed to strengthen Yemen's partnership with its Arab neighbor in all fields, particularly the political, economic, and service fields, which could contribute to achieving the Yemeni people's interests and meeting their aspirations. On the other hand, the Houthis militia's continued policy of looting resources and levying burdensome taxes which are spent on military mobilization, including the establishment of several summer camps to recruit children and send them to the frontlines, demonstrates its and Iran's desire to prolong the Yemeni crisis and the suffering of the Yemeni people.

On the Syrian landscape, the ramifications and interactions of the Ukrainian crisis as well as the Iranian nuclear talks are still overshadowing the Syrian file and the actors involved in it. Tensions in northern Syria have been ongoing since last May between Turkey and the Syrian government, Russia and Iran. June witnessed Iran shifting its official position on Syria. After the Iranian Foreign Ministry initially condemned the Turkish decision to launch a military operation, Tehran softened its position, ostensibly showing understanding regarding the Turkish move. This position could be considered temporary as it is closely related to recent regional and international developments. Therefore, Tehran seeks to make some gains and avoid some risks through adopting an accommodating stance regarding the Turkish need for a new operation in northern Syria. Similarly, within the efforts to contain the ongoing moves in the region and the pursuit of several regional countries to reach understandings and form political alliances, Iran sought to mediate between the Syrian government and Hamas, with the aim of forming a parallel alliance to respond to future changes in the region.

In relation to international affairs, Iran-US relations are still marked by tensions over the faltering nuclear talks aimed to revive the nuclear deal. This comes despite the fact that the Doha talks broke the stalemate that dominated the course of the negotiations since mid-March 2022. The Doha negotiations did not lead to settling the differences, with both sides adhering to their positions for returning to compliance with the nuclear deal. Despite these

tensions, however, the parties still reiterate that the talks are given precedence to revive the nuclear deal and they do not want to resort to other options. The Doha talks revealed that Tehran was ready to make some concessions in return for the provision of economic guarantees — regardless of whether the sanctions are fully lifted, or the IRGC is removed from the terror list.

This agreement that priority should be given to diplomacy did not prevent the United States and Iran from exerting mutual pressures. The Biden administration continues to use sanctions against Iran to limit its exports of oil, petroleum and petrochemical products while also prohibiting it from conducting financial transactions with the rest of the world. It intends to apply pressure and signal that it has other options. At the same time, Iran continues to pursue a resistance strategy, capitalizing on regional and international shifts that give it more space to expand its clout. In this context, Tehran maintains its policy towards China and Russia, as well as its policy towards its neighbors and economic diplomacy.

When it comes to Iran-Europe interactions, Iran-Greece relations are still marked by tensions. Iran continues to hold two Greek ships while the authorities in Athens towed an Iranian ship, which had been seized in April, to the port of Piraeus. This move is part of the implementation of the US sanctions against Iran. On the other side, Iran awaits the release of diplomat Assadollah Assadi arrested by Belgium and sentenced to 20 years in jail over involvement in terror operations. Iran and Belgium signed a prisoner swap agreement, which is expected to be debated in the Belgian Parliament. To increase pressure on the European countries and secure the release of Assadi from Belgium, a court in Iran's capital, Tehran, rejected an appeal against the verdict handed down to French citizen Benjamin Brier, upholding his eight-year and eight-month prison sentence for espionage.

Despite Iran's tense relations with some European countries, the European Union (EU) continued its efforts to resume the nuclear talks. In this context, EU High Representative Josep Borrell visited Tehran. Following discussions with Iranian Foreign Minister Hossein-Amir Abdollahian, the latter announced the readiness of his country to resume talks in the coming period.



# IRAN CASE FILE

June 2022



# Internal Affairs

**T**he Internal Affairs file in the month of June discusses four key files. The Ideological File touches on the attempts by clerics to position themselves as defenders of the Iranian people in light of the criticisms leveled against the government, sending messages of reassurance to their popular incubators. The file also discusses the efforts by the Committee for the Promotion of Virtue and the Prevention of Vice to gain clout and dominance and restore its standing under President Ebrahim Raisi. The Political File casts light on the role of the protests and the barrage of criticism in ousting the first minister from the Raisi government. The file also discusses the amendment of the law related to carrying firearms by security forces, which is expected to lend more legitimacy to the Iranian government's suppression of protests. As for the Economic File, it casts light on two essential issues: the Iranian government's economic performance and the cooperation agreements signed recently between Iran and a number of countries. The Military File, meanwhile, spotlights two main topics: the outbreak of cyberwarfare between Iran and Israel and the significant changes to the leadership of the IRGC intelligence and security units.



# The Ideological File

The Ideological File sheds light on the developments concerning Shiite religious elites in general and Iranian religious elites in particular. It also highlights their impact on the religious and political scene in Iran, as well as the broader Shiite community in the region. The Ideological File for May 2022 discussed the issue of employing the Friday prayer pulpit for political purposes in order to contain public anger and curb the mounting protests against Iran's debilitating economic crisis. The June Ideological File delves into the ongoing trend of the politicization of religion in the speeches of senior religious leaders (marjas). The marjas have resorted to this as they fear the loss of public trust, thus affecting their clout and economic interests. The file also sheds light on the Committee for the Promotion of Virtue and the Prevention of Vice's efforts to increase its clout and dominance under Raisi, as well as its attempts to penetrate society.

## Iran's Clerics Reassure Popular Incubators

Iran's clerics are now aware of the dangers that the hawza (religious seminary) faces as a result of the ongoing popular protests. In addition, clerics themselves have faced criticism because of their form of governance and their disregard of the government's policies. Many of the hawza's clerics are aware of the potentially disastrous outcome if the status quo is maintained. Therefore, several clerics have delivered apologetic speeches absolving the hawza of responsibility and blaming the political system and its officials, with the latter accused of not listening to the opinions of others. Grand Ayatollah Mohammad Hossein Shahroudi, Ahwaz's representative in the Assembly of Experts, reiterated that soaring prices have meant that the lives of people are much more difficult as they find it hard to make ends meet. "How horrible are inflation and soaring prices!" he exclaimed. "It's said to be divinely ordained. If it is divinely ordained, does that mean it is only for us, only us, the Iranians? Why is there no disaster of inflation and soaring prices in neighboring Iraq? Does this imply that God does not wish to try them?"<sup>(1)</sup> He then drew a comparison between the situation in Iran and that of some regional countries. "There's nothing in Iraq called an annual increase [in prices] eating away at salaries. There's nothing in Iraq, Dubai or anywhere else called inflation."<sup>(2)</sup>

It seems that the Gulf states' development model resonates with Iranians. The Iranian people and some officials draw parallels between the Gulf's progress and Iran's deterioration at the political, economic and social levels. It is therefore patently clear why the Iranian government and its security and media apparatuses are continuously demonizing the Gulf states in the Iranian



collective mind. They want to deflect Iranian attention away from making such comparisons or demanding to adopt a development model like the Gulf.

Highlighting the country's dire situation, taqlid cleric Ayatollah Nouri Hamadani stated that the Iranian people are suffering from harsh living conditions and rising prices, adding, "We hope that the officials will address the current situation. And the people should be aware that we are bringing this issue to the attention of officials. Our statements, however, are not heard or broadcast. People tell us they are suffering as a result of rising prices and harsh living conditions. We should treat and think of those people as they deserve. We must understand their plight and do everything we can to help them. We should notify the authorities because people come to us and ask why we don't talk about the harsh living conditions and skyrocketing prices. We indeed notify them. However, our warnings are not broadcast." He further stated, "The people should know that the hawza in Qom and we the clerics are standing with the people because the people have preserved Islam so far. However, our voice and words are ineffective and are not conveyed."<sup>(3)</sup>

Hamadani underlined that the hawza and clerics are on the side of the people, and that they, as clerics, bring the people's plight to the attention of officials. However, their words go unheeded. As a result, it appears that he is sparing the hawzas of blame in an attempt to distance them from the government's policies and failures on a variety of issues, particularly the economic crisis. But there is a paradox here: the ruling elite is not concerned about the Iranian people's criticisms of clerics as it rules with an iron fist, relying on repressive security apparatuses such as the IRGC, the Basij and intelligence units. Thus, the political system has moved past the stage of seeking public approval and has realized that any loosening of its security grip over society could lead to larger scale protests, possibly leading to its demise. Many clerics whose interests and reputation have been impacted by the government's policies have started to pursue a policy of acknowledging the demands of the people to safeguard their interests. The masses represent important popular incubators and sources of financial resources through the provision of khoms, alms, endowments and so forth.

### **The Committee for the Promotion of Virtue and the Prevention of Vice's Efforts to Increase Its Clout and Dominance**

The Committee for the Promotion of Virtue and the Prevention of Vice derives its powers from Article 8 of the Iranian Constitution which stipulates that in the Islamic Republic of Iran, "The Promotion of Virtue and Prevention of Vice is a universal and reciprocal duty that must be fulfilled by the people with respect to one another, by the government with respect to the people, and by the people with respect to the government. The conditions, limits, and nature of this duty will be specified by law. (This duty is in accordance with the Qur'an verse: 'The believers, men and women, are guardians of one another, they enjoin the good and forbid the evil.' [9:71])." The committee's role expanded under Mahmoud Ahmadinejad after decreasing during Mohammad Khatami's term. But, under Raisi, the committee began to reclaim its authority, boldly imposing a religious

lifestyle and its own interpretation of religion on the people.

In this vein, the committee's spokesman Khan Mohammadi announced the development of a comprehensive program on chastity and hijab.<sup>(4)</sup> "The Ministry of Interior has provided notification regarding the first stage of the chastity and hijab program, and the Committee for the Promotion of Virtue and the Prevention of Vice has been assigned to implement the decision via the committee of Tirmah 21/July 12. The first stage will include the government apparatuses, and the second stage will include the entire society," he said.<sup>(5)</sup> When asked how the program will be implemented, Mohammadi reiterated that the committee's inspectors will be present at government institutions and agencies to prepare reports on the extent of the program's implementation. The committee has relied on a vast network of popular chastity and veil organizations, which also provide it with reports. It is also reported that councils for the promotion of virtue and other executive apparatuses will monitor the program's implementation.<sup>(6)</sup>

Mohammadi reiterated that female employees are required to wear the hijab. Those who violate this requirement will be warned first by the superior administrator. If the violation is repeated, the superior administrator will be suspended from work. The first stage has already begun, and the second stage will include the remaining segments of society.

These remarks by Mohammadi followed a statement made by Ayatollah Rahim Tavakol, a member of the Assembly of Experts, during the ceremony commemorating Khomeini's death anniversary, about what he called the cultural attacks that Iran is facing. "Imam al-Zaman [Mohammad al-Mahdi] hopes that we and the officials can repel the cultural attacks that are attempting to return women in Iran to pre-revolutionary times," he stated. "At this point, we should be held accountable if we vote for someone who isn't qualified and allow him to gain power. If he commits a good or bad deed, we are complicit in it."<sup>(7)</sup> It appears that the ruling religious elites want to ignore the real plight of the people and instead focus on jurisprudential and ideological issues that have the potential to spark debates within Iran and throughout the Shiite world to deflect attention away from the government's failure to run people's affairs. Securing the needs of its own people should be the primary undertaking of any regime. However, there is another more concerning issue: the disregard of the rule of law by official state institutions in favor of *hisbah* (the promotion of virtue and the prevention of vice) under a modern state, often leading to the justification of systematic violence and intimidation.

## Conclusion

Many clerics are concerned that the *hawza's* interests and reputation will be risked as a result of the Iranian government's failed policies. The Iranian people consider the *hawza* to be a part of the ruling establishment and believe that they are working together to keep the political system in place. In light of increasing public disillusionment, pro-government clerics are attempting to acknowledge people's suffering and needs in order to polish the image of the *hawza* and clerics and proclaim their dissatisfaction with general policy setbacks. At the

same time, the ruling establishment seeks to shift away from issues concerning deteriorating living conditions and focus on religious and contentious issues. The government has expanded the powers of the Committee for the Promotion of Virtue and the Prevention of Vice, allowing it to wield unprecedented power on the Iranian street and interfere in people's private lives, directly affecting public freedoms. As a result, two crucial conclusions can be drawn: first, the hawza is being impacted by the government's political and economic setbacks, given the fact that it is a historical ally of the political system or, as some consider it, as totally harmonious with the revolutionary establishment and an integral part of it. Second, the increasing clout exerted by the Committee for the Promotion of Virtue and Prevention of Vice angers the Iranian people, especially the youth and women. This reinforces the first conclusion that the hawza's image is suffering due to the government's failures, leading to the increasing secularization of society. Although on the surface it seems as if the government's measures based on its religious interpretations are implemented without obstruction, public rejection of official religious edicts continues to increase.



# The Political File

The Political File for the month of May 2022 discussed the new waves of protests that rocked Iran, including protests against soaring prices and the elimination of basic commodity subsidies, as well as protests against corruption and negligence that resulted in the collapse of a building in Abadan, and protests staged by teachers and pensioners. The June file sheds light on the resignation of the Iranian government's minister of labor following a series of criticisms and setbacks that marred his tenure. The file also discusses the bill that the government introduced to the Parliament for approval to increase the powers of security forces regarding the use of weapons.

## **Protests and Criticisms Lead to the First Ministerial Resignation From the Raisi Government**

Since Iranian President Ebrahim Raisi introduced his cabinet lineup to the Parliament on August 11, 2021, there has been talk both inside and outside the legislative body about the poor performance of some ministers. When lawmakers started debating over the qualifications of the nominees, some called for disqualifying half of the proposed cabinet lineup. However, it appears that directives from powerful bodies to Iranian lawmakers combined with internal agreements between the "conservative"-dominated blocs, resulted in the approval of all ministers, with the exception of the nominated minister for education.

Labor Minister Hojatollah Abdolmaleki, one of the Raisi government's young ministers, was among the officials embroiled in controversy. Despite gaining the confidence of the Parliament, 77 lawmakers voted against him, with five abstaining. Abdolmaleki faced increasingly harsh criticism, primarily for the inadequate increase in pensions, rising unemployment, and wages that are disproportionate to Iran's rising inflation rate. Furthermore, the minister failed to deliver on his promise to create jobs, manage the labor market, and outline effective policies to quell the nationwide protests led by trade unionists, teachers and pensioners. The minister of labor was chastised for more than just the treatment of workers, teachers and pensioners. Several lawmakers also accused him of inefficiency and demanded that he be questioned by Parliament Speaker Mohammad Bagher Ghalibaf.<sup>(8)</sup>

In the midst of these mounting criticisms, Abdolmaleki resigned from government, a resignation accepted by President Ebrahim Raisi, making him the first minister to resign from the government formed on August 25, 2021. Abdolmaleki justified his resignation by stating that he resigned to improve government coordination.<sup>(9)</sup> The justification implies that there is disagreement



within the government about how he ran this vital ministry. Perhaps Raisi asked him to resign to relieve the enormous pressure on his government, especially in light of new calls in the Parliament to question the industry, interior, roads and agricultural ministers.

Media perspectives on whether or not Abdolmaleki's resignation had to do with improving the government's situation as well as raising living conditions diverged. When it comes to the resignation's impact on the government's future, some media reports referred to it as a dismissal. For example, pro-"hardline" newspapers Farhikhtegan and Khorasan stated that the dismissal was necessary in light of the government's weakness and policy failures. "Reformist" newspapers, on the other hand, believed that Abdolmaleki's dismissal or resignation was insufficient. They considered the sacked labor minister to be one of the Raisi government's failed ministers.<sup>(10)</sup>

As for whether Abdolmaleki's resignation will help improve living conditions for Iranians, a number of Iranian newspapers and observers concluded that changing ministers without changing policies is pointless. They believe that the crisis in Iran goes beyond the resignation or dismissal of a minister, referring to the need to change the government's policies and approach to major issues. They also emphasized the importance of reaching an agreement with the United States on the nuclear issue as the main starting point to deal with Iran's economic crisis. However, some "conservative" newspapers, including Keyhan, which is close to the supreme leader and supports his uncompromising position on the nuclear talks, refused to accept that Iran's intransigence and refusal to accept de-escalation in exchange for lifting the economic embargo is the cause of the country's turbulent conditions. It blamed the current



economic conditions and sanctions imposed on Tehran on the leaders of the Green Movement, opponents abroad, and economic experts who advocate a de-escalation policy with the West, hinting that they should be punished.<sup>(11)</sup>

### **Amending the Law on Carrying Weapons Legitimizes the Repression of Protesters**

The Iranian government introduced a bill to the Parliament to amend a law that expands the powers of security officers to use weapons. The move sparked huge controversy in Iran, particularly as it came after widespread protests across Iranian cities against rising commodity prices, as well as acts of violence and chants against the political system and its leaders.

The law governing the use of firearms, known as the Law on the Use of Firearms by Security Forces and Armed Forces During Crises, was enacted in January 1995. The bill, which is currently being debated in Parliament, will allow all sectors of the security forces to use arms in order to maintain security during illegal protests and armed riots without referring to senior officers or operational commanders. The law will also allow maritime patrols to fire on vessels that ignore warning shots. Furthermore, the new bill states that security forces are not required to pay blood money if their use of weapons is permitted by law. It also authorizes security forces to use firearms during arrest, and in the pursuit of thieves, bandits, kidnappers, and others. The bill also includes provisions allowing anyone to defend themselves against any attackers with firearms or blade weapons, as well as allowing security officers to open fire on fugitive criminals, drug and weapons runners, or those seeking vengeance.<sup>(12)</sup>

The bill was introduced at the same time as the recent popular protests. Thus, the Iranian public saw it as an attempt by the Iranian government to legitimize the use of weapons by security forces and the IRGC to suppress the protests, as well as a warning that the aforementioned state apparatuses will open fire on any future demonstrations in Iran. However, Mohammad Hosseini, President Ebrahim Raisi's deputy for parliamentary affairs, denied that this amendment is linked to the repeated gatherings and protests that Iran witnesses and said that the amendments are not secret and will be debated in the Parliament's public session.<sup>(13)</sup> As for the significations of amending the law, some officials say the bill was drafted in response to a spike in attacks targeting and killing police and security officers in various cities, with the current law prohibiting them from using weapons except on orders from senior officers. One example was the murder of an officer named Ali Akbar Ranjbar in Shiraz last February who was stabbed by a young man during a brawl. The officer was unable to use his weapon due to the current legislation.<sup>(14)</sup>

This bill, which has received widespread support from leaders of Iran's security and apparatuses and institutions, is expected to be ratified by the Parliament without opposition. This comes after Parliament Speaker Mohammad Bagher Ghalibaf called for the speedy passage of the law, stating that the Iranian Parliament is ready to amend the law on the use of weapons.<sup>(15)</sup>



## Conclusion

The harsh economic crisis that Iranian citizens are experiencing, combined with the government's ongoing failure to outline economic policies capable of bringing the country out of this bind, presages the increased scrutiny of ministers by lawmakers. Raisi could try to persuade some ministers to resign, as the labor minister did, in order to make some changes that would allow him to lessen the criticisms leveled at his government.

On the other hand, the Iranian security services may not require a law allowing them to shoot at protesters because they have killed hundreds, if not thousands, of protesters since 2009. However, amending the law on carrying weapons will serve as a strong pretext and a green light for Iran's state apparatuses to kill even more protesters. It will also make it easier to fabricate charges against victims and deny their families the right to take legal action against the killers.

# The Economic File

The May 2022 Economic File shed light on the parameters of food security and the extent of their application to Iran's reality, as well as the most pressing present and future food security challenges facing Iran. The first part of the Economic File for the month of June analyzes the most important developments related to Iran's domestic economic situation in light of several economic indicators posting record rates recently that have negatively impacted the lives of the Iranian people. In the second part, the file discusses some recent economic cooperation agreements signed by Iran with a number of countries and the second part also discusses their potential economic implications.

## Key Economic Performance Developments

There is much to say about Iran's economic developments but due to the brevity of this file, it focuses on the most important economic indicators that have directly impact the lives of the Iranian people and are typically measured on a monthly basis. The most important and dangerous of these indicators is the inflation rate, which current President Ebrahim Raisi promised to control during his election campaign. Exchange rate fluctuations are inextricably linked to the inflation rate and provide a relatively accurate reflection of the Iranian economy's current performance over a short period of time.



## The Inflation Rate

As a direct result of the government's decision to end subsidies on certain types of food items last month, the monthly inflation rate has reached a new high this year. Consequently, already soaring prices have risen even further. Chronic price increases have unquestionably become the most significant economic crisis confronting the country, putting pressure on the Iranian people, and threatening the political system's stability. Iranians have taken to the streets to protest against rising prices and the deterioration of their financial situation. This compelled Iran's Minister of Labor and Social Welfare Hojjatollah Abdolmaleki to resign, possibly as a scapegoat in an attempt to calm the turbulent Iranian street.

In June 2022, the inflation rate was 52.5 percent compared to the same month the previous year, while the inflation rate in May was 39.3 percent (see Table 1). This increase will undoubtedly have a significant impact on the annual inflation rate at the end of 2022. It could be a first in Iranian history. It is worth noting that the highest annual inflation rate in Iran — not monthly, posted in 1995/96 — was 49.4 percent.

**Table 1: Monthly Inflation Rates During January-June 2022**

|          |       |
|----------|-------|
| January  | 35.9% |
| February | 35.4% |
| March    | 34.7% |
| April    | 35.6% |
| May      | 39.3% |
| June     | 52.5% |

**Source:** Tehran Chamber of Commerce & Statistical Center of Iran

Due to the significant increase in oil prices which has reached 200 percent, the food and beverage category saw the largest sub-increase in price levels during June by 82.6 percent (the category saw a 49.6 percent increase last month). Milk, cheese, eggs, red meat, and poultry — in varying proportions also experienced price hikes. Housing prices are also rising rapidly. This could herald the start of a new, worsening crisis. Rents in Tehran have skyrocketed and tripled in the last year in the country's major cities. Raisi's government has so far failed to reduce the inflation rate to less than 10 percent and to build 1 million new affordable housing units per year. Reducing the inflation rate and building new housing units was one of Raisi's most important electoral promises which have yet to be fulfilled despite approaching a year since his inauguration.



## Local Currency Changes Against the Dollar

A new record level — not seen before in the history of Iran — was reached in terms of the value of the local currency, the toman, plummeting against foreign currencies, particularly the US dollar. One dollar was worth 33,000 toman on June 10, 2022, compared to 30,000 toman last month (see Figure 1).

**Figure 1: The Exchange Rate of a Single US Dollar Against the Toman (2013-June 2022).**



Source: Bonbast <sup>(16)</sup>

The sharp decline in the value of the Iranian currency, the toman, was caused by a lack of foreign currency and the uncertainty that gripped traders and those seeking to acquire foreign currency. This followed the government's decision to outlaw and criminalize foreign currency futures trading.

The aforementioned decision, along with the government's discontinuation of the dollar subsidy and an increase in food prices, reflect the magnitude of the Iranian government's financial crisis particularly its foreign currency shortage and lack of financial sources. This was witnessed in the market's volatile foreign currency values. On the other hand, the nuclear talks remain stalled, most Iranian oil revenues remain frozen abroad, and Iran is compelled to offer price discounts to promote its products and outcompete the Russian oil prices discounts in Asian markets. As a result of all of these factors, Iran's foreign exchange market has become volatile, with the impact of rising foreign currency costs affecting the domestic commodities market, and fueling inflation. Therefore, given the current variables, the situation could worsen.

## Major Cooperation Agreements Signed and Their Implications

Iran has recently signed several cooperation agreements within the framework of the principle of strengthening its economic diplomacy, a key electoral promise by President Raisi. These agreements primarily focused on strengthening ties with Central Asia as well as with Venezuela and the Sultanate of Oman. Tehran has also applied for membership in BRICS, a group of emerging economies. These agreements, their implications, and goals are discussed further below.

As part of its pivot towards Central Asia, Iran signed nine 20-year cooperation agreements with Turkmenistan in the fields of energy and transportation in June 2022. It also signed nine agreements with Kazakhstan in the fields of oil, agriculture, and transportation, specifically railways. Previously, on May 17, Iran and Tajikistan signed similar cooperation agreements.

In international relations, memoranda of understanding are considered non-binding agreements between two parties or a preliminary goodwill agreement signaling future cooperation between two countries in specific areas. Despite their large number, they do not include any actual mechanism or step to initiate projects. In general, trade between Iran and the Central Asian countries is currently limited. However, this does not diminish the significance of Iranian relations with these countries or the fact that there are other goals and needs. Iran seeks to achieve a number of political, cultural, and economic objectives through rapprochement with the Central Asian countries, some of which are short-term in nature while others are strategic and have a long-term outlook.

Among the short-term Iranian objectives is for Tehran to maximize the benefits of its geographical location as a transit corridor, connecting the Central Asian countries to ports and terminals in the Gulf and countries on the European continent. For example, there is a railroad that connects Kazakhstan, Turkmenistan, and Turkey via Iran. The railroad transports goods between these countries, and Iran receives fees for the passage or transit. Additionally, Iran must address domestic shortages or needs, such as importing gas from Turkmenistan during some cold months of the year to make up for the shortfall in northern Iranian cities.

As for Iranian long-term objectives, the most visible one is for Iran to use its geopolitical leverage to become a link between the Caucasus and the Arabian Gulf. Iran also aspires to be a transit point for Caucasus exports to the Gulf states, and from there to the rest of the world. The primary long-term objective is related to Iran's desire to increase the sense of urgency among international and regional powers to defend their interests in the face of US sanctions and counter-powers (the West or the Gulf nations).<sup>(17)</sup>

Perhaps the success of the North-South Corridor connecting Central Asia and Europe via Iran is an example of the latter's long-term objectives, in addition to its unwavering commitment to be part of the Chinese One Belt One Road Initiative, as it has been throughout history, by preparing for it on the ground by establishing a network of overland roads and railroads. However, achieving the aforementioned short and long-term objectives will require time, effort, money, as well as political and economic stability and favorable international circumstances. Some of these essential factors are currently unavailable to Iran.

Iran is likely to face some difficulties in the economic field with the Central Asian countries due to the foreign policy approach pursued by these countries which is based on the multiplicity of actors. They do, pay special attention to maintaining positive relationships with foreign influential actors. Therefore, they are hesitant to do business with Iran in case they are subject to US sanctions.<sup>(18)</sup>



In June, Iran and Venezuela agreed to a 20-year cooperation agreement covering oil, petrochemicals, agriculture, culture, and tourism. The two countries have intellectual and ideological ties which are more prominent than their economic ties. In the last three years, there has also been an economic rapprochement, as the United States has increased sanctions and imposed an oil embargo on both countries. Smuggling activities between the two countries are on the rise. Iran needs Venezuela's money, and the oil-rich but US-sanctioned Venezuela needs Iranian expertise to operate its oil refineries and petrochemical plants — which is a positive for Iran — after US companies withdrew from the Venezuelan oil sector. These companies left the Venezuelan oil sector in tatters, causing oil production and exports to plummet to levels that compelled Venezuela to import oil derivatives such as gasoline from Iran two years ago. In return, Iran smuggled gold by air. Two years ago, Iran signed contracts worth approximately \$116 million to repair a Venezuelan oil refinery. In clear defiance of the US embargo, Iran recently delivered to Venezuela two Iranian-made oil tankers with a capacity of 800,000 barrels each<sup>(19)</sup> built by SADRA, a shipbuilding company sanctioned for its ties to the IRGC.

Hence, the agreement signed in June between Venezuela and Iran is an extension of the two countries' growing cooperation over the last two years, indicating a desire to strengthen this cooperation in the future. It is also an attempt to put pressure on the United States and demonstrate resistance to the sanctions. It should be noted that the US administration's inclination to lift or ease sanctions on its southern neighbor, Venezuela, for its need of oil and its derivatives, in order to mitigate the impact of high oil prices on the US economy, may limit future cooperation between Iran and Venezuela.

During the month of May, Iran signed memoranda of understanding with Oman in the fields of oil, gas, trade and investment. The details of the agreement remain undisclosed. In general, the two countries have good political relations, and Oman has frequently served as a go-between for Iran and the West on contentious issues. They also maintain stable economic relations in terms of trade, investment, and tourism. Omani ports serve as a distribution point for some Iranian goods, and Omanis prefer to vacation on Iranian islands. Despite this, the total volume of bilateral trade remains limited and does not exceed \$450 million, according to IMF estimates for the previous year.<sup>(20)</sup> It cannot be compared to Iran's trade with the other Gulf states, including the UAE, one of Tehran's most important trading partners. Iran hopes to deliver gas to Oman, but the project has been dormant for the past two decades.

On the other hand, Iran applied in June to join BRICS, a grouping that includes emerging, fast-growing economies and consists of Russia, China, India, Brazil, and South Africa. Their total GDP is approximately \$28 trillion, accounting for 22 percent of the world's GDP. China intends to broaden the group with the so-called BRICS+ to include regional powers with political or economic clout, or both. There is no doubt that if Iran is admitted to the group, it will secure significant political, economic and propaganda benefits, as well as trade and credit facilities from the BRICS member countries. By joining the group, Iran will have more influence to shape the direction of raw material and energy



markets, as well as more access to technology and production machinery. In addition to being a member of a political bloc in the face of US-European global influence, Iran will also broaden the scope of its trade options in the event that US sanctions against it continue.

However, critical questions remain unanswered. Will there be any specific practical steps with timeframes for Iran to join BRICS+ and then secure full membership in the group? Will BRICS+ member countries have access to the same facilities as BRICS full members? Do the group's members simply desire to include Iran in its talks as happened with Turkey in 2017? Or is there a desire to maneuver and exert joint pressure on the United States by Russia and China especially when it comes to contentious issues such as Iran's nuclear program, Russia's invasion of Ukraine, Washington's trade war with Beijing and the latter's blockade in the South China Sea?

## Conclusion

The aforementioned agreements indicate that President Raisi is attempting to make progress on his electoral promises and enhance Iran's economic diplomacy. It is worth noting that his predecessor Hassan Rouhani adopted the same approach, with Iran using its diplomatic and ideological rapport with some countries to make economic gains, expand its trade options in case US sanctions remain in place and find outlets to sell its products to either weak, shut-down or besieged economies such as Venezuela. Despite making some progress, these agreements alone of course will not be able to mitigate the impact of sanctions on the Iranian economy. Even if there are no immediate economic benefits, there are political and propaganda benefits that portray the Iranian government as being open to the world, and defiant and resistant to US economic sanctions. This is in addition to Iranian long-term objectives of rapprochement with the Central Asian countries, which are linked to harnessing Iran's geopolitical and geo-economic leverage and making it an essential part of the region's local and international corridors.

# The Military File

The Military File for the month of May addressed the implications of Iran's construction of a drone plant in Tajikistan, and Israel's continuous security breaches inside Iran after an IRGC commander was murdered in the capital, Tehran. The June file discusses the recent developments in the continuing cyberwar between Iran and Israel, and the far-reaching changes to the IRGC's intelligence and security units.

## The Cyberwar Between Iran and Israel

The ongoing cyberwar between Israel and Iran is beyond disquieting as nothing is off limits, from nuclear reactors to water purification plants. Israel has so far proven itself to be superior while also having control over the escalation ladder.<sup>(21)</sup> The cyberwar which began during the Trump era intensified further in January when Israeli Prime Minister Naftali Bennett publicly announced to go for the "head of the octopus."<sup>(22)</sup>

Tehran has been suffering back-to-back losses from the assassination of its engineers to humiliating messages released on digital billboards and the disruptions to its oil supplies as well as train services, to name a few. Israel's SIGNINT or Signal Intelligence Unit 8200 targeted Iran's three major steel manufacturers in response to Tehran's successful attempt at hacking Tel Aviv's missile-warning network (formally called the public address system).<sup>(23)</sup> The attack led to a complete halt in Iran's steel production, which is primarily required for its military hardware.<sup>(24)</sup> Earlier, Predatory Sparrow announced a successful hacking attempt leading to paralysis in Iran's fuel supply and rail transport.

There was also a defect in the passport system at Khomeini International Airport as a result of which the passengers had to wait for hours. Some have attributed the defect to a security breach, while the official narrative emphasized that it was a technical flaw and highlighted the impenetrability of the airport's information system. Two weeks later, Fars News Agency reported the arrest of one of the suspects involved in the cyberattack and claimed that he is linked to foreign intelligence services.

With regard to claiming responsibility for these attacks, both sides adopt different approaches. Iran's leadership rarely admits to carrying out subversive acts but Israel has been more vocal about them in order warn the great powers about the dangers of reviving the nuclear deal without considering its grave concerns.

Tel Aviv is also exposing the vulnerability of Tehran by deeply penetrating its sensitive institutions. Hacking into a steel plant or a refinery, for instance,

does not just happen from afar. A hostile actor must have access to information about the systems in place and the security protocols being practiced, for which it needs appropriately placed human intelligence on the ground. From Stuxnet to the most recent cyberattack, Iran has proven to be deeply embedded with collaborators working with and reporting to various foreign actors, especially Israel.

In light of these developments, Israel has taken proactive steps in anticipation of an Iranian response, including warning its citizens not to travel to Turkey, and asking 100 of its citizens to return to their country due to the possibility of being targeted. It was later revealed that those steps were based on intelligence about Iranian plans to carry out operations against Israelis in Turkey.

This was confirmed later when the Turkish and Israeli authorities announced that they had thwarted Iranian operations to kidnap Israeli diplomats and tourists in Istanbul, including a former Israeli ambassador and his wife, and arrested 10 suspects for alleged involvement in planning those attacks.<sup>(25)</sup> It is worth mentioning that the Iranian intelligence services, according to what was reported in the Turkish media, had previously kidnapped the Iranian journalist Mohammad-Baqer Moradi on May 30. There were also many signs of Iranian intelligence activity in Turkey, most notably the assassination of Masoud Molavi Vardanjani in 2019.<sup>(26)</sup>

### **The Significant Changes to the IRGC's Intelligence and Security Units**

Iran's intelligence and security units underwent leadership changes in June 2022. The most notable of these changes was the dismissal of Hossein Taeb (see Figure 1) as the head of the IRGC's intelligence unit. Taeb is one of the most prominent figures in Iranian intelligence after the 1979 revolution and among the officials who founded the country's intelligence institutions and organized their work. He also held several intelligence positions for the IRGC in a number of Iranian provinces until becoming the Intelligence Unit's chief for 13 years. The decision to replace Taeb was not an easy one because he is close to the decision-making bodies and has strong ties with Sayyid Mojtaba Hosseini Khamenei, the son of the supreme leader. Taeb's dismissal was due to his failure to thwart the aforementioned internal attacks and carry out successful operations externally retaliating against Israel without shouldering direct official responsibility. On the other hand, the decision to remove Taeb would end the tensions that overshadowed Iran-Turkey relations after Turkish intelligence uncovered an Iranian network that was planning to target Israelis in Turkey. General Ebrahim Jabbari, the commander of the supreme leader's Protection Unit, was the second important figure who was dismissed recently. Jabbari took responsibility for protecting the supreme leader in 2010. He was the IRGC commander in Zanjan and Qazvin for years. He was appointed in 2008 as assistant to the commander of the IRGC in Tehran and then commander of the IRGC in Qom.<sup>(27)</sup>

Mohammed Kazemi was appointed in Taeb's place. Kazemi reportedly oversaw operations targeting opponents at home and abroad and had headed the IRGC's Information Protection Unit. Brigadier General Hassan Mashroueifar



replaced Jabbari. No statements were made to justify the dismissal of Jabbari, but it is believed that he was removed for alleged espionage and Iranian fears about foreign infiltration at the highest levels of the IRGC. This confirms the hypothesis that the Iranian Colonel Ali Esmailzadeh was assassinated by the Iranians themselves, not because he had fallen to his death from his balcony as alleged by the Iranian authorities at the time. Some internal sources also attributed these changes to a family conflict between Khamenei's two sons, Mojtaba and Mustafa, with each trying to appoint their men to senior positions, specifically those directly linked to the supreme leader. Such information, which is difficult to verify, does not negate the fact that there is competition over positions within Iran's political decision-making bodies, especially as the family is one of the key characteristics of Iran's political system, whether it is the family of the supreme leader or others. This competition is coupled with the direct causes of the IRGC overhaul due to the glaring security failures, adding further complexity to the fraught political situation.

**Figure 1: Hossein Taeb, Former Head of the IRGC Intelligence Unit**



Source: *BBC Persian*<sup>(28)</sup>

## Conclusion

The recent security breaches inside Iran demonstrate the dysfunctional nature of the country's security institutions. It seems that Iran's responses to curb these breaches have proven to be insufficient in light of Israel developing multiple tactics to carry out operations inside Iran. This means that Iran's security dilemma does not merely lie in the IRGC commanders who run the intelligence units but also in the structural and operational weaknesses inherent in these units. This situation represents a major concern for Iran in the coming period. Iranian response tools are modest, and Israel may strike sensitive Iranian sectors, including nuclear and military sites as well as the political system's figures.

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## Arab Affairs

**T**he Arab Affairs file sheds light on four key developments. The first relates to Iran-Gulf interactions, specifically the shift in the US relationship with the Gulf states. It also discusses the Iraqi prime minister's visits to Jeddah and Tehran. Secondly, the file addresses Iranian-Yemeni interactions, shedding light on the implications of the Yemeni Presidential Leadership Council chairman's regional tour and the Houthis' resumption of recruiting children through summer camps. Thirdly, the file provides insightful analysis on Iran's relations with Iraq, focusing on four major issues: the political deadlock in Iraq, Sadr's withdrawal from the political process, the hidden objectives of Sadr's withdrawal, the implications of Sadr's withdrawal on the Shiite alliances, and finally the future of the Sadrist Movement in the Iraqi political equation. Finally, Iran-Syria interactions are analyzed under three main headings: the implications of Iran's shift in its position on Turkish operations in Syria, Israel's bombing of Damascus International Airport, the messages transmitted to Iran, and Tehran's role in facilitating a rapprochement between Hamas and Damascus.



# Iran and the Gulf States

Iran-Gulf relations witnessed rapprochement efforts during the month of May, primarily Iranian President Ebrahim Raisi's visit to Oman which caused a media uproar. Additionally, the most important developments in the fifth round of Saudi-Iran dialogue were discussed in May's file. In June, it appeared that regional countries started to respond to US overtures to the Gulf states following the announcement by US President Joe Biden that he would visit Saudi Arabia upon the invitation of the custodian of the Two Holy Mosques, meet with the leaders of the Gulf states as well as with the leaders of Egypt, Jordan and Iraq. This visit was held in light of the deadlock gripping the talks to revive the nuclear deal between Iran and the P5+1, the start of an indirect bilateral round of talks sponsored by Qatar, and the implications of Iraqi Prime Minister Mustafa al-Kadhimi's visit to Jeddah and Tehran.

## The Shift in US Policy

It is interesting that after years of developing strategic options to lessen the burden of its commitments in the Middle East, the United States has come to realize – as many analysts have indicated – the enormity of its rapidly shifting policy<sup>(1)</sup> which is often based on partisan perspectives, while ignoring global realities and the competition among global powers in the international arena. Thus, against the backdrop of recent global developments that threw the US administration into disarray, it had no choice but to retract its previous position which was not based on realistic assumptions. The US administration eventually abandoned its policy of placing its interests above the interests of its allies and friends and returned to its traditional approach, perhaps also remembering that historically the forsaking of allies has proven costly.

US relations with the Gulf states, particularly with Saudi Arabia, given its central role in the Arab and Islamic world, as well as its leading position in the global energy market, have long been a priority for successive US administrations. US President Joe Biden's recent visit is intended to send a message to the region's countries, particularly Iran, which is betting on its ability to drive Washington out of the region. It will also send a message to China and Russia that the United States will not abandon the region to its adversaries.

## How Tehran Views the Visit

Tehran nervously waited for the outcome of this visit, and hopes it can prevent any consensus or alliance against it that could shift the strategic equation in the region, especially after Crown Prince Mohammed bin Salman's visits to Egypt, Jordan, and Turkey. Tehran believes that these visits pave the way for

a unified position prior to the meeting with the US president. It seems that US allies are coordinating with one another to form a unified position against Iran's destabilizing behavior.

As part of its efforts to contain a potential wave of consensus against it, Iran has expressed its willingness to positively engage in the nuclear talks. This was echoed by Iran's Foreign Minister Hossein-Amir Abdollahian, who urged the United States to approach the Vienna talks realistically and take serious steps to reach an agreement. He also reiterated that Iran is ready to resume talks in the coming days.<sup>(2)</sup> Iran's President Ebrahim Raisi also described the recent resolution against Tehran by the IAEA's Board of Governors as inappropriate, emphasizing that his country is fully cooperating with the agency. During a televised speech, he added that his country had warned the other parties that the resolution would stymie the talks. However, Tehran does not intend to halt the talks and will "continue its dialogue policy within the framework of its principles."<sup>(3)</sup>

### **Expectations of the Gulf States**

The Gulf states believe that if the United States does not clearly define its options, Iran will exacerbate regional security problems and instability. The Gulf states should be wary of any previously signed harmful agreements. Their future relations with both the United States and Iran will be based on security concerns as the region's countries seek to protect their economies from changes in the security landscape.

The Gulf states have no room to enter into alliances that do not serve their interests, and the United States, having previously assessed that leaving the region to focus on areas of greater strategic importance was in its best interest, should be aware that the Gulf states have learnt their lesson and will not accept mere media reassurances. The resumption of strong alliances with Washington will be determined by its behavior and how far it can overcome the complexities of its domestic landscape and pressure from media outlets.

### **The Region's Stability Is Facing a Test**

While Iran continues to watch for the emergence of a bloc that could thwart its regional project and put pressure on it in the context of its nuclear file, the current period will be relatively calm. Iran seeks to demonstrate its desire to mitigate any consensus against it while avoiding the creation of any new pretext that could jeopardize the nuclear file, consequently exacerbating Iran's economic difficulties.

### **The Visit of the Iraqi Premier to Jeddah and Tehran**

In a move which appeared to coordinate positions and bring the views of Baghdad and Riyadh together, Iraqi Prime Minister Mustafa al-Kadhimi visited Saudi Arabia on June 25. The visit was also seen as connected to the Riyadh Summit, which was held in mid-July in Jeddah with the attendance of leaders from the Gulf states, Iraq, Egypt and Jordan. The prime minister met with Crown Prince Mohammed bin Salman during his visit. The two leaders discussed bilateral relations as well as economic cooperation.<sup>(4)</sup> However,



the Iraqi premier's direct flight to Tehran, as well as the subsequent remarks by Kadhimi and the Iranian side on the agreement to reduce tensions in the region, indicate that the visit had other goals no less important than Biden's visit to Saudi Arabia. The visit's goals included completing the consultations and mediation efforts in the context of Saudi-Iran reconciliation and revisiting discussions to ease tensions between Saudi Arabia and Iran.

### **Saudi Messages Ahead of the Summit With the US**

Crown Prince Mohammed bin Salman visited Egypt, Jordan and Iraq as part of Saudi Arabia's desire to play a positive role in advancing the interests of regional countries and breaking the cycle of violence and chaos. These visits included signing strategic economic partnerships, highlighting a Saudi desire to develop relationships based on fruitful cooperation which benefit the region as a whole through providing its resources and expertise while supporting the peoples of the region. The consultation with Kadhimi and the messages he delivered from Riyadh to Tehran demonstrate that Saudi moves do not represent the formation of a bloc against another country. Rather, Saudi Arabia prefers to bring the region the much-needed calm and cooperation it needs and is hoping that the Iranian side will pick up on these signals for the benefit of all parties.

### **Cautious Iranian Response**

In light of Kadhimi's visit to Tehran, Iran's President Ebrahim Raisi said, "Bilateral and regional relations between Iraq and Iran can play an influential role in the region and international issues." He added, "Dialogue with officials in the region can solve problems...We emphasized that the presence or interference of foreigners in the region not only keeps problems unsolved, but also creates problems. Thus, we underlined the importance of regional officials negotiating together to solve problems and issues."

The press conference made no mention of the possibility of progress in reconciliation efforts between Iran and Saudi Arabia. It did, however, mention the situation in Yemen. As usual, Iranian officials acted as guardians of this country. This is despite Saudi Arabia's and the international community's assurances that Iran's halt in interference in Yemen will mark the start of solutions, allowing Yemen to return to its sovereign status and facilitating the restoration of relations between Riyadh and Tehran. Raisi's statements on Yemen included a call to resolve "the Yemeni people's problems," a ceasefire in this country as soon as possible, and the lifting of the blockade on Yemen and the Yemenis. He also stated that a Yemeni-Yemeni dialogue can solve the country's problems and put an end to the tragedies that have befallen the Yemenis. He said, "Without a doubt, the war's continuation will be futile. It will only cause problems for the Yemenis. Therefore, the war must end soon, and the armistice can be a first step toward resolving the outstanding issues."<sup>(5)</sup> When looking for solutions to the Yemeni crisis, Iran may find itself in a weak position. Yemen is being used as a pawn in Tehran's conflict with the West.

Iran's Foreign Ministry Spokesman Saeed Khatibzadeh announced a day after the Iraqi prime minister's visit to Tehran that Saudi Arabia wants to resume diplomatic talks with Tehran. "Saudi Arabia is ready to continue diplomatic

negotiations” and “talks between the two countries will resume soon in Baghdad,” Khatibzadeh stated.<sup>(6)</sup>

## Conclusion

Despite interactions that have resulted in regional moves to reposition and reduce tensions, and despite Iran’s severe economic crisis, which puts it in desperate need of capitalizing on the current atmosphere of reconciliation, the nature of the Iranian establishment prevents it from considering or working towards achieving mutual interests. It continues to insist on either winning or losing everything. As a result, it is expected that these efforts to integrate the Iranian establishment as an actor that adapts to its neighbors’ demands and works in the interests of its own people will fail.

This appears to be the case when one considers the contradictory Iranian rhetoric implying Tehran’s desire to be open to the region’s countries while rallying the Iranian people against neighboring countries. This is evident in the calls by Iran’s supreme leader and Tehran’s Friday prayer leader forbidding Iranian pilgrims from buying goods from Saudi markets at the end of the pilgrimage season, which confirms Iran’s hollow claims regarding a genuine desire to be open to the countries of the region.

In light of a new round of indirect talks between the United States and Iran on the nuclear issue in Qatar, as well as Biden’s visit to Saudi Arabia and the meetings with the leaders of the Gulf states, Washington will be faced with difficult choices with its allies, with it hoping to restore relations. The United States either returns to the nuclear deal on Iran’s terms, allowing Tehran’s subversive activities in the region to resume, or the plan to revive the nuclear deal fails, allowing uncontrolled weaponization to continue, thus raising the stakes of nuclear weapons proliferation, with the region’s countries forming new alliances to counter such threats. The United States is running out of time to rally allies while also seeking to satisfy Iran. This places the Gulf states at a crossroads: whether to strengthen their alliance with the United States or to end it.

# Iran and Yemen

For the month of May, the file discussed the GCC position on Iran's destabilization of security in Yemen. Moreover, the file reviewed the positive response of the Presidential Leadership Council to the extension of the military truce, based on its firm stance towards the aspirations of the Yemeni people to achieve security and stability. The June file discusses the implications of the Presidential Leadership Council chairman's regional tour which aimed primarily to strengthen the partnership between Yemen and its Arab neighbors on all levels, particularly the political and economic levels, as part of the framework of the council's endeavors to overcome the country's economic and development challenges and rebuild the state's civil and military institutions. This is in addition to its efforts to achieve the greatest possible degree of political and economic stability to meet the aspirations of the Yemeni people. This month's file also explores the continuation of Houthi attacks against Yemen's identity and the further entrenchment of sectarian concepts through summer training camps.

## **The Implications of the Yemeni Presidential Leadership Council's Regional Tour**

The Chairman of the Yemeni Presidential Leadership Council Rashad al-Alimi and several deputies conducted a regional tour over 13 days which included Kuwait, Bahrain, Egypt and Qatar. The tour came a few days after the United Nations announced the extension of the military truce for an additional two months, which began on April 2.<sup>(7)</sup>

The provision of services and the Yemeni economy topped the tour's agenda. Alimi's discussions also included opportunities to support some Yemeni sectors, especially the land transportation sector and the rehabilitation of Aden airport and Socotra port. A proposed maritime line between the ports of Aden and Egyptian ports to facilitate trade movement between the two countries and protect international sea-lanes was also discussed. Alimi and Egyptian President Abdel Fattah al-Sisi agreed to intensify efforts to protect freedom of navigation in the Red Sea, the Bab al-Mandab Strait and the Arabian Gulf. Yemen is of great strategic importance for the Gulf and the Arabian Peninsula in particular, with its importance recognized at the political, economic and security levels.<sup>(8)</sup>

In Kuwait, Alimi said, "Kuwait pledged to increase support in various cooperation programs, especially in the economic, humanitarian, political and service provision fields." In addition, Kuwait pledged to increase academic scholarships in the security and military fields and provide facilities for Yemeni





expatriates and their families in Kuwait. Furthermore, Kuwait affirmed its support for the UN efforts to end the Yemeni crisis and provide support to the Yemeni government, in addition to appointing a new ambassador to Yemen and naming a coordinator to manage Kuwaiti projects in Yemen.<sup>(9)</sup>

Alimi highlighted during the tour the government's interactions with all regional and international actors aiming to bring peace to Yemen. Simultaneously, he accused the Houthi militia of intransigence against all efforts aimed at ending the Yemeni crisis. The group violated the truce many times, especially in Ma'rib Governorate, and showed indifference towards the political efforts and towards the UN's and international community's efforts to return to negotiations and discuss ways to end the conflict.

UN Special Envoy to Yemen Hans Grundberg visited Sana'a but no clear results were achieved after his meeting with the leaders of the Houthi militia, especially with regard to opening the roads in Taiz and other provinces. It seems that the two parties did not achieve results because the Houthi militia sent reinforcements to the frontlines in some provinces after the UN envoy left, and attacked the Yemeni army in Ma'rib in violation of the truce.<sup>(10)</sup>

Many observers believe that the efforts of the Presidential Leadership Council to bring peace, development and stability to Yemen, which enjoys UN and GCC support, especially the Kingdom of Saudi Arabia and the major international powers, emphasize the importance of serious interactions to find a political solution to end the Yemeni crisis. These efforts, however, are at variance with the Houthis' sinister vision to impose themselves as the guardian for Yemen and its people. This vision is consistent with the ambitions and will

of the Iranian government, which desires the continuation of the Yemeni crisis and the suffering of the Yemeni people and the use of its Houthi proxy militia to serve its expansionist regional project.

### **The Houthis' Employment of Summer Training Camps to Attract Children**

The Houthis' recruitment of children for military mobilization purposes through summer camps continues despite the Houthi-UN agreement last April to stop the recruitment of children. The militia's media outlets boldly stated that it had launched more than 593 summer school courses in Sana'a alone, and students exceeded 18,500 during the first week of their opening.<sup>(11)</sup>

The Houthi militia attracts children under the age of 10 to camps in all cities and villages that fall under its control. Summer camps reportedly promote the so-called jihadist culture and have a high level of security. The Vice-Chairman of the Summer Courses Committee Abdul Qadir Mahdi said, "300 schools have been allocated for open courses with students attending for several hours, starting in the morning for five hours, and 15 closed schools have been allocated where internal activities take place throughout the day and night over 40 days."<sup>(12)</sup>

The so-called Houthi Supreme Committee for overseeing summer camp activities approved nearly 1.5 billion Yemeni riyals (about \$6 million) as a budget for financing summer camps.

It is worth noting that the UN Group of Eminent International and Regional Experts on Yemen discussed in its 2021 annual report the Houthi militia's exploitation of educational activities to push children to adopt a sectarian mentality, which incites hatred and violence, leading to their recruitment and involvement in battles. The report documented the killing of approximately 1,406 children thrown by the Houthis into the battlefields in 2020 and 562 children between January and May of 2021. The ages of these children ranged between 10 years to 17 years, most of them were killed in different governorates. The report added that summer camps and cultural courses targeting children are part of the Houthis' strategy to win support for their ideology and to encourage people to join the fight. The Associated Press recently reported that the Houthi militia has recruited hundreds of children as young as 20 years old in the past two months.<sup>(13)</sup>

Many observers believe that the Houthis aim to impose cultural control and indoctrinate children with sectarian concepts through summer camps. The militia seeks to ensure the continuity of sectarianism in the long term within Yemeni society.

It is difficult for the Houthis to include these courses and sectarian concepts in the educational curricula. Therefore, they use summer camps to indoctrinate children in order to prepare them to be recruited for military purposes.

International observers have doubts about the Houthi militia's seriousness to implement their commitments under the UN plan, which obliges them to hand over data on all child soldiers and work to demobilize them within six months of signing the plan.

## Conclusion

The regional tour of the Presidential Leadership Council chairman reflects the council's efforts to achieve the aspirations of the Yemeni people in establishing security and stability as well as initiating economic development programs. Although the council enjoys support from Yemen's Arab and Gulf neighbors, especially from Saudi Arabia, it faces many political, economic and military challenges.

This tour was conducted against the backdrop of several urgent economic problems that need to be addressed, especially in the south, with deteriorating living and security conditions. On the other hand, the Houthi militia's continued policy of child soldier recruitment is a flagrant violation of international conventions as well as humanitarian values related to the protection of children rights.



# Iran and Iraq

For the month of May 2022, the Iran-Iraq file reviewed the Iranian position related to the political impasse in Iraq, the developments in relation to the Iranian-Turkish struggle for influence in northern Iraq, and the indications of Iranian attempts to create crises for Iraq with its neighboring countries. For the month of June, the file discusses the circumstances and objectives of Muqtada al-Sadr's withdrawal from the Iraqi political process, the impact of his withdrawal on the Shiite alliances, and the future of the Sadrist Movement in Iraqi politics.

## **Iraq's Political Impasse and Sadr's Withdrawal From the Political Process**

On June 15, 2022, Muqtada al-Sadr decided to suddenly withdraw from the entire Iraqi political process. Sadr announced that he would not participate in any future elections if "corrupt politicians" participated. He stressed the need to form a national majority government to address Iraq's multiple crises.<sup>(14)</sup> On June 16, 2022, he called on the Sadrist representatives in the Iraqi Parliament to resign. A day later, they resigned, and Parliament Speaker Mohammed al-Halbousi accepted their resignations, denying the widespread media reports that this step came under Iranian pressure.<sup>(15)</sup>

Sadr's unexpected move surprised his allies within the Enqath Watan Bloc (comprising the Sunni alliances: 'Azm and Taqaddom and the Kurdish alliance: the Kurdistan Democratic Party) and his opponents (the Coordination Framework which includes pro-Iranian alliances such as Fatah and Dawlat al-Qanoun). The withdrawal of Sadrist lawmakers was in light of the failure to form a new government after several rounds of consultations because of the Coordination Framework's insistence on forming a consensual government which includes the pro-Iranian Dawlat al-Qanoun, which supports the policy of forming and supporting sub-state militias and seeks to prevent the Enqath Watan Bloc from nominating Iraq's prime minister. Sadr wants to form a national majority government without Dawlat al-Qanoun in order to build a new independent Iraq which has sovereignty over its internal and external decisions.

This equation has resulted in a complex and continuous political impasse since the October 2021 elections, which has prevented the formation of Iraq's new government. The Coordination Framework has been dismissive of the constitutional principle of parliamentary majority and insists on forming a consensual government based on Iranian interests. This will keep Iraq within the Iranian sphere of influence during a phase which is critical for Iran. Popular

rejection of Iranian interference is growing in Iraq, while public desire to build a new Iraq is rising as well.

### Hidden Objectives Behind Sadr's Withdrawal

Sadr was aware of losing many of the gains achieved recently, including his great mass popularity and influential parliamentary bloc. Despite this, many observers believe that Sadr's withdrawal intended to reveal the inability of the Coordination Framework both at home and abroad, particularly its failure to form a new government and its emphasis on forming an unsustainable sectarian government. The Iraqi people reject such a government, and their disdain for sectarian politics was reflected during the last elections. This withdrawal provides Sadr with an excellent opportunity to mobilize the Iraqi people against the formation of a sectarian government on the one hand, and calling for the dismantling of such a government, if formed, on the other hand.



Perhaps Sadr realizes that the continuity of the current Iraqi political system, with its parliamentary character, will lead to its demise. Consequently, the collapse of the current political system in Iraq would give Sadr a greater opportunity to usher in an alternative political system to the parliamentary system which has failed to meet the country's requirements over the past two decades. It is also possible that Sadr wants to establish a model system which suits the Iraqi reality and satisfies all its spectrums and components. This new model would limit the effects of the crises that have followed each election since 2005 in which political blocs, especially pro-Iranian ones, neglect the rule that the largest bloc nominates the prime minister and resorts to the consensus approach to integrate all their alliances into successive governments to achieve their ambitions and maximize their benefits at the expense of Iraq's interests.

Sadr’s ability to mobilize the Iraqi people owing to his popularity across the Iraqi provinces resulted in his victory in the 2021 parliamentary elections. This explains the demand and even the desperation of many Iraqi forces, including pro-Iranian ones, for Sadr to reverse his decision to withdraw as they want to avoid the scenario of mobilizing the Iraqi people, because they are keenly aware of Sadr’s unrivalled power to influence Iraq’s political future.

**The Impact of Sadr’s Withdrawal on the Shiite Alliances**

The withdrawal of 73 Sadrist representatives from the Iraqi Parliament, followed by 73 replacements on June 23, 2022, resulted in a change to the hierarchy and weight of the Shiite alliances in the Iraqi equation (see Table 1). Most of the remaining alliances were in favor of the Coordination Framework. According to the Iraqi Constitution, a candidate who has the second highest number of votes shall replace a resigned representative in the same constituency.

**Table 1: Changes in the Shiite Alliances**

| No. | Alliance               | Pre-Sadrist withdrawal | Seats gained by alliances post-Sadrist withdrawal | Total |
|-----|------------------------|------------------------|---|-------|
| 1   | Dawlat al-Qanoun       | 33                     | 5   | 38    |
| 2   | Independent Candidates | 23                     | 11  | 34    |
| 3   | Fath                   | 17                     | 12  | 29    |
| 4   | Emtidad Movement       | 9                      | 7   | 16    |
| 5   | National State Powers  | 4                      | 7   | 11    |
| 6   | Eshraqat Qanoun        | 6                      | 1   | 7     |
| 7   | Tasmeem                | 4                      | 3   | 7     |
| 8   | Hoqouq Movement        | 1                      | 5   | 7     |
| 9   | National Contract      | 1                      | 4   | 5     |



| No. | Alliance               | Pre-Sadrist withdrawal | Seats gained by alliances post-Sadrist withdrawal | Total |
|-----|------------------------|------------------------|---|-------|
| 10  | National Approach      | 1                      | 3   | 4     |
| 11  | Furatian Current       | 1                      | 2   | 3     |
| 12  | Iraqi Wafa Movement    | 0                      | 2   | 2     |
| 13  | Independent Wasit      | 1                      | 1   | 2     |
| 14  | Qadimoun               | 0                      | 2   | 2     |
| 15  | Civil Party            | 0                      | 1   | 1     |
| 16  | Iraq National Movement | 0                      | 1   | 1     |
| 17  | Nour Movement          | 0                      | 1   | 1     |
| 18  | Mohafizoun             | 0                      | 1   | 1     |
| 19  | Fao Zakho              | 0                      | 1   | 1     |

Source: Kulwatha Center for Studies and Measurement of Iraqi Public Opinion<sup>[6]</sup>

Table 1 reveals the following:

### The Coordination Framework's Gains

Of the 73 seats relinquished by the Sadrists, 70 went to the Shiite alliances leading to the progress of the Coordination Framework alliances. The Dawlat al-Qanoun alliance moved from third position to the first, securing 38 seats. Fatah progressed from fifth place to third, securing 29 seats. The Coordination Framework made up for the significant loss it suffered in the 2021 election and has been provided with a great opportunity to nominate the new prime minister. However, there are several challenges facing the Coordination Framework in its quest to form the next government which are highlighted below.

- The Iraqi people's rejection of Iran and its militias: Popular rejection of pro-Iranian alliances is growing as manifested in the recent protests and elections.
- Strengths of the Sadrist Movement: Sadr enjoys not only massive public support which has catapulted him to the forefront of the Iraqi political scene,

making him the most important figure in the Iraqi arena, but also possesses the power of arms.

■ **Disagreements between Kurdish components:** Disagreements between the two major Kurdish parties, the Kurdistan Democratic Party and the Kurdistan Union Party, revolve around the eligibility of each of party to nominate the president of Iraq, as the Parliament failed three times to elect the country's president, bypassing the constitutional deadlines.

■ **Kadhimi's government proceeding:** Kadhimi's government adopted a program based on building state institutions which rejected foreign intervention from its first day in power. Therefore, it will stand firm against any attempts to manipulate the electoral process.

### **The Loss of Sadr's Allies**

The withdrawal of Sadr's representatives was followed by the loss of the Sunni alliances, Taqaddom led by Mohammed al-Halbousi and 'Azm led by Khamis al-Khanjar. The Kurdistan Democratic Party will also lose, because the Sadrist Movement is a significant component, and it had the largest number of seats in the Parliament. The Sunni alliances got only three seats after the Sadrist withdrawal.

However, there is a possibility that Sadr's allies may resort to forming a blocking third because the current number of their seats amounts to 82 (the Kurdistan Democratic Party with 31 seats, Taqaddom with 37 seats, 'Azm with 14 seats). If they allied with other small alliances, they would gain 110 seats. But this move may not be in their interest because Halbousi will be the first victim if matters become complicated with the Coordination Framework, and may result in the dissolution of the Parliament.

### **The Future of the Sadrist Movement in Iraqi Politics**

Sadr's reversal of his withdrawal has become difficult after the alternate representatives took the constitutional oath in the Iraqi Parliament. Therefore, Sadr may resort to joining the opposition to demand a change in the political system as a whole. Nevertheless, this option would be fraught with danger if opposed by a large segment of the Iraqi people whose living conditions will be affected if protests are ignited as Iraqis are already contending with the deteriorating economic conditions of the country. Alternatively, the security situation may deteriorate significantly among the Shiite alliances in a way that leads to the involvement of Sadr's military wing in clashes with pro-Iranian militia fighters, bringing Iraq back to square one.

According to the head of the Iraqi Consultative Council, Farhad Alaaldin, there is a possibility of Sadr entering into seclusion to devote himself to seminary studies and complete the requirements for obtaining a seminary certificate to become a marja,<sup>(17)</sup> especially with the recent talk about the successor of the Iraqi Shiite Marja Ali al-Sistani. On the other hand, Sadr may want to rearrange the internal structure of the Sadrist Movement and wait for the expected opportunity to protest against the Coordination Framework. Many expect that forming any government now is an incorrect decision because it is doomed to fail once protests denouncing it begin. If the Coordination Framework succeeds

in forming a government, it will be consensual in accordance with Iran's interests, but in defiance of the will of the Iraqi people.

Iran strongly supports the Coordination Framework to form a new government. It fears Sadr's power, especially under an Iraqi government that has openly rejected Iranian interference. Iranian commentators rejected the statement of the Iraqi Foreign Minister Fuad Hussein when he said that Iran should expect further Iraqi rejection of its interference, especially in Iraqi affairs, which is not acceptable, and the Iranian side must be aware of this.<sup>(18)</sup> This is one of many official Iraqi statements against Iranian influence in Iraq, reflecting the extent of Iranian involvement in Iraq's crises both at the official and unofficial levels.

## Conclusion

At a highly critical juncture, Sadr's sudden move transformed the political situation, leading to unanticipated shifts which could impact regional and international alliances. The move added further complexity to the Iraqi political scene as many observers talk about clashes arising between Sadrists and the pro-Iranian Coordination Framework. The latter is aware that wide-scale protests led by Sadr's supporters against a possible government formed by it to change the political system may erupt in Iraq at any moment. In such a situation, the Parliament may resort to dissolving itself due to the escalation of public protests or the complexity of government formation and hold new elections, which could result in further political instability in Iraq.



# Iran and Syria

The Iran Case File (ICF) for May 2022 reviewed the implications of Syrian President Bashar al-Assad's visit to Tehran, tensions in northern Syria between Iran, Russia and Turkey, and Jordanian concerns over military escalation on Syria's border.

**In June 2022, the ICF discusses the indications of the shift in Iran's position towards the Turkish military operation in Syria, Israel's bombing of Damascus International Airport and its underlying messages, and Iran's position regarding the recent Hamas-Damascus rapprochement.**

## Indications of the Shift in Iran's Position Towards the Turkish Military Operation in Syria

On June 27, 2020, during a press conference with Turkish Foreign Minister Mevlüt Çavuşoğlu, Iran's Foreign Minister Hossein Amir-Abdollahian expressed Tehran's comprehension of Turkey's security concerns in Syria, and the



need to tackle these concerns “fully and permanently,” in reference to the expected Turkish military campaign in northern Syria. Abdollahian also stressed Tehran’s efforts to deepen relations with Turkey at all levels of mutual interest including the security, political and military levels.<sup>(19)</sup> Iran’s official statement contradicts its previous positions rejecting Turkish threats to launch a military operation in late May. On the sidelines of the recent 18<sup>th</sup> Astana meeting between Russia, Iran and Turkey, Iran’s position was evident with it making it clear that a military option to settle a dispute was considered detrimental to a country’s unity and national sovereignty.

The striking difference in Tehran’s new position towards Turkey’s expected military operation is worthy of analysis in terms of the context and justifications for the new position. It seems that this shift is a temporary one in light of the recent developments surrounding Syria, particularly the escalation against Iran, which will impact the Syrian file in one way or another. The Iranian position also coincided with Turkish diplomatic activity and the enhancement of its relations with Tehran’s biggest regional rivals, Saudi Arabia and Israel.<sup>(20)</sup> In addition, the escalation of Israeli attacks on Iranian sites in Syria, the impasse facing the nuclear deal, Iran’s awareness of several basic considerations that are primary drivers of Ankara’s positions at this stage, namely economic interests and presidential elections, as well as the security risks posed by the Kurdistan Workers’ Party (PKK) in Syria and Iraq all have played a key role in influencing Iran’s new position.

Iran’s aim is to attract Ankara to its side and neutralize it so that it does not join any newly emerging alliances or blocs that could act as a bulwark against it. These aforementioned goals are the primary motives for Iran supporting Turkey’s ambitions and its flexible position on Turkey launching a new military operation in northern Syria. In addition, Iran has taken active steps to boost mutual cooperation and joint coordination with Ankara to achieve the aforesaid goals. Tehran hastened to send its foreign minister to Ankara following the official Saudi visit.

### **Israel’s Bombing of Damascus International Airport and Its Implications**

On June 10, 2022, the Israeli air force targeted the infrastructure of Damascus International Airport, damaging its operational runways thus halting flights and other services. The Israeli strikes also targeted warehouses belonging to the Lebanese Hezbollah and Iranian forces stationed nearby.<sup>(21)</sup>

The Israeli strike aimed to thwart Iran’s attempts to smuggle weapons and combat systems through civil aviation, including equipment used to convert conventional missiles into missiles with a high level of accuracy. Many reports indicate the growing Iranian dependence on Syrian civilian infrastructure to provide cover for its smuggling operations.<sup>(22)</sup>

The strikes targeting Damascus airport were nothing new. The airport was previously targeted by Israeli bombardments earlier this year and last year. However, the suspension of flights and the temporary halting of airport services is unprecedented. The southern area of Damascus extends from the

airport to the Sayyidah Zaynab area, considered to be an area of Iranian military operations where several Iranian forces and affiliated groups are still active.

The escalation of Iranian military activity since February 2022 is because of intensified Israeli strikes on vital sites such as Damascus International Airport, which is one of the most important crossing points for Iran's arms trafficking operations to supply its militias with weapons. It is worth mentioning that Iran's military escalation also happened as a result of the shift in Russia's priorities after Russian-Israeli disagreements over the latter's position on the Ukrainian war. Another reason for Iran's military escalation is the Russian green light for Iranian activities in Syria in order to pressure Israel and other international actors.

### **Iran's Position on the Hamas-Damascus Rapprochement**

Khalil al-Hayya, a member of the Political Bureau of Hamas confirmed the organization's efforts to reestablish relations with the Syrian regime,<sup>(23)</sup> and that the organization's leaders had held internal and external discussions to resolve the outstanding issues regarding the reestablishment of relations with Syria. These remarks coincided with the visit of a high-ranking Hamas delegation to Lebanon where the head of the delegation Ismail Haniyeh met Hassan Nasrallah, the secretary-general of Hezbollah. Hamas' recent remarks about warming relations with Damascus are not accidental, but rather the outcome of a long series of consultations and continuous efforts by Iran and Hezbollah. Over the past two years, there have been positive signals from both the Syrian regime and Hamas about a potential rapprochement, such as the Syrian government welcoming several of the organization's political and military leaders.

Several analysts have indicated that the Hamas-Syrian rapprochement after a decade of estrangement comes at a time when the organization's popularity and authority are declining in most Arab capitals. This is in addition to the preoccupation of many of the actors supporting the group with revising their internal positions and recalibrating their external agendas. Hamas' recent position reflects another move towards the Iranian axis. Syria represents one of the most important areas in the Iranian axis of influence.

On the other hand, Iran has several motives for mediating the Hamas-Syrian rapprochement. It seems that Tehran is closing ranks and working to erase any differences between its allies and proxies to form a parallel regional alliance. This move is in light of the stalled Vienna talks, the US administration's refusal to lift the IRGC's terrorist designation because of intense internal and external pressures, and Israeli intelligence escalation against Iran within its territories. This is in addition to the escalation of Israeli strikes against Iran's allies in Syria, Lebanon and Gaza, and the growing diplomatic engagement to form an alliance comprised of Arab and non-Arab states to confront Tehran's proxies in the region.



## Conclusion

There was a relative increase in political and military developments in Syria in June 2022. The month started with Israeli strikes on Damascus International Airport that conveyed underlying messages to the Syrian and Iranian sides and culminated in moves towards a Hamas-Syria rapprochement via Iranian mediation which is deemed as a regional necessity for Tehran. However, Hamas-Syrian relations will not be as strong as in the past due to the change in the political reality of both parties compared to over a decade ago. In addition, the factors that have contributed to the recent led rapprochement between Hamas and Syria are not stable and may change at any time in the future.

In summary, Iran's altered stance regarding the possible Turkish military operation in northern Syria from rejection to accommodation represents a provisional understanding influenced by international developments.

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# International Affairs

**T**he International Affairs file discusses Iran's interactions with both the United States and Europe. Regarding US-Iran relations, three subjects are discussed: disagreements in the nuclear talks, the failure of the Doha round of talks, the intensification of US sanctions, and the growing regional and international confrontation with Iran. In terms of Iran-Europe relations, the most important interactions between the two sides in June are highlighted. These include the ongoing disagreement between Iran and Greece over cargo ships, an agreement between Brussels and Tehran involving the release of an Iranian diplomat, an -8year prison sentence handed down to a French national on espionage charges, and finally, European mediation to restart nuclear talks.





# Iran and the United States

The May file addressed the most important developments in relations between Iran and the United States. It particularly highlighted the stalled Vienna talks, Iran's nuclear violations, the alternative strategies available to the US administration, the continuous mutual pressures, and their regional and international implications. This month's file addresses the increased differences between the Iranians and Americans following the International Atomic Energy Agency's (IAEA) Board of Governors resolution. It arose from a draft submitted by the United States and its European partners criticizing Iran for not cooperating with the IAEA. Iran viewed this resolution as a form of pressure to submit to Washington's demands. In response, it took action to restrict the IAEA's surveillance over its nuclear sites. June's file sheds some light on the most important developments in relations between Iran and the United States by discussing: firstly, the nuclear disputes and the failure of the Doha negotiations; secondly, the heightened US sanctions; and thirdly, the escalating regional and international confrontation.

## **The Escalation of Differences Between the Two Sides**

In early June 2022, the IAEA issued a report criticizing Iran for not cooperating with it in regard to the traces of uranium discovered at three undeclared nuclear sites, and its stockpile of enriched uranium, which is equivalent to 202.8 kilograms, 18 times more than the limit stipulated under the 2015 nuclear deal. The United States, the UK, France and Germany used this report as basis for submitting a draft resolution to rebuke Iran. Indeed, the IAEA's Board of Governors adopted this resolution castigating Iran. It also called upon it to cooperate, fulfill its legal obligations and fully cooperate with the agency. This resolution was preceded by a similar resolution in June 2020. It was approved overwhelmingly by the Board of Governors, while Russia and China voted against it since they no longer have the desire to support the nuclear deal due to their increasing differences with the West and the United States.<sup>(1)</sup>

The United States' efforts to condemn Iran were indicative of its impatience over the stalled talks aimed at reviving the 2015 nuclear deal. These efforts also seek to pressure Iran, which exhibits rigidity over its terms to revive the nuclear agreement. The nuclear talks have been suspended since March 2022. Mediation efforts have failed to reconcile the differences between the two sides. However, the resolution opens the way for the United States and its allies to intensify the international efforts against Iran if Tehran's intransigence in the talks continues.

Iran has endeavored to prevent the adoption of the resolution by submitting a new initiative to the European mediators in order to settle the outstanding differences. However, the resolution has become a reality. Iran believes that the resolution was adopted unfairly against it and is unbalanced and came in response to American and Israeli pressure to force it to waive its conditions. On the eve of the resolution, Rafael Grossi, the head of the IAEA, visited the occupied territories and held talks with the Israeli prime minister regarding Iran's nuclear program.<sup>(2)</sup> Therefore, Iran has opted to escalate tensions as well. Iran removed 27 of the agency's surveillance cameras from its nuclear sites and plans to install more centrifuges. There have been domestic calls to withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons and to raise uranium enrichment levels to 9 percent.

However, as the two parties are keen to maintain the nuclear deal and the path of diplomacy, the mediation efforts of European Union High Representative Josep Borrell successfully brought the two sides back to the negotiating table. On June 28 and June 29, 2022, Borrell conducted indirect negotiations between Iran and the United States in the Qatari capital, Doha. During these negotiations, Tehran demanded assurances that the sanctions on it would be lifted, even if these assurances were solely from the Biden administration, while the United States called on Iran to stop putting forward demands outside the framework of the nuclear deal. Therefore, these negotiations did nothing other than bring the two sides back to the negotiating table again. Consequently, the nuclear negotiations are expected to resume soon.

### Heightened US Sanctions

The United States maintained its traditional policy, the imposition of sanctions on Iran, especially against the IRGC and its activities. On June 6, 2022, the US Treasury sanctioned three individuals associated with the IRGC-affiliated Quds Force. The Terrorist Financing Targeting Center sanctioned 16 individuals, entities and groups affiliated with terrorist organizations operating in the region. This center is co-chaired by the United States, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.<sup>(3)</sup> On June 12, the US State Department announced a reward of up to \$15 million for information concerning the IRGC's financial activities.<sup>(4)</sup>

On June 16, 2022, the US Treasury Department sanctioned Fanavaran Petrochemical Company Limited, Khark Petrochemical Company Limited, Marun Petrochemical Company, and several front companies in China, the UAE and Iran for supporting the aforementioned Iranian companies. With regard to the sanctions on transactions to track networks cooperating with Iran, the US State Department sanctioned Mohammed Shaheed Ruknoddin Bhore and Jingfeng Gao for providing financial and technological support for Triliance Petrochemical Company.<sup>(5)</sup>

In response to the growing threat of Iran's development of drones and the export of this technology abroad, the US Senate Foreign Affairs Committee approved the Stop Iranian Drones Act on June 9, 2022. The bill which was approved overwhelmingly by the House of Representatives mentions that "It is

the policy of the United States to prevent Iran and terrorist and militia groups aligned with Iran from acquiring UAVs that can be used in attacks against U.S. persons and partner nations.”<sup>(6)</sup>

### **Escalating Regional and International Confrontation**

In a fundamental shift that could exert further pressure on Iran, Israel drew closer to Iran’s borders by deploying radar systems in the UAE and Bahrain. In addition, the United States is sponsoring a regional security alliance in which Israel is integrated with a number of regional powers. The alliance’s primary goal is to confront Iranian threats. Iran views this alliance with concern because it represents a geopolitical shift and could affect its leverage in West Asia in the future and threatens its regional project.<sup>(7)</sup>

As part of the deterrence strategy, there is also the US-Israel agreement to establish a working group of different agencies to focus on unmanned aerial vehicles and precision-guided missiles that Iran produces and provides to its regional proxies. This is in addition to the US administration’s sanctions on individuals that support the supply, sale or transfer of lethal drones to and from Iran. The draft resolution, which is pending adoption by the Senate, seeks to prevent Iran and groups aligned with it from being able to acquire lethal drones that can be used in attacks against the United States or its partners. The US administration has also intensified its consultations with the Gulf states in order to coordinate efforts on Iran. As part of the deterrence strategy, B-52 bombers and Israeli combat aircraft flew over the Gulf. This coincided with Israel’s formation of an air defense alliance in the Middle East led by the United States to confront Iranian threats.

To confront US regional efforts, Iran is stirring up the elements of its traditional strategy. It commanded its militias to target US positions in Iraq. On June 8, 2022, pro-Iran militias in Iraq carried out a drone strike against an area near the US consulate in Erbil, Iraq.<sup>(8)</sup> The Iranian president said that the presence of foreign forces is not in the interest of regional countries as it fuels conflict and destabilizes security. Iran began once again to threaten maritime navigation in the Gulf; for example, three vessels belonging to the IRGC harassed two US navy ships in the Gulf waters.

In addition to the regional confrontation, the Biden administration successfully forged a transatlantic consensus on Iran, reflected in the report of the IAEA’s Board of Governors. Yet, undoubtedly, the developments on the international landscape offered Iran an opportunity to strengthen its alliances, with the help of China and Russia. China has also encouraged Iran to apply for membership in BRICS. Entry into this organization will strengthen Iran’s position against the United States as it will allow it to secure its political and economic interests. In light of their shared anti-US position, Iran and Venezuela signed a 20- year strategic cooperation document and also cooperation agreements in the political, cultural, tourism, economic, oil and petrochemical fields.



## Conclusion

The Vienna talks are obviously facing formidable challenges because both parties are standing firm on their positions and are unwilling to make reciprocal concessions that could contribute to reviving the nuclear deal. Undoubtedly, tensions are exacerbated due to Iran's nuclear violations and its lack of cooperation with the IAEA. On the other side, the United States poses a threat to Iran and a lack of confidence dominates the Iran-US relationship. In addition, the European parties are unable to bridge the gap between the two sides, especially after the talks in Doha failed.

If the nuclear talks fail, the United States or one of its allies will likely rely on the IAEA resolution critical of Iran to present the Iranian nuclear file to the UNSC and trigger the snapback mechanism which would reimpose all UNSC sanctions on Iran, which were lifted in accordance with Resolution 2231 in 2015.

In spite of these tensions, all parties still prioritize the diplomatic path to revive the nuclear deal, and they do not want to resort to alternative strategies. The Doha negotiations reflect Iran's willingness to make some concessions but it stresses the need for economic assurances even if all the sanctions are not lifted or the IRGC is not removed from the terror list.

Both parties' firm belief in the importance of diplomacy did not prevent them from continuing their mutual pressure. The Biden administration continues to use the sanctions against Iran to curb the export of oil and petrochemical products, and limit its global transactions. By doing so, the Biden administration aims to exert further pressure on Iran and threatens to use other options. Meanwhile, Iran pursues the resistance approach, taking advantage of the international and regional transformations that give it more space to maneuver. In this context, it maintains its policy towards China and Russia while improving its neighborhood policy and economic diplomacy.

Although the Biden administration is convinced that sanctions will not change Iran's behavior fundamentally, they are the only available option amid the challenges that preclude alternative options, such as the military option. This is not to deny the profound effects of sanctions on the Iranian government, especially amid the economic repercussions of the Ukrainian crisis. Living conditions have worsened and protests have resurged in Iran due to the stalled nuclear negotiations. As sanctions remain in place, Iran is still unable to obtain its export revenues, and it has been unable to obtain billions of dollars of its frozen assets in a number of countries.

# Iran and Europe

In May 2022, the Iran-Europe file discussed the naval skirmishes between Iran and Greece, which raised the possibility of straining Iran-Europe relations. In addition, the file discussed the complexities of the Iran nuclear file and the stalemate in the nuclear talks. This month's file discusses Iran's ongoing hide-and-seek approach concerning its nuclear program as the talks to revive the Joint Comprehensive Plan of Action (JCPOA) remain stalled while its centrifuges keep enriching uranium beyond 60 percent in ever larger quantities. Amidst the mayhem, Tehran has been imposing pressure on Europe by jailing European citizens, impounding its maritime ships, and lobbying to ratify legislation to free its diplomats convicted for masterminding terror acts.

## The Latest Developments in Iran-Europe Relations

### Iran-Greece Ongoing Row Over Cargo Ships

Iran remains firm on impounding two Greek commercial ships its forces had boarded on May 27, 2022, while the Iranian vessel Lana was seized by Athens in April and towed to Piraeus Port in accordance with US sanctions.<sup>(9)</sup> The deadlock is linked to Iran's return to the nuclear deal, which can result in the lifting of various sanctions. Tehran's position on the Greek ships comes as part of its pressure on the European side, which it accuses of carrying out the dictates of the American side.

### Likely Deal to Release Iranian Diplomat in Belgium

Iran awaits the release of Assadollah Assadi, who worked as a diplomat at the Iranian embassy in Vienna, Austria. He was convicted and imprisoned along with three of his accomplices because of their involvement in a bomb plot to blow up a gathering of an exiled Iranian opposition group in Paris. Assadi, 49, was handed a 20-year jail sentence by an Antwerp court in Belgium in 2021.<sup>(10)</sup> A select committee of the Belgian Parliament convened on July 5 to vote on a bill to exchange prisoners with Iran. The bill was then debated and voted on by Parliament on July 14.<sup>(11)</sup> However, this bill is not likely to succeed given widespread outrage and opposition from inside Belgium as well as from within the European Union (EU) and the United States.

"We have taken note of the bill of June 29, 2022, assenting in particular to the Treaty between the Kingdom of Belgium and the Republic of Iran on the transfer of sentenced persons, done at Brussels on March 11, 2022, and the Protocol of November 22, 2017, on Amendment of the Additional Protocol to the Convention on the transfer of sentenced persons, signed on April 7, 2022 at Strasbourg. This agreement will henceforth allow the transfer to Iran of



persons convicted of acts of terrorism. Article 13 of this Convention explicitly mentions that the parties can even grant amnesty to convicted persons, pardon them or reduce the sentences handed down to them. This means that convicted terrorists will most likely be pardoned by the Iranian regime, in Iran,” Georges-Henri Beauthier and Rik Van Reusel, lawyers for the National Council of Resistance of Iran who led the case against the Iranian government in the Antwerp court wrote to the Belgian Prime Minister Alexander De Croo.<sup>(12)</sup> As per Belgian law, no pardon or relaxation in a sentence can be given until the convict has served at least one-third of his/her term.

### **A French Citizen Sentenced for 8 Years Over “Espionage” Charges**

A Tehran court rejected the appeal of French citizen Benjamin Briere, confirming his prison sentence of eight years and eight months for an alleged espionage charge which he rejects.<sup>(13)</sup> The 37-year-old had traveled to Iran in a van in May 2020 when he was arrested for flying a drone on the plains along the Turkmenistan border region. He was accused of “espionage” and “propaganda.” The court ruling also declared France to be a “hostile” or “enemy” government.

Briere is the third French citizen arrested in Iran after Cecile Kohler, 37, and Jacques Paris, 69. The charges against them were not publicized, except for accusations of inciting riots in the country. At least 18 foreign and dual nationals are currently known to be jailed in Iran.

### **European Mediation to Resume the Nuclear Talks**

Despite various disputes with the European states, the EU successfully mediated the resumption of the stalled Vienna talks for the revival of the JCPOA. The only change, however, is the venue which was moved to Doha, Qatar.

After talks with EU High Representative Josep Borrell, Iranian Foreign Minister Hossein Amir-Abdollahian told the media that Iran is prepared for resuming the Vienna talks in the coming days.<sup>(14)</sup>

The stalled nuclear talks are raising fears of a total collapse, leading Iran to continue with its nuclear activities while playing hide-and-seek with the International Atomic Energy Agency (IAEA). Since the signing of the nuclear deal, the Board of Governors of the UN’s nuclear watchdog passed its second resolution rebuking Iran but ironically falling way short of referring the matter to the UN Security Council. The watered-down rebuke by the watchdog<sup>(15)</sup> comes following Iran’s repeated failure to provide “technically credible” responses about its three undeclared sites to the IAEA since 2019 when its “nuclear archives” were unearthed by Israel and shared with the major powers and the UN’s relevant agencies. Tehran is also reportedly building new facilities to expand its nuclear program.<sup>(16)</sup>

Responding to the IAEA resolution on June 9, Iran switched off or removed 27 surveillance cameras at its key nuclear facilities in further disregard of the NPT Safeguards Agreement obligations.<sup>(17)</sup> Since the US and E-3 policy has not imposed any costs on Iran for reneging on its safeguards obligations, the geopolitical temperature in the Middle East is soaring.



As the IAEA director-general pointed out, a return to the JCPOA is impossible without Iran's return to full compliance with its monitoring and inspection obligations.<sup>(18)</sup> Even if an early compromise is reached in Doha or Vienna supposedly sometime in July 2022, the nuclear deal's revival will have to wait for the IAEA's affirmative report on Iran's installation of monitoring cameras and adherence to reporting procedures. The issue of the three suspected nuclear sites will still remain. The talks will take care of Iran's observance of JCPOA obligations, including handing over excess enriched uranium and the removal of prohibited centrifuges.

For this reason, Iran received a special mention in NATO's 2022 Strategic Concept released in June after the Madrid summit. "The potential use of Chemical, Biological, Radiological and Nuclear materials or weapons against NATO by hostile state and non-state actors remains a threat to our security. Iran and North Korea continue to develop their nuclear and missile programs."<sup>(19)</sup>

## Conclusion

Overall, the pressure from Europe along with the United States and its allies is piling up on Iran to reverse its violations of the nuclear deal, return to full compliance with its IAEA obligations and restore global confidence in its retreat from interventionist policies. The international community is waiting for Tehran to sense the severity of the situation and respond positively. However, if the developments in June can be of any guide, Iran has continued its aggression towards maritime navigation, while holding a number of foreigners in Iran's prisons without fair trials. As for the nuclear talks, Iran still insists on discussing its previous conditions despite the multiple mediations undertaken by the EU during the month of June.

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# IRAN CASE FILE

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